

STAFF SUMMARY AND RECOMMENDATION
UNIVERSITY OF JUDAISM
Series 1998A

Amendment to Final Resolution Number 159

April 28, 2005

ORIGINAL ISSUE AMOUNT: SERIES 1998A, \$13,500,000

ISSUE: The University of Judaism (“the University”) requests approval of a change of use of unexpended proceeds from the Series 1998A bonds. The University proposes applying these funds towards remodeling an existing facility into a library and toward renovation of other campus facilities.

BACKGROUND: The University submitted an application for a bond financing in 1998, with proceeds to be used for construction, with a portion for refinancing. Among the possible use of funds enumerated was construction of a new library. However, later that month the University refined its estimated use of funds to focus on other construction projects. Specifically (as described in the staff report), a 12,000 square foot Student Center, a 2,000 square foot recreation facility, a parking garage, and a campus “footprint” project, to include a number of entrance, façade, sound barrier and other type of improvements. Still, as the staff report stated:

“The University will soon be formally launching a \$20 million capital campaign (of which \$4 million has been received to date) for new facilities. Some of these funds are targeted toward prepaying debt on the “Student Center” proposed with this financing. Capital campaign funds are also targeted toward building a new library essential to the school maintaining its WASC accreditation.”

Recently, the University informed staff that they had rethought their plans to construct a 50,000 square foot library, with an anticipated cost of \$30 million. Instead, they now plan to remodel and expand their existing library facility at a cost of approximately \$5 million. They have on hand approximately \$2 million of funds donated for this purpose. They propose using the approximate \$2 million remaining in the 1998 construction fund (plus \$1 million of equity or additional fundraising). If all of the unexpended funds are not needed, however, (that is, if more donations can be raised for the library project), the University seeks to use these funds on various campus renovation projects.

Based on a description of the use of bond proceeds which conforms to the use of proceeds permitted by Exhibit A to the Amendment to the Loan Agreement, bond counsel has issued an opinion stating that the bond proceeds will be used for a purpose that was included in the 1998 TEFRA notice, the proceeds will not be used for a sectarian purpose, and that the proposed use of proceeds will not adversely affect the tax-exempt status of the bonds.

RECOMMENDATION: Staff recommends the Authority approve the use of proceeds of the Series 1998A bonds for remodeling an existing facility into a library and for renovation of other campus facilities.

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