

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

<p>Applicant: Pepperdine University (“Pepperdine”) 24255 Pacific Coast Highway Malibu, CA 90263 Los Angeles County</p> <p>Facility Type: Private University</p> <p>New Project Site: Malibu, CA</p> <p>Accreditation: Western Association of Schools and Colleges</p>	<p>Amount Requested: \$50,000,000</p> <p>Date Requested: April 26, 2012</p> <p>Resolution Number: 289</p>																				
<p>Use of Proceeds: Bond proceeds will be used to refund all or a portion of the CEFA Series 2003A bonds, as well as to finance capital improvements on the Malibu campus, including but not limited to renovations of the Thornton Administration Center, renovations and construction of student residences, and renovations to parking facilities and other existing structures.</p>																					
<p>Type of Issue: Negotiated public offering, fixed rate, \$1,000 minimum denominations.</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: Benefits expected from the completion of these university infrastructure projects include the elimination of potentially hazardous materials from multiple student living spaces and increased campus energy efficiency resulting from upgraded lighting and climate conditioning components.</p>																					
<p>Financial Overview: Pepperdine’s modest growth in its revenue base, coupled with positive changes in non-operating activities, has generated improved and positive operational and overall results. Pepperdine’s balance sheet reflects stability in assets, good debt service coverage levels, and continued positive liquidity.</p>																					
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<p>Legal Review: No information was disclosed to question the financial viability or legal integrity of the Applicant.</p>																					
<p>Staff Recommendation: Staff recommends the Authority approve Resolution No. 289 in an amount not to exceed \$50,000,000 for Pepperdine 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 Public Financial Management, the Authority’s financial advisor, concur with the Authority’s staff recommendations.</p>																					

STAFF SUMMARY AND RECOMMENDATION

Pepperdine University (“Pepperdine”)

April 26, 2012

Resolution Number: 289

I. PURPOSE OF FINANCING: Pepperdine is seeking financing to fund several improvement projects on the main campus in Malibu, CA, and to refund all or a portion of their debt for a net present value savings of approximately \$10.7 million or 23.8%, under existing market conditions.

Refunding \$46,115,701

Pepperdine plans to refund all or a portion of the CEFA Series 2003A bonds. The outstanding balance, which is approximately \$45,000,000, was originally approved for issuance by the CEFA board for that same amount in February of 2003. Those bonds were originally issued to finance the refunding and defeasance of the CEFA Series 1993 A bonds and the CEFA Series 1994 bonds, and the partial refunding of the CEFA 1999 Series B bonds.

Project Fund..... 10,649,903

Pepperdine is addressing the need to renovate, upgrade and equip many of its aging facilities, including student residences, the Thornton Administration Center, the Drescher Graduate Campus, and the Smothers Theatre. These improvements will include but are not limited to the following:

- Grounds and Landscape: landscape mitigation and remediation for mudslide hazard, upgrading of stairs, walkways and handrails, repair of natural gas pipelines, road and parking lot maintenance;
- Facilities: multiple roofing repairs, upgrading of furnishings, exterior repairs, replacing of an emergency power generator; storage area fire code compliance work;
- Residences: refurbishment of multiple residences, roofing repairs, replacement of heaters, replacement of boilers and heat exchangers, enhancement of energy controls and electric vault improvements, installation of pony chiller.

Environmental Benefits:

Pepperdine is committed to advancing the sustainability in design, construction, and operation of campus facilities. The environmental benefits include:

- Elimination of potentially hazardous materials from existing spaces;
- Upgraded lighting and heating/air conditioning components;
- Replacement of chillers / boilers.

Financing Costs	<u>626,956</u>
Cost of Issuance	\$303,682
Underwriter's Discount	<u>324,274</u>
 TOTAL USES OF FUNDS	 <u>\$57,392,560</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 Pepperdine's credit profile, including its current financial profile, prior bond transactions and considering what the market will support, the financing team has concluded that the covenants listed below align the interests of Pepperdine, the Authority, and the investors and therefore are appropriate to this transaction. The financing team notes that these covenants contain necessary tax and legal covenants that are consistent with those that have applied to Pepperdine's prior bond transactions and Pepperdine's current financial situation does not suggest that additional covenants should be required.

