

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY

| <p>Applicant: Occidental College ("Occidental") 1600 Campus Road Los Angeles, CA 90041 Los Angeles County</p> <p>Facility Type: Private College</p> <p>Project Location: Los Angeles, California</p> <p>Accreditation: Western Association of Schools and Colleges</p> | <p>Amount Requested: \$40,000,000</p> <p>Date Requested: October 29, 2015</p> <p>Resolution Number: 307</p> | | | | | | | | | | | | | | | | | | | | |
|--|--|--------------------------|-------------------|-----------------------|--|--------------------|--------------|-----------|---------------|---------|-----------|--------------|-----------|-------------------------|---------|----------------|---------|-------------------|------------------|----------------|-------------------|
| <p>Use of Proceeds: Bond proceeds will be used to refund all the CEFA Series 2005A and 2005B bonds and advance refund all or a portion of the CEFA Series 2008 bonds. The refunding of these bonds is expected to provide Occidental with a net present value savings of approximately \$3.04 million or 9.60% savings of the refunded bonds, under current market conditions. In addition, bond proceeds will be used to fund capital improvements and pay the cost of issuance for the 2015 bonds.</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: The planned renovations included in the project likely will result in utility savings and increased energy efficiency from modernizing HVAC and other systems. Renovation to existing facilities will result in less waste than would a teardown-and-rebuild approach.</p> | | | | | | | | | | | | | | | | | | | | | |
| <p>Financial Overview: Occidental has exhibited consistent operating results over the review period, supported by steady growth in tuition revenue. Occidental continues to maintain solid asset growth while reducing their liabilities and the Statement of Financial Position appears strong with a solid debt service coverage ratio of 2.89x.</p> | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;"><u>Sources of Funds:</u></th> <th colspan="2" style="text-align: left;"><u>Uses of Funds:</u></th> </tr> </thead> <tbody> <tr> <td style="width: 30%;">Par Amount of Bond</td> <td style="width: 20%; text-align: right;">\$40,000,000</td> <td style="width: 30%;">Refunding</td> <td style="width: 20%; text-align: right;">\$ 34,222,107</td> </tr> <tr> <td>Premium</td> <td style="text-align: right;">4,279,424</td> <td>Project Fund</td> <td style="text-align: right;">9,962,989</td> </tr> <tr> <td>Prior Debt Service Fund</td> <td style="text-align: right; border-bottom: 1px solid black;">405,672</td> <td>Financing Cost</td> <td style="text-align: right; border-bottom: 1px solid black;">500,000</td> </tr> <tr> <td> Total Sources</td> <td style="text-align: right; border-bottom: 3px double black;"> \$44,685,096</td> <td> Total Uses</td> <td style="text-align: right; border-bottom: 3px double black;"> \$ 44,685,096</td> </tr> </tbody> </table> | | <u>Sources of Funds:</u> | | <u>Uses of Funds:</u> | | Par Amount of Bond | \$40,000,000 | Refunding | \$ 34,222,107 | Premium | 4,279,424 | Project Fund | 9,962,989 | Prior Debt Service Fund | 405,672 | Financing Cost | 500,000 | Total Sources | \$44,685,096 | Total Uses | \$ 44,685,096 |
| <u>Sources of Funds:</u> | | <u>Uses of Funds:</u> | | | | | | | | | | | | | | | | | | | |
| Par Amount of Bond | \$40,000,000 | Refunding | \$ 34,222,107 | | | | | | | | | | | | | | | | | | |
| Premium | 4,279,424 | Project Fund | 9,962,989 | | | | | | | | | | | | | | | | | | |
| Prior Debt Service Fund | 405,672 | Financing Cost | 500,000 | | | | | | | | | | | | | | | | | | |
| Total Sources | \$44,685,096 | Total Uses | \$ 44,685,096 | | | | | | | | | | | | | | | | | | |
| <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. 307 in an amount not to exceed \$40,000,000 for Occidental College 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, Inc., the Authority's financial advisor, concur with the Authority's staff recommendations.</p> | | | | | | | | | | | | | | | | | | | | | |

STAFF SUMMARY AND RECOMMENDATION

Occidental College (“Occidental”)

October 29, 2015
Resolution No. 307

I. PURPOSE OF FINANCING: Occidental intends to refund all the CEFA Series 2005A and 2005B bonds, as well as advance refund all or a portion of the outstanding CEFA Series 2008 bonds, which is expected to provide Occidental with a net present value savings of approximately \$3.04 million or 9.60% savings of the refunded bonds, under current market conditions. In addition, bond proceeds will be used to fund campus renovation and construction as well as pay the cost of issuance for the 2015 bonds.

