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## UNIVERSITY OF LA VERNE SUMMARY AND RECOMMENDATIONS

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Applicant:	University of La Verne
Action:	Final Resolution
Amount:	\$73,000,000
Purpose:	Finance and Refinance the Acquisition, Construction, Improvements and Equipping of Educational Facilities Located in the City of La Verne, County of Los Angeles, CA
Activity:	Private University
Meeting:	November 12, 2010

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Background:

The University of La Verne is an independent, nonsectarian institution of higher education founded in 1891 as Lordsburg College by members of the Church of the Brethren. Renamed La Verne College in 1917, it was reorganized as the University of La Verne in 1977. Since its inception, the University has offered a strong liberal arts curriculum as well as education in selected professional fields for its graduate and undergraduate students through its academic and co-curricular programs.

The University's main campus is in La Verne, California. The University also provides continuing education opportunities to off-campus students through other locations in California, including its Central Coast Campus in San Luis Obispo, High Desert Campus in Victorville, Inland Empire Campus in Rancho Cucamonga, Kern County Campus in Bakersfield, Orange County Campus in Garden Grove, San Fernando Valley Campus in Burbank, and Ventura County Campus in Oxnard. The University provides degree programs at military bases in Point Mugu and Vandenberg, California, and offers courses for its students online through its Distance Learning Center.

The University's mission is to provide rich educational opportunities that relate to both the academic and personal development of its students. For its undergraduates, the University offers a challenging general education program, as well as a strong knowledge base in a particular discipline. Graduate programs at the University are offered in selected professional disciplines. These programs are aimed at the practicing professional and seek to integrate theory and practice.

The University is a Carnegie Doctoral/Research intensive institution enrolling over 8,000 students in four major colleges. The University offers bachelors, masters, and doctoral degrees through its College of Arts and Sciences, College of Business and Public Management, College of Education and Organizational Leadership, and College of Law. Organization of the University is formulated and controlled through a management team at the main campus in La Verne, California. All academic programs are designed, monitored, and controlled through the appropriate departments and colleges at the main campus.

### The Project:

The proceeds of the Bonds will be used to:

- i) refinance all or a portion of the California Educational Facilities Authority Variable Rate Demand Revenue Bonds (University of La Verne) Taxable Series 2005B, which refinanced a portion of the California Educational Facilities Authority Revenue Bonds (Pooled College and University Projects) 2000 Series B, which originally financed the acquisition, construction, improvements and equipping all or a portion of the following educational facilities, the address of which is 1950 Third Street, La Verne, California, 91750, except where specifically indicated:
  - (a) the construction of a 65 bed student residence hall at The Oaks student residential complex, located at the corner of "E" Street and Second Street on the College's main campus;
  - (b) the renovation of the 15,000 square foot law school building into a general classroom and faculty office building;
  - (c) the renovation of Lemon House, located at 2016 "D" Street, La Verne, California, 91750, form a 26,000 square foot arts and graphics building into an improved facility for visual arts and creation of general classroom space;
  - (d) the renovation of a 60,000 square foot building, known as the College of Law Building, located at 320 East "D" Street, Ontario, California 91764;
  - (e) the renovation of a 10,500 square foot Davenport Dining Hall;
  - (f) the renovation of the 50,000 square foot Student Center;
  - (g) the renovation of Founder's Hall, the College's primary administrative and classroom building; and
  - (h) the reconstruction of Studebaker-Hanawalt Residence Hall;
- ii) refinance all or a portion of the California Educational Facilities Authority Variable Rate Demand Revenue Bonds (University of La Verne) Series 2008, which originally financed some or all of the acquisition, construction, expansion, rehabilitation, remodeling, renovation and equipping of all or a portion of the educational facilities, in each case with related and appurtenant facilities, located at 1950 Third Street, La Verne, California, 91750, except where specifically indicated:
  - (a) Construction of a student center consisting of approximately 46,000 gross square feet, to house, among other things, a café, a large multipurpose room, student activity and club offices, recreation and social gathering spaces and classrooms;
  - (b) Upgrades and improvements to a campus athletic sports pavilion complex;
  - (c) Construction of a central outdoor plaza connecting the renovated sports facility with the new campus center;
  - (d) Various campus infrastructure upgrades required to accommodate the campus center building, the athletic sports pavilion and other construction and renovation, including, without limitation, the backup central chiller, HVAC control upgrades, sewer line reconstruction and information technology pipeline relocation;
  - (e) Parking improvements, including replacement lots and expansion of existing lots to accommodate added facilities;
  - (f) Acquisition of land to be used for and construction of campus intercollegiate athletic baseball, softball, tennis and soccer facilities, located on Assessor Parcel Numbers

