

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

Applicant:	University of Redlands (the "University") San Bernardino County	Amount Requested:	\$27,950,000
		Date Requested:	April 28, 2005
Facility Type:	Private College	Requested Loan Term:	30 years
		Resolution Number:	226
Accreditations: Western Association of Schools and Colleges; National Association of Schools of Music; American Speech-Language-Hearing Association; American Chemical Society; Commission for Teacher Preparation and Licensing for the State of California			
Use of Bond Proceeds: Bond proceeds will be used to advance refund a portion of CEFA Pool Series 2000A, current refund CEFA Series 1995, construct and renovate various campus facilities, and purchase telephone equipment. The overall present value savings is approximately \$660,000 over the life of the bonds.			
Type of Issue: Negotiated public offering, fixed interest rate Credit Enhancement: None Expected Credit Ratings: A3 (Moody's) Underwriters: Prager, Sealy and Co., LLC Bond Counsel: Squire, Sanders & Dempsey LLP			
Financial Overview: University of Redlands has experienced steady revenues over the last three years with fluctuations in investment returns primarily due to market conditions. Significant gains from improved investment returns are reflected in fiscal years 2003 and 2004. The balance sheet is healthy with sizeable net assets, good debt service coverage levels, and improved operating margins.			
Sources of Revenues - FYE 6-30-04:			
	<u>Amount</u>	<u>Percent</u>	
Student revenues, net	\$66,426,655	78.0%	
Investment return	9,313,357	11.0%	
Conference and other income	2,467,474	2.9%	
Net assets released from restrictions	2,390,125	2.8%	
Government grants and contracts	2,230,913	2.6%	
Contributions	1,992,715	2.3%	
Other	328,803	0.4%	
Total revenues and support	<u>\$85,150,042</u>	<u>100%</u>	
Estimated Sources of Funds:		Estimated Uses of Funds:	
Bond Proceeds, par amount	\$27,950,000	Advance refund CEFA, 2000A	\$10,390,000
Original Issue Premium	352,000	Refund CEFA, 1995	5,285,000
Borrower's funds	187,000	Construction/Renovation	9,500,000
		Purchase equipment	1,600,000
		Escrow Deposit	999,000
		Financing Costs	<u>715,000</u>
Total Sources	<u>\$28,489,000</u>	Total Uses	<u>\$28,489,000</u>
Legal Review: No information was disclosed to question the financial viability or legal integrity of the Applicant.			
Staff Recommendation: Staff recommends the Authority approve a resolution in an amount not to exceed \$27,950,000 to issue tax exempt revenue bonds for the University of Redlands, subject to a bond rating of at least an "A" category by a nationally recognized rating agency and the standard bond issuance guidelines.			

**STAFF SUMMARY AND RECOMMENDATION
BOND FINANCING PROGRAM**

April 28, 2005

University of Redlands (the “University”)

Resolution Number: 226

- I. PURPOSE AND STRUCTURE OF FINANCING:** Loan proceeds will be used to refinance the Authority’s Series 2000A, Series 1995, construct and renovate various campus facilities and purchase telephone equipment. The refunding will generate an overall present value savings of approximately \$660,000 over the life of the bonds.

The following information provides details pertaining to the projects and the financing:

Advance Refund CEFA’s Pooled College and University, Series 2000A.....	\$10,390,000
The CEFA Pooled College and University, Series 2000A financed several construction and renovation projects of various facilities throughout the campus. The fixed interest rate on the bonds ranged from 5.25% to 6.15%. Replacing these bonds with the proposed new bond issue will result in a present value savings of approximately \$266,000 over the life of the bonds.	
Current Refund CEFA, Series 1995.....	5,285,000
The Authority’s outstanding Revenue Bonds (University of Redlands Project) Series 1995 financed several construction, renovation, seismic upgrades, disabled access enhancement and other improvements of various facilities throughout the campus. In addition, the bonds financed an upgrade of water and high voltage electrical systems, the purchase and installation of new data processing, telephone and computer networking systems and telecommunications equipment and the upgrade of existing equipment. The fixed interest rate on the bonds ranged from 4.85% to 6.0%. Replacing these bonds with the proposed new bond issue will result in a present value savings of approximately \$394,000 over the life of the bonds.	
Construction and renovation of campus facilities.....	9,500,000
The University plans to complete the construction of a new cogeneration facility. The University funded \$3.3 million for the cogeneration facility in its 2003A bonds series but additional funds of approximately \$3.6 million are needed to complete the construction due to project scope changes, increased construction cost and expansion of the hot water distribution systems to enhance usage of the cogeneration facility. In addition, the University plans to renovate, update the ducting systems, and provide heating and air conditioning as well as other building improvements for Founders Hall and California Hall totaling approximately \$5.9 million. Any remaining bond proceeds will be used for renovations of classrooms, art studios, faculty offices, technology laboratories,	

