

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY

<p>Applicant: University of Southern California (“USC”) 851 Downey Way Los Angeles, CA 90089 Los Angeles County</p> <p>Facility Type: Private College</p> <p>Project Sites: N/A</p> <p>Accreditation: Western Association of Schools and Colleges</p>	<p>Amount Requested: \$975,355,000</p> <p>Date Requested: July 25, 2012</p> <p>Resolution Number: 291</p>																
<p>Use of Proceeds: Bond proceeds will be used to refund all or a portion of the CEFA Series 2003A, 2005, 2007A, 2009A, and 2009B bonds over a five-year period. The refunding of these bonds is expected to provide USC with a net present value savings of approximately \$142,116,848 or 18.4% over the life of the bonds, under current market conditions.</p>																	
<p>Type of Issue: Negotiated public offering, fixed rate, \$5,000 minimum denominations</p> <p>Credit Enhancement: None</p> <p>Current Credit Rating*: Aa1 (Moody’s), AA (S&P)</p> <p>Financing Team: <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p> <p>*The CEFA Resolution authorizes the refunding bonds to be issued in multiple series over a period of five years from the date of adoption of the Resolution, subject to the condition that each series of Bonds is assigned a rating of at least investment grade by a nationally recognized agency at the time of issuance of each series.</p>																	
<p>Environmental Benefits: Because this is a refunding of existing debt, environmental benefits are not applicable to this financing.</p>																	
<p>Financial Overview: USC has generated improved operating results and has demonstrated strong growth in its revenue base. USC demonstrates solid financial strength as reflected by the University’s total net asset growth, while their balance sheet demonstrates continued steady growth.</p>																	
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Sources of Funds:</u></th> <th style="width: 15%;"></th> <th style="text-align: left;"><u>Uses of Funds:</u></th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>Par Amount of Bond</td> <td style="text-align: right;">\$975,355,000</td> <td>Refundings</td> <td style="text-align: right;">\$813,773,232</td> </tr> <tr> <td>Original Issue Discount</td> <td style="text-align: right;">(154,829,592)</td> <td>Financing Costs</td> <td style="text-align: right;">6,752,174</td> </tr> <tr> <td>Total Sources</td> <td style="text-align: right;"><u>\$820,525,408</u></td> <td>Total Uses</td> <td style="text-align: right;"><u>\$820,525,408</u></td> </tr> </tbody> </table>		<u>Sources of Funds:</u>		<u>Uses of Funds:</u>		Par Amount of Bond	\$975,355,000	Refundings	\$813,773,232	Original Issue Discount	(154,829,592)	Financing Costs	6,752,174	Total Sources	<u>\$820,525,408</u>	Total Uses	<u>\$820,525,408</u>
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<p>Legal Review: Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect the financial viability or legal integrity of the applicant.</p>																	
<p>Staff Recommendation: Staff recommends the Authority approve Resolution No. 291 in an amount not to exceed \$975,355,000 for the University of Southern California 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

University of Southern California (“USC”)

July 25, 2012

Resolution Number: 291

I. PURPOSE OF FINANCING: USC is seeking a five-year approval to take advantage of current interest rates and to provide the University with latitude and flexibility for future financing opportunities. USC intends to use the bond proceeds to finance all or a portion of the refunding of the CEFA Series 2003A, 2005, 2007A, 2009A, and 2009B bonds. The refunding of these bonds is expected to provide USC with a net present value savings of approximately \$142,116,848 or 18.4% over the life of the bonds, under current market conditions.

Refunding.....**\$813,773,234**

USC intends to refund all or a portion of the outstanding balance of the CEFA Series 2003A, 2005, 2007A, 2009A, and 2009B bonds, of which \$787,940,000 is outstanding as of June 30, 2012.

CEFA Series 2003A bonds were originally issued in March 2003 in the amount of \$150 million. Bond proceeds were used to finance the construction and improvements of certain education facilities on several campuses including but not limited to Ronald Tutor Hall, Student Health Center, the Carol Little Building, the Neurogenetics Research Center, the Wrigley Environmental Institute, and the Institute for Creative Technology. The Series 2003A bonds are callable on April 1, 2013.

