

Quarterly Continuing Disclosure Report for June 30, 2024 for California Baptist University and Entities Managed by CBU:

*PLEASE REFER TO APPENDIX G IN SERIES 2019 LIMITED OFFERING
MEMORANDUM FOR COMPLETE DISCLOSURE LANGUAGE*

California Baptist University

Within forty-five (45) days after quarter end, the Quarterly Report must be posted, consisting of:

1. Unaudited Financial Statements
2. Construction status report, including information regarding funds expended compared to the budget, a description of any revisions to the construction timetable due to change orders and the status of the construction compared to the University's original timetable:
 - a. All CBU bond-related construction projects were completed in August 2019.
3. An update of the information described below that is material in the judgment of CBU:
 - a. On-campus housing related information, including housing owned by Lancer and the University, pertaining to occupancy rates and rental rate levels:
 - See Lancer Educational Housing, LLC item 2d and 3 on pages 2-4 of this document.

Lancer Educational Housing, LLC

Within sixty (60) days after quarter end, the Quarterly Report must be posted, consisting of:

1. Unaudited Financial Statements
2. An update of the information described below that is material in the judgment of Lancer:
 - a. A Calculation of debt service coverage in accordance with Section 5.14 of the 2010 Loan Agreement:

Fiscal Year ending, June 30,	Audited 2022	Audited 2023	Unaudited 2024
Debt Service Coverage Ratio			
Gross Revenues - w/o donor restriction	23,314,993	24,800,818	25,320,758
Total Expenses	(20,760,082)	(21,009,741)	(24,973,951)
Add			
Depreciation & Amortization (non cash)	5,435,505	5,642,385	5,920,997
Total Bond/Loan Debt Service (Interest Only)	7,316,900	7,208,550	7,106,900
Charitable Contribution	-	-	2,000,000
Less			
R&R Contribution	(922,606)	(950,273)	(978,778)
Total Net Revenues	14,384,710	15,691,739	14,395,926
Interest Expense	7,316,900	7,208,550	7,106,900
Bond Principal Payments	2,605,000	2,855,000	3,050,000
Total Debt Service	9,921,900	10,063,550	10,156,900
Result >=1.2x	1.45	1.56	1.42

b. A discussion of marketing efforts:

- Housing is marketed to students each spring when sign-ups for the upcoming school year take place. The University directs students to live in Lancer's existing facilities and continues to market all of the available housing options to its students throughout the year. The Residence Life office makes Lancer-owned student housing units a priority over non-Lancer-owned units in its planning each year for where to place student residents.

c. Any changes in the University's policy regarding on-campus housing, including the requirement that most students live on campus:

- CBU generally requires students who meet one (1) of the following criteria to live on campus during the fall and spring semesters:
 - Under twenty-one (21) years of age.
 - Receive institutional aid in excess of \$13,500 per academic year.
- Exceptions are made for those living with parents, a legal guardian, or approved relatives, upon verification of residency.

d. On-campus housing information, including housing owned by Lancer and the University, pertaining to occupancy rates and rental rate levels:

LEH, LLC Owned:	<u>2019 LOM</u> <u>Optimal</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
University Place	250	256	133	246	239	228
Adams Villas-Nursing Bldg.	56	56	56	56	56	56
Magnolia Hacienda	140	156	95	132	134	136

Lancer Arms	168	205	104	159	157	158
Lancer Arms-Offices	99	99	99	99	99	99
Smith Hall	155	146	53	108	122	145
Simmons Hall	262	246	110	183	189	216
Tower Hall-students	270	259	170	242	221	231
The Village-students	286	305	166	222	217	203
The Point	216	215	150	200	196	194
The Point-Offices	26	26	26	26	26	26
The Colony	1,022	1,031	470	978	975	931
College Park	120	119	46	112	113	108
Magnolia Crossing	520	n/a	253	476	456	409
Magnolia Crossing-food venue	0	n/a	4	4	4	4
Total Facilities Beds	3,590	3,119	1,935	3,243	3,204	3,144

CBU Owned:	<u>2019 LOM Optimal</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Cottages	179	198	0	129	132	126
Houses		266	46	144	146	156
Apartment Rentals		33	0	0	0	0
Total Facilities Beds	179	497	46	273	278	282

- Student Housing rates for 2023-24 are:

	<u>2023-24</u>
Fall or Spring Semester – Undergraduate	
Tier 1 – Shared Occupancy	\$3,955
Tier 1 – Single Occupancy	\$5,935
Tier 2 – Shared Occupancy	\$3,815
Tier 2 – Single Occupancy	\$5,720
Tier 3 – Shared Occupancy	\$3,735
Tier 3 – Single Occupancy	\$5,605
Summer Semester – Undergraduate	
Tier 1 – Shared Occupancy	\$2,965
Tier 1 – Single Occupancy	\$4,455
Tier 2 – Shared Occupancy	\$2,855
Tier 2 – Single Occupancy	\$4,285
Tier 3 – Shared Occupancy	\$2,805
Tier 3 – Single Occupancy	\$4,205
Fall, Spring or Summer Semester – Graduate	
Tier 2 – Shared Occupancy	\$3,595
Tier 2 – Single Occupancy	\$5,390

Tier 1 Facilities: Magnolia Crossing
Tier 2 Facilities: College Park, Cottages, Lancer Arms, The Colony, The Point, The Village, Tower Hall, University Houses, University Place
Tier 3 Facilities: Simmons Hall, Smith Hall

- Since the 2021-22 fiscal year, University Houses have been occupied by traditional graduate students. All other CBU and LEH LLC facilities are occupied by traditional undergraduate students.

