



FOR IMMEDIATE RELEASE

Thomas Jefferson School of Law Announces Debt Restructuring; Achieves Major Reduction in Bond Debt, Interest Expense

*Long-Term Lease of Building to Save More than \$6 Million Annually;
Ensures Financial Stability, Viability of Downtown San Diego School*

SAN DIEGO, Oct. 29, 2014 – The Thomas Jefferson School of Law has signed a Restructuring Support Agreement (RSA) with nearly 90 percent of its bondholders that reduces its debt by two thirds (\$87 million), reduces annual cash flow obligations by half (\$6 million) and ensures continued operations of the school in its state-of-the-art campus in downtown San Diego.

Thomas F. Guernsey, president and dean who was recruited in July 2013 to turn around school operations, said the restructuring agreement was needed to address the \$127 million in bonds that were issued in 2008 to build its new campus at 1155 Island Ave.

“This restructuring is a major step toward achieving our goals,” Guernsey said. “It puts the school on a solid financial footing and will enable Thomas Jefferson to continue to fulfill its mission serving a diverse group of students in a collegial, supportive learning environment.”

As part of the transaction, the bonds will be cancelled. In exchange, the bondholders will become owners of the building and lease it back to the school. In addition, the bondholders will also receive \$40 million in new notes at an interest rate of 2 percent. Interest rates on the previous outstanding taxable bonds were over 11 percent, with non-taxable bonds at over 7 percent.

The agreement cuts the school’s debt by nearly \$87 million, from \$127 million to \$40 million, and results in a significant improvement in cash flow. Previously, the school was paying about \$12 million a year in principal and interest on its debt. Under the restructuring, the school will pay \$5 million in annual rent and about \$1 million a year in interest expense, cutting its annual payments to the bondholders by almost 50 percent to a total of \$6 million.

Guernsey said school operations continue unchanged under the new agreement. The bondholders have expressed confidence in the school and its future plans.

“We agree with the bondholders that this restructuring is in the best interest of the bondholders and Thomas Jefferson,” said Gavin Wilkinson, senior vice president of UMB Bank, the trustee for the bonds. “The restructuring significantly reduces the debt and interest burden on the school.”

The school began discussions on a debt restructuring in earnest in April 2014. Negotiations continued into October 2014, with the law school and the consenting bondholders entering into a Restructuring Support Agreement (RSA) on Tuesday, October 28, 2014.

“The improved financial stability enables us to continue to focus on improving results for our students in passing the bar and securing jobs in the legal profession,” Guernsey said. “This includes adding new programs and improving core curriculum. By restructuring the debt and reducing the annual payments to the bondholders by almost 50 percent, the school can continue its mission to be a school of opportunity for a diverse population of students. Our long-term goal is to continue doing a better job for our students in all ways and steadily raise the reputation of the law school, the quality of the education and, the success of our graduates.”

About Thomas Jefferson

Thomas Jefferson School of Law was founded in 1969 as the San Diego campus of the Western State University College of Law to offer part-time programs for working professionals. It soon attracted a growing number of students who wanted to attend law school full-time. The school was renamed Thomas Jefferson School of Law in 1995. Full ABA accreditation was granted in August 2001 and the law school became a private, non-profit institution the same year.

The school began attracting a broader range of students from all over the United States and around the world, which led to plans for the new campus. The first classes were held in its new East Village campus in January 2011. The 305,000 square-foot, eight-story campus has won numerous awards as one of the most outstanding law school facilities in the U.S. The ultra-modern facility includes high-tech classrooms with stadium seating, a state-of-the-art moot courtroom, outdoor terraces for relaxing or studying, two floors of library seating, a student lounge and a legal clinic.

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Media Contacts at Gable PR -- 619-284-1714

Emily Forgeron
emily@gablepr.com
Cell: 858-692-0505

Tom Gable
tom@gablepr.com
Cell: 619-251-3881