

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
BOND FINANCING PROGRAM  
EXECUTIVE SUMMARY**

<p><b>Applicant:</b> Art Center College of Design (Art Center) 1700 Lida Street Pasadena, CA 91103 Los Angeles County</p> <p><b>Facility Type:</b> Private University</p> <p><b>Project Site:</b> Pasadena, CA</p> <p><b>Accreditation:</b> Western Association of Schools and Colleges</p>	<p><b>Amount Requested:</b> \$35,000,000</p> <p><b>Date Requested:</b> January 12, 2022</p> <p><b>Resolution Number:</b> 326</p>																
<p><b>Use of Proceeds:</b> Bond proceeds will be used to finance construction and renovation projects located on Art Center’s Hillside and South campuses. In addition, bond proceeds will be used to help pay the costs of issuance.</p>																	
<p style="text-align: center;"><b>Type of Issue:</b> Negotiated public offering, tax-exempt fixed rate</p> <p><b>Expected Credit Rating:</b> Baa1; Moody’s</p> <p><b>Financing Team:</b> <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>																	
<p><b>Financial Overview:</b> Art Center appears to exhibit healthy operating margins over the review period. Art Center’s financial position appears strong with a pro-forma FY 2021 net debt service coverage ratio of 2.63x.</p>																	
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<p><b>Due Diligence:</b> Staff has received and reviewed the Eligibility, Legal Status Review and Religious Affiliation Due Diligence, CEQA documentation, and the certification for the Iran Contracting Act. All documentation satisfies the Authority’s requirements.</p>																	
<p><b>Staff Recommendation:</b> Staff recommends the Authority approve Resolution No. 326 in an amount not to exceed \$35,000,000 for Art Center College of Design subject to the conditions in the resolution, including a bond rating of at least investment grade by a nationally recognized rating agency. TAP International, Inc., the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s municipal advisor, concur with the Authority’s staff recommendation</p>																	

**STAFF SUMMARY AND RECOMMENDATION**

**Art Center College of Design (Art Center)**

January 12, 2022

Resolution Number: 326

**I. PURPOSE OF FINANCING:** In 2018, Art Center’s master plan (the Master Plan) was approved and adopted. The Master Plan charts a 15-year vision to improve educational facilities at the Hillside Campus and South Campus, as well as to provide student housing. The Master Plan will connect the two campuses through technology resources, multi-model transportation systems, community gathering points, and on-the-ground resources. Art Center estimates that executing the Master Plan will allow enrollment to increase from 2,023 students in academic year 2020-2021 to 2,500 students within the 15-year timeframe. Art Center will use bond proceeds to finance certain capital projects in the Master Plan, including new construction and internal building improvements to expand classrooms and administrative offices, as well as to upgrade and replace existing mechanical and electrical systems. In addition, bond proceeds will be used to pay financing costs.

**Project Fund ..... \$40,765,000**

**The Mullin Transportation Design Center**

The Mullin Transportation Design Center will be located within Art Center’s historic ‘Wind Tunnel’ building at 950 South Raymond Avenue in Pasadena. Within the Wind Tunnel, a renovation is planned to convert the existing 18,000 square-feet of space to hold a total of 30,000 square-feet of specialized labs, classrooms, exhibition space, studios and offices, and a flexible lecture space to serve the entire school at a nexus point in Art Center’s South Campus. The space will include Art Center’s Fabrication Lab, Vehicle Architecture Lab, Art and Process Lab, Urban Systems Lab, and its Hyundai and Kia Innovation Lab.

**South Campus Shop**

The South Campus Shop project consists of the construction of a single-story, pre-engineered metal building with approximately 19,400 square-feet of space, alongside 5,200 square-feet of outdoor fabrication area. The building will provide multiple workspaces, including shops, fabrication labs, and painting spray booths, as well as various educational spaces such as classrooms, an electronics lab, and a rapid prototyping service office. The new South Campus Shop will allow Art Center’s students to work at full scale and on large scale projects to gain real world industry experience.

**Financing Costs..... 529,773**

Costs of Issuance..... \$302,273

Underwriter’s Discount ..... 227,500

***TOTAL USES OF FUNDS..... \$41,294,773***

## II. PROPOSED COVENANTS, SECURITY AND DISCLOSURES:

The Executive Summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's board. These covenants cannot be diluted or removed without subsequent review. If there have been modifications to the covenant proposal following the preparation of this executive summary, staff will report them at the meeting.