Refunding \$34,222,107

Occidental intends to refund the remaining balance of its CEFA Series 2005A and 2005B bonds. As of October 1, 2015 \$3,090,000 and \$10,765,000 is currently outstanding, respectively. The CEFA Series 2005A and 2005B bonds were originally issued in the amount of \$54,320,000 and \$16,015,000. Bond proceeds were used to advance refund the CEFA Series 1997 bonds, as well as to finance the acquisition, construction, installation, expansion, renovation, rehabilitation of a residence hall, athletic facility, administrative office buildings and related infrastructure improvements, and pay costs of issuance.

Occidental anticipates advance refunding of all or a portion of the CEFA Series 2008 bonds, of which \$17,770,000 is currently outstanding as of October 1, 2015. The CEFA 2008 Series bonds were originally issued in the amount of \$20,000,000. Bond proceeds were applied to the upgrade and renovation of three dormitories on campus as well as related parking and infrastructure improvements and cost of issuance.

Project Fund 9,962,989

Occidental plans to finance the cost of capital improvements, including renovations of the Bio Science Building and Moore Laboratory of Zoology; the Weingart Hall for the Arts; Thorne Hall; the Arthur G. Coons Administrative Center and other facilities. In addition, bond proceeds will be used to fund upgrades to HVAC systems; the installation of a new lighting system and repair of the Remsen Bird Hillside Theater; an outdoor amphitheater; a parking structure and other related infrastructure improvements.

Environmental Benefits:

The planned renovations included in the project will likely result in utility savings and increased energy efficiency from modernizing HVAC and other systems. Renovation to existing facilities will result in less waste than would a teardown-and-rebuild approach.

Financing Costs 500,000

Underwriter’s Discount \$215,000
Costs of Issuance 285,000

TOTAL USES OF FUNDS..... \$44,685,096

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 Occidental’s credit profile, including its current financial profile, prior bond transactions and considering what the market will support, Occidental, the Authority’s financial advisor (Public Financial Management, Inc. (“PFM”)), and the underwriter of the proposed bonds have concluded that the covenants listed below should be applicable to this transaction. Occidental, the underwriter, and PFM note that the current financial situation of Occidental 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.*

- ✓ **Limited Permitted Encumbrances.** *Borrower is subject to a restrictive set of allowable encumbrances on its Facilities it may incur pursuant to the Loan Agreement.*

Staff and PFM have reviewed the entirety of this financing package and find it to be acceptable.

¹ Capitalized terms defined in the Indenture.

