

RESOLUTION NO. 289

**RESOLUTION OF THE CALIFORNIA EDUCATIONAL
FACILITIES AUTHORITY AUTHORIZING THE
ISSUANCE OF BONDS TO FINANCE AND REFINANCE
EDUCATIONAL FACILITIES FOR
PEPPERDINE UNIVERSITY**

April 26, 2012

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 to finance and refinance the acquisition, construction, improvement, installation, expansion, remodeling, renovation, rehabilitation, furnishing and equipping of educational facilities by participating private colleges (as defined in the Act) located in the State of California (including by reimbursement expenditures made or by refinancing or refunding existing indebtedness incurred for such purpose);

WHEREAS, Pepperdine University (the “Borrower”) has requested that the Authority issue its revenue bonds in one or more series (collectively, the “Bonds”) and loan the proceeds to the Borrower for the purposes of (i) financing the costs of the acquisition, construction, expansion, rehabilitation, renovation, remodeling, furnishing and equipping of educational facilities as more fully described in Exhibit A hereto, which description is hereby incorporated herein by reference (the “New Project”), to be owned and operated by the Borrower; (ii) refunding the outstanding California Educational Facilities Authority Refunding Revenue Bonds (Pepperdine University) Series 2003A (the “Prior Bonds”), the proceeds of which were used, among other things, to finance and refinance the costs of the Prior Project, as such term is defined in Exhibit A and is hereby incorporated herein by reference, owned and operated by the Borrower; (iii) paying capitalized interest on the Bonds; and (iv) paying costs of issuance in connection with the Bonds;

WHEREAS, to the extent required by subdivision (b) of Section 94212 of the Government Code, the Borrower has provided documentation to the Authority demonstrating that the New Project has complied with Division 13 (commencing with Section 21000) of the Public Resource Code, or is not a “project” under such division;

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

Section 1. Pursuant to the Act, an issue of revenue bonds of the Authority, to be designated generally as “California Educational Facilities Authority Revenue Bonds (Pepperdine University) Series 2012” or such other name or names as may be designated in the Indenture hereinafter mentioned in Section 3, are authorized to be issued at one or more times, in one or more series and in an aggregate principal amount not to exceed \$50,000,000. The proceeds of the Bonds shall be used for the purposes set forth in the second WHEREAS clause above. The Authority approves the payment of interest from Bond proceeds on that portion of the Bonds allocable to the New Project (as defined in Exhibit A hereto) prior to and during

construction of the New Project and for up to twelve months following the completion of construction of the New Project.

Section 2. The Treasurer of the State of California (the “State Treasurer”) is hereby authorized and directed to sell the Bonds in a negotiated sale or sales in such principal amount which does not exceed the aggregate principal amount of Bonds set forth in Section 1, at such price or prices with such discount or premium, at such time or times on one sale date or on separate sale dates if more than one series is issued (each on or before April 1, 2013), as fixed interest rate bonds, bearing interest at such rate or rates, with such maturity date or dates, and upon such other terms and conditions as he, with the advice and consent of the Borrower, may determine. The Bonds shall satisfy the following condition at the time of issuance: the Bonds shall be issued at a fixed rate of interest and be rated a minimum of “A3” or equivalent by a nationally recognized active rating agency.

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 The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the “Trustee”),

(c) the Escrow Agreement relating to the Prior Bonds (the “Escrow Agreement”) by and between the Authority and the Trustee, as escrow agent,

(d) the Purchase Contract relating to the Bonds (the “Purchase Contract”), among Morgan Stanley Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriters”), the State Treasurer and the Authority and approved by the Borrower, and

(e) the Preliminary Official Statement relating to the Bonds (the “Preliminary Official Statement”).

are hereby approved in substantially the respective forms currently on file with the Authority with such insertions and changes therein consistent with the stated terms of this Resolution (including without limitation changes with respect to covenants) 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 Escrow Agreement, the Indenture and the Purchase Contract, and by delivery thereof in the case of the Preliminary Official Statement.

Section 4. The dated date, maturity date or dates, interest payment dates, interest rate or rates or the methods of determining interest rates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture provided that the maximum interest rate to be borne by any of the Bonds shall be as specified in the Indenture currently on file with the Authority and the maximum maturity for any Bond shall be no greater than 45 years from the date of issuance of such Bond.

Section 5. The Underwriters are hereby authorized to distribute (in paper and/or electronic form) the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriters will agree in the Purchase Contract to deliver a copy of an appropriate final Official Statement for the Bonds (the “Official Statement”) to all actual purchasers of the Bonds.

Section 6. The Bonds, when executed in accordance with the Indenture, shall be delivered to the Trustee for authentication under the Indenture. 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 the Underwriters in accordance with written instructions executed on behalf of the Authority, which instructions are hereby authorized. Such instructions shall provide for the delivery of the Bonds to the Underwriters in accordance with the Purchase Contract upon payment of the purchase price specified therein.

Section 7. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all things which he or she 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, the Indenture, the Loan Agreement, the Escrow Agreement, the Purchase Contract and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation the following: (a) a tax agreement and any certificates related thereto; and (b) any agreement or commitment letter with respect to the provisions of any credit enhancement facility, a surety bond and/or a liquidity facility for the Bonds.

Section 8. The provisions of the Authority’s Resolution No. 2011-03 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

THE NEW PROJECT AND THE PRIOR PROJECT

The proceeds of the Bonds will be loaned to the Borrower for the purpose of, among other things:

(1) financing the costs of the “New Project,” which consists of the renovation, remodeling and equipping of existing educational, administrative, physical plant and housing facilities and the acquisition of furnishings, equipment, technology and/or library materials for use thereon.

(2) refunding a portion of the Prior Bonds, the proceeds of which were used, among other things, to finance and refinance the costs of the “Prior Project,” which consisted of facilities, furniture, vehicles and equipment financed or refinanced from proceeds of prior bonds of the Authority for the benefit of the Borrower, as follows:

(a) the acquisition, construction, demolition, expansion, improvement, installation, renovation, equipping, and furnishing of all or a portion of: The Cultural Arts Center, the Law School, the Stotsenberg athletic track, a tennis pavilion, locker rooms and air conditioning for the Firestone Fieldhouse, the Tyler Campus Center, development of the upper campus, a central mainframe computer and related equipment, vehicles and desks and other capital expenditures relating to the Borrower’s master plan development;

(b) the acquisition of the London Campus located at 56 Prince’s Gate, London and the acquisition, construction, demolition, improvement, installation, renovation, equipping, and furnishing of all or a portion of: the Center for Business and Communications, the Ventura County Center located at 2829 Townsgate Road, Westlake Village, California, various recreational and athletic facilities, the Keck Science Center, Drescher Campus development, graduate housing, parking facilities, infrastructure improvements, energy management and conservation equipment and capital equipment, including computers, vehicles, office and classroom equipment; and

(c) the acquisition, construction, demolition, improvement, installation, renovation, equipping, and furnishing of all or a portion of: the Business Communication Building, the Science Center, the Drescher Graduate Campus, including infrastructure comprised of grading, roads and utilities and buildings for the Graziadio School of Business, Executive Center, Graduate School of Education and Psychology, and the School of Public Policy; athletic facilities, including a recreation village with auxiliary gymnasium and a fitness center; and, capital equipment including computers, furniture, vehicles, maintenance equipment and dormitory rewiring for computers, cable television and telephones.