

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY

<p>Applicant: The President and Board of Trustees of Santa Clara College dba Santa Clara University (“SCU”) 500 El Camino Real Santa Clara, CA 95053 (Santa Clara County)</p> <p>Facility Type: Private University</p> <p>Project Location: Santa Clara, CA</p> <p>Accreditation: Western Association of Schools and Colleges</p>	<p>Amount Requested: \$125,000,000</p> <p>Date Requested: July 30, 2015</p> <p>Resolution Number: 305</p>																				
<p>Use of Proceeds: Bond proceeds will be used to refund all of the outstanding CEFA Series 2008 bonds and refinance a note with Wells Fargo Bank. The refunding of these bonds is expected to provide SCU with a net present value savings of approximately \$5.3 million or 7.68%, under current market conditions. In addition, bond proceeds will be used to provide financing for the acquisition, construction, equipping and infrastructure improvements of educational facilities located at the SCU campus.</p>																					
<p>Type of Issue: Negotiated public offering, tax-exempt fixed rates</p> <p>Credit Enhancement: None</p> <p>Expected Credit Rating: Aa3 (Moody’s)</p> <p>Financing Team: <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>																					
<p>Environmental Benefits: SCU projects will not be LEED certified, but all projects have been designed to meet or exceed the requirements of the California Green Building Standards Codes. SCU will minimize the impact on ecosystems and water resources, use smart systems that automatically monitor heating and cooling in rooms to aid in energy conservation, and use renewable and recycled materials.</p>																					
<p>Financial Overview: SCU has exhibited strong results supported by a growing revenue base from net tuition and fees. SCU has a strong balance sheet with moderate relative debt with a solid debt service ratio of 2.84x.</p>																					
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<p>Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, and CEQA documentation. All documentation satisfies the Authority’s requirements.</p>																					
<p>Staff Recommendation: Staff recommends the Authority approve Resolution No. 305 in an amount not to exceed \$125,000,000 for Santa Clara University subject to a bond rating of at least investment grade by a nationally recognized rating agency. Macias, Gini & O’Connell, LLP, the Authority’s financial analyst, and Fieldman, Rolapp & Associates, Inc., the Authority’s financial advisor, concur with the Authority’s staff recommendations.</p>																					

STAFF SUMMARY AND RECOMMENDATION

Santa Clara University (“SCU”)

July 30, 2015

Resolution No. 305

PURPOSE OF FINANCING: SCU is taking advantage of the current interest rate environment to refund the CEFA Series 2008 bonds that are expected to provide SCU with a net present value savings of approximately \$5.3 million or 7.68%, under current market conditions. The proposed capital project list is a part of SCU’s ambitious integrated strategic plan known as “Santa Clara 2020”. The plan includes construction of new facilities and the renovation of residence halls and the student center. This future expansion also envisions a three building complex for science, technology, engineering and math (“STEM”), a new building for the Law School and two new residence halls over the next 10 years. The STEM buildings will allow SCU to capitalize on its location in the heart of Silicon Valley and increase its undergraduate population by 600 students.

Refunding 77,058,491

SCU plans to refund all of the CEFA Series 2008 bonds, of which approximately \$60,770,000 remains outstanding. The CEFA Series 2008 bonds were originally issued in the amount of approximately \$72.5 million. Bond proceeds were originally used to refund a taxable line of credit from Bank of America, which was used to refund the CEFA Series 2002B and 2006 bonds. In addition, bonds were used to complete major renovations to Dunne, Swig, Nobili, Walsh, McLaughlin, Sanfilippo, St. Clare, Graham, Sobrato, Casa and Bellarmine Residence Halls.

SCU also plans to refund a note agreement with Wells Fargo Bank, of which they entered on June 25, 2014 in the amount of \$8,715,000. Proceeds were used to redeem the remaining balance of the CEFA Series 2003A bonds.

Project Fund 59,550,901

Edward M. Dowd Art and Art History Building – This building is a new 45,400 sq. ft. facility housing the academic Art and Art History Department. Construction has started with completion and occupancy scheduled in the summer of 2016.

Dunne Residence Hall Renovation – The current Dunne Residence Hall built in 1960 is a traditional dormitory style student residence. Renovation will include the updating of each room and creating additional community space.

Infrastructure Improvements – This will require the construction, expansion, rehabilitation, renovation, remodeling, furnishing and equipping of residence halls, academic buildings, administrative buildings, athletic facilities, recreational facilities, telecommunications equipment and the infrastructure improvements on the main campus.