III. FINANCIAL ANALYSIS:

Occidental College
Statement of Activities
Unrestricted

| | Fiscal Year Ended June 30, | | |
|---|--------------------------------------|-----------------------|-----------------------|
| | 2015 (DRAFT)^(a) | 2014 | 2013 |
| Operating Revenues: | | | |
| Net tuition and fees | \$ 80,785,136 | \$ 76,948,520 | \$ 75,246,516 |
| Private gifts, grants and contracts | 8,223,554 | 11,268,427 | 6,831,162 |
| Federal and state grants and contracts | 3,699,825 | 3,720,980 | 3,451,929 |
| Auxiliary services, other | 3,030,120 | 2,978,935 | 3,066,082 |
| Investment income designated for operations | 3,318,172 | 3,247,741 | 3,231,422 |
| Other | 2,711,040 | 2,730,613 | 2,643,038 |
| Net assets released from restrictions | 14,717,760 | 14,944,494 | 15,053,098 |
| Total operating revenues | <u>116,485,607</u> | <u>115,839,710</u> | <u>109,523,247</u> |
| Operating Expenditures: | | | |
| Instruction | 40,332,322 | 38,882,874 | 37,045,051 |
| Research | 2,673,337 | 3,142,424 | 2,719,528 |
| Public service | 4,498,257 | 3,994,251 | 4,046,869 |
| Academic support | 9,726,253 | 10,108,221 | 9,572,838 |
| Student services | 14,106,221 | 13,327,041 | 12,797,837 |
| Institutional support: | | | |
| General | 11,094,929 | 10,533,984 | 9,103,394 |
| Advancement | 6,914,686 | 6,532,688 | 6,507,501 |
| Auxiliary services, student and other | 21,655,316 | 20,853,250 | 20,360,860 |
| Total operating expenditures | <u>111,001,321</u> | <u>107,374,733</u> | <u>102,153,878</u> |
| Change in net assets from operating activities | 5,484,286 | 8,464,977 | 7,369,369 |
| Other changes in net assets: | | | |
| Net assets released for capital expenditures | 2,096,379 | 2,445,572 | 4,501,761 |
| Loss on bond defeasance | - | - | (4,757,280) |
| Private gifts, grants and contracts non-operating | 2,029,559 | 1,227,682 | 5,804,629 |
| Annuity funds released | 107,504 | - | 2,949,279 |
| Investment (loss) income, net | (3,975,662) | 8,254,610 | 4,263,188 |
| Change in underwater funds | (80,048) | 469,332 | 1,049,159 |
| Redesignation of net assets | (19,533) | (174,474) | (356,444) |
| Total other changes in net assets | <u>158,199</u> | <u>12,222,722</u> | <u>13,454,292</u> |
| Changes in net assets | 5,642,485 | 20,687,699 | 20,823,661 |
| Unrestricted net assets, beginning of year | <u>174,477,255</u> | <u>153,789,556</u> | <u>132,965,895</u> |
| Unrestricted net assets, end of year | <u>\$ 180,119,740</u> | <u>\$ 174,477,255</u> | <u>\$ 153,789,556</u> |

(a) Occidental's draft financial statements will be presented to their Audit Committee on Tuesday, October 27th for approval.

Occidental College
Statement of Financial Position

| | As of June 30, | | |
|--|--------------------------------------|-----------------------|-----------------------|
| | 2015 (DRAFT)^(a) | 2014 | 2013 |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 9,854,024 | \$ 5,457,295 | \$ 8,036,573 |
| Assets whose use is limited | 8,427,257 | 11,488,770 | 12,063,991 |
| Student accounts receivable, less allowance for doubtful accounts | 289,215 | 320,508 | 339,051 |
| Contracts and grants receivable | 1,485,127 | 1,492,856 | 1,230,463 |
| Contributions receivable, net | 12,947,873 | 10,342,588 | 8,502,028 |
| Inventories | 678,236 | 599,899 | 592,967 |
| Other assets | 1,419,884 | 1,861,857 | 2,066,839 |
| Trust deeds receivable | 364,169 | 473,713 | 540,524 |
| Investments | 461,920,963 | 467,400,303 | 408,318,102 |
| Student notes receivable, net | 22,326,583 | 22,814,508 | 22,696,985 |
| Bond issuance costs | 1,305,097 | 1,370,046 | 1,435,458 |
| Assets held in trust by others | 11,757,065 | 11,420,924 | 10,557,808 |
| Property and equipment, net | 166,783,230 | 162,192,938 | 162,757,298 |
| Total assets | \$ 699,558,723 | \$ 697,236,205 | \$ 639,138,087 |
| LIABILITIES AND NET ASSETS: | | | |
| Accounts payable and accrued expenses | \$ 14,448,915 | \$ 12,972,973 | \$ 15,511,432 |
| Student deposits and deferred revenue | 5,074,490 | 4,401,049 | 5,185,425 |
| Notes payable | 577,762 | - | - |
| Bonds payable | 88,005,000 | 90,010,000 | 92,270,000 |
| Bonds premium, net | 7,128,094 | 7,395,881 | 7,663,669 |
| Government loans payable | 4,167,567 | 4,167,567 | 4,167,567 |
| Annuities payable | 16,187,067 | 14,053,961 | 13,121,755 |
| Asset retirement obligations | 2,536,963 | 2,463,345 | 2,629,349 |
| Total liabilities | 138,125,858 | 135,464,776 | 140,549,197 |
| NET ASSETS: | | | |
| Unrestricted | 180,119,740 | 174,477,255 | 153,789,556 |
| Temporarily restricted | 217,434,830 | 227,338,334 | 192,271,241 |
| Permanently restricted | 163,878,295 | 159,955,840 | 152,528,093 |
| TOTAL NET ASSETS | 561,432,865 | 561,771,429 | 498,588,890 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 699,558,723 | \$ 697,236,205 | \$ 639,138,087 |

Financial Ratios

| | Proforma (b) | | | |
|---|---------------------------|--------------------|--------------------|--------------------|
| | <u>FYE 6/30/15</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Debt service coverage (x) | 3.07 | 2.89 | 3.32 | 3.22 |
| Debt to expendable net assets (x) | 0.24 | 0.22 | 0.22 | 0.27 |
| Expendable net assets to operations (x) | | 3.58 | 3.74 | 3.39 |
| Margin | | 4.7% | 7.3% | 6.7% |

(a) Occidental's draft financial statements will be presented to their Audit Committee on Tuesday, October 27th for approval.