8378-010-044 and 8378-010-045, which land is bounded by Southern Pacific Railroad right-of-way on the north, Marshall Canyon Channel on the west, Puddingstone Drive on the south and Live Oak Wash/vacated Park Avenue on the east in Los Angeles County, California;

- (g) Costs related to the planning of future projects related to student housing and dining facilities;
  - (h) Renovation of existing student dining hall; and
  - (i) General campus improvements, including, without limitation, renovation of the primary auditorium; improvements to public and team locker rooms; and upgrades to classrooms, public areas and building facades;
- iii) finance or refinance some or all of the acquisition, construction, expansion, rehabilitation, remodeling, renovation and equipping of the certain educational facilities located at 1950 Third Street, La Verne, California 91750, unless otherwise indicated below, including:
- (a) A four story residence hall and related facilities;
  - (b) Campus West/Baseball Field Improvements located south of Arrow Highway, west of Wheeler Avenue, north of Puddingstone Drive, and west of the Puddingstone Channel, including in the northwest corner property with an address of 1230 Arrow High, La Verne, California;
  - (c) Leo Hall Renovation;
  - (d) Advancement Office Renovation;
  - (e) Science Labs Renovations;
  - (f) Brown Property Development located south of Arrow Highway, west of Wheeler Avenue, north of Puddingstone Drive, and west of the Puddingstone Channel, including in the northwest corner property with an address of 1230 Arrow High, La Verne, California;
  - (g) Woody Hall Remodel;
  - (h) American Disability Act Master Plan;
  - (i) Track and Field Renovation;
  - (j) Maniero Renovation Projects;
  - (k) New Dining Hall;
  - (l) New Parking Lots (Stu-Han); and
  - (m) Morgan Auditorium;
- iv) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned and operated by the University of La Verne, a nonprofit public benefit corporation, and/or Provident, a nonprofit public benefit corporation, or affiliates or subsidiaries thereof (collectively, the “Borrower”).

City of La Verne:

The City of La Verne is scheduled to hold a TEFRA hearing and become a member of the CMFA on November 15th. The City will receive approximately \$27,666 as part of CMFA’s sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	\$ 72,580,000
Original Issue Discount:	<u>\$ -1,227,215</u>
Total Sources:	\$ 71,352,785

Uses of Funds:

Construction:	\$	27,100,196
Soft Costs:	\$	3,370,204
Defeasance of Series 2005B Bonds:	\$	8,160,000
Defeasance of Series 2008 Bonds:	\$	22,500,000
Underwriter's Discount:	\$	740,800
Cost of Issuance:	\$	423,885
Capitalized Interest:	\$	3,336,350
Debt Service Reserve Fund:	\$	<u>5,721,350</u>
Total Uses:	\$	71,352,785

Terms of Transaction:

Amount:	\$73,000,000
Rate:	Fixed Rate
Rating:	Baa2 (anticipated)
Maturity:	June 2040
Collateral:	Deed of Trust, Gross Revenue Pledge
Bond Purchasers:	Institutional & Retail Investors
Estimated Closing:	December 2010

Public Benefit:

Since its inception, the University has offered a strong liberal arts curriculum as well as education in selected professional fields for its graduate and undergraduate students through its academic and co-curricular programs.

The financing will allow the University of La Verne to provide quality, safe and affordable on-campus housing to their Students. Athletic Facilities will enhance the University's athletic (varsity and intramural) programs.

