

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY

<p>Applicant: The President and Board of Trustees of Santa Clara College dba Santa Clara University (“SCU”) 500 El Camino Real Santa Clara, CA 95053 (Santa Clara County)</p> <p>Facility Type: Private University</p> <p>Project Location: Santa Clara, CA</p> <p>Accreditation: Western Association of Schools and Colleges</p>	<p>Amount Requested: \$65,000,000</p> <p>Date Requested: December 7, 2017</p> <p>Resolution Number: 315</p>														
<p>Use of Proceeds: Bond proceeds will be used to provide tax-exempt or taxable financing for the acquisition, construction, equipping and infrastructure improvements of educational facilities located on the SCU campus. In addition, bond proceed will be used to pay capitalized interest and the cost of issuance for the Series 2017C and 2017D bonds.</p>															
<p>Type of Issue: Negotiated public offering, tax-exempt or taxable fixed rates</p> <p>Credit Enhancement: None</p> <p>Expected Credit Rating: Aa3 (Moody’s)</p> <p>Financing Team: <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>															
<p>Environmental Benefits: All SCU projects have been designed to meet or exceed the requirements of the California Green Building Standards Codes however, it will not be LEED certified. SCU will minimize the impact on ecosystems and water resources, use smart systems that automatically monitor heating and cooling in rooms to aid in energy conservation, and use renewable and recycled materials.</p>															
<p>Financial Overview: SCU’s robust growth in its revenue is supported by a growing revenue base including net tuition and fees. SCU’s balance sheet continues to grow and exhibit a solid debt service coverage ratio of 3.29x.</p>															
<p>Estimated Sources of Funds:</p> <table> <tr> <td>Par Amount of Bonds</td> <td align="right">\$65,000,000</td> </tr> <tr> <td>Premium</td> <td align="right">2,960,000</td> </tr> <tr> <td>Total Sources</td> <td align="right"><u>\$67,960,000</u></td> </tr> </table>	Par Amount of Bonds	\$65,000,000	Premium	2,960,000	Total Sources	<u>\$67,960,000</u>	<p>Uses of Funds:</p> <table> <tr> <td>Project Fund</td> <td align="right">\$ 64,476,945</td> </tr> <tr> <td>Capitalized interest</td> <td align="right">2,916,395</td> </tr> <tr> <td>Financing Costs</td> <td align="right"><u>566,660</u></td> </tr> <tr> <td>Total Uses</td> <td align="right"><u>\$67,960,000</u></td> </tr> </table>	Project Fund	\$ 64,476,945	Capitalized interest	2,916,395	Financing Costs	<u>566,660</u>	Total Uses	<u>\$67,960,000</u>
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<p>Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, and CEQA documentation. All documentation satisfies the Authority’s requirements.</p>															
<p>Staff Recommendation: Staff recommends the Authority approve Resolution No. 315 in an amount not to exceed \$65,000,000 for Santa Clara University subject to a bond rating of at least investment grade by a nationally recognized rating agency. Macias, Gini & O’Connell, LLP, the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s financial advisor, concur with the Authority’s staff recommendations.</p>															

STAFF SUMMARY AND RECOMMENDATION

Santa Clara University (“SCU”)

December 7, 2017

Resolution No. 315

I. PURPOSE OF FINANCING: SCU anticipates issuing tax-exempt or taxable bonds to provide financing for the acquisition, construction, equipping, and infrastructure improvements of educational facilities located on the SCU campus. The proposed capital project list is a part of SCU’s strategic plan known as “Santa Clara 2020”. The strategic plan projects overall growth of the undergraduate and graduate student body enrollment, particularly in the technology fields. SCU was approved for financing at CEFA’s June 29, 2017 Authority meeting. SCU issued the CEFA Series 2017A (taxable) and 2017B Bonds (tax-exempt) for approximately \$122.6 million, a portion of which is intended to finance projects listed below. SCU intends to use the CEFA Series 2017C and 2017D Bond proceeds for additional financing for the strategic plan projects. According to SCU, the University originally planned to secure additional financing via a Public-Private Partnership or a leasing option. After consideration of all options, it was determined that bond financing would be the most cost effective option. SCU began the planning and approval processes for a bond financing in October. The pending United States Tax Cuts and Jobs Act Bill has caused SCU to accelerate its timeline in order to secure financing within calendar 2017.