CEFA Series 2005 bonds were originally issued in August 2005 in the amount of \$66.5 million. Bond proceeds were used to advance refund \$15 million of the CEFA Series 1997A and \$50 million of the CEFA Series 1997C bonds. The Series 2005 bonds are callable on October 1, 2015.

CEFA Series 2007A bonds were originally issued in May 2007 in the amount of \$263.3 million. The bond proceeds were used for the expansion of Watt Hall of Architecture and Fine Arts, the construction of Harlyne Norris Tower building, the renovation of the Law School Library, and various other projects and improvements to other buildings. Bond proceeds were also used to advance refund \$6.1 million of CEFA Series 1997A bonds, \$100 million of CEFA Series 2003A bonds, and \$50 million of CEFA Series 2003C bonds. The Series 2007A bonds are callable on October 1, 2017.

CEFA Series 2009A bonds were originally issued in January 2009 in the amount of \$217.6 million. The bond proceeds were used for the acquisition and purchase of University Hospital, the renovation of the Norris Cancer Center, the construction of University Campus Center, and various other University facility capital improvements. The Series 2009A bonds are callable on October 1, 2018.

CEFA Series 2009B were originally issued in February 2009 in the amount of \$197.9 million. Bond proceeds were also used for the acquisition and purchase of University Hospital, the renovation of the Norris Cancer Center, the construction of University Campus Center, and various other University facility capital improvements. The Series 2009B bonds are callable on October 1, 2018.

Financing costs.....6,752,174

Cost of Issuance.....\$1,387,721

Underwriter's Discount.....5,364,453

TOTAL USES OF FUNDS

\$820,525,408

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 such changes at the meeting.

After reviewing USC'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 USC, 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 USC's prior bond transactions and USC'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.*

- ✓ **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.*

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:

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

	Year Ended June 30,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Net student tuition and fees	\$ 910,686	827,013	745,181
Endowment Income	53,200	49,720	61,977
Investment and other income	4,505	10,654	7,264
Net appreciation (depreciation) in fair value of investments	218,946	99,810	(923,016)
Government grants and contracts	350,827	285,571	255,864
Recovery of indirect costs	132,254	118,896	111,588
Gifts and pledges	318,325	414,557	305,315
Sales and services	31,029	31,221	32,513
Auxiliary enterprises	243,011	225,363	226,972
Health Care Services	811,538	713,291	284,969
(Loss) gain on the disposal/sale of plant assets	-	-	(6,558)
Other	95,705	89,813	87,626
Net assets released from restrictions	116,619	103,965	50,488
Total revenues	<u>3,286,645</u>	<u>2,969,874</u>	<u>1,240,183</u>
Expenses:			
Educational and general activities	1,931,735	1,800,354	1,766,739
Health care services	799,944	714,606	273,526
Depreciation and amortization	153,647	142,471	120,044
Interest on indebtedness	45,413	40,842	31,360
Total expenses	<u>2,930,739</u>	<u>2,698,273</u>	<u>2,191,669</u>
Increase in net assets from operations	355,906	271,601	(951,486)
Non-operating activities:			
Change in net assets before reclassification	-	-	(951,486)
Effect of change in accounting principle	-	-	(675,170)
Change in net assets	<u>355,906</u>	<u>271,601</u>	<u>(1,626,656)</u>
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>2,288,314</u>	<u>2,016,713</u>	<u>3,643,369</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 2,644,220</u>	<u>\$ 2,288,314</u>	<u>\$ 2,016,713</u>

University of Southern California
Statement of Financial Position (000's)