and other academic spaces, as well as recreational spaces, including Duke Hall, Hentschke Hall and Currier Gymnasium.

Purchase telephone equipment	1,600,000
Purchase telephone equipment for replacement of campus telephone system.	
Escrow Deposit	999,000
Financing costs	<u>715,000</u>
Underwriter Expenses	\$293,000
Cost of Issuance.....	235,000
Accrued Interest and Principal, Series 1995	187,000
Total Uses of Funds.....	<u>\$28,489,000</u>

Financing Structure:

- Negotiated public offering
- 30 year Fixed Rate Debt
- Expected credit ratings: A3 (Moody's)

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II. FINANCIAL STATEMENTS AND ANALYSIS:

University of Redlands Statement of Activities Unrestricted

	Fiscal Year Ended June 30,		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenue, gains and other support:			
Student revenues, net	\$ 66,426,655	\$ 60,137,769	\$ 55,765,391
Sales and services of educational departments	325,796	373,954	592,305
Conference and other income	2,467,474	2,585,880	2,459,955
Contributions	1,992,715	4,809,941	2,820,927
Government grants and contracts	2,230,913	5,271,235	2,515,040
Investment return	9,313,357	1,586,135	(3,050,919)
Interest on notes receivable	3,007	8,496	16,434
Total revenue and gains	<u>82,759,917</u>	<u>74,773,410</u>	<u>61,119,133</u>
Net assets released from restrictions	<u>2,390,125</u>	<u>2,020,149</u>	<u>3,706,124</u>
Total revenue, gains and support	<u>85,150,042</u>	<u>76,793,559</u>	<u>64,825,257</u>
Operating expenses:			
Instruction and research	31,428,795	30,930,490	27,045,229
Public support	1,237,075	1,166,101	1,292,630
Academic support	7,110,102	7,080,160	6,784,076
Student services	11,909,813	11,552,777	11,077,127
Institutional support	16,799,246	15,027,382	14,955,257
Room, board and other auxiliary enterprises	11,978,487	10,851,977	10,591,218
Total operating expenses	<u>80,463,518</u>	<u>76,608,887</u>	<u>71,745,537</u>
Other changes*	-	(2,378,792)	-
Increase (decrease) in net assets	4,686,524	(2,194,120)	(6,920,280)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>67,102,040</u>	<u>69,296,160</u>	<u>76,216,440</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 71,788,564</u>	<u>\$ 67,102,040</u>	<u>\$ 69,296,160</u>

*The University executed a partial advance refunding of its \$22,890,000 1995 CEFA Revenue Bonds during the year ended June 30, 2003 in order to reduce future debt service. These bonds were refunded by 2003 CEFA Revenue Bonds, Series B for \$17,000,000. The \$2,378,792 loss resulting from the partial refunding is reflected.