After reviewing Art Center's credit profile, including its current financial profile, prior bond transactions and considering what the market will support, Art Center, the Authority's municipal advisor, KNN Public Finance, LLC (KNN), and the underwriter of the proposed bonds have concluded that the covenants listed below should be applicable to this transaction. Art Center, the underwriter, and KNN note that the current financial situation of Art Center does not suggest that additional covenants should be required by the Authority.

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay to the Trustee<sup>1</sup> all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. All Revenue and any other amounts held in a designated fund or account under the Bond Indenture are pledged to secure the full payment of the bonds.*
- ✓ **Pledge of Gross Revenues.** *Borrower pledges to deposit all revenues, income, receipts, and money received into a Gross Revenues Fund and will enter into a deposit account control agreement with the Trustee and the Borrower's depository(ies) with respect to the deposit account(s) comprising such Fund.*
- ✓ **Debt Service Coverage Requirement.** *A ratio of 1.10/1.00 measuring the ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments.*
- ✓ **Additional Debt Limitation.** *Borrower agrees not to incur additional Indebtedness unless authorized by the Loan Agreement.*
- ✓ **Disposition of Cash and Property Limitations.** *Borrower agrees not to sell, lease, or dispose of substantially all assets unless authorized by the Loan Agreement.*
- ✓ **Limited Permitted Encumbrances.** *Borrower is subject to a restrictive set of allowable encumbrances it may incur pursuant to the Loan Agreement.*
- ✓ **Comply with SEC Rule 15c2-12.** *The rule prohibits underwriters from underwriting municipal bond deals unless the issuer or borrower contractually agrees to disclose designated financial and operating information to the marketplace during the life of the bonds and to report designated "material events" such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

Staff has completed its due diligence, and KNN has reviewed the Loan Agreement, Indenture, and prior Art Center offering documents associated with this financing package and found these documents and proposed covenants to be acceptable.

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<sup>1</sup> Capitalized terms defined in the Indenture.

### III. FINANCIAL ANALYSIS:

**Art Center College of Design**  
**Statement of Activities**  
**Unrestricted (\$000s)**

	For the Year Ended June 30,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>			
Net tuition and fees	\$ 90,189	\$ 100,676	\$ 96,107
Private gifts and grants	742	634	714
Investment and other income, net	1,062	1,515	1,863
Sales and services of auxiliary enterprises	33	505	801
Other sources	443	757	771
Amounts released from restrictions	23,231	10,961	10,869
Total revenues	115,700	115,048	111,125
<b>OPERATING EXPENSES</b>			
Education	76,912	83,474	79,298
Student services	7,496	8,474	8,626
Administration	12,820	13,584	12,454
Advancement	2,744	2,877	3,204
Auxiliary services	814	1,640	1,746
Total expenses	100,786	110,049	105,328
Increase in net assets from operations	14,914	4,999	5,797
<b>OTHER CHANGES IN NET ASSETS</b>			
Net change in actuarial obligations	(57)	(115)	(98)
Net change in fair value of investments	8,181	1,848	1,334
Net change in fair value of interest rate swap	-	-	1,943
Interest rate swap termination fees	-	-	(1,752)
Loss on defeasance of bonds & loan liquidations	-	-	(475)
Net asset reclasses	-	-	(3)
Released from restriction and designation	(11,302)	(2,610)	(913)
Increase (decrease) in net assets from other changes	(3,178)	(877)	36
Change in net assets	11,736	4,122	5,833
NET ASSETS, beginning of year	107,518	103,396	97,563
NET ASSETS, end of year	\$ 119,254	\$ 107,518	\$ 103,396

**Art Center College of Design**  
**Statement of Financial Position (\$000s)**

	As of June 30,		
	2021	2020	2019
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,018	\$ 18,020	\$ 19,518
Unexpended bond proceeds	29,602	37,403	42,640
Accounts and notes receivable, net	4,815	5,347	6,380
Contributions receivable, net	4,990	4,805	7,168
Investments	177,850	141,057	135,579
Other assets	4,128	5,467	3,558
Property, plant and equipment, net	129,936	119,939	114,115
Total assets	\$ 369,339	\$ 332,038	\$ 328,958
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 13,761	\$ 12,185	\$ 11,957
Unearned tuition income	13,269	13,559	13,987
Annuity obligations	130	137	143
Bonds payable, net	109,996	111,517	112,498
Total liabilities	137,156	137,398	138,585
<b>NET ASSETS</b>			
Without donor restrictions	119,254	107,518	103,396
With donor restrictions	112,929	87,122	86,977
Total net assets	232,183	194,640	190,373
Total liabilities and net assets	\$ 369,339	\$ 332,038	\$ 328,958

Financial Ratios

	<b>Proforma</b>			
	<b>FYE 6/30/2021 <sup>(a)</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Debt service coverage (x) - Operating	3.05	6.34	3.61	3.07
Debt service coverage (x) - Net Assets	2.63	5.42	3.35	3.08
Debt to expendable net assets (x)	0.83	0.63	0.80	0.83
Expendable net assets to operations (x)		1.74	1.27	1.29
Margin		12.9%	4.3%	5.2%

<sup>(a)</sup> Recalculates FY 2021 results to include the impact of the proposed financing.