3. On campus percentage of occupancy of each individual student residential facility it owns.

LEH LLC	Optimal Occupancy	Fall Actual	Fall Percentage	Spring Actual	Spring Percentage	Summer Actual	Summer Percentage
University Place	250	228	91%	204	82%	108	43%
Adams Villas - Offices	56	56	100%	56	100%	56	100%
Magnolia Hacienda	140	136	97%	133	95%	68	49%
Lancer Arms - Students	168	158		136		0	
Lancer Arms - Offices	99	99		99		99	
Total Lancer Arms	267	257	96%	235	88%	99	37%
Smith Hall	155	145	94%	142	92%	0	0%
Simmons Hall	262	216	82%	198	76%	0	0%
Tower Hall (RR)	270	231	86%	210	78%	0	0%
The Village	286	203	71%	190	66%	0	0%
The Colony	1022	931	91%	869	85%	0	0%
The Point	216	194		179		0	
The Point - Offices	26	26		26		26	
Total The Point	242	220	91%	205	85%	26	11%
College Park	120	108	90%	93	78%	0	0%
Magnolia Crossing	520	409		353		0	
Magnolia Crossing - Food Venue	0	4		4		4	
Total Magnolia Crossing	520	413	79%	357	69%	4	1%
	3590	3144	88%	2892	81%	361	10.1%

CBU	Optimal Occupancy	Fall Actual	Fall Percentage	Spring Actual	Spring Percentage	Summer Actual	Summer Percentage
Cottages	179	126	70%	117	65%	0	0%
University Houses		156	n/a	155	n/a	102	n/a
Third-party Apartment Rentals		0	n/a	0	n/a	0	n/a
	179	282	70%	272	65%	102	n/a

4. Magnolia Crossing construction report, including information regarding funds expended compared to the budget, a description of any revisions to the construction timetable due to change orders and the status of the construction compared to the University's original timetable:
- The Magnolia Crossing project was substantially completed in July 2020 and was opened to students for move-ins prior to the beginning of the Fall 2020 semester.

5. Improvements to the Colony and other existing facilities report, including information regarding funds expended compared to the budget:
 - a. All bond-funded improvements were completed by June 2022.

Lancer Plaza, LLC

Within forty-five (45) days after quarter end, the Quarterly Report must be posted, consisting of:

1. Unaudited Financial Statements
2. An update of the information described below that is material in the judgment of Lancer Plaza:
 - a. Status of the construction of the Tenant Improvements to the Facilities, including the nature of the Tenant Improvements, and if the Tenant Improvements are being constructed on time and under budget pursuant to the guaranteed maximum price contract:
 - The tenant improvements were completed by May 2014 and all of the departments moved in around that time.
 - b. Description of the ancillary student facilities and services provided at the Facilities:
 - The departments that are housed in the Lancer Plaza North project area are: The Post, Campus Store, Student Care (which includes Assessment), Community Life (which includes Leadership, New Student Programs and Student Clubs, Recreation, Campus Activities and New Student Orientation) and Spiritual Life. Lancer Plaza North also houses the eateries El Monte Grill and Couch's Corner as well as a practice facility for the Wrestling team.
 - During the summer of 2019, renovations were made to the former suite that had been occupied by Subway. A new food venue was created which is called Couch's Corner. Couch's Corner provides Shake Smart (acai, shakes, smoothies and wraps). This project was funded with University budget dollars.
 - Construction of expanded space for both the Recreation and Athletic Performance Centers was completed during the summer of 2019. The Recreation Center was increased by approximately 11,800 square feet and the Athletic Performance Center was increased to approximately 12,500 square feet. The Recreation Center construction was funded by University student fees with an approximate project cost of \$11.5 million. The Athletic Performance Center had an approximate project cost of \$5 million and was funded by a combination of University 2016 bond proceeds (\$4 million) and University budgeted funds (\$1 million).
 - c. Description of third-party leases, if any:
 - California Baptist University has a master lease for the facilities at Lancer Plaza with Lancer Plaza, LLC. All spaces owned by Lancer Plaza, LLC are

used by the University. California Baptist University directly leases land to one third-party tenant. The description of this external lease is as follows:

- 1) Bakers ground lease, 2,256 sq. ft., ends 8/10/2029

ALL ENTITIES are required to comply with THE REPORTING OF SIGNIFICANT EVENTS

Pursuant to the provisions of Section 5 of each Continuing Disclosure Agreement, the obligated entities (CBU, Lancer Educational Housing LLC, Lancer Plaza LLC, and Colony Student Housing LLC) shall give, or cause to be given, notice to the Dissemination Agent in writing, with instructions to the Dissemination Agent to file a notice of the occurrence of any of the following events with respect to the Bonds, pursuant to subsection 5(c) hereof (the following are “Listed Events”):

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
7. Modifications to rights of Bondowners, if material;
8. Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
13. The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of the Trustee, if material.

The Securities and Exchange Commission requires the listing of (1) through (14) although some of such events may not be applicable to the Bonds.