	As of June 30,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS:			
Cash and cash equivalents	\$ 889,233	\$ 742,409	\$ 682,399
Accounts receivables	273,988	229,614	151,157
Notes receivable	83,620	84,433	86,589
Pledges receivable	434,356	177,095	193,813
Investments	3,650,617	3,070,397	2,776,476
Inventories, prepaid expenses, and other assets	148,488	111,080	107,733
Property, plant and equipment, net	2,172,430	2,049,198	1,935,231
Total assets	<u>\$ 7,652,732</u>	<u>\$ 6,464,226</u>	<u>\$ 5,933,398</u>
LIABILITIES AND NET ASSETS:			
Accounts payable	\$ 145,338	\$ 138,686	\$ 101,039
Accrued liabilities	273,122	187,797	157,478
Refundable advances	18,501	41,187	43,866
Current portion of long-term debt	5,280	3,885	3,690
Deposits and deferred revenue	131,673	121,663	111,869
Actuarial liability for annuities payable	143,303	137,195	132,330
Federal student loan funds	67,812	67,825	67,658
Asset retirement obligations	97,691	93,831	89,527
Capital lease obligation	60,696	-	-
Long-term debt	968,081	919,890	909,577
Other liabilities	12,377	15,335	10,307
Total liabilities	<u>1,923,874</u>	<u>1,727,294</u>	<u>1,627,341</u>
Net assets:			
Unrestricted	2,644,220	2,288,314	2,016,713
Temporarily restricted	1,449,152	1,039,472	945,644
Permanently restricted	<u>1,635,486</u>	<u>1,409,146</u>	<u>1,343,700</u>
TOTAL NET ASSETS	<u>5,728,858</u>	<u>4,736,932</u>	<u>4,306,057</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,652,732</u>	<u>\$ 6,464,226</u>	<u>\$ 5,933,398</u>

Financial Ratios

	Proforma			
	FYE 6/30/11 (a)	2011	2010	2009
Debt service coverage (x)	5.46	11.26	10.22	(21.17)
Debt to expendable net assets (x)	0.30	0.25	0.28	0.31
Expendable net assets to operations (x)		1.40	1.23	1.35
Margin		11%	9%	(77%)

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

Financial Discussion:

USC has generated improved operating results and has demonstrated strong growth in its revenue base.

Over the review period, USC's unrestricted net assets increased 31% from \$2 billion to \$2.6 billion. USC's largest source of total revenues, net student tuition and fees, has provided consistent revenue streams and strong growth of 21% over the review period (from \$745 million in FY 2009 to \$910 million in FY 2011). Increases in tuition and fees, investment appreciation, and healthcare services, are a few of the more significant revenue streams that have helped USC to more than double total revenues since FY 2009, from \$1.2 billion to \$3.2 billion. In FY 2009, USC experienced a net depreciation in fair value of investments in the amount of \$923 million. This decline in USC's investment portfolio is consistent with the general trends in the financial markets and investment performance during that period. Since that time, the net fair value of investments has appreciated significantly to \$99 million in FY 2010 and a fair value of \$218 million in FY 2011.

USC's expenses have grown modestly over the review period, with education and general activities accounting for two thirds of all expenses since FY 2009, at an increase of 9% from \$1.7 billion to \$1.9 billion in FY 2011. Health care service expenses more than doubled from \$273 million to \$714 million between FY 2009 and FY 2010 as a result of USC's acquisition of two hospitals (University Hospital and USC Norris Cancer Center) in 2009, but this expense was effectively offset by a commensurate increase in health service revenue the same year. This consistent pattern of strong revenue growth and steady expenses has allowed USC to post positive operating results of \$355 million in FY 2011.

USC's demonstrates solid financial strength as reflected by the University's total net asset growth, while their balance sheet demonstrates continued steady growth.

USC's total assets increased by 27% over the review period, from \$5.9 billion in FY 2009 to \$7.6 billion in FY 2011. This growth in assets can be primarily attributed to strong growth in investments (30% increase from \$2.7 billion in FY 2009 to \$3.6 billion in FY 2011) and pledges receivable. In 2011, USC embarked on an ambitious fundraising campaign (\$6 billion over the next six academic years), which resulted in a significant increase in pledges receivable from \$193 million in FY 2009 to \$434 million in FY 2011. Liabilities increased modestly over the review period, from \$1.6 billion in FY 2009 to \$1.9 billion in FY 2011. A new capital lease obligation of \$60 million in FY 2011 reflects USC's acquisition of a building near its existing University Hospital. USC's unrestricted, temporarily restricted, and permanently restricted net assets all demonstrated strong growth, as total net assets over the review period increased by 31% (from \$4.3 billion in FY 2009 to \$5.7 billion in FY 2011). With the proposed financing, USC's proforma debt service coverage will be a very strong 5.46x. USC's debt to expendable net assets is projected to be 0.30x. Both of these indicators imply that with the proposed refunding, USC is well-positioned to continue meeting its long-term debt obligations.