Project Fund \$ 64,476,945

Student Residence Hall - A new undergraduate residence hall is scheduled to begin construction in early 2018 and be ready for occupancy for 2019. The 360-bed residence hall will support increased housing demands and the additional planned students. It will be built on the south side of the SCU campus and as with other student residence halls, the project is expected to be financially self-supporting.

The Sobrato Campus for Discovery and Innovation - The Sobrato Campus for Discovery and Innovation will be the main Science, Technology, Engineering, and Math (“STEM”) building. The Sobrato Campus will be approximately 275,000 square feet and will promote cross-disciplinary undergraduate teaching, research, and initiatives in areas such as neuroscience, bioengineering, sustainability, and environmental science. Construction of the building is scheduled to commence in the latter half of 2018 for completion in 2021.

Renovation of Academic Buildings - Part of the overall STEM project will be to refurbish existing buildings to accommodate the various STEM disciplines together. Buildings currently occupied by the School of Law will be extensively remodeled and repurposed for new academic uses. The renovation is expected to be completed in 2018.

Benson Memorial Center - Renovation of the Benson Memorial Center for student activities and dining will accommodate future expansion of the student population. The renovation is expected to be completed in 2019.

Infrastructure improvements – The facilities mentioned above will also require improvements to the infrastructure for utilities and networking capabilities.

Environmental Benefits:

All SCU projects have been designed to meet or exceed the requirements of the California Green Building Standards Codes, however, it will not be LEED certified. SCU will minimize the impact on ecosystems and water resources, use smart systems that automatically monitor heating and cooling in rooms to aid in energy conservation, and use renewable and recycled materials.

Capitalized interest	2,916,395
Financing Costs	<u>566,660</u>
Cost of Issuance	\$ 291,570
Underwriter's Discount	<u>275,090</u>
<i>TOTAL USES OF FUNDS</i>	<u>\$ 67,960,000</u>

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II. PROPOSED COVENANTS, SECURITY AND DISCLOSURES:

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 it at the meeting.

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

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay Trustee all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. All Revenue¹ 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.*
- ✓ **Limited Permitted Encumbrances.** *Borrower is subject to a restrictive set of allowable encumbrances it may incur pursuant to 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.*
- ✓ **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. Section 15(g) of Loan Agreement.*

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

¹ Capitalized terms defined in the Indenture.

III. FINANCIAL ANALYSIS:

Santa Clara University
Statement of Activities
 Unrestricted (\$000s)

	Fiscal Year Ended June 30,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating activities:			
<i>Revenues:</i>			
Tuition and fees, net	\$ 241,648	\$ 239,041	\$ 239,322
Contributions	5,111	3,888	3,669
Grant revenues	6,014	5,163	5,030
Net return on operating investments	2,080	1,898	1,423
Other revenues	15,077	14,329	13,801
Auxiliary activities	40,654	38,956	36,592
Operating revenues before nonoperating	310,584	303,275	299,837
Nonoperating net assets used in operations;			
Long-term investment income used in operations	36,487	32,715	28,986
Released contributions used in operations	15,900	12,881	11,219
Total revenues	362,971	348,871	340,042
<i>Expenses:</i>			
Educational and general:			
Instruction	136,357	136,268	129,214
Research	5,360	5,407	3,756
Public service	11,349	9,378	8,556
Academic support	48,789	48,760	39,664
Student services	55,485	54,348	49,725
Institutional support	71,255	68,712	64,744
Total educational and general	328,595	322,873	295,659
Auxiliary activities	32,572	31,853	30,901
Total expenses	361,167	354,726	326,560
Increase (decrease) in unrestricted net assets from operations	1,804	(5,855)	13,482
Non-operating:			
Contributions	1,013	7,269	1,069
Net return on nonoperating long-term investments	14,364	2,446	5,134
Gain (loss) on the disposal of assets	172	(3,792)	-
Loss on defeasance of bonds	(12,362)	(6,688)	-
Non-operating net assets used in operations	(52,387)	(45,596)	(40,205)
Net assets released from restrictions	54,746	45,765	42,647
Other changes	1,767	781	(42)
Change in net assets	9,117	(5,670)	22,085
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	711,615	717,285	695,200
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 720,732	\$ 711,615	\$ 717,285

Santa Clara University
Statement of Financial Position (\$000s)