Finance Team:

Underwriter:	Bank of America Merrill Lynch
Underwriter's Counsel:	Haynsworth Sinkler Boyd, P.A.
Bond Counsel:	Squire, Sanders & Dempsey LLP
Issuer Counsel:	Squire, Sanders & Dempsey LLP
Borrower Counsel:	Gutierrez & Vera, LLP
Rating Agency:	Moody's Investors Service, Fitch
Trustee:	The Bank of New York Mellon
Trustee Counsel:	Davis Wright Tremaine, Sam Waldman

Recommendation:

It is recommended that the CMFA Board of Directors adopt a Final Resolution authorizing the issuance, sale and delivery of up to \$73,000,000 of tax-exempt private activity bonds to benefit the University of La Verne located in the City of La Verne, County of Los Angeles, California.



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## THE CHILDREN'S SCHOOL SUMMARY AND RECOMMENDATIONS

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Applicant:	The Children's School for Child-Centered Education, Inc.
Action:	Final Resolution
Amount:	\$3,000,000
Purpose:	Refinance the Acquisition, Construction, Improvement, Renovation and Equipping of Educational Facilities, Located in the City of San Diego, County of San Diego, California.
Activity:	Private School
Meeting:	November 12, 2010

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### Background:

The Children's School is a co-ed, independent non-profit school located in La Jolla, California, now serving students from pre-Kindergarten through Grade 8. For nearly 40 years, The Children's School has been dedicated to (a) providing students in San Diego communities with the best education possible by developing children's intellect, creativity, character and compassion, (b) developing and refining new instructional techniques based on current and changing research regarding education and child development, and (c) training teachers from other schools, public and private, in the best instructional and developmental techniques. The Children's School maintains a community of families who value learning-by-doing in a collaborative, creative environment that fully prepares students for higher education and overall success.

The mission of The Children's School is to inspire each child to fulfill his or her unique potential through strong academic and social curriculum, thereby creating a foundation and instilling the desire for lifelong learning. The School places equal importance on the process of learning and the content of learning.

The Children's School is governed by an independent volunteer Board of Trustees comprised of both parents and non-parents and draws from a variety of backgrounds and experiences. The Board of Trustees is responsible for ensuring the long-term viability and integrity of the school and establishes policies that adhere to the mission, vision, and values of the school.

For over 20 years, the School has been accredited by the California Association of Independent Schools.

The Project:

With the proceeds of the tax-exempt loan issue, The Children's School will refinance the remaining balance of the construction loan it borrowed to complete its recent campus expansion. The expansion, completed in August 2010, allowed the School to expand its curriculum to include a Middle School (grades 6-8) and to enhance the learning opportunities for all of its students with new specialized space. The expansion was designed with a great deal of input from the community at-large and it incorporated the desires of neighbors and public interest groups. The expansion included approximately 12,000 square feet of new buildings, plus gardens, new parking, and outdoor common facilities. The new buildings house classrooms for the 5th through 8th grades, a high-tech music laboratory serving the entire student body, an arts and crafts room, new administrative offices, and a multi-media room serving the Children's School community.

The total cost of expansion was approximately \$4,513,000. The project costs of \$2,925,000 were financed with a construction loan from First Republic Bank. The balances of the costs were paid from donations received by the School as part of a major capital campaign. The construction loan was recently paid down to \$2,725,000 by a \$200,000 donation made at the time the expansion was completed.

The purpose of the requested new loan is to provide a take-out loan for the School's current short-term construction/mini-perm loan with a balance of \$2,725,000 and to pay for the costs of obtaining this new loan, estimated to be \$75,000.00.