Environmental Benefits:

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

Financing Costs	<u>725,763</u>
Cost of Issuance.....	\$ 303,426
Underwriter's Discount	<u>422,337</u>
<i>TOTAL USES OF FUNDS</i>	<i>\$ <u>137,335,155</u></i>

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I. PROPOSED COVENANTS, SECURITY AND DISCLOSURES:

Executive summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's Board. These covenants cannot be diluted or removed without subsequent review. If there have been modifications to the covenant proposal following the preparation of this executive summary, staff will report it at the meeting.

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

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay Trustee all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. All Revenue¹ and any other amounts held in a designated fund or account under the Bond Indenture are pledged to secure the full payment of the bonds.*
- ✓ **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 and Fieldman, Rolapp & Associates reviewed the entirety of this financing package and find it to be acceptable.

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¹ Capitalized terms defined in the Indenture.

II. FINANCIAL ANALYSIS:

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

	Fiscal Year Ended June 30,		
	2014	2013	2012
Operating activities:			
Revenues:			
Tuition and fees, net	\$ 229,570	\$ 215,523	\$ 212,263
Contributions	3,451	4,656	3,921
Grant revenues	4,464	6,255	5,692
Net return on operating investments	3,512	1,751	1,917
Other revenues	16,936	12,205	13,601
Auxiliary activities	35,230	33,106	30,512
Operating revenues before nonoperating	293,163	273,496	267,906
Nonoperating net assets used in operations;			
Long-term investment income used in operations	27,353	26,394	26,589
Released contributions used in operations	10,310	9,042	10,891
Total revenues	330,826	308,932	305,386
Expenses:			
Educational and general:			
Instruction	127,478	118,088	113,529
Research	4,831	4,654	4,313
Public service	7,264	6,277	6,424
Academic support	37,531	33,371	33,773
Student services	46,376	44,044	40,646
Institutional support	59,632	56,006	55,066
Scholarship and fellowships	1,002	1,205	1,129
Total educational and general	284,114	263,645	254,880
Auxiliary activities	32,148	31,356	29,081
Total expenses	316,262	295,001	283,961
Increase in unrestricted net assets from operations	14,564	13,931	21,425
Nonoperating:			
Contributions	905	1,571	111
Net return on nonoperating long-term investments	19,085	13,166	62
Nonoperating net assets used in operations	(37,663)	(35,436)	(37,480)
Net assets released from restrictions	38,761	33,162	35,119
Other changes	480	288	(23)
Change in net assets	36,132	26,682	19,214
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	659,068	632,386	613,172
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 695,200	\$ 659,068	\$ 632,386

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

	As of June 30,		
	2014	2013	2012
ASSETS:			
Cash and cash equivalents	\$ 48,273	\$ 58,056	\$ 56,782
Contributions receivable, net	21,476	17,399	18,536
Student and other receivables	12,610	11,933	13,313
Investments	1,026,007	893,258	813,046
Deposits in trust	-	-	3,901
Other assets	5,672	6,794	6,171
Plant facilities, net	685,065	670,405	656,996
Total assets	\$ 1,799,103	\$ 1,657,845	\$ 1,568,745
LIABILITIES AND NET ASSETS:			
Accounts payable and accrued expenses	\$ 44,596	\$ 43,207	\$ 44,989
Deposits and deferred revenue	18,890	17,431	17,712
Amounts held on behalf of others	48,978	43,523	39,049
Annuity and trust obligations	5,480	5,419	4,848
Asset retirement obligation	3,183	3,165	3,036
Bonds and notes payable	183,747	191,197	198,713
Obligations under capitalized lease	41,140	42,762	44,313
U.S. government loan advances	7,316	7,288	6,946
Total liabilities	353,330	353,992	359,606
Net assets:			
Unrestricted	695,200	659,068	632,386
Temporarily restricted	465,902	364,820	301,298
Permanently restricted	284,671	279,965	275,455
TOTAL NET ASSETS	1,445,773	1,303,853	1,209,139
TOTAL LIABILITIES AND NET ASSETS	\$ 1,799,103	\$ 1,657,845	\$ 1,568,745

Financial Ratios

	Proforma			
	FYE 6/30/14 (a)	2014	2013	2012
Debt service coverage (x)	2.83	2.84	2.83	1.62
Debt to expendable net assets (x)	0.24	0.19	0.23	0.26
Expendable net assets to operations (x)		3.67	3.47	3.29
Margin		4%	5%	8%

(a) Recalculates FY 2014 results to include the impact of this proposed financing.

Financial Discussion:

SCU has exhibited strong results supported by a growing revenue base from net tuition and fees.