	As of June 30,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS:			
Cash and cash equivalents	\$ 30,722	\$ 34,100	\$ 48,152
Contributions receivable, net	63,290	41,224	40,275
Student and other receivables	12,226	11,930	13,442
Investments	1,049,021	953,546	1,032,750
Funds held in trust by others	15,746	48,200	8,000
Other assets	7,508	7,251	6,575
Plant facilities, net	810,250	799,968	732,901
Total assets	\$ 1,988,763	\$ 1,896,219	\$ 1,882,095
LIABILITIES AND NET ASSETS:			
Accounts payable and accrued expenses	\$ 45,305	\$ 48,576	\$ 48,484
Deposits and deferred revenue	18,525	17,770	18,878
Amounts held on behalf of others	49,472	47,445	51,813
Annuity and trust obligations	6,970	5,040	3,685
Asset retirement obligation	3,790	3,750	3,219
Bonds and notes payable	226,086	234,293	176,149
Obligations under capitalized lease	64,816	70,316	72,834
U.S. government loan advances	7,413	7,448	7,366
Total liabilities	422,377	434,638	382,428
Net assets:			
Unrestricted	720,732	711,615	717,285
Temporarily restricted	525,742	440,767	486,903
Permanently restricted	319,912	309,199	295,479
TOTAL NET ASSETS	1,566,386	1,461,581	1,499,667
TOTAL LIABILITIES AND NET ASSETS	\$ 1,988,763	\$ 1,896,219	\$ 1,882,095

Financial Ratios

	Proforma			
	FYE 6/30/17 (a)	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt service coverage (x)	2.74	3.29	2.74	3.53
Debt to expendable net assets (x)	0.24	0.18	0.20	0.15
Expendable net assets to operations (x)		3.45	3.25	3.69
Margin		0%	-2%	4%

(a) Recalculates FY 2017 results to include the impact of this proposed financing.

Financial Discussion:

SCU's robust growth in its revenue is supported by a growing revenue base including net tuition and fees.

According to SCU, its long range strategic plan is to enroll an additional 600 undergraduate students by 2020 and increase academic capacity after new facilities are complete. Total unrestricted revenues have grown from \$340 million in FY 2015 to approximately \$363 million in FY 2017, a 7% increase. This revenue growth is the result of auxiliary revenues as well as the aforementioned growth in tuition. Auxiliary revenues have increased from nearly \$36.6 million in FY 2015 to approximately \$40.7 million in FY2017, an increase of 11.1%. According to SCU, demand for on-campus housing continues to be very strong given the high cost of surrounding neighborhood rents and planned growth in undergraduate enrollments.

SCU also experienced positive returns in total non-operating revenues. Long-term investment income from operations were approximately \$29 million in FY 2015 and increased to nearly \$36.5 million in FY 2017. According to SCU, these increases were attributed to the growth of endowment income and increasing reserves for the expansion of campus facilities.

Operating expenses for SCU increased from approximately \$326.6 million in FY 2015 to nearly \$361.2 million in FY 2017, an increase of 11%. SCU attributes the increase driven mainly by strategic investments in faculty/staff as well as merit increases. Another driver is an increase in depreciation expense which correlates to the University's increase in plant facilities. SCU actively monitors and manages operating expenses both in the near-term as well as long term. According to SCU, expense increases are aligned with its strategic plan expansion.

At the June 29, 2017 Authority board meeting, SCU noted that they anticipated an improved financial performance in FY 2017 in connection with its strategic plan expansion. An operating surplus of approximately \$1.8 million is reflected for FY 2017.

SCU's balance sheet continues to grow and exhibits a solid debt service coverage ratio of 3.29x.

SCU's balance sheet shows an increase of 5.7% in total assets, from approximately \$1.9 billion in FY 2015 to nearly \$2 billion in FY 2017. The improvement is reflected by consistent growth in net plant facilities, which increased from approximately \$733 million in FY 2015 to nearly \$810.3 million in FY 2017. The growth in facilities are in line with SCU's strategic plan and objectives to accommodate increased enrollments in their student body.

Cash and cash equivalents experienced a decline, from nearly \$48.2 million in FY 2015 to about \$30.7 million in FY 2017. According to SCU, they have a tiered investment strategy for operating cash and clarified the decline was related to timing in which SCU expected and transferred cash-on hand to investments.

Investments fluctuated to nearly \$1 billion in FY 2015, dropping to just about \$953.5 million in FY 2016, and increased back to approximately \$1 billion in FY 2017. According to SCU, the large growth in investments were driven by the strong investment market in FY 2017 which more than offset previous year losses which were mostly attributable to volatile global markets. Although investments have fluctuated, SCU's total assets continues to grow with approximately \$1.9 billion in FY 2015, increasing to nearly \$2 billion in FY 2017 due to land acquisition and buildings adjacent to the campus.