University of Redlands
Statement of Financial Position

	As of June 30,		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Assets			
Cash and cash equivalents	\$ 1,142,292	\$ 1,547,747	\$ 646,328
Temporary investments	29,956,863	22,425,975	6,229,170
Student accounts receivable, net	3,085,859	3,322,706	3,073,545
Other receivables	1,963,692	3,323,499	1,218,386
Inventories	106,651	102,010	100,975
Prepaid expenses and other assets	451,791	685,632	551,456
Contributions receivable, net	9,775,034	4,870,270	7,296,334
Student loans receivable, net	6,733,675	6,537,237	6,468,607
Investments	87,242,056	77,983,761	75,273,303
Trusts receivable	1,346,871	1,187,010	1,099,620
Property, plant and equipment, net	93,899,390	91,123,301	86,065,929
Other assets	1,487,937	1,545,448	354,876
Total Assets	<u><u>\$ 237,192,111</u></u>	<u><u>\$ 214,654,596</u></u>	<u><u>\$ 188,378,529</u></u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 9,946,577	\$ 11,402,128	\$ 8,068,597
Deferred revenue	1,737,062	1,023,015	802,230
Notes payable	1,091,250	1,586,250	1,710,000
Bonds payable	49,767,539	50,229,953	30,334,237
Actuarial liability for trust / pooled income / annuities payable	12,922,139	12,793,089	12,885,830
Refundable U.S. government student loans	4,542,724	4,417,323	4,098,198
Total Liabilities	<u><u>80,007,291</u></u>	<u><u>81,451,758</u></u>	<u><u>57,899,092</u></u>
Net Assets			
Unrestricted	71,788,564	67,102,040	69,296,160
Temporarily Restricted	23,325,691	16,696,288	16,785,457
Permanently Restricted	62,070,565	49,404,510	44,397,820
Total Net Assets	<u><u>157,184,820</u></u>	<u><u>133,202,838</u></u>	<u><u>130,479,437</u></u>
Total Liabilities and Net Assets	<u><u>\$ 237,192,111</u></u>	<u><u>\$ 214,654,596</u></u>	<u><u>\$ 188,378,529</u></u>

Financial Ratios:

	Proforma (a)			
	<u>FYE June 30, 2004</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt service coverage (x)	2.68	3.83	2.43	0.54
Debt to expendable net assets (x)	0.83	0.53	0.62	0.37
Expendable net assets to operations (x)		1.18	1.09	1.20
Margin (%)		5.5	0.2	(10.7)

(a) Recalculates 2004 audited results to include the impact of this proposed financing.

Financial Discussion:

University of Redlands has experienced steady revenues over the last three years with fluctuations in investment returns primarily due to market conditions. Significant gains from improved investment returns are reflected in fiscal years 2003 and 2004.

The University relies on Student Revenues and Investment Returns as primary sources of its revenues. In fiscal year 2004, these revenues comprised 89% of total revenues. Conference and other income, net assets released from restrictions, government grants and contracts provided 8.3% with the remaining revenues of contributions and other sources making up the difference.

In fiscal year 2003, the University received a one-time unrestricted contribution of \$2.0 million. Government grants and contracts fluctuate from year to year depending on the research and construction projects. In fiscal year 2003, the University received a large government grant for the Desert Tortoise research grant that peaked in expenditures for that year. In addition, the University received some NASA grants for the construction in the Science Center Phase I project.

In the fiscal year 2004, total revenues are at \$82.7 million, up more than 31.3% from fiscal year 2002 while expenses only increased 12.1% from fiscal year 2002. Fluctuations in investment returns reflect volatility in investment markets for fiscal year 2002 which resulted in a loss of \$3.0 million. The University experienced positive investment returns for fiscal years 2003 and 2004 of over \$1.5 million and \$9.3 million, respectively.

The balance sheet is healthy with sizeable net assets, good debt service coverage levels, and improved operating margins.

There was a substantive increase in the market value of the University's long-term investments in fiscal year 2004 due to improved market conditions. The investment value went from \$77.9 million in fiscal year 2003 to \$87.2 million in fiscal year 2004, an increase of \$9.3 million. A comparison of the most recent fiscal year to fiscal 2003 reflects a 6.95% increase in unrestricted net assets primarily from improved operations. The unrestricted net assets balance in fiscal year 2004 is approximately \$71.7 million with total net assets at over \$157.1 million.

Debt service coverage averages 2.26x over the review period. The proforma debt service coverage ratio is satisfactory at 2.68x. Historically, debt to expendable net assets ratios have been consistently low. The proforma debt to expendable net assets ratio remains low at .83x indicating that the University manages its operations with minimal long-term debt. Margins have varied, but remain solid at over 5.5% for fiscal 2004.