## **Financial Discussion:**

### **Art Center appears to exhibit healthy operating margins over the review period.**

Art Center's total revenue increased from approximately \$111.1 million in FY 2019 to approximately \$115.7 million in FY 2021, an overall increase of 4%. The increase over the review period appears to be attributed to a large increase in amounts released from restrictions in FY 2021, which rose from approximately \$10.9 million in FY 2019 to just over \$23.2 million in FY 2021. Art Center's management states that the increase can be mainly attributed to increased draws from its Quasi Endowment for pandemic relief in the form of funding one-time student tuition reduction grants. Net tuition and fees decreased over the review period from approximately \$96.1 million in FY 2019 to just under \$90.2 million in FY 2021. Art Center's management explains that this decrease was primarily due to decreases in enrollment numbers due to COVID-19, in which enrollment dropped from 727 new students in 2019 to 576 in 2021.

Total expenses decreased by 4%, from just over \$105.3 million in FY 2019 to approximately \$100.8 million in FY 2021. According to Art Center's management, the decrease was primarily due to cost reduction measures when operating during the global COVID-19 pandemic, which included hiring freezes, staff furloughs, early retirement packages, travel and meal reductions, and transitioning in-person events to virtual platforms, such as graduations. Although negatively financially impacted by the COVID-19 pandemic, Art Center's operating margins remained strong over the review period, most recently posting an operating margin of 12.9% in FY 2021.

### **Art Center's financial position appears strong with a pro-forma net debt service coverage ratio of 2.63x.**

Art Center has demonstrated a strong ability to service its existing debt with a net debt service coverage ratio of 5.42x in FY 2021. Considering the new proposed debt, Art Center's pro-forma FY 2021 net debt service coverage ratio remains strong at 2.63x. Net assets without donor restrictions has grown from just under \$103.4 million in FY 2019 to approximately \$119.3 million in FY 2021, an overall increase of 15%. Art Center's debt to expendable net assets ratio has improved over the review period, from 0.83x to 0.63x between fiscal years 2019 and 2021. Considering the added debt, Art Center's pro-forma FY 2021 debt to expendable net assets ratio slightly increases to a solid 0.83x.

Art Center appears to exhibit solid liquidity with steady levels of cash and cash equivalents, which slightly decreased from approximately \$19.5 million in FY 2019 to approximately \$18 million in FY 2021. Art Center's management explains that this decrease was primarily due to using cash reserves to address an increased need in student financial aid, directly stemming from the COVID-19 pandemic. Since the beginning of the pandemic, Art Center has awarded over \$10 million in tuition reduction grants and fee waivers to its students.

## IV. BACKGROUND

### **General:**

Founded in 1930, Art Center is a non-profit, non-sectarian, co-educational institution, which prepares students for careers in various art and design professions. Art Center's location in Southern California, an epicenter of art and design innovation, positions it well to maintain distinguished faculty who are at the center of the creative economy. Most of the Art Center's faculty are working professionals—artists, photographers, painters, filmmakers, and designers of every discipline—directly engaged with the demands of today's creative marketplace and bring their knowledge and fresh approaches into the studio. Art Center offers specialized education that places students in intensive studio classes specific to their major from their first term of study. Students are drawn from a broad geographical area and show a wide range of interests. With a current enrollment of approximately 2,030 students from over 30 different countries, it has a student to faculty ratio of 8 to 1.

### **Accreditations and Affiliations:**

Art Center is accredited by the Western Association of Schools and Colleges Senior College and University Commission. Renowned both for its ties to industry and social impact initiatives, Art Center is the first design school to receive the United Nations' Non-Governmental Organization status. Art Center is a member of the Association of Independent Colleges of Art & Design, a non-profit consortium of 37 leading art schools in the United States and Canada with a mission to strengthen member colleges and to inform the public about these colleges and the value of studying art and design.