IV. BACKGROUND:

General:

USC is a nonprofit, privately endowed, coeducational, nonsectarian university with its principal campus located near downtown Los Angeles, California. Founded in 1880, USC is the oldest independent research and teaching university on the West Coast. In academic year 2011-12, USC provided instruction to 17,414 (FTE) undergraduate students and 20,596 (FTE) graduate, and professional students.

Administration:

A self-perpetuating Board of Trustees, presently comprised of approximately 50 voting members, governs USC. The Board of Trustees is responsible for the overall management of USC including its academic policy, development, long-range land use and resource planning, and supervision of financial and budgetary affairs.

The President of USC is appointed by the Board of Trustees and, as Chief Executive Officer, is charged with the principal responsibility for administration of USC. All other officers of USC, with the exception of the Chairman and Vice Chairmen, are elected by the Board of Trustees upon nomination by the President and are subject to the day-to-day direction of the President.

Accreditations and Affiliations:

USC is accredited by the Western Association of Schools and Colleges. USC is one of 26 private colleges and/or universities that are members of the Association of American Universities. It is also a member of the American Association of Colleges of Pharmacy; State of California Board of Pharmacy; American Association of Dental Schools; American Association for Teacher Education; American Society for Engineering Education; California Council on Teacher Education; American Association for Higher Education; American Council on Education; Association of American Colleges; Association of Independent California Colleges and Universities; College Entrance Examination Board; Council for Advancement and Support of Education; Council of Graduate Schools; Western Association of Graduate Schools; American Association of Collegiate Registrars and Admissions Officers; North American Association of Summer Sessions; National Association of College and University Business Officers; National University Extension Association; and the Association of Continuing Higher Education.

Academic Programs:

USC offers a multi-disciplinary curriculum at both the undergraduate and graduate levels. Academic programs are offered through three basic components. The College of Letters, Arts and Sciences; the Graduate School; and 18 professional schools. More specifically, the academic units are: Accounting, Architecture, Business Administration, Cinema-Television and Drama, Annenberg School of Communications, Dentistry, Education, Engineering, Fine Arts, Gerontology, Graduate School, Health Related Professions, Law, Medicine, Music, Pharmacy, Public Administration, Safety and Systems Management, Social Work and Urban and Regional Planning.

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

Issue:	Original Issue Amount	Amount Outstanding as of 06/30/11	Estimated Amount Outstanding After Proposed Financing*
Existing Debt:			
CEFA, Series 2003A	\$ 150,500	\$ 50,000	\$ -
CEFA, Series 2003B	12,795	5,705	4,670
CEFA, Series 2005	66,545	66,545	\$ -
CEFA, Series 2007A	263,395	258,995	\$ -
CEFA, Series 2009A	217,605	217,605	\$ -
CEFA, Series 2009B	197,900	197,900	\$ -
CEFA, Series 2009C	82,305	82,305	82,305
 Proposed:			
CEFA, Series 2012			\$ 975,355
Total		\$ 879,055	\$ 1,062,330

*As of proposed issuance date of Series 2012 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

VII. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution No. 291 in an amount not to exceed \$975,355,000 for the University of Southern California 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 University of Southern California

Borrower:	University of Southern California
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:	Hawkins, Delafield & Wood
Underwriter:	Morgan Stanley
Underwriter's Counsel:	Nixon Peabody
Borrower's Counsel:	Latham & Watkins LLP
Borrower's Auditor:	PricewaterhouseCoopers LLP
Trustee/Escrow Bank:	Bank of New York Mellon
Trustee Counsel:	Davis Wright Tremaine LLP
Rating Agencies:	Moody's Investors Service, Standard & Poor's
Verification Agent:	TBD
OS/Printer:	ImageMaster

RESOLUTION NO. 291

RESOLUTION OF THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY REGARDING THE ISSUANCE OF BONDS TO REFINANCE EDUCATIONAL FACILITIES FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA

WHEREAS, the California Educational Facilities Authority (the “Authority”), a public instrumentality of the State of California, pursuant to the provisions of the California Educational Facilities Authority Act (the “Act”), is authorized and empowered to issue revenue bonds to finance and refinance the acquisition, construction, expansion, rehabilitation, remodeling, renovation and equipping of educational facilities by participating private colleges and universities located in the State of California; and