(b) Recalculates FY 2015 results to include the impact of this proposed financing.

Financial Discussion:

Occidental has exhibited positive operating results over the review period, supported by steady growth in tuition and fee revenue.

Occidental has posted positive operating results over the three-year review period. Unrestricted revenues have shown approximately a 6.3% increase from \$109.5 million in FY 2013 to \$116.5 million in FY 2015. This revenue growth is primarily supported by consistent net tuition and fee revenue and private gifts, grants and contracts. Net tuition revenue increased from \$75.2 million in FY 2013 to \$80.8 million in FY 2015, accounting for approximately 69% of Occidental's total revenues in FY 2015. Private gifts, grants and contracts have fluctuated from \$6.8 million in FY 2013, increasing to \$11.2 million in FY 2014, decreasing to \$8.2 million in FY 2015. Occidental attributes this fluctuation primarily to receiving higher than expected bequests in FY 2014.

Expenditures for Occidental have increased approximately 8.5% over the same time frame, from \$102.1 million in FY 2013 to \$111.0 million in FY 2015. Instruction, student services, and auxiliary services represent roughly 72% of Occidental's total expenses. Occidental attributes the increase primarily to investment in Occidental's strategic plan and some newer areas of compliance that required resources.

Occidental continues to maintain solid net asset growth while reducing liabilities and the Statement of Financial Position appears strong with a solid debt service coverage ratio of 2.89x.

Occidental's total net assets have grown significantly over the three-year review period increasing nearly 12.6%, from \$498.6 million in FY 2013 to \$561.4 million in FY 2015. Occidental attributes this growth mainly to strong investment returns and moderate net student revenue growth and increasing gift revenues. Investment revenues represent approximately 66% of Occidental's assets, posting remarkable gains of approximately 13.3% from \$408.3 million in FY 2013 to \$461.9 million in FY 2015. Cash and cash equivalents fluctuated dipping in FY 2014 to \$5.4 million from the \$8 million posted in FY 2013, increasing to \$9.8 million in FY 2015. Occidental reports that the change is attributed to the timing of when cash is transferred from Occidental's operating cash reserves classified in investments on the Statement of Financial Position.

Overall, total liabilities decreased by approximately 2%, from \$140.5 million in FY 2013, to \$135.4 million FY 2014, and increased slightly in FY 2015 to \$138.1 million. Bonds payable accounts for nearly 64% of Occidental's total liabilities and net assets in FY 2015. With the addition of the proposed 2015 bonds, proforma debt service coverage remains solid at 3.07x, indicating Occidental's capability to support additional debt.

IV. BACKGROUND:

General:

Occidental College (“Occidental”) is an independent, coeducational college of liberal arts and sciences. Founded in 1887, Occidental was one of the first liberal arts colleges in California and remains one of a small number of colleges nationwide focused strictly on undergraduate education. Although established by a group of Presbyterian ministers and laymen, Occidental has been non-sectarian since 1910. The campus in the Eagle Rock section of Los Angeles opened in 1914. It is one of the few liberal arts colleges in an urban setting. Designed by noted architect Myron Hunt and landscaped by Beatrix Farrand, the heart of the 120-acre campus is the oak-studded Quadrangle and Occidental’s original Beaux Arts academic buildings. Some 13 student-governed residence halls house 78 percent of the student body. Occidental enrolled a total of 2,098 full time equivalent students in Fall 2015, which included 554 freshmen and transfers.

One of the founders of intercollegiate sports in Southern California, Occidental is part of the Southern California Intercollegiate Athletic Conference (SCIAC) at the NCAA Division III level. Students participate in 21 intercollegiate sports (10 for men, 11 for women) and numerous club and intramural sports. Arts programs include glee club, orchestra, jazz ensemble, theater, dance, film, painting, drawing, printmaking, graphics, and sculpture. Students belong to more than 100 clubs and organizations.