Management anticipates that the University will continue to generate positive financial results due to its strong student demand and continued healthy endowment performance. The University is well-positioned to continue meeting its additional debt obligations.

III. STUDENTS, COLLEGE COSTS, AND FACULTY STATISTICS:

Students

College of Arts & Sciences

The admissions emphasis for the College of Arts & Sciences is on selection of academically talented and well-balanced students who will contribute to the comprehensive educational environment of the University. Students are drawn from a broad geographical area and show a wide range of interests. Typically, 82% of the entering freshman class come from public high schools, the rest from private or parochial schools; 37% come from states other than California. The fall 2004 entering freshman class had representatives from thirty-five states. In addition, the University also attracts some students from the international community. The average grade point of entering freshmen is typically 3.5 out of 4.0 in college preparatory subjects, and the average combined Scholastic Aptitude Test score is in the range of 1,170 (584 verbal and 580 mathematics). Of the entering undergraduate students each year, approximately 85% are freshmen and 15% are transfer students.

The following tables indicate total applications, admissions, and enrollment for new freshmen, transfer and graduate students for the past five academic years.

College of Arts & Sciences

Freshmen and Transfers

Academic Year	<u>Applications</u>	<u>Admissions</u>	<u>Enrollment</u>
2000-01	2,426	1,827	584
2001-02	2,755	2,052	694
2002-03	2,785	2,082	707
2003-04	2,903	2,052	681
2004-05	3,254	2,436	695

College of Arts & Sciences

Graduate

Academic Year	<u>Applications</u>	<u>Admissions</u>	<u>Enrollment</u>
2000-01	62	49	30
2001-02	68	43	29
2002-03*	90	71	37
2003-04	56	47	22
2004-05	87	48	24

*During Academic Year 2002-03, the University began offering a new graduate degree program Master of Science in Geographic Information Systems

Schools of Business and Education

Students admitted to the undergraduate programs offered through the School of Business and School of Education come from varied backgrounds and occupations. All are working adults. Many hold middle management positions or are practicing professionals in various fields. The average age of entering undergraduate students is 35. All entering undergraduate students in the Schools of Business and Education are transfer students. They enter with an average of 46 units from other institutions.

Students admitted to the Schools of Business and Education graduate programs are working professionals, generally employed in the fields of management, information systems, and education. They enter the program with baccalaureate degrees from accredited institutions.

The following table provides a summary of the Schools of Business and Education undergraduate and graduate new student enrollment for the past five academic years.

<i>Schools of Business and Education</i>			
Undergraduate and Graduate			
<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2000-01	656	886	1,542
2001-02*	479	821	1,300
2002-03	492	821	1,313
2003-04	488	722	1,210
2004-05	400	853	1,253

*During Academic Year 2001-02, the University began the structural transition from the Alfred North Whitehead College of Lifelong Learning to two new professional schools; School of Business and School of Education.

Enrollments and Degrees

The following tables provide student enrollment and the number of degrees awarded at the University for each of the five most recent academic years.

<i>College of Arts and Sciences</i>			
<u>Academic Year</u>	<u>Full-Time Equivalent Student Enrollment*</u>	<u>Undergraduate Degrees Awarded</u>	<u>Graduate Degrees Awarded</u>
2000-01	1,841	334	27
2001-02	2,138	355	28
2002-03	2,313	443	43
2003-04	2,289	423	47
2004-05	2,525	NA	NA

* Based on Fall semester enrollment.

Schools of Business and Education

<u>Academic Year</u>	<u>Full-Time Equivalent Student Enrollment</u>	<u>Undergraduate Degrees Awarded</u>	<u>Graduate Degrees Awarded</u>
2000-01	2,273	623	357
2001-02	2,046	551	385
2002-03	1,942	385	463
2003-04	1,915	342	391
2004-05	1,942	NA	NA

Tuition, Fees and Room and Board

Approximately 72% of full-time students in College of Arts & Sciences live on campus in University student housing. Accommodations include thirteen residence halls, eleven houses and one apartment complex (200 bed facility). The residence halls and apartments offer a variety of living experiences. There are two single-sex residence halls, eleven co-educational residence halls and one apartment style facility. The facilities vary in architectural style and capacity, ranging from a 200-person co-educational hall to a 50-person “quiet hall.” Para-professional personnel have supervisory responsibility for each hall, and undergraduate students serve as resident advisors on each residential hall floor.

