CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM

EXECUTIVE SUMMARY

Applicant:	Art Center College of Design ("Art Center") 1700 Lida Street Pasadena, CA 91103 Los Angeles County	**Amount Requested:** **Date Requested:** **Resolution Number:**	$100,000,000 July 26, 2018 318
Facility Type:	Private University		
Project Location:	Pasadena, CA		
Accreditation:	Western Association of Schools and Colleges		

Use of Proceeds: Bond proceeds will be used to refund all or a portion of the outstanding CEFA Series 2014A and 2014B variable rate bonds in exchange for fixed rates. Bond proceeds will also be used for capital improvements, construction, and equipment of facilities. In addition, bond proceeds will be used to pay capitalized interest and the cost of issuance.

Type of Issue:	Tax-exempt, negotiated public offering
Credit Enhancement:	None
Expected Credit Rating:	Baa1 (Moody's)
Financing Team:	Please see Exhibit 1 to identify possible conflicts of interest

Environmental Benefits: Construction will take place on two separate buildings. The 950 Raymond Street building is LEED certified. Mechanical and electrical upgrades to the 1700 Lida Street building will reduce electrical power usage and the replacement of its heating and cooling system will improve indoor air quality.

Financial Overview: Art Center posted positive changes in net assets supported by an increase in total revenues over the review period. Art Center's balance sheet reflects financial soundness with an increase of unrestricted net assets for each FY, and a proforma debt service coverage ratio of 2.34x.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Bonds proceeds	$100,000,000	Refunding	$61,305,000
Premium	10,040,469	Project Fund	42,230,000
		Funded Interest	5,616,709
		Financing Costs	888,760
Total Estimated Sources	$110,040,469	Total Estimated Uses	$110,040,469

Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, and CEQA documentation, and the Iran Contracting Act Certification. All documentation satisfies the Authority's requirements.

Staff Recommendation: Staff recommends the Authority approve Resolution No. 318 in an amount not to exceed $100,000,000 for Art Center College of Design subject to 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 ("KNN"), the Authority's financial advisor, concur with the Authority's staff recommendations.

STAFF SUMMARY AND RECOMMENDATION

Art Center College of Design
July 26, 2018
Resolution No. 318

I. PURPOSE OF FINANCING: Art Center intends to use bond proceeds to refund its CEFA Series 2014A and 2014B private placement variable rate bonds to obtain fixed rates. At this time the exact savings are unknown, however, refunding variable rate debt with fixed debt will mitigate long-term interest rate risk tied to variable rates. Additionally, bond proceeds will be used to renovate and upgrade educational facilities, which supports Art Center's master plan of increasing enrollment.

Refunding**……………………………………………....…………………..$61,305,000**

Art Center plans to refund all or a portion of CEFA Series 2014A bonds, of which approximately $42,260,000 remains outstanding. The bonds were originally issued in July 2014 in the amount of $45,680,000 to refund outstanding CEFA Series 2002A, Series 2002B, Series 2009, and Series 2012 bonds.

Art Center also anticipates refunding all or a portion of the CEFA Series 2014B bonds. The CEFA 2014B bonds were originally approved in the amount of $20,550,000, of which approximately $19,045,000 remains outstanding. The CEFA 2014B bonds were issued to acquire, construct, improve and/or equip certain facilities on the property located at 1111 South Arroyo Parkway, Pasadena, CA.

CEFA Series 2002A and 2002B bonds were originally issued in March 2002 in the amount of $24.6 million to refund certificates of participation and acquire and renovate educational facilities.

The CEFA Series 2009 bonds were originally issued in July 2009, in the amount of $9.9 million. Bond proceeds were used to reimburse expenditures related to the completion of the renovation projects for its South Campus. Bond proceeds were also used to refinance a taxable bank loan used to construct several projects located on the South Campus.

The CEFA 2012 bonds were originally approved in the amount of $21.0 million. The CEFA 2012 bonds were issued to finance the acquisition and renovations of property adjacent to its South Campus. Additionally, bond proceeds were used for improvements of two buildings located at Art Center's Hillside and South Campus.

Project Fund..42,230,000

<u>950 S. Raymond Street</u>
Art Center will implement capital improvements to classrooms, workspaces, offices, academic spaces, administrative offices and related infrastructure improvements. A new transportation design center will be constructed within the building and will provide additional studio space for undergraduate and graduate students. The capital improvements are anticipated to increase the number of academic programs and services to students.