WHEREAS, the University of Southern California (the “Borrower”) has requested that the Authority issue one or more series of its revenue bonds from time to time (the “Bonds”) and loan the proceeds thereof to the Borrower to (1) refinance certain educational facilities of the Borrower through the refunding of all or portions of the Outstanding Bonds (defined below) as set forth in the Borrower’s application to the Authority, which Outstanding Bonds were previously issued for the purposes described in Exhibit A hereto (the “Project”), which description is hereby incorporated by reference; and (2) pay costs incurred in connection with the issuance of the Bonds; and

WHEREAS, in 2003 the Authority issued its California Educational Facilities Authority Revenue Bonds (University of Southern California) Series 2003A in the amount of \$150,000,000 (the “2003A Bonds”); in 2005 the Authority issued its California Educational Facilities Authority Revenue Bonds (University of Southern California) Series 2005 in the amount of \$66,545,000 (the “2005 Bonds”); in 2007 the Authority issued its California Educational Facilities Authority Revenue Bonds (University of Southern California) Series 2007A in the amount of \$263,395,000 (the “2007A Bonds”); and in 2009 the Authority issued its California Educational Facilities Authority Revenue Bonds (University of Southern California) Series 2009A in the amount of \$217,605,000 (the “2009A Bonds”) and its California Educational Facilities Authority Revenue Bonds (University of Southern California) Series 2009B in the amount of \$197,900,000 (the “2009B Bonds”) (the 2003A Bonds, 2005 Bonds, 2007A Bonds, 2009A Bonds and 2009B Bonds are collectively referred to herein as the “Outstanding Bonds”).

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

Section 1. Pursuant to the Act, one or more series of Bonds of the Authority, in an aggregate amount not to exceed \$975,355,000, to be designated generally as “California Educational Facilities Authority Revenue Bonds (University of Southern California)” together with a series designation to distinguish among the separate series to be issued from time to time, or such other name or names as may be designated in the indenture pursuant to which such series of Bonds shall be issued, are authorized to be issued subject to the limitations set forth in Section 2 hereof. The proceeds of the Bonds shall be used to finance and refinance certain educational

facilities of the Borrower through the refunding of all or portions of the Outstanding Bonds and to pay costs of issuance with respect to the Bonds, all as set forth herein.

Section 2. The Treasurer of the State of California (the “Treasurer”), or any Deputy Treasurer designated in writing by the Treasurer, is hereby authorized to enter into agreements to sell one or more series of the Bonds, on one or more sale dates, at negotiated sale, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices, at such time or times (on or before the date which is five years after the date of adoption of this Resolution), bearing interest at the rates (whether variable, auction or fixed), with such maturity dates and upon such other terms and conditions as the Treasurer, or any Deputy Treasurer designated in writing by the Treasurer, with the advice and consent of the Borrower, may determine. The Bonds shall, at issuance, 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 a reserve fund, bond insurance, credit facility and/or liquidity facility satisfying the terms of the indenture pursuant to which such Bonds will be issued. In addition, all or a portion of the Bonds of each series may, at the option of the Borrower, be sold for future forward delivery (provided that such delivery shall be required to occur on or before the date which is five years after the date of adoption of this Resolution) with or without an option on the part of the Borrower or the purchaser to deliver or purchase, respectively, and may include interest rate swaps, floors, caps, collars or other hedging instruments.

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 relating to the Bonds (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., or another bond trustee selected by the Borrower from among bond trustees previously approved by the Authority in other Authority transactions or any successor bond trustee thereto (the “Trustee”);

(iii) the Bond Purchase Contract, including the appendices thereto, relating to the Bonds (the “Bond Purchase Contract”), among such underwriter or underwriters identified therein (the “Underwriter”), or purchaser or purchasers identified therein (the “Purchaser”), the Treasurer or any Deputy Treasurer designated in writing by 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 respective forms currently on file with the Authority, in each case with such insertions and changes therein consistent with the stated terms of this Resolution (including without limitation changes with respect to covenants) as the signatory executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The dated dates, maturity dates (not exceeding 50 years from the respective date of issue), interest rates, methods of determining the interest rate from time to time, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer and other terms of the Bonds, including provisions for a reserve fund, bond insurance, credit facility and/or a liquidity facility, as applicable 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 series of Bonds in paper and/or electronic form to persons who may be interested in the purchase of the Bonds offered in such issuance. The Underwriter is hereby directed to deliver the Final Official Statement for each series of Bonds (the "Official Statement") to all actual Purchasers of the Bonds in accordance with applicable federal securities laws.