Administration:

Occidental is governed by a self-perpetuating Board of Trustees composed of up to 45 members. The Bylaws require that the Board of Trustees include as members the President of the College, the President of the Alumni Association Board of Governors, and four alumni-elected trustees. With the exception of the President of the College and the President of the Alumni Association Board of Governors, who serve by virtue of their offices, all members of the Board of Trustees are elected for staggered four-year terms. Approximately one-fourth of the members are elected annually.

Accreditations and Affiliations:

Occidental 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 most recent WASC full accreditation process was completed in June of 2012. In addition, Occidental holds membership in a number of regional and national organizations related to higher education.

Academic Programs:

Occidental offers undergraduate degrees in a wide range of disciplines and a master’s degree in marine biology. Students choose from 40 majors and minors. Each major culminates in a comprehensive examination or project. Course work is integrated with opportunities for independent study, original research, study in dozens of foreign countries, and participation in one of the country’s few United Nations programs for undergraduates. Occidental has exchange, joint degree, or cross-registration programs with Caltech, Art Center College of Design, Columbia University, and Keck Graduate Institute. Occidental graduates are admitted to top graduate programs, and it ranks among the top 10 percent of liberal arts colleges whose graduates have earned Ph.D.’s. Since winning its first Rhodes Scholarship in

1907, Occidental has consistently won national and international recognition for academic achievement, *U.S. News and World Report* has ranked Occidental in the top tier of liberal arts colleges since 1991.

V. OUTSTANDING DEBT:

| Issue: | Original Issue Amount | Amount Outstanding As of 06/30/15 | Estimated Amount Outstanding After Proposed Financing* |
|-----------------------------|----------------------------------|--|---|
| Existing Debt: | | | |
| CEFA, Series 2005A | \$ 54,320,000 | \$ 3,970,000 | \$ - |
| CEFA, Series 2005B | 16,015,000 | 11,440,000 | - |
| CEFA, Series 2008 | 20,000,000 | 18,180,000 | - |
| CEFA, Series 2013 A | 48,625,000 | 48,185,000 | 47,875,000 |
| CEFA, Series 2013 B Taxable | 6,370,000 | 6,230,000 | 6,230,000 |
| Proposed: | | | |
| CEFA, Series 2015 | | | 40,000,000 |
| Total | | <u>\$ 88,005,000</u> | <u>\$ 94,105,000</u> |

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

VI. DUE DILIGENCE:

Due diligence has been completed with regard to the following items:

- Religious Due Diligence
- Legal Review
- Compliance with Section 94212(b) of the Education Code – California Environmental Quality Act
- Iran Contracting Act Certificate

VII. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution No. 307 in an amount not to exceed \$40,000,000 for Occidental College 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, Inc., the Authority’s financial advisor, concur with the Authority’s staff recommendations.

EXHIBIT 1

Financing Team Occidental College

Borrower: Occidental College

Agent for Sale: California State Treasurer

Issuer's Counsel: Attorney General's Office

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

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

Bond Counsel: Orrick Herrington & Sutcliffe LLP

Underwriter: Wells Fargo Securities

Underwriter's Counsel: Hawkins Delafield & Wood LLP

Borrower's Counsel: Allen Matkins Leck Gamble Mallory & Natsis LLP

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

Trustee Counsel: Dorsey & Whitney LLP

Verification Agent: Causey Demgen & Moore P.C

RESOLUTION NO. 307

RESOLUTION OF THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY AUTHORIZING THE ISSUANCE OF BONDS TO FINANCE AND REFINANCE EDUCATIONAL FACILITIES FOR OCCIDENTAL COLLEGE

October 29, 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, Occidental College (the “Borrower”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California;

WHEREAS, the Authority has previously issued its Revenue Bonds (Occidental College), Series 2005A (the “2005A Bonds”), in the aggregate principal amount of \$54,320,000, of which \$3,090,000 currently is outstanding and its Revenue Bonds (Occidental College), Series 2005B (the “2005B Bonds” and together with the 2005A Bonds, the “2005 Bonds”), in the aggregate principal amount of \$16,015,000, of which \$10,765,000 currently is outstanding, and made a loan of the proceeds thereof to the Borrower to finance or refinance certain projects, as more particularly described under the caption “Prior Project” in Exhibit A hereto (the “2005 Project”);