The County of San Diego:

The County of San Diego is a member of the CMFA and held a TEFRA hearing on November 9th. The County will receive approximately \$1,866 as part of CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	\$	<u>2,800,000</u>
Total Sources:	\$	2,800,000

Uses of Funds:

Construction Loan Refinance:	\$	2,725,000
Cost of Issuance:	\$	<u>75,000</u>
Total Uses:	\$	2,800,000

Terms of Transaction:

Amount:	\$3,000,000
Maturity:	2040
Collateral:	Deed of Trust
Bond Purchasers:	Private Placement (Bank Qualified)
Estimated Closing:	November 2010

Public Benefit:

The expansion project benefits the public by improving education for children within and outside The Children's School and by producing productive, ethical, and knowledgeable public citizens. The expansion allows the School to offer its programs to middle school students who, without the expansion, would not have the opportunity to remain at or attend The Children's School. Of all schools in the U.S., 10% are private. But only 10% of that 10% offer a curriculum that is not limited by either a particular religious affiliation or a for-profit motivation. The expansion of The Children's School therefore helps to increase the availability of this unique opportunity to teach and grow children in a way that is best for the children.

The project also increases the ability of the School to continue to develop instructional and child-development techniques based on the rapid advances in the field of cognitive neuroscience and to share these developments with teachers and administrators of other schools, both public and private.

Expansion of The Children's School benefits the public by increasing the educational choices for area residents and their children, improving education for its existing and new students as well as those in other schools, and relieves the cost burden of public schools.

Finance Team:

Underwriter:	First Republic Bank
Underwriter Counsel:	Hecht Solberg Robinson Goldberg & Bagley LLP
Bond Counsel:	Benesch, Friedlander, Coplan & Aronoff LLP
Issuer Counsel:	Squire, Sanders & Dempsey LLP
Borrower Counsel:	Vanguard Law Group, LLP
Borrower Financial Advisor:	Western Solutions Inc.

Recommendation:

It is recommended that the CMFA Board of Directors adopt a Final Resolution authorizing the issuance, sale and delivery of up to \$3,000,000 of tax-exempt bonds to refinance the acquisition, construction, improvement, renovation and equipping of educational facilities, located in the City of San Diego, County of San Diego, California.



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## **CARDENAS THREE, LLC SUMMARY AND RECOMMENDATIONS**

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**Applicant:** Cardenas, LLC and Del Real, LLC

**Action:** Final Resolution

**Amount:** \$3,000,000

**Purpose:** Finance a Manufacturing Project for Cardenas Three, LLC Located in the Unincorporated area of the County of Riverside, CA.

**Activity:** Manufacturing

**Meeting:** November 12, 2010

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Background:

The foundation for Del Real Foods is rooted in a small town in the central part of Mexico. This town was home to the Cardenas family for many generations thrived in the rich culture and traditions of central Mexico. In 1970, the Cardenas family came to the US in search of a better future. Along with their memories and rich culture, the family brought with them their love for traditional Mexican food. Many sacrifices were made when they first arrived in this country but one thing they were not willing to sacrifice was their cravings for traditional high quality Mexican food. The Cardenas family cooked authentic Mexican dishes from scratch by using the recipes and cooking methods which were passed down for generations. Their homemade dishes soon became popular with friends and neighbors who raved about the authenticity of their food. The popularity and high demand for their cuisine led the Cardenas family to start Del Real Foods. The Cardenas family continues to play an integral role in the development of every Del Real product assuring that all of our flavors and textures are authentic and stay true to our roots. Del Real Foods recently moved to a new state-of-the-art plant located in Mira Loma, California. This USDA-approved plant is very efficient, competitive and maintains extremely high quality standards.

It all started with a pregnant pig in Corona. When Luz and Jesus Cardenas traded some tools for a sow 25 years ago, they had no idea the pig was expecting. But that gave the couple a head start on a thriving hog farm and that; in turn lead to a thriving supermarket chain with over 1,100



employees based in Ontario, California. Cardenas Markets now has twelve locations in Ontario, Montclair, Moreno Valley, Pomona, Fontana, Rialto, Colton, San Jacinto, Riverside and Rubidoux. Cardenas Markets has a strong reputation for quality meat and knows that its extensive meat department and wide array of Latino foods will allow us to expand market share and customer count.

