

**STAFF SUMMARY AND RECOMMENDATION
CLAREMONT GRADUATE UNIVERSITY (“CGU”)
Amendment to Final Resolution Number 237
September 28, 2006**

PRIOR AMOUNT APPROVED: \$36,000,000

PRIOR APPROVAL DATE: April 27, 2006

EXPECTED RATING: A3 (Moody’s)

CREDIT ENHANCEMENT: None

SENIOR UNDERWRITER: Prager, Sealy & Co., LLC

TYPE OF FACILITY: Private University

LOCATION: Claremont, California, Los Angeles County

BACKGROUND: At the April 27, 2006 meeting, the Authority approved Resolution Number 237, authorizing the issuance of bonds. Proceeds were to be used to construct and equip housing for graduate students. In addition, CGU sought to purchase property and obtain reimbursement for prior expenditures related to the housing project.

PURPOSE OF THE AMENDMENT: Resolution Number 237 authorized the State Treasurer to sell the 2006 Series A bonds on or before September 30, 2006. CGU seeks to extend the expiration date of the authorization to sell the 2006 Series A bonds to March 31, 2007.

The pricing for the 2006 Series A bonds was delayed due to increases in the costs of steel and concrete. Since construction cost estimates were higher than expected, CGU required additional time to perform value engineering, modify its financial feasibility analysis, and collaborate with the City of Claremont to ensure that any changes made to the project comply with City requirements. All approval processes have been completed.

Sources of Funds:*		Uses of Funds:	
Bond proceeds	\$36,000,000	Construction	\$30,483,000
		Capitalized interest	2,430,000
		Reimbursement	1,267,000
		Furnishings/telecommunication	884,000
		Purchase property	388,000
		Financing Costs	<u>548,000</u>
Total Sources	<u>\$36,000,000</u>	Total Uses	<u>\$36,000,000</u>

*Adjustments have been made to the construction and capitalized interest compared to the “sources/uses” prepared in April 2006. As stated above, construction costs are higher than expected and the project has been modified/re-engineered. CGU is not asking that the bond amount be increased. CGU anticipates covering any additional costs with internal funds.

FINANCIAL STATUS: Based on the most recent audited financial statements, CGU exhibits solid results supported by a steady revenue base from net tuition and fees, donations/gifts, grants/contracts and endowment payout. In addition, CGU maintains a strong balance sheet with \$79 million in unrestricted net assets and good liquidity should the project results in cost overruns.

LEGAL REVIEW: Staff reviewed an updated legal status questionnaire and no information was disclosed to question the financial viability or legal integrity of the Applicant.

RECOMMENDATION: Staff recommends the Authority approve the amended resolution to extend the expiration date of the authorization to sell the 2006 Series A bonds to March 31, 2007 in an amount not to exceed \$36,000,000 for the Claremont Graduate University, subject to all prior provisions and conditions remaining unchanged and in full effect.