<u>1700 Lida Street</u>
Art Center will upgrade and replace existing mechanical and electrical systems. The heating ventilation and air conditioning systems will be replaced in their entirety and will incorporate a new building control and management system as well as additional exhaust capabilities that will improve indoor air quality.

<u>Environmental Benefits:</u>
The 950 S. Raymond Street building is LEED certified. Mechanical and electrical upgrades and replacements to the 1700 Lida Street building will reduce electrical power usage. The heating and air system will be replaced and will improve indoor air quality.

Funded Interest... **5,616,709**
A portion of funded interest will be used to pay capitalized interest on bonds used for the project fund. The remaining funded interest will be used to pay interest on the portion of the bonds issued for the refunding.

Financing Costs.. **<u>888,760</u>**

Underwriter's Discount	638,120
Cost of Issuance	<u>250,640</u>

TOTAL ESTIMATED USES OF FUNDS... **<u>$110,040,469</u>**

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 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 financial advisor, 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.

- ✓ **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.*

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay to the Trustee all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. All Revenue*[1] *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.*

- ✓ **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. Section 15(g) of Loan Agreement.*

Staff has completed its due diligence, and KNN has reviewed the Loan Agreement, Bond 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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[1] Capitalized terms defined in the Indenture.

III. FINANCIAL ANALYSIS:

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

	As of June 30		
	2017	2016	2015
Revenues:			
Tuition and fees, net	$ 86,122	$ 79,822	$ 76,264
Private gifts and grants	944	855	935
Investment and other income	897	777	780
Sales and services of auxiliary enterprises	823	818	765
Other sources	2,553	2,486	2,457
Amounts released from restrictions	8,494	7,738	8,146
Total revenues	99,833	92,496	89,347
Expenses:			
Education	66,823	64,778	59,668
Student services	7,704	7,427	7,076
Administration	10,762	10,253	10,760
Advancement	2,592	2,289	2,228
Auxiliary services	784	741	674
Total expenses	88,665	85,488	80,406
Increase in net assets from operations	11,168	7,008	8,941
Other changes in net assets:			
Net change in actuarial obligations	(74)	(140)	(88)
Net change in fair value of investments	2,938	(1,640)	(144)
Net change in fair value of interest rate swap	4,404	(4,129)	(1,926)
Loss on defeasance of bonds	-	-	(949)
Amounts released from restrictions	(911)	(700)	(630)
Increase (decrease) in net assets from other changes	6,357	(6,609)	(3,737)
Change in net assets	17,525	399	5,204
NET ASSETS, BEGINNING OF YEAR	63,093	62,694	57,490
NET ASSETS, END OF YEAR	$ 80,618	$ 63,093	$ 62,694

Art Center College of Design

Statement of Financial Position ($000s)

	As of June 30		
	2017	2016	2015
ASSETS:			
Cash and cash equivalents	$ 24,063	$ 23,009	$ 19,882
Unexpended bond proceeds	-	-	5,083
Accounts and notes receivable, net	7,039	7,026	6,034
Contributions receivable, net	5,958	6,636	6,365
Investments	122,006	107,617	107,688
Other assets	3,265	2,888	2,868
Property, plant and equipment, net	95,529	91,972	85,002
Total assets	$ 257,860	$ 239,148	$ 232,922
LIABILITIES AND NET ASSETS:			
Accounts payable and accrued liabilities	$ 13,372	$ 19,173	$ 14,300
Unearned tuition income	12,675	12,162	10,634
Federal student loan funds	180	170	227
Annuity obligations	158	163	172
Bonds payable, net	62,263	63,467	64,945
Total liabilities	88,648	95,135	90,278
Net assets:			
Unrestricted	80,618	63,093	62,694
Temporarily restricted	39,261	32,032	31,638
Permanently restricted	49,333	48,888	48,312
TOTAL NET ASSETS	169,212	144,013	142,644
TOTAL LIABILITIES AND NET ASSETS	$ 257,860	$ 239,148	$ 232,922

Financial Ratios

	Proforma FYE 6/30/17(a)	2017	2016	2015
Debt service coverage (x)	2.36	6.55	5.09	5.71
Debt to expendable net assets (x)	0.83	0.52	0.67	0.69
Expendable net assets to operations (x)	1.40	1.49	1.11	1.17
Margins		11%	8%	10%

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

Financial Discussion:

Art Center posted positive changes in net assets supported by an increase in total revenues over the review period.