- ✓ **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 Revenues¹ 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.*
- ✓ **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 events such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

Staff has reviewed the entirety of this financing package and finds it to be acceptable.

¹Capitalized terms are defined in the Indenture.

III. FINANCIAL ANALYSIS:

Pepperdine University
Statement of Activities
Unrestricted (\$000's)

	Year Ended July 31,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Net tuition and fees	\$ 184,553	\$ 177,451	\$ 175,019
Sales and services of auxiliary enterprises	6,800	6,286	6,760
Government grants and contracts	3,602	3,310	3,500
Private grants, gifts, and bequests	13,622	11,832	10,435
Endowment support	31,377	31,257	30,103
Room and board	31,821	31,483	30,505
Other	3,953	4,657	4,905
Net assets released from restrictions	3,529	1,408	2,329
Total revenues	<u>279,257</u>	<u>267,684</u>	<u>263,556</u>
Expenses:			
Instructional and departmental research	82,314	78,980	81,248
Auxiliary enterprises	19,802	18,037	19,740
Academic support	48,055	44,688	46,762
Student services	46,590	45,203	44,923
Public service	14,895	14,430	14,383
Management and general	48,637	44,008	49,897
Fund-raising activities	7,699	7,550	7,243
Membership development	1,989	1,836	1,833
Total expenses	<u>269,981</u>	<u>254,732</u>	<u>266,029</u>
Increase in net assets from operations	9,276	12,952	(2,473)
Non-operating activities:			
Investment income	15,764	13,292	14,503
Investment expenses	(2,991)	-	-
Other changes	6	(4,165)	(3,884)
Appropriations from endowment	-	-	(26,832)
Net realized and unrealized investment gains	32,367	13,844	(126,809)
Cumulative effect of change in accounting principle	-	-	(33,939)
Change in net assets	<u>54,422</u>	<u>35,923</u>	<u>(179,434)</u>
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>521,281</u>	<u>485,358</u>	<u>664,792</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 575,703</u>	<u>\$ 521,281</u>	<u>\$ 485,358</u>

Pepperdine University
Statement of Financial Position (000's)

	As of July 31,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS:			
Cash and cash equivalents	\$ 50,172	\$ 54,479	\$ 44,650
Accounts receivables, net	6,660	10,657	9,408
Contributions receivable, net	27,752	37,644	25,853
Inventories, prepaid expenses, and other assets	5,459	5,905	5,717
Student loans receivable, net	24,513	25,960	27,244
Investments	779,682	691,075	658,995
Assets held as trustee or agent	121,656	111,185	104,987
Property, facilities, and equipment, net	346,678	345,898	334,502
Total assets	\$ 1,362,572	\$ 1,282,803	\$ 1,211,356
LIABILITIES AND NET ASSETS:			
Accounts payable and accrued liabilities	\$ 23,801	\$ 28,934	\$ 36,703
Accrued salaries and wages	3,216	3,099	3,067
Deposits, advance payments and deferred revenue	8,613	9,916	9,859
US government-funded student loans	14,685	14,393	14,126
Trust and agency obligations	72,198	70,771	67,794
Long-term obligations	226,978	227,172	226,734
Total liabilities	349,491	354,285	358,283
Net assets:			
Unrestricted	575,703	521,281	485,358
Temporarily restricted	132,378	119,064	104,701
Permanently restricted	305,000	288,173	263,014
TOTAL NET ASSETS	1,013,081	928,518	853,073
TOTAL LIABILITIES AND NET ASSETS	\$ 1,362,572	\$ 1,282,803	\$ 1,211,356

Financial Ratios

	Proforma			
	<u>FYE 7/31/11 (a)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt service coverage (x)	2.56	3.50	1.58	0.57
Debt to expendable net assets (x)	0.33	0.32	0.35	0.38
Expendable net assets to operations (x)		2.62	2.51	2.22
Margin		3%	5%	(1%)

(a) Recalculates FY 2011 results to include the impact of this proposed financing

Financial Discussion:

Pepperdine's modest growth in its revenue base, coupled with positive changes in non-operating activities, has generated improved and positive operational and overall results.