A five-year summary of tuition, fees and room and board charges is provided below:

<u>Academic Year</u>	<u>Comprehensive Fees</u>		
	<i>College of Arts and Sciences</i>		
	<u>Undergraduate Tuition and fees*</u>	<u>Graduate Tuition and fees*</u>	<u>Room and Board*</u>
2000-01	\$20,260	\$7,920	\$7,590
2001-02	21,180	8,280	7,840
2002-03	22,450	8,784	8,114
2003-04	23,796	9,306	8,480
2004-05	25,224	9,864	8,696

*Rates for full-time students.

Schools of Business and Education

<u>Academic Year</u>	<u>Undergraduate Tuition and fees*</u>	<u>Graduate Tuition and fees*</u>
2001-02	\$9,720	\$10,200
2002-03	10,128	10,632
2002-03	10,584	11,112
2003-04	11,064	11,712
2004-05	11,736	12,408

*Tuition rates vary by academic program. Rates shown relate to the Bachelor of Science in Business and Management and the Master of Business Administration programs.

For the 2005-06 academic year, it is expected that undergraduate tuition for the College of Arts & Sciences will be \$26,864, graduate tuition will be \$10,512, and room and board will be \$8,994. For the year 2005-06, it is expected that undergraduate tuition for the Schools of Business and Education will be \$12,504 and graduate tuition for the Schools will be \$13,224.

Faculty

The University's faculty members are selected through a rigorous search process in accordance with a strong commitment to diversity and equal opportunity. Effective teaching is the primary criterion for those selected, but all are expected to undertake research, creative activity and scholarship that enliven their classroom work and advance their standing professionally. Currently, 54% of instructional full-time faculty are tenured and 86% hold doctorates or other terminal degrees. Faculty lecture, perform and publish extensively. Service to the University community is evaluated along with other aspects of a faculty member's performance. University faculty are expected to take an interest in their students not only in the classroom but in other dimensions of campus life as well.

In the College of Arts & Sciences, the ratio of full-time faculty to students is 1 to 13, making it possible for faculty to teach small classes (the average class size in the College of Arts & Sciences is eighteen) and give a high degree of personal attention to each student. Small classes are also available to students in the Schools of Business and Education. In the Schools of Business and Education, the primary instructors are practitioner adjunct faculty who are chosen through a careful screening process and are selected for both academic background and professional experience. Overseen by the full-time faculty, they are expected to be effective teachers who link the academic with the professional world from which the Schools of Business and Education students come to the program.

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The following table sets forth the number of full-time instructional faculty and the percentage of tenured faculty members (as of the Fall 2004 Semester) in both the College of Arts & Sciences and Schools of Business and Education for each of the past five academic years.

Instructional Faculty*					
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
College of Arts and Sciences					
Professors	52	50	48	48	44
Associate Professors	39	40	35	32	32
Assistant Professors	<u>45</u>	<u>43</u>	<u>38</u>	<u>32</u>	<u>33</u>
Total	<u>136</u>	<u>133</u>	<u>121</u>	<u>112</u>	<u>109</u>
Percent Tenured	58%	57%	63%	62%	66%
Schools of Business and Education					
Professors	5	4	3	2	2
Associate Professors	12	14	13	14	10
Assistant Professors	<u>10</u>	<u>9</u>	<u>8</u>	<u>5</u>	<u>10</u>
Total	<u>27</u>	<u>27</u>	<u>24</u>	<u>21</u>	<u>22</u>
Percent Tenured	33%	37%	33%	38%	32%
Adjunct Faculty**	122	118	115	124	124

* Instructional faculty only. Non-instructional faculty, i.e. athletic coaches, librarians and administrators with faculty rank are excluded. In the 2004/2005 academic year, there are fifteen faculty classified as non-instructional. In addition, there are 37 full-time faculty classified as instructors, lecturers and other.