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, in accordance with the Bond Purchase Contract upon payment of the purchase price specified therein.

Section 7. Each officer of the Authority is hereby authorized and directed, for and in the name of 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, the Loan Agreement, the Bond 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: (a) any tax agreement and any certificates related thereto; (b) any escrow deposit agreement; (c) certifications; 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 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. Any Deputy Treasurer designated in writing by the Treasurer is hereby authorized to execute and deliver any document which is executed by the Executive Director pursuant to the Authority's Resolution No. 2011-03.

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: _____, 2012

EXHIBIT A TO RESOLUTION NO. 291

Description of the Project

The term “Project” means the refunding of the previously issued and outstanding California Educational Facilities Authority Revenue Bonds, Series 2003A (University of Southern California) (the “Series 2003A Bonds”), Series 2005 (University of Southern California) (the “Series 2005 Bonds”), Series 2007A (University of Southern California) (the “Series 2007A Bonds”), Series 2009A (University of Southern California) (the “Series 2009A Bonds”) and Series 2009B (University of Southern California) (the “Series 2009B Bonds”), the proceeds of which were used as described below:

Series 2003A Bonds

Proceeds of the Series 2003A Bonds were used for the acquisition, construction, expansion, rehabilitation, remodeling, renovation, equipping and/or furnishing of such facilities as described herein:

- (a) certain educational facilities located at the University Park campus of the Borrower (“UP Campus”), the boundaries of which are Exposition Boulevard, Vermont Avenue, Jefferson Boulevard and Figueroa Street, including but not limited to the Molecular Biology Facility, Molecular Biology Vivarium, Biological Research Facility, Ronald Tutor Hall, Alfred Mann Biomedical, Performing Arts Center, Campus Student Center, Bovard Auditorium, Annenberg School, Athletic Buildings, Birnkrant Residential Hall, Dedeaux Field, Denny Research Building, parking facilities, Hoover Corridor, on-campus student housing facilities, Loker Track Stadium, master energy improvements and facilities, Montgomery Ross Fisher Building, Musick Law Library, North Science Building, Oral Health Building, Student Health Center, Administrative Services Building, and general campus physical plant maintenance and upgrades;
- (b) certain educational facilities located in the North University Park Area adjacent to the University Park campus of the Borrower (“NUP Campus”), the boundaries of which are Orchard Avenue, Adams Boulevard, Jefferson Boulevard and Figueroa Street, including but not limited to the Century Apartments, off-campus student housing facilities, master energy improvements and facilities, and general campus physical plant maintenance and upgrades;
- (c) certain educational facilities located in adjacent areas to the east of the University Park campus of the Borrower (“EUP Campus”), the boundaries of which are Figueroa Street, Adams Boulevard, Grand Avenue and Martin Luther King Jr. Boulevard, including but not limited to the Carol Little Building, off-campus student housing facilities, master energy improvements and facilities, and general campus physical plant maintenance and upgrades;
- (d) certain educational facilities located at the Health Sciences campus of the Borrower (“HS Campus”), the boundaries of which generally are Eastlake Avenue, Mission Road, Zonal Avenue, San Pablo Street and Eastlake Avenue, Norfolk Street, Soto Street and Alcazar Street, including but not limited to the Neurogenetics Research Center, Harlyne Norris Tower, Research Building #3, Research Building #3 Vivarium, Healthcare Center II, parking facilities, on-campus

student housing facilities, master energy improvements and facilities, Oral Health Building, and general campus physical plant maintenance and upgrades;

(e) certain educational facilities located on Santa Catalina Island off the coast of the City of Los Angeles (the “Catalina Campus”), including, but not limited to, the Wrigley Environmental Institute, the Wrigley Science Administration Building, and the Marine Science Center Residence Hall; and

(f) certain other facilities of the Borrower located at the Health Science Alhambra Building (1000 South Fremont Avenue, Pasadena), the Information Science Institute (4676 Admiralty Way, Marina del Rey), the Institute for Creative Technology (13274 Fiji Way, Marina del Rey), the Irvine Building (2300 Michelson Drive, Irvine), the Freeman House (1962 Glencoe Way, Los Angeles), and the School of Public Administration (1201 J Street, Sacramento).