SCU has exhibited solid growth in revenues led by net tuition and fees growth over the review period. SCU is recognized as one of the nation's top comprehensive universities and has the fourth-highest undergraduate graduation rate among U.S. master's-level universities. Total revenues mainly consist of tuition and fees, other revenues, and auxiliary activities. SCU's academic operations remained solid, Net tuition and fee revenues for FY 2014 totaled approximately \$229.6 million and have increased approximately 8% from FY 2012 in the amount of \$212.3 million, primarily due to slight increase in tuition and fees along with the growth in enrollment numbers. Net tuition and fees are SCU's primary revenue source, accounting for 68.7%, 69.8%, and 69.4% of total revenues for the FY's 2012, 2013, and 2014, respectively.

Total expenses increased from approximately \$284.0 million in FY 2012 to \$316.3 million in FY 2014, an increase of 11%. The increase in total expenses is commensurate with increases in tuition and fees, other revenue, and auxiliary activities. Expense increases are largely centered in instruction, research, public services, academic support and student services. SCU believes the increases are manageable and stable.

SCU has a strong balance sheet with moderate relative debt with a solid debt service ratio of 2.84x.

SCU's total net asset levels have increased by approximately 20% over the review period, from \$1.2 billion in FY 2012 to \$1.4 billion in FY 2014. This robust increase, reflected in cumulative increases in unrestricted, temporarily restricted, and permanently restricted net assets, has allowed SCU to maintain a stable asset base. SCU investment portfolio is the primary factor contributing to the increase, growing nearly 26.2% from approximately \$813 million in FY 2012 to nearly \$1 billion in FY 2014. The rebound of global markets and SCU's commingled funds investment had a significant role in earnings.

Cash and cash equivalents experienced a decline over the review period, from \$56.8 million in FY 2012 to \$48.3 million in FY 2014 as more was reclassified as investments. SCU indicated that they refunded the CEFA Series 2003A bonds in FY 2014 with a floating rate privately placed term note with Wells Fargo that is expected to save over \$1 million in interest cost over its five year term.

SCU's debt service coverage appears strong with a solid debt service coverage ratio of 2.84x for FY 2014. SCU's proforma debt service coverage remains strong at 2.83x with the new debt. SCU's strong balance sheet indicates SCU is capable of carrying the additional debt.

III. BACKGROUND:

General:

Santa Clara University ("SCU") is a non-profit, privately endowed, co-educational university offering 52 undergraduate, 33 graduate, and 2 professional degree programs. Enrollment for the fall term of the 2014-2015 academic year was 9,017 (8,730 FTE) students. Undergraduate and graduate instruction is provided by the College of Arts and Sciences, the School of Engineering and the Thomas and Dorothy Leavey School of Business. The School of Law and the School of Education and Counseling Psychology and Pastoral Ministries offer programs at the graduate level only. The Jesuit School of Theology of Santa Clara University located in Berkeley, California offers graduate level programs.

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

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

Administration:

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

Accreditation:

SCU is fully accredited by the Western Association of Schools and Colleges in June of 2011 resulting in reaffirmation of accreditation. It also has professional accreditation from the Accreditation Board for Engineering and Technology, the Association to Advance Collegiate Schools of Business, the American Association of Museums, and the American Chemical Society. SCU has been approved by the California State Commission on Teacher Credentialing and has been admitted to membership in the National Association of Schools of Music and the National Association of Schools of Theatre. The School of Law is accredited by the American Bar Association and the State Bar of California, and is a member of the Association of American Law Schools. JST-SCU is accredited by the Association of Theological Schools.

Academic Programs:

SCU is organized into six major academic divisions:

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

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

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

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

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

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

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

<u>Issue:</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding as of 06/30/2015*</u>	<u>Estimated Amount Outstanding After Proposed Financing June 2015</u>
Existing Debt:			
CEFA, Series 1999	\$ 82,181	\$ 53,766	\$ 53,766
CEFA, Series 2008	72,485	60,775	-
CEFA, Series 2010	50,125	45,640	45,640
Wells Fargo Term Note **	8,715	7,995	-
Proposed:			
CEFA, Series 2015			125,000
 Total		\$ 168,176	\$ 224,406

*As of proposed issuance date of Series 2015 Bonds, principal balance remaining outstanding

V. 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

VI. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution No. 305 in an amount not to exceed \$125,000,000 for Santa Clara University subject to a bond rating of at least investment grade by a nationally recognized rating agency. Macias, Gini & O’Connell, LLP, the Authority’s financial analyst, and Fieldman, Rolapp & Associates, Inc. the Authority’s financial advisor, concur with the Authority’s staff recommendations.

EXHIBIT 1

Financing Team Santa Clara University

Borrower: Santa Clara University

Agent for Sale: California State Treasurer

Issuer's Counsel: Attorney General's Office

Issuer's Financial Advisor: Fieldman, Rolapp & Associates, Inc.