Over the three-year review period, Art Center's total revenues increased 12%, from approximately \$89.3 million in FY 2015 to approximately \$99.8 million in FY 2017. The growth was primarily supported by tuition and fees, which represented approximately 86% of total revenues in FY 2017. Tuition and fees increased approximately 13%, from \$76.3 million in FY 2015 to nearly \$86.1 million in FY 2017. According to Art Center, tuition increased annually approximately 3-4% for each fiscal year in review. Art Center's Board of Trustees approves all tuition and fee increases. Additionally, full-time student enrollment increased from 1,893 students in FY 2015 to 1,996 full-time students in FY 2017.

Total expenses increased from roughly \$80.4 million in FY 2015 to nearly \$88.7 million in FY 2017. Educational expenses went up 12% and student services went up 9%. Art Center reports that the increase in education expenses was in response to the increase of full-time students. As a result of increased student enrollment, Art Center incurred more costs related to education, student services, and administration expenses.

Art Center also experienced a decrease in net assets from other changes for FY 2015 and FY 2016. According to the Borrower, the losses were the result of market conditions and market fluctuation. Overall, Art Center was still able to reflect a positive change in net assets for each fiscal year.

Art Center's balance sheet reflects financial soundness with an increase of unrestricted net assets for each FY, and a proforma debt service coverage ratio of 2.36x.

Unrestricted net assets increased approximately 29% from about \$62.7 million in FY 2015 to approximately \$80.6 million in FY 2017. According to Art Center, increases in unrestricted net assets were mainly due to the combined investment and interest rate swap valuation gain of \$7.3 million coupled with an increase from operations of \$11.2 million. Art Center exceeded its budgeted tuition revenues and did not fully expend budgeted expenses due to controlled spending and timing.

Additionally, cash and cash equivalents increased 21%, from about \$19.9 million in FY 2015 to approximately \$24.1 million in FY 2017. The increase was due to increased enrollment and tuition rates combined with controlled operating expenses. In addition, Art Center received a \$5 million restricted donor gift in FY 2016 that had not been fully expended by the end of FY 2017.

Art Center seems well-positioned to continue to meet its additional long-term debt obligations. With the proposed financing, the proforma debt service coverage ratio remains solid at a 2.36x, indicating that Art Center can support the additional debt.

IV. IV. BACKGROUND:

General:

Founded in 1930, Art Center College of Design ("Art Center" or the "College") is a non-profit, non-sectarian, co-educational institution which prepares students for careers in various art and design professions. The College's location in Southern California, an epicenter of art and design innovation, positions it well to maintain a distinguished faculty of almost 500 instructors who are at the center of the creative economy. Most of the College'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. The College 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. Approximately 35% are international students.

Administration:

Art Center is a non-profit organization governed by a board of trustees. The board is composed of up to 30 members. The President of the College is the only College staff member on the Board of Trustees. The Board holds meetings three times a year and it typically meets two to four times per year. The Board elects members for a three-year term. Trustees can be re-elected to an additional three-year term by the Board.

Accreditations and Affiliations:

Art Center is accredited by the WASC Senior College and University Commission and the National Association of Schools of Art and Design. 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. The College is a member of the Association of Independent Colleges of Art & Design, a non-profit consortium of 42 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:

The College offers 11 undergraduate and seven graduate degrees. Bachelor of Fine Arts degrees are offered in six majors: Advertising, Film, Fine Art, Graphic Design, Illustration, and Photography and Imaging. Bachelor of Science degrees are offered in five majors: Environmental Design, Interaction Design, Product Design, Transportation Design and Entertainment Design. Four graduate programs award the Master of Fine Arts degree in Film, Art, Graphic Design and Media Design Practices; and three graduate programs award the Master of Science degree (MS) in Environmental Design, Industrial Design and Transportation Systems and Design. The College also offers a dual Master of Science/Master of Business Administration with Claremont Graduate University's Drucker School of Management and a minor in Social Innovation through its Design Matters program. The College offers students various exchange and study away opportunities. Some of the signature programs take place in Portland, Tokyo, Berlin and London.

V. OUTSTANDING DEBT (000s):

	Original Issue Amount	Amount Outstanding as of 6/30/17	Estimated Amount Outstanding After Proposed Financing*
Existing Debt:			
CEFA, Series 2014A	$ 45,680	$ 43,135	-
CEFA, Series 2014B	20,550	19,430	-
Proposed:			
CEFA, Series 2018		**-**	**$ 100,000**
Total		$ 62,565	$ 100,000

*As of proposed issuance date of Series 2018 Bonds, principal balance remaining outstanding.