The Project:

The Bond proceeds will be used to repay a 2010 taxable Bridge Loan. The taxable bridge loan was used in the acquisition of the building that houses Del Real's meat processing operation. The rehabilitation of the building is being done outside of the bond proceeds. Del Real's meat processing operation was handled out of a building in Mira Loma, CA and was running at 80% capacity. The new warehouse facility will provide addition processing capacity and space for refrigeration equipment to be utilized by CMI for its grocery stores. Thus, Cardenas 3 will lease the facility 50% to Del Real for meat processing operations and lease 50% to CMI for refrigeration of grocery store items.

County of Riverside:

The County of Riverside is a member of the CMFA and held a TEFRA hearing on June 22. The County of Riverside is expected to receive approximately \$1,875 as part of CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	<u>\$3,000,000</u>
Total Sources:	\$3,000,000

Uses of Funds:

Refinance of 2010 Taxable Bridge Loan:	<u>\$3,000,000</u>
Total Uses:	\$3,000,000

Terms of Transaction:

Amount:	\$3,000,000
Rate:	Fixed Rate
Collateral:	Deed of Trust on Property
Maturity:	2025
Bond Purchasers:	Private Placement
Estimated Closing:	November 2010

Public Benefit:

This transaction will create approximately 400 new full-time. Furthermore, the unincorporated area of Riverside County will enjoy an increase and diversification of the local tax base through salaries, wages, sales taxes, property taxes, and other local revenues generated through various vendors and businesses supporting the Borrower.

Finance Team:

Underwriter:	GE Government Finance Inc.
Underwriter Counsel:	Ron Kutak LLP
Bond Counsel:	Jones Hall
Issuer Counsel:	Squire, Sanders & Dempsey LLP
Borrower Counsel:	Darren P. Trone LLP

Recommendation:

It is recommended that the CMFA Board of Directors adopt a Final Resolution in the amount of \$3,000,000 to finance a project for Cardenas Three, LLC located in the unincorporated area of the County of Riverside, California.



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## AZUSA PACIFIC UNIVERSITY SUMMARY AND RECOMMENDATIONS

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Applicant: Azusa Pacific University

Action: Final Resolution

Amount: \$180,000,000

Purpose: Finance Educational Facilities Located in the City of Azusa, County of Los Angeles, CA

Activity: Private University

Meeting: November 12, 2010

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Background:

Azusa Pacific University is a co-educational, comprehensive Christian Liberal Arts University founded in 1899. The University's main 121-acre campus is located 26 miles northeast of Los Angeles in the San Gabriel Valley community of Azusa. The University offers more than 47 areas of undergraduate study, 33 master's degrees, and six doctoral degrees, and is approved by the California Commission on Teacher Credentialing and Licensing. The University is a California nonprofit religious corporation and an exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

The University is an independent, church-related university affiliated with five Christian religious organizations. As an evangelical Christian community of disciples and scholars Azusa Pacific seeks to advance the work of God in the world through academic excellence in liberal arts and professional programs of higher education that encourage students to develop a Christian perspective of truth and life. The University's student body is comprised of students from more than forty different religious denominations.

For the 2009-10 academic year, the University enrolled 5,137 full-time equivalent undergraduate students and 2,755 full-time equivalent graduate students. The University's total enrollment has increased by 19% since fall 2006.

The University maintains and enforces a policy of equal educational opportunity. The University does not discriminate in its admissions or hiring practices on the basis of race, color, national origin, gender, age, disability, or status as a veteran.

The Administration believes the following characteristics continue to strengthen the University's competitive position.

- APU moved up from the third tier to the first tier in U.S. News & World Report's American's Best Colleges rankings, tied at #167 with the University of Rhode Island and Virginia Commonwealth University
- In the 2009-10 academic year, athletics led to APU's sixth Directors' Cup, making APU the first school in NAIA history to win six consecutive cups
- Students build on 40 years of cooperation with Mexican churches painting schools, erecting churches, and leading Vacation Bible schools in neighborhoods throughout Mexicali and Ensenada, Mexico
- Through Focus International, APU students serve in India, Kenya, Thailand, and other ministry sites around the globe
- During 2009-10, APU students ministered in 52 countries
- In fall 2009, APU acquired a significant collection of rare antiquities, including five fragments of The Dead Sea Scrolls which brought nearly 18,000 guests to campus