** Adjunct faculty teaching in the College of Arts and Sciences and Schools of Business and Education programs. Full-time equivalents calculated assuming three part-time adjuncts equal one full-time equivalent (the "Common Data Set" definition).

In addition to the full-time and adjunct faculty, the University employs 225 staff members and 267 administrators. None of the faculty, staff, or administrators is represented by a union.

IV. BACKGROUND:

General:

The University of Redlands (the "University") is a California non-profit, public benefit corporation founded in 1907 and governed by a self-perpetuating Board of Trustees. The University is a private educational institution providing instruction both for students of traditional college age through its on-campus residential program, the College of Arts & Sciences, and for adult learners through its School of Business and School of Education. The University was founded by American Baptists and since its founding has maintained a historic relationship with that denomination, affirming their importance in the establishment of the University. The

University's relationship with the American Baptists does not, however, impose any limits or restrictions on the student body, faculty, administration or Board of Trustees of the University.

In the 2004-2005 academic year, the University will provide instruction to 2,436 undergraduate and 89 graduate students enrolled in the College of Arts & Sciences and approximately 838 undergraduate and 1,104 graduate students enrolled in the professional schools, the Schools of Business and Education. In the 2004-2005 academic year, tuition for full-time residential undergraduate and graduate students at the College of Arts & Sciences is \$25,224 per year and \$9,864 per year, respectively. Although tuition varies somewhat by academic program, in general, tuition for full-time students enrolled in the Schools of Business and Education for the 2004-2005 academic year is \$11,736 per year at the undergraduate degree level and \$12,408 at the graduate degree level. In the Fall semester of 2004, the University had 202 full-time faculty. In addition, the University had 353 part-time practitioner adjunct faculty, most of whom taught in the Schools of Business and Education.

The University's College of Arts & Sciences provides a collegial and inspiring environment for a residential educational experience. Approximately 72% of the students enrolled in the College of Arts & Sciences live on campus and participate in the University's residence life program. The University's main campus also provides a strong sense of central identity for faculty and students participating in the on- and off-campus programs of the Schools of Business and Education. The University's faculty-to-student ratio (approximately 1 to 14) facilitates small class sizes and a high degree of personal attention to each student. This factor, combined with a professional and highly qualified faculty (86% of full-time instructional faculty hold a Ph.D. or other terminal degree), provides for an enriching and rewarding educational experience for all students.

The Schools of Business and Education continue the mission of the former Alfred North Whitehead College of Lifelong Learning (established in 1976) by providing a quality educational experience for mid-career adults. These programs integrate academic work with the professional lives of adult students while reflecting the University's historical commitment to liberal education in the design of even the most professionally oriented curricula. In each of these Schools, non traditional-aged students benefit from rigorous academic programs that bridge theory and practice.

Since its founding, the University and the City of Redlands have enjoyed a mutually cooperative relationship. The City takes pride in the University as one of its most important assets. The University, for its part, has enhanced community life in numerous ways, including making its facilities available for a wide variety of community events. The Wallichs Theatre, Alumni Greek Theatre, Memorial Chapel, Watchorn Hall, Peppers Art Center, Orton Center, University Hall, Casa Loma Room, Hunsaker University Center, Ted Runner Stadium and other facilities are the settings for numerous plays, lectures, recitals, exhibits, athletic events, and concerts. The Redlands Symphony Association holds a yearly concert series in the Memorial Chapel, in cooperation with the University. The annual Feast of Lights, a holiday pageant, attracts capacity audiences for four successive nights each December.

Administration:

The Board of Trustees consists of up to thirty-nine members, thirteen of whom generally are elected annually for three-year terms. There are currently thirty-five members and four vacancies on the Board. Members of the Board of Trustees represent a diverse spectrum of the community and include business, financial, legal, cultural and educational interests. Trustees can serve a maximum of three consecutive terms; thereafter, at least one year must lapse before re-election.

The Board of Trustees is responsible for the overall management of the University, including its physical assets, development programs, academic policy, long-range planning, and financial and budgetary affairs. The Board holds regular meetings four times a year. The Board of Trustees has eight standing committees: Executive, Finance, Investment, Academic Affairs, Campus Planning, Student Life, Nominations and Awards, and University Relations

Accreditation and Affiliations:

The University is accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges (WASC), the primary accrediting body for institutions of higher education in the Western United States; as well as programmatic accreditation by the National Association of Schools of Music, the American Speech-Language-Hearing Association, and the American Chemical Society. The University is approved by the Commission for Teacher Preparation and Licensing for the State of California.

