

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (the “Authority”)

SOUTHWESTERN UNIVERSITY SCHOOL OF LAW (the “Borrower”)

Revenue Bonds, Series 2003

Resolution No. 2006-07

July 27, 2006

RECONVEYANCE OF DEED OF TRUST TO BORROWER

ISSUE: As required by the Loan Agreement, the Authority must authorize the Trustee to cancel the Deed of Trust for the purpose of release and reconveyance of title at the request of the Borrower if the Borrower has satisfied certain conditions.

BACKGROUND: The Authority issued its California Educational Facilities Authority Refunding Revenue Bonds (Southwestern University), Series 2003 (the “Bonds”) in the original aggregate amount of \$13,000,000. The amount outstanding as of June 1, 2006 is \$11,880,000. All payments of principal and interest to date have been fully and timely made.

At the time of issuance, the Borrower pledged the Deed of Trust as security for the Bonds. The Authority then transferred the Deed of Trust to the Trustee. This pledge was not required under the Authority’s bond issuance guidelines, but was done at the request of the Borrower.

At the option of the Borrower, the Deed of Trust must be released if the Borrower has met one of two covenants, either an “A2” or higher rating by Moody’s, or an unrestricted resources ratio of at least 1.70.

Prager, Sealy & Co. has reviewed the Borrower’s 2005 audited statement of financial position and has calculated the unrestricted resources ratio to be 1.73. Having satisfied the specified covenant, the Borrower now requests the release of all facilities encumbered by the Deed of Trust.

STAFF RECOMMENDATION: Staff recommends the Authority approve a resolution authorizing the Trustee to cancel the Deed of Trust being held in relation to the California Educational Facilities Authority Refunding Revenue Bonds (Southwestern University), Series 2003.