

STAFF SUMMARY RECOMMENDATION

UNIVERSITY OF SOUTHERN CALIFORNIA Amendment to Final Resolution Number 244

September 27, 2007

PRIOR AMOUNT APPROVED:	\$470,000,000
PRIOR APPROVAL DATE:	January 25, 2007
EXPECTED RATING:	Aa1 (Moody's) / AA+ (S&P)
CREDIT ENHANCEMENT:	None
SENIOR UNDERWRITER:	Morgan Stanley
LOCATION:	Los Angeles, CA, Los Angeles County

PURPOSE OF THE AMENDMENT: The University of Southern California (USC) seeks Authority approval to include the CEFA Series 1998A bonds to the authorized refunding list.

BACKGROUND: In 1998 CEFA issued \$30,360,000 in bond proceeds to refund a portion of a taxable Series 1991 bonds for an approximate net present value savings of \$8.6 million. The refunding 1998A bonds were sold at a fixed interest rate of 5%.

At the January 25, 2007 CEFA board meeting, the Authority approved Resolution Number 244, authorizing the issuance of bonds from time to time in one or more series in the amount of \$470,000,000. Proceeds of such authorized bonds were authorized to be used to fund various capital projects and to refund the CEFA Series 1997A, 1999, 2003A and 2003C bonds. Currently, \$263,395,000 of the authorizing total \$470,000,000 has been issued.

Due to market conditions at the time of the board meeting, USC did not include the Series 1998A bonds in the January 25, 2007 CEFA authorization. However, with market conditions currently improving, USC would like to capitalize on the lower interest rates and refund the Series 1998A bonds.

As of August 1, 2007, \$30,360,000 remains outstanding of the CEFA Series 1998A bonds.

FINANCIAL UPDATE: There have been no material changes in USC's financial position since the original approval on January 25, 2007. USC is requesting to refund the 1998A bonds, which results in a net present value savings of approximately \$600,000 over the life of the bonds.

RECOMMENDATION: Staff recommends the Authority approve the amended resolution to include the University of Southern California CEFA Series 1998A bonds to the authorized refunding list, subject to all prior provisions and conditions remaining unchanged and in full effect.