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. 318 in an amount not to exceed $100,000,000 for Art Center College of Design, subject to a bond rating of at least investment grade by a nationally recognized rating agency. TAP International, Inc., the Authority's financial analyst, and KNN, the Authority's financial advisor, concur with the Authority's staff recommendations.

EXHIBIT 1

Financing Team

Art Center College of Design

Borrower:	Art Center College of Design
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:	TAP International, Incorporated
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 National Association
Trustee Counsel:	Dorsey & Whitney LLP
Rating Agency:	Moody's Investors Service, Inc.
Auditor:	Moss Adams LLP

RESOLUTION NO. 318

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 Authority has previously issued its (i) Refunding Revenue Bonds (Art Center College of Design), Series 2014A in the aggregate principal amount of $45,680,000, of which $42,260,000 is currently outstanding, and (ii) Revenue Bonds (Art Center College of Design) Series 2014B in the aggregate principal amount of $20,550,000, of which $19,045,000 is currently outstanding (collectively, the "Prior Bonds"), and made loans to the Borrower of the proceeds thereof to finance or refinance the acquisition, construction, improvement and equipping of educational facilities as more particularly described in Exhibit A hereto as the "2014 Project";

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 $100,000,000, and loan the proceeds to the Borrower for the purpose of the Project, as described in Exhibit A hereto, which description is hereby incorporated by reference, consisting of (a) the acquisition, construction, improvement, installation, renovation, rehabilitation, furnishing and equipping of certain educational facilities, in each case, with related and appurtenant facilities as more fully described in Exhibit A as the "2018 Project"; (b) refunding all or a portion of the Prior Bonds; and (c) 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 2018A" (the "Bonds"), in a total aggregate principal amount not to exceed $100,000,000, 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 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 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, the refunding, redemption and/or defeasance of the Prior 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 escrow agreement; (c) any credit or security documents or amendments thereto; and (d) 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. 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 TO RESOLUTION NO. 318

Description of the Project

The "Project" means, and includes, a plan of financing of the Borrower to: (i) finance and refinance the 2018 Project, as defined below; (ii) refinance all or a portion of the Borrower's outstanding California Educational Facilities Authority Refunding Revenue Bonds (Art Center College of Design) Series 2014A and California Educational Facilities Authority Revenue Bonds (Art Center College of Design) Series 2014B, issued to finance the 2014 Project, as defined below; and (iii) pay costs of issuance and certain interest with respect to the Bonds.

The term "2018 Project" means the acquisition, construction, improvement and equipping of certain educational facilities, including related administrative facilities, site improvements, and parking, located in the City of Pasadena, California (the "City"), including but not limited to classrooms, work spaces, offices, parking facilities, academic spaces, administrative offices, and related infrastructure improvements located on the Borrower's campus at 870–950 South Raymond Avenue, Pasadena, California and 1111 South Arroyo Parkway, Pasadena, California (collectively, the "South Campus") and the Borrower's campus at 1700 Lida Street, Pasadena, California (the "Hillside Campus"), to the extent such acquisition, construction, improvement 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.

The term "2014 Project" means financing and/or refinancing the acquisition, construction, improvement and equipping of certain educational facilities, including related administrative facilities, site improvements, and parking, located in the City, including but not limited to classrooms, work spaces, offices, parking facilities, academic spaces, administrative offices and related infrastructure improvements located at 1111 South Arroyo Parkway, Pasadena, California; (b) refinancing all or a portion of (i) the Borrower's outstanding California Educational Facilities Authority Variable Rate Demand Revenue Bonds (Art Center College of Design) 2002 Series A and California Educational Facilities Authority Variable Rate Demand Refunding Revenue Bonds (Art Center College of Design) 2002 Series B, issued to finance or refinance educational facilities on the Hillside Campus and the South Campus; (ii) the Borrower's outstanding California Educational Facilities Authority Variable Rate Demand Revenue Bonds (Art Center College of Design) Series 2009, issued to finance or refinance educational facilities on the South Campus; and (iii) the Borrower's outstanding California Educational Facilities Authority Revenue Bonds (Art Center College of Design) Series 2012, issued to finance or refinance educational facilities on the Borrower's Hillside Campus and South Campus.