SCU's debt service coverage appears strong with a solid debt service coverage ratio of 3.29x for FY 2017. SCU's proforma debt service coverage remains strong at 2.74x with the new debt. SCU's balance sheet and income statement indicate SCU is capable of carrying the additional debt.

IV. BACKGROUND:

General:

Santa Clara University ("SCU") is a non-profit, privately endowed, co-educational university offering 54 undergraduate, 33 graduate, and 2 professional degree programs. Enrollment for the fall term of the 2017-2018 academic year was 8,627 (8,403 Full-Time Equivalency) students. Undergraduate and graduate instruction is provided by the College of Arts and Sciences, the School of Engineering and the Thomas and Dorothy Leavey School of Business. The School of Law, the School of Education and Counseling Psychology, and the Graduate Program in Pastoral Ministries offer programs at the graduate level only. The Jesuit School of Theology of Santa Clara University located in Berkeley, California offers graduate level programs.

Located in "Silicon Valley," a world center for high technology industries, SCU is 46 miles south of San Francisco and a mile west of San Jose. Its 106-acre campus has more than 50 major buildings. These include 12 residence halls, four apartment complexes, the Harrington Learning Commons, Sobrato Technology Center and Orradre Library, Lucas Hall housing the School of Business, the Edwin A. Heafey Law Library, the Edward M. Dowd Art and Art History Building, the Center for Performing Arts, the Thomas E. Leavey Activities Center, the Robert F. Benson Memorial Center, the de Saisset Museum, the Pat Malley Fitness and Recreation Center, the Locatelli Student Activities Building, the Patricia A. and Stephen C. Schott Admission and Enrollment Services Building and other numerous classroom and administration buildings. In the heart of the tree-lined campus stands the historic Mission Santa Clara de Asis, established in 1777 by Franciscan missionaries as the eighth in a series of 21 California missions.

SCU was founded at the site of the Mission in 1851 by the Society of Jesus, or Jesuits as the order is commonly known, and is the oldest institution of higher education in California. Although SCU remains affiliated with the Catholic Church and the Society of Jesus, it is governed by an independent Board of Trustees and welcomes persons of all religious persuasions as members of its student body, faculty and administration.

Administration:

SCU is governed by a Board of Trustees composed of at least 45 but no more than 55 members. The Bylaws require that ten members of the Board will be members of the Society of Jesus, including the President of SCU and the Rector of the Jesuit Community at SCU (the "Rector"). Of the remaining 40 other members, approximately 25% will be alumni, one of whom will have received a bachelor's degree from SCU not more than the last five years prior to election as a Trustee. With the exception of the President and the Rector, who serve by virtue of their offices, all members of the Board are elected for a three-year term.

Accreditation:

SCU is fully accredited by the Western Association of Schools and Colleges. In June 2011, SCU received a reaffirmation of accreditation and the next is scheduled for 2021. It also has professional accreditation from the Accreditation Board for Engineering and Technology, the Association to Advance Collegiate Schools of Business, the American Association of Museums, and the American Chemical Society. SCU has been approved by the California State Commission on Teacher Credentialing and has been admitted to membership in the National Association of Schools of Music and the National Association of

Schools of Theatre. The School of Law is accredited by the American Bar Association and the State Bar of California, and is a member of the Association of American Law Schools.

Academic Programs:

SCU is organized into six major academic divisions:

College of Arts and Sciences is the largest academic unit on campus, with faculty that teach all of the courses in SCU's undergraduate core curriculum. The College's 23 departments offer over 30 undergraduate degrees. In addition, companion majors are offered in Ethnic Studies and Women's and Gender Studies

Thomas and Dorothy Leavey School of Business and Administration offers both undergraduate and graduate programs in Business including an Executive MBA program.

The School of Engineering offers both Bachelor of Science and Masters of Science programs in Civil Engineering, Computer Engineering, and Electrical Engineering, General Engineering, and Mechanical Engineering. It also offers Master of Science programs in Applied Mathematics, Engineering Management and Software Engineering. Ph.D. programs are offered in Electrical Engineering, Computer Engineering and Mechanical Engineering.

The School of Law offers a full range of courses dealing with federal, state and international law leading to the Juris Doctor Degree. Its day and evening divisions also provide students with opportunities to participate in overseas summer programs, internships and institutes, such as the Institute of International and Comparative Law.

The School of Education, Counseling, Psychology and Pastoral Ministries includes programs leading to the Master of Arts in Counseling, Counseling Psychology, Marriage, Family, and Child Counseling, Education, Educational Administration, and Special Education.