Pepperdine has posted improved operating results over the review period. Total revenues have grown from \$263.5 million in FY 2009 to \$279.2 million in FY 2011, a 6.0% increase. This modest increase is the result of growing revenues generated across most of Pepperdine's revenue base. Tuition increases represented the largest dollar value growth, resulting in an approximate 5.4% increase in net tuition and fees, from \$175 million in FY 2009 to \$184.5 in FY 2011. This increase is consistent with inflation rates. In addition, increases in government grants and contracts, private grants, gifts, and bequests, endowment support, and room and board also support the growth in Pepperdine's operational results.

Operating expenses totaled \$269.9 million in FY 2011, increasing by approximately \$3.9 million or 1.5% since FY 2009. A \$2.4 million decrease in net assets from operations in FY 2009, the result of budget priorities, was effectively reversed with decreases in FY 2010 expenses. These expenses remain in line with the growth of revenues, which allowed Pepperdine to post positive operating results of approximately \$9.2 million in FY 2011. According to Pepperdine, much of these increases are generally attributable to increases in overall costs of student services, academic support, and instruction and research.

Total end of the year unrestricted net assets experienced a 18.6% increase from the end of FY 2009 (\$485.3 million) to the end of FY 2011 (\$575.7 million), reversing the negative trends experienced in the wake of the financial crisis in FY 2008 and FY 2009.

Pepperdine's balance sheet reflects stability in assets, good debt service coverage levels, and continued positive liquidity.

Pepperdine's financial strength remains solid. Total assets in FY 2011 have increased 12.5% over the three year review period, up from \$1.2 billion in FY 2009 to \$1.3 billion in FY 2011. While several asset categories experienced fluctuations in value over the three year review period, the bulk of assets in investments, assets held as trustee or agent, and net property, facilities, and equipment experienced steady growth in value. Investments have grown by 18.3% over the review period, from \$658.9 million in FY 2009 to \$779.6 million in FY 2011. The majority of these investments are held in Pepperdine's endowment, which has grown 17.7% from \$528.7 million to \$622.6 million over the review period. Pepperdine cites consistent investment performance for this increase after the financial crisis.

Pepperdine is on path to effectively manage its long-term debt, as their debt service coverage ratio has risen to 3.5x in FY 2011 from 1.58x in FY 2010. In FY 2011, Pepperdine had over \$219 million in long-term debt as compared to over \$1 billion in total net assets. With this proposed financing, Pepperdine's proforma debt service coverage ratio is an acceptable 2.56x.

Pepperdine anticipates they will continue to generate positive financial results due to its continued healthy endowment and investment performance, diversified revenue base, and student demand. According to Pepperdine, they are positioned to continue meeting its additional long-term debt obligations.

IV. BACKGROUND:

General:

Pepperdine University (“Pepperdine”) is an independent private university originally established as Pepperdine College in 1937 by Mr. George Pepperdine, the founder of Western Auto Supply Company. Pepperdine achieved its university status in 1970 with the addition of its graduate and professional schools and became known as Pepperdine University. Pepperdine opened its current Malibu campus in 1972, and currently enrolls approximately 7,500 students in its five colleges and schools. Seaver College, Pepperdine’s undergraduate liberal arts college, the School of Law, and the School of Public Policy are headquartered on 830 acres in the Santa Monica Mountains overlooking the Pacific Ocean in Malibu, California. The Graduate School of Education and Psychology and the George L. Graziadio School of Business and Management are headquartered at Pepperdine’s West Los Angeles, California campus. The Drescher Graduate Campus has provided permanent facilities for the Malibu-based programs of these schools, as well as the School of Public Policy. In addition to the graduate courses taught at the Malibu campus, graduate courses are taught at the West Los Angeles Campus and at four other educational centers in Southern California. Pepperdine also offers educational programs in facilities it owns in Heidelberg, Germany, London, England, Florence, Italy, Buenos Aires, Argentina, Lausanne, Switzerland, and Washington, D.C. Additionally, the University offers educational programs in leased facilities in Shanghai, China.