Series 2005 Bonds

Proceeds of the Series 2005 Bonds were used:

(a) to advance refund a portion of the Authority’s outstanding Revenue Bonds (University of Southern California), Series 1997A (the “Series 1997A Bonds”), the proceeds of which were used to current refund the Authority’s outstanding Revenue Bonds (University of Southern California), Series 1989A (the “Series 1989A Bonds”), the proceeds of which were used to finance and refinance the costs of construction, acquisition, rehabilitation, renovation and equipping of (1) certain educational facilities located at the UP Campus; (2) certain educational facilities located at the HS Campus; and (3) certain educational facilities of Embassy Residential College, located at 851 South Grand Avenue and the relocation of the physical plant from the UP Campus to 3500 Hope Street; and

(b) to advance refund all of the Authority’s outstanding Revenue Bonds (University of Southern California), Series 1997C (the “Series 1997C Bonds”), the proceeds of which were used to finance and refinance the costs of construction, acquisition, rehabilitation, renovation and equipping of: (1) certain educational facilities located at the UP Campus; (2) certain educational facilities located at the HS Campus; and (3) certain educational facilities located at the Wrigley Environmental Institute located on the Catalina Campus.

Series 2007A Bonds

Proceeds of the Series 2007A Bonds were used:

(a) to provide for the costs of certain new capital projects at the UP Campus, the EUP Campus, the HS Campus and the Catalina Campus, as follows: renovation and expansion of the Watt Hall of Architecture and Fine Arts; construction of research buildings and facilities; new construction of a nine-story research and laboratory building (the Harlene Norris Tower) for the University’s North Comprehensive Cancer Center; renovation of the Law School Library; construction of an Integrative Biology Research Facility; environmental improvements to various buildings; construction of multi-level parking structures; various street improvements; new construction of an academic building and residential facilities at the Wrigley Environmental Institute; development of the EUP Campus; renovation and construction of dormitories, campus housing and student housing; improvements of various other buildings; seismic upgrades; renovation of the Denny Research Building; miscellaneous building fire life safety and security systems; construction, renovations and improvements to the buildings at 3434 South Grand Avenue and 3500 South Hope Street;

(b) to advance refund a portion of the outstanding Series 1997A Bonds, the proceeds of which were used as described above; and

(c) to advance refund a portion of the Series 2003A Bonds and all of the Authority's outstanding Revenue Bonds (University of Southern California), Series 2003C, the proceeds of which were used, together with the Series 2003A Bonds, as described above under the heading "Series 2003A Bonds."

Series 2009A Bonds and Series 2009B Bonds

Proceeds of the Series 2009A Bonds and the Series 2009B Bonds were used:

(a) to refinance interim debt used to finance certain costs at the facilities located at the UP Campus and the HS Campus as described in (b) below; and

(b) to finance all or some of the following projects and facilities: (1) acquisition of and renovations to USC/Norris Cancer Hospital (HS Campus, 1441 Eastlake Avenue), USC University Hospital including its parking structures (HS Campus, 1500 and 1538 San Pablo Street), Norris Cancer Center (HS Campus), Watt Hall (UP Campus), academic and research buildings, street repairs, landscaping and parking structures on the UP and HS Campuses, housing facilities at the UP Campus, Campus Center (UP Campus), Student Health Center (UP Campus), seismic upgrades (UP and HP Campuses), Hoffman Hall of Business (UP Campus), Hoffman Medical Research Center (HS Campus), Webb Tower (UP Campus), Bridge Hall (UP Campus), Arts Building (UP Campus), campus security upgrades (UP Campus), campus housing life/safety upgrades (UP Campus), EUP Campus development, laboratory infrastructure upgrades (UP and HS Campuses), and general plant maintenance (UP and HS Campuses); (2) certain educational facilities located at the NUP Campus; (3) certain educational facilities located at the EUP Campus; and (4) the building located at 3434 South Grand Avenue.