### **Academic Programs:**

Art Center offers 11 undergraduate and 10 graduate degrees. Programs and degrees are as follows:

Bachelor of Fine Arts degrees are offered in six majors: Creative Direction, Film, Fine Art, Graphic Design, Illustration, and Photography and Imaging.

Bachelor of Science degrees are offered in five majors: Entertainment Design, Interaction Design, Product Design, Spatial Experience Design, and Transportation Design.

Master of Fine Art degrees are offered in four graduate programs: Art, Film, Graphic Design, and Media Design Practices.

Master of Science (MS) degrees are offered in four graduate programs: Furniture, Lighting, & Fixtures Design, Industrial Design, Spatial Experience Design, and Transportation Systems and Design.

Art Center also offers two online Master of Design programs in Brand Design and Strategy and Interaction Design. Students studying in the Industrial Design program have the opportunity to pursue a dual-degree with Claremont Graduate University's Drucker School of Management (Drucker), which results in an MS in Industrial Design from Art Center and a Master of Business Administration in Innovation Systems Design from Drucker. Art Center offers students various exchange and study away opportunities. Some of the signature programs take place in Berlin, Portland, Tokyo and London.

**V. OUTSTANDING DEBT (\$000s):**

	<u>Original Issue Amount</u>	<u>Amount Outstanding as of June 30, 2021</u>	<u>Estimated Amount Outstanding After Proposed Financing</u>
<b>Existing Debt:</b>			
CEFA, Series 2018A	\$ 100,000	\$ 97,845	97,845
<b><i>Proposed:</i></b>			
<b>CEFA, Series 2022A</b>		<u>-</u>	<u>\$ 35,000</u>
Total		<u>\$ 97,845</u>	<u>\$ 132,845</u>

**VI. DUE DILIGENCE:**

Due diligence has been completed with regard to the following items:

- Eligibility
- Legal Status Review
- Religious Affiliation
- California Environmental Quality Act (CEQA) – In compliance with Education Code Section 94212(b)
- Iran Contracting Act Certification

**VII. STAFF RECOMMENDATION:**

Staff recommends the Authority approve Resolution No. 326 in an amount not to exceed \$35,000,000 for Art Center College of Design subject to the conditions in the resolution, including a bond rating of at least investment grade by a nationally recognized rating agency. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendation.



**EXHIBIT 1**

**Financing Team  
Art Center College of Design**

**Borrower:** Art Center College of Design

**Agent for Sale:** California State Treasurer

**Issuer's Counsel:** Office of the Attorney General

**Issuer's Municipal Advisor:** KNN Public Finance, LLC

**Issuer's Financial Analyst:** TAP International, Inc.

**Borrower's Counsel:** Burke, Williams & Sorensen, LLP

**Bond Counsel:** Squire Patton Boggs (US) LLP

**Underwriter:** Wells Fargo Bank, N.A.

**Underwriter's Counsel:** Hawkins Delafield & Wood LLP

**Trustee:** U.S. Bank, N.A.

**Trustee's Counsel:** Dorsey & Whitney LLP

**Rating Agency:** Moody's Investors Service, Inc.

**Auditor:** Moss Adams LLP

**RESOLUTION NO. 326**

**RESOLUTION OF THE  
CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE AND  
REFINANCE PROJECTS AT THE EDUCATIONAL FACILITIES OF  
ART CENTER COLLEGE OF DESIGN**

**WHEREAS**, the California Educational Facilities Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Educational Facilities Authority Act (the “Act”) to issue revenue bonds and to loan the proceeds thereof to a participating private college or a participating nonprofit entity (both as defined in the Act) for the acquisition or construction of projects (as defined in the Act), to refund existing bonds, mortgages, or advances or other obligations incurred, given, or made by a participating private college for the acquisition or construction of any projects, to loan the proceeds thereof to a participating private college for the purpose of refinancing projects not originally funded pursuant to the Act (including repayment of costs, as defined in the Act), and to refund existing bonds or notes of the Authority;

**WHEREAS**, Art Center College of Design (the “Borrower”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California;

**WHEREAS**, the Borrower has requested that the Authority issue its revenue bonds in one or more series (the “Bonds”) in an aggregate principal amount not to exceed \$35,000,000, and loan the proceeds to the Borrower for the purpose of the “Project,” as more fully described in Exhibit A hereto, which description is hereby incorporated by reference, consisting generally of (a) the acquisition, construction, improvement, installation, renovation, rehabilitation, furnishing and equipping of certain educational facilities, in each case, with related and appurtenant facilities; and (b) payment of costs of issuance and certain interest with respect to the Bonds;