#### The Project:

The University will use the proceeds of its loan, together with other available funds, to refinance and refund certain California Statewide Communities Development Authority, Variable Rate Demand Revenue Bonds (Azusa Pacific University Project) Series 2007 issued to finance the costs of (a) the acquisition, construction, and equipping of an approximately 68,000 square foot science center located at 701 East Foothill Boulevard on the West Campus of the University, (b) the acquisition of the Crestview Apartments, an approximately 320 unit apartment facility located at 801 East Alostia Avenue adjacent to the West Campus of the University, for the purpose of providing housing to students of the University and other qualified occupants and (c) the prior refunding of the University's Taxable Variable Rate Demand Revenue Bonds, Series 2003, in the aggregate principal amount of \$16,000,000, previously issued by the University for the purpose of financing certain facilities of the University, including a residence facility, a dining facility, a mail center and related infrastructure, all located at or in the vicinity of 901 East Alostia on the Main Campus of the University, with all of the foregoing having been completed in 2009 (collectively, the "Project"). The Project is located at the campus of the University in Azusa, California. The Project is or will be owned and operated initially by the University.

#### Project Building Locations:

1) Science Center

Located on the Azusa Pacific West Campus  
701 E. Alostia Avenue  
Azusa, CA 91702

2) University Village (formerly Crestview Apartments)

801 E. Alostia Avenue  
Azusa, CA 91702

3) Main Campus Facilities: Trinity Hall, Dining Hall, and Mail Center (originally financed from Series 2003 bond proceeds, refinanced by Series 2007 bonds)

901 E. Alostia Avenue  
Azusa, CA 91702

City of Azusa:

The City of Azusa held a TEFRA hearing and became a member of the CMFA on November 1st. The City will receive approximately \$33,333 as part of CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	\$ 175,385,000
Original Issue (Discount)/Premium:	\$ -4,399,879
Transfer from Series 2007 Fund:	<u>\$ 2,500,000</u>
Total Sources:	\$ 175,485,121

Uses of Funds:

Deposit to Project Fund:	\$ 137,470,000
Swap Termination Value:	\$ 28,197,200
Debt Service Reserve Fund:	\$ 6,485,118
Underwriter's Discount:	\$ 964,617
Cost of Issuance:	\$ 364,612
Rounding Amount:	<u>\$ 3,574</u>
Total Uses:	\$ 173,485,121

Anticipated Terms of Transaction:

Amount:	\$180,000,000
Rate:	Fixed Rate
Rating:	BBB- (Anticipated)
Maturity:	April 2039
Collateral:	Gross Revenue Pledge & Negative pledge protecting core University assets
Bond Purchasers:	Institutional & Retail Investors
Estimated Closing:	December 2010

Public Benefit:

Azusa Pacific University is a co-educational, comprehensive Christian Liberal Arts University. The University's main 121-acre campus is located 26 miles northeast of Los Angeles in the San Gabriel Valley community of Azusa. The University offers more than 47 areas of undergraduate study, 33 master's degrees, and six doctoral degrees, and is approved by the California Commission on Teacher Credentialing and Licensing. The University is a California nonprofit religious corporation and an exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. The school provides a climate where the values of community, self-worth, compassion, respect, service, and responsibility are taught as part of the school's tradition.

Finance Team:

Underwriter:	George K. Baum & Company
Underwriter's Counsel:	Squire, Sanders & Dempsey LLP
Issuer Counsel:	Fulbright & Jaworski LLP
Bond Counsel:	Patton Boggs LLP
Borrower Counsel:	Manatt, Phelps & Phillips LLP
Rating Agency:	Standard & Poor's
Swap Advisor:	George K. Baum & Company

Recommendation:

It is recommended that the CMFA Board of Directors adopt a Final Resolution authorizing the issuance, sale and delivery of up to \$180,000,000 of tax-exempt private activity bonds to benefit Azusa Pacific University located in the City of Azusa, County of Los Angeles, California.