The University is affiliated with, among others, the following organizations: American Association of University Professors, American Association of University Women, American Council on Education, Association of New American Colleges, Association of Governing Boards, Association of Independent California Colleges and Universities, Council for Advancement and Support of Education, College & University Professional Association for Human Resources, Independent Colleges Organization, Independent Colleges of Southern California, National Association of College & University Business Officers, National Association of Independent Colleges and Universities, National Association of Student Personnel Administrators, National Collegiate Athletic Association, University Consortium for Geographic Information Science, Tuition Plan Consortium and Western Interstate Commission for Higher Education. The University has a chapter of Phi Beta Kappa.

Competition:

The College of Arts and Sciences of the University of Redlands recruits nationally for student. Thus, the College of Arts and Sciences competes for student with other colleges and universities throughout the country. Listed below are some of the primary institutions on the West Coast competing with the College of Arts and Sciences for students:

- | | |
|-------------------------------|-----------------|
| • Chapman University | Orange, CA |
| • Lewis and Clark College | Portland, OR |
| • Loyola Marymount University | Los Angeles, CA |
| • Occidental College | Los Angeles, CA |
| • Pepperdine University | Malibu, CA |
| • Pitzer College | Claremont, CA |
| • Santa Clara University | Santa Clara, CA |

- Scripps College Claremont, CA
- University of California Various campuses in California
- University of Denver Denver, CO
- University of Pacific Stockton, CA
- University of Puget Sound Tacoma, WA
- University of San Diego San Diego, CA
- Unifier of Southern California Los Angeles, CA
- Whittier College Whittier, CA
- Willamette University Salem, OR

The Professional Schools of Business and Education of the University of Redlands recruits adult learner in the Southern California region only. Listed below are the primary institutions in the region competing with the two professional schools for students:

School of Education

- Azusa Pacific University Azusa, CA
- California Baptist University Riverside, CA
- California Lutheran University Thousand Oaks, CA
- Chapman University Orange, CA
- Claremont Graduate university Claremont, CA
- La Sierra University Riverside, CA
- University of LaVerne LaVerne, CA
- National University San Diego, CA

School of Business

- Azusa Pacific University Azusa, CA
- California Baptist University Riverside, CA
- California Lutheran University Thousand Oaks, CA
- California Polytechnic University, Pomona Pomona, CA
- Chapman University Orange, CA
- Claremont Graduate University (Drucker School) Claremont, CA
- DeVry Kelly Institute Various locations
- La Sierra University Riverside, CA
- National University San Diego, CA
- Pepperdine University Malibu, CA
- University of LaVerne LaVerne, CA
- University of Phoenix Various locations
- University of San Diego San Diego, CA
- Loyola Marymount University Los Angeles, CA

V. OUTSTANDING DEBT:

<u>Issue:</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding As of 6/30/04</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
Existing:			
CEFA Pool, Series 2003B	\$17,000,000	\$17,182,921 (a)	\$16,560,000
CEFA Pool, Series 2003A	17,280,000	17,134,126 (a)	16,950,000
CEFA Pool, Series 2000A	10,390,000	10,202,991 (b)	-0-
CEFA, Series 1995	22,890,000	5,247,501 (b)	-0-
Proposed:			
CEFA, Series 2005		N/A	27,950,000
Total		<u>\$49,767,539</u>	<u>\$61,460,000</u>

(a) Includes unamortized bond premium being amortized over the bond term.

(b) Includes unamortized bond discount being amortized over the bond term.

VI. LEGAL REVIEW:

Staff has reviewed the applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

VII. STAFF RECOMMENDATION:

Staff recommends the Authority approve a resolution in an amount not to exceed \$27,950,000 to issue tax exempt revenue bonds for University of Redlands, subject to a bond rating of at least an "A" category by a nationally recognized rating agency and the standard bond issuance guideline.