The Jesuit School of Theology of Santa Clara University offers graduate level degrees in theology, divinity and theological studies, a Bachelor of Sacred Theology Degree and Licentiate in Sacred Theology.

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

Issue:	Original Issue Amount	Amount Outstanding as of 06/30/2017	Estimated Amount Outstanding After Proposed Financing *
Existing Debt:			
Wells Fargo Term Note	\$ 8,715	\$ 6,470	\$ 6,470
CEFA, Series 1999	82,181	47,658	47,658
CEFA, Series 2008	72,485	5,685	5,685
CEFA, Series 2010	50,125	42,995	42,995
CEFA, Series 2015	102,230	102,230	102,230
CEFA, Series 2017A**	97,530	-	97,530
CEFA, Series 2017B**	25,035	-	25,035
Proposed:			
CEFA, Series 2017 C&D			65,000
Total		\$ 205,038	\$ 392,603

*As of proposed issuance date of Series 2017 C&D Bonds, principal balance remaining outstanding

** On August 10, 2017, CEFA issued \$97,530,000 Taxable Series 2017A Bonds and \$25,035,000 Series 2017B Bonds on behalf Santa Clara University.

VI. DUE DILIGENCE:

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

- Religious Due Diligence
- Legal Review
- Compliance with Section 94212(b) of the Education Code – California Environmental Quality Act
- Iran Contracting Act Certificate

VII. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution No. 315 in an amount not to exceed \$65,000,000 for Santa Clara University subject to a bond rating of at least investment grade by a nationally recognized rating agency. Macias, Gini & O’Connell, LLP, the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s financial advisor, concur with the Authority’s staff recommendations.

EXHIBIT 1

Financing Team

Santa Clara University

Borrower: Santa Clara University

Agent for Sale: California State Treasurer

Issuer's Counsel: Attorney General's Office

Issuer's Financial Advisor: KNN Public Finance, LLC

Issuer's Financial Analyst: Macias Gini & O'Connell, LLP

Borrower's Financial Advisor: Public Financial Management, Inc.

Bond Counsel: Orrick Herrington & Sutcliffe LLP

Underwriter: Wells Fargo Securities

Underwriters' Counsel: Hawkins Delafield & Wood LLP

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

Trustee Counsel: Dorsey & Whitney

RESOLUTION NO. 315

RESOLUTION OF THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE PROJECTS AT THE EDUCATIONAL FACILITIES OF SANTA CLARA UNIVERSITY

December 7, 2017

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, The President and Board of Trustees of Santa Clara College, Doing Business as Santa Clara University (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 one or more series of its revenue bonds in an aggregate principal amount not to exceed \$65,000,000, to (i) make one or more loans of the proceeds of the Bonds (as defined below) to the Borrower to acquire and construct projects (as defined in the Act), as more particularly described under the caption “Project” in Exhibit A hereto (the “Project”), (ii) pay capitalized interest on the Bonds, (iii) pay costs of issuance of the Bonds, and (iv) at the sole option of the Borrower, provide a bond reserve fund for 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 (Santa Clara University), Series 2018” (the “Bonds”), in a total aggregate principal amount not to exceed \$65,000,000, 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, hereinafter mentioned below, 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 fourth 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, 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:

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

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

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

(d) 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 execution and delivery thereof in the case of the Loan Agreement, the Indenture, and the Bond Purchase Agreement and by delivery thereof in the case of the Preliminary Official Statement. The 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, manner of determining 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 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 thereof 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 respective 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, Loan Agreement, Bond Purchase Agreement and 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 certificate and agreement and other certifications; and (b) any agreement or commitment letter with respect to the provision of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for the Bonds.

Section 8. The provisions of the Authority’s Resolution No. 2017-01 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. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____

EXHIBIT A

Project

The Project means the financing the construction, expansion, rehabilitation, renovation, remodeling, furnishing and equipping of residence halls, academic buildings, administrative buildings, athletic facilities, recreational facilities, telecommunications equipment and the infrastructure improvements relating thereto, located on the main campus of the Borrower (the “Main Campus”), the street address of which is 500 El Camino Real, Santa Clara, California, 95053 (bounded generally by El Camino Real, The Alameda, Market Street, Lafayette Street and Benton Street), to the extent the construction, expansion, rehabilitation, renovation, remodeling, furnishing and equipping has complied with Division 13 (commencing with Section 21000) of the California Public Resources Code or is not a project under that division.