Administration:

Pepperdine is governed by a maximum 40-member self-perpetuating Board of Regents currently composed of 38 elected, voting members including the President of the University. The Bylaws require that a majority of the Regents in office, a majority of the Executive Committee, the President of the University, and the Chairman of the Board of Regents shall be members of the Churches of Christ. Members of the Board are typically elected for three-year terms. Approximately one-third of the membership is elected annually. The full Board meets four times each year.

Accreditations:

Pepperdine is accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges (“WASC”), the primary accrediting body for institutions of higher education in the western United States. The last WASC accreditation review was completed in 2000 and resulted in a reaffirmation of Pepperdine’s accreditation. The School of Law is accredited by the American Bar Association and holds membership in the Association of American Law Schools. The Graziadio School of Business and Management is accredited by the Association to Advance Collegiate Schools of Business. The Graduate School of Education and Psychology receives accreditation for both teacher credentialing and doctoral study in psychology. The American Psychological Association accredits the doctoral program in psychology. The California Commission on Teacher Credentialing accredits Pepperdine’s education programs.

Academic Programs:

Pepperdine is comprised of five colleges and schools in Southern California. Seaver College, the School of Law, the Graduate School of Education and Psychology, the Graziadio School of Business and Management, and the School of Public Policy are located on the University’s 830-acre campus overlooking the Pacific Ocean in Malibu. Courses are taught in Malibu, at four graduate campuses in Southern California, permanent program facilities in Washington, D.C., and at international campuses in Germany, England, Italy, Switzerland, Argentina, and China.

- Seaver College is Pepperdine’s college of letters, arts and sciences offering an interdisciplinary curriculum that provides students with a broad and comprehensive

education. With its academic program organized into eight major divisions, Seaver College offers the baccalaureate degree in over 38 fields of study, teaching credential programs in two fields of study, and the master's degree in nine fields of study.

- The School of Law offers a full range of courses dealing with federal, state, and international law, leading to the Juris Doctor or the L.L.M., Dispute Resolution degrees. Additionally, the School of Law offers several Juris Doctor joint degrees.
- The George L. Graziadio School of Business and Management focuses on the development of managers for business, government, and education, and offers graduate and undergraduate degree programs for full-time students and working adults. The school offers several degrees to its students including the Master of Business Administration.
- The Graduate School of Education and Psychology offers masters and doctoral degrees in the education and psychology fields of study, with a total of ten available academic programs.
- The School of Public Policy offers a Master of Public Policy degree along with several joint degree programs in law, business administration, and dispute resolution. It also houses a research and special program division called the Davenport Institute.

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

Issue:	Original Issue Amount	Amount Outstanding as of 07/31/11	Estimated Amount Outstanding After Proposed Financing
Existing Debt:			
CEFA, 2003A	\$ 45,000	\$ 45,000	\$ -
CEFA, Series 2005A	92,365	92,365	92,365
CEFA, Series 2005B	16,340	16,340	16,340
Pepperdine Taxable Series 2009A	50,000	50,000	50,000
I-Bank Series 2010*	15,345	15,345	15,345
Proposed:			
CEFA, Series 2012			\$ 50,000
Total		\$ 219,050	\$ 224,050

*"I-Bank" = California Infrastructure and Economic Development Bank

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. 289 in an amount not to exceed \$50,000,000 for Pepperdine 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 Public Financial Management, the Authority's financial advisor, concur with the Authority's staff recommendations.

EXHIBIT 1

Financing Team Pepperdine University

Borrower:	Pepperdine University
Agent for Sale:	State Treasurer's Office, Public Finance Division
Issuer's Counsel:	Attorney General's Office
Issuer's Financial Advisor:	Public Financial Management, Inc.
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Senior Underwriter:	Morgan Stanley
Co-Underwriter:	Bank of America, Merrill Lynch
Underwriter's Counsel:	O'Melveny & Myers LLP
Borrower's Counsel:	Ropes & Gray
Trustee/Escrow Bank:	The Bank of New York Mellon Trust Company, N.A.
Trustee Counsel:	TBD
Rating Agency:	Moody's Investors Service
Auditor to the University:	PricewaterhouseCoopers
OS/Printer:	RR Donelley Financial

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.