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

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

Bond Counsel: Orrick Herrington & Sutcliffe LLP

Underwriter: Wells Fargo Securities

Underwriter's Counsel: Hawkins Delafield & Wood

Prior Lender: Wells Fargo Bank

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

Escrow Agent: U.S. Bank, N.A.

RESOLUTION NO. 305

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

July 30, 2015

WHEREAS, the California Educational Facilities Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Educational Facilities Authority Act (the “Act”) to issue revenue bonds and to loan the proceeds thereof to a participating private college or a participating nonprofit entity (both as defined in the Act) for the acquisition or construction of projects (as defined in the Act), to refund existing bonds, mortgages, or advances or other obligations incurred, given, or made by a participating private college for the acquisition or construction of any projects, to loan the proceeds thereof to a participating private college for the purpose of refinancing projects not originally funded pursuant to the Act (including repayment of costs, as defined in the Act), and to refund existing bonds or notes of the Authority;

WHEREAS, The President and Board of Trustees of Santa Clara College, Doing Business as Santa Clara University (the “Borrower”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California;

WHEREAS, the Borrower has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$125,000,000 and apply the proceeds thereof (i) to make one or more loans of the proceeds of the Bonds (as defined below) to the Borrower (a) to finance the costs of the New Project, as more particularly described under the caption “New Project” in Exhibit A hereto (the “New Project”) and (b) to refinance the costs of the Prior Project, as more particularly described under the caption “Prior Project” in Exhibit A hereto (the “Prior Project” and, together with the New Project, the “Project”) and (ii) to pay costs of issuance of 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 New Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a “project” under such division; and

WHEREAS, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought.

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

Section 1. Pursuant to the Act, revenue bonds of the Authority designated as the “California Educational Facilities Authority Revenue Bonds (Santa Clara University), Series 2015” (the “Bonds”), in a total aggregate principal amount not to exceed \$125,000,000, are

hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the Indenture, hereinafter mentioned below, pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the fourth recital above.

Section 2. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates at any time within one year of the date of adoption of this Resolution, at public or private sale, in such aggregate principal amount (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices, at such interest rate or rates, with such maturity date or dates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Borrower, may determine. The Bonds, at issuance, shall be rated at investment grade by an active nationally recognized rating agency. The Bonds or any series of them may, at the sole option of the Borrower, be secured or supported by one or more of the following: deed of trust, bond reserve fund, bond insurance, other credit and/or liquidity facility and/or another security arrangement.

Section 3. The following documents:

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

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

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

(d) the preliminary official statement relating to the Bonds (the “Preliminary Official Statement”).

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the Borrower, for any series of Bonds) as the officer(s) executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the Indenture, and the Bond Purchase Agreement and by delivery thereof in the case of the Preliminary Official Statement. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

Section 4. The dated dates, maturity dates (not exceeding 50 years from the respective date of issue), interest rates, manner of determining interest rates, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of purchase or tender, terms of redemption, provisions governing transfer and other terms

of the Bonds, including provisions for credit and/or liquidity facilities, if any, from time to time, shall be as provided in the Indenture, as finally executed.

Section 5. The Underwriter is hereby authorized to distribute the Preliminary Official Statement for each issue of the Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriter (in consultation with the Borrower), a preliminary official statement may not be used with respect to any series of Bonds. The Underwriter is hereby directed to deliver a final official statement for each issue of the Bonds (the “Official Statement”) to all actual purchasers of such Bonds.

Section 6. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Underwriter 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 and otherwise to effectuate the purposes of this Resolution and the Indenture, Loan Agreement, Bond Purchase Agreement and Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) a tax certificate and agreement and other certifications; (b) an escrow agreement relating to the refinancing of the Prior Project together with notices and directions delivered in connection therewith; and (c) any agreement or commitment letter with respect to the provision of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for the Bonds.

Section 8. The provisions of the Authority’s Resolution No. 2014-03 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

New Project

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

Prior Project

The Prior Project means the following refinanced projects:

(1) acquisition, construction, furnishing and equipping of a new library, business school and enrollment management buildings and the remodeling of certain residence halls and academic and administrative buildings and the infrastructure improvements relating thereto,

(2) the construction of a Center for Performing Arts building, the Arts and Sciences building, an addition to the Alumni Science building, new fitness and recreation sports center, new residence complex, a support services building, renovation of St. Joseph's and O'Connor halls, certain improvements as required by the Americans with Disabilities Act, and upgrades of infrastructure across the Main Campus, and

(3) the construction, renovation, remodeling, furnishing and equipping of residence halls, academic buildings, administrative buildings, athletic facilities, telecommunications equipment and the infrastructure improvements relating thereto.