**WHEREAS**, to the extent required by subdivision (b) of Section 94212 of the Education Code, the Borrower has provided documentation to the Authority demonstrating to the extent applicable, that the Project has complied with Division 13 (commencing with Section 21000 of the Public Resources Code), or is not a project under such division; and

**WHEREAS**, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought.

**NOW, THEREFORE, BE IT RESOLVED** by the California Educational Facilities Authority as follows:

**Section 1.** Pursuant to the Act, revenue bonds of the Authority designated as the “California Educational Facilities Authority Revenue Bonds (Art Center College of Design) Series 2022A” (the “Bonds”), in a total aggregate principal amount not to exceed \$35,000,000, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the indenture pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the third recital above.

**Section 2.** The Treasurer of the State of California (the “Treasurer”) is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates at any time within one year of the date of adoption of this Resolution, at public or private sale, in such aggregate principal amount (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices and at such interest rate or rates, with such maturity date or dates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Borrower, may determine. The Bonds, at issuance, shall be rated at investment grade by an active nationally recognized rating agency. The Bonds or any series of them may, at the sole option of the Borrower, be secured or supported by one or more of the following: deed of trust, bond reserve fund, bond insurance, other credit and/or liquidity facility and/or another security arrangement.

**Section 3.** The following documents:

(i) the Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower;

(ii) the Indenture of Trust relating to the Bonds (the “Indenture”), between the Authority and U.S. Bank, National Association, as trustee (the “Trustee”);

(iii) the Bond Purchase Contract, including the appendices thereto, relating to the Bonds (the “Bond Purchase Contract”), among Wells Fargo Bank, National Association (the “Underwriter”), the Treasurer and the Authority, and approved by the Borrower; and

(iv) the preliminary official statement relating to the Bonds (the “Preliminary Official Statement”)

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the Borrower, for any series of Bonds) as the officer(s) executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof in the case of the Loan Agreement, the Indenture and the Bond Purchase Contract and by delivery thereof in the case of the Preliminary Official Statement. The Acting Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

**Section 4.** The dated dates, maturity dates (not exceeding 50 years from the respective date of issue), interest rates, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of purchase or tender, terms of redemption, provisions governing transfer and other terms of the Bonds, including the determination of the period prior to, during and after construction during which interest on the Bonds will be paid from bond proceeds and provisions for credit and/or liquidity facilities, if any, from time to time, shall be as provided in the Indenture, as finally executed.

**Section 5.** The Underwriter is hereby authorized to distribute the Preliminary Official Statement for each issue of the Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriter (in consultation with the Borrower), a preliminary official statement may not be used with respect to any series of Bonds. The Underwriter is hereby directed to deliver a final official statement for each issue of the Bonds (the “Official Statement”) to all actual purchasers of such Bonds.

**Section 6.** The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Underwriter, in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon direction of the Underwriter, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

**Section 7.** Each officer of the Authority is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Purchase Contract and the Preliminary Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) a tax agreement and any certificates related thereto; (b) any credit or security documents or amendments thereto; and (c) any agreement or commitment letter with respect to the provisions of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility, if any, for the Bonds.

**Section 8.** The provisions of the Authority’s Resolution No. 2020-01 apply to the documents and actions approved in this Resolution.

**Section 9.** The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

**Section 10.** The Authority hereby approves the execution and delivery of the Indenture, Loan Agreement, Bond Purchase Agreement, and Official Statement and other certificates and documents related thereto, with electronic signatures under the California Uniform Electronic Transactions Act and digital signatures under Section 16.5 of the California Government Code.

**Section 11.** This Resolution shall take effect from and after the date of adoption.

Date of Adoption: \_\_\_\_\_

## **EXHIBIT A TO RESOLUTION NO. 326**

### **Description of the Project**

The "Project" means the financing of the costs of the acquisition, construction, improvement, installation, renovation, rehabilitation, furnishing and equipping of certain educational facilities and related administrative facilities, site improvements, and parking, located in the City of Pasadena, California, including but not limited to classrooms, work spaces, offices, parking facilities, academic spaces, administrative offices, and related infrastructure improvements located and to be located on the Borrower's south campus located between South Raymond Avenue and South Arroyo Parkway, and generally bordered on the southern end thereof by East Glenham Street, Pasadena, California 91105, and on the Borrower's hillside campus having the main address 1700 Lida Street, Pasadena, California 91103, and the payment of costs of issuance and certain interest with respect to the obligations issued to finance such facilities.