WHEREAS, the Authority has previously issued its Revenue Bonds (Occidental College), Series 2008 (the “2008 Bonds” and together with the 2005 Bonds, the “Prior Bonds”), in the aggregate principal amount of \$20,000,000, of which \$17,770,000 currently is outstanding, and made a loan of the proceeds thereof to the Borrower to finance or refinance certain projects, as more particularly described under the caption “Prior Project” in Exhibit A hereto (the “2008 Project” and together with the 2005 Project, the “Prior Project”);

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 \$40,000,000 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 Money Project, as more particularly described under the caption “New Money Project” in Exhibit A hereto (the “New Money Project” and together with the Prior Project, the “Project”) and (b) to refund all or a portion of the Prior Bonds and refinance the costs of the Prior 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 Money 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 (Occidental College), Series 2015” (the “Bonds”), in a total aggregate principal amount not to exceed \$40,000,000, 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 fifth 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 or escrow agreements 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

The facilities comprising the New Money Project and the Prior Project (both as fully described below), except as otherwise indicated, are located or are to be located on the main campus of the Borrower, the address of which is 1600 Campus Road, Los Angeles, California, bounded by Campus Road on the south, north and west and by Avenue 51 on the east (the “Main Campus”).

New Money Project

The New Money Project is comprised of the following elements.

- (a) renovation of the BioScience Building, including the Moore Laboratory of Zoology;
- (b) renovation of the Weingart Hall for the Arts;
- (c) installation of a new lighting system and repair of the Remsen Bird Hillside Theater, an outdoor amphitheater;
- (d) renovation of the parking structure;
- (e) replacement of the HVAC system in the Library;
- (f) adding air conditioning to residence halls;
- (g) renovation of Thorne Hall;
- (h) renovation of Booth Music Building;
- (i) renovation and conversion of the facilities at 4751 - 4763 York Boulevard, Los Angeles, CA 90042 to establish an art gallery, studios, offices and related facilities;
- (j) renovation of the Arthur G. Coons Administrative Center;
- (k) conversion of existing end-of-life steam HVAC system to hot water HVAC system; and
- (l) related infrastructure improvements.

Prior Project

The Prior Project means the following refinanced projects:

2005 Project:

The portion of the Prior Project that was originally financed in 2005 was comprised of the acquisition, construction, installation, expansion, renovation, rehabilitation, furnishing and equipping of a residence hall, athletic facilities, parking facilities, academic buildings, administrative office buildings and related infrastructure improvements.

The portion of the Prior Project that was originally financed in 1997 was comprised of the following elements:

(a) construction and equipping of a split location chiller plant at the intersection of Campus Road and Baer Road and a second chiller plant located at the intersection of Armadale Road and Campus Road;

(b) construction and equipping of a new parking structure bounded by Campus Road and Armadale Drive;

(c) construction, expansion, rehabilitation, renovation, remodeling and equipping of Freeman Student Union, known as Johnson Student Center, located on Baer Road;

(d) expansion, rehabilitation, renovation, remodeling and equipping of Samuelson Pavilion located on Bird Road;

(e) expansion, rehabilitation, renovation, remodeling, equipping and infrastructure improvements of the Faculty Club located on Campus Road, the Coons Administration Building located on Bird Road, the central quad area on the Main Campus and property and structures located at 1480 Campus Road, adjacent to the Main Campus; and

(f) acquisition, construction, renovation, rehabilitation, equipping and infrastructure improvements of other educational facilities located on the Main Campus, including darkrooms, the Norris Chemistry Building, the Mosher building, Thorne Hall, Johnson Hall, the admissions building, Bell Young Hall, Fowler Hall, sidewalks and athletic facilities.

2008 Project:

The 2008 Project means the financing of the construction, installation, expansion, renovation, rehabilitation, furnishing and equipping of residence halls, parking facilities and related infrastructure improvements located or to be located on the main campus of Occidental College located at 1600 Campus Road, Los Angeles, California and/or, such alternative or additional educational facilities (i) the construction, installation, expansion, renovation, rehabilitation, furnishing and equipping of which do not constitute a “project” as defined by the California Environmental Quality Act; and (ii) are accompanied by an Opinion of Bond Counsel

to the effect that inclusion of such alternative or additional facilities will not cause the interest on the Bonds to be included in gross income of the Bondholders for federal income tax purposes.