

**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: \$135,000,000</p> <p>Date Requested: June 29, 2017</p> <p>Resolution Number: 313</p>																				
<p>Use of Proceeds: Bond proceeds will be used to provide financing for the acquisition, construction, equipping and infrastructure improvements of educational facilities located at the SCU campus. Additionally, proceeds will be used advance refund all or a portion of the outstanding CEFA Series 2008 bonds, CEFA Series 2010 bonds, and/or refinance a note with Wells Fargo. The refunding of these bonds is expected to provide SCU with a net present value savings of approximately \$2.2 million or 4.46%, under current market conditions.</p>																					
<p>Type of Issue: Negotiated public offering, tax-exempt and/or taxable 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: All SCU projects have been designed to meet or exceed the requirements of the California Green Building Standards Codes however, it will not be LEED certified. 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’s robust growth in its revenue is supported by a growing revenue base from net tuition and fees. SCU’s balance sheet continues to grow and exhibit a solid debt service coverage ratio of 2.74x.</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 Bonds</td> <td style="width: 20%; text-align: right;">\$135,000,000</td> <td style="width: 30%;">Project Fund</td> <td style="width: 20%; text-align: right;">\$ 98,222,276</td> </tr> <tr> <td>Premium</td> <td style="text-align: right;">20,099,776</td> <td>Refunding</td> <td style="text-align: right;">56,000,000</td> </tr> <tr> <td></td> <td></td> <td>Financing Costs</td> <td style="text-align: right;">877,500</td> </tr> <tr> <td style="text-align: right;">Total Sources</td> <td style="text-align: right; border-top: 1px solid black;"><u>\$155,099,776</u></td> <td style="text-align: right;">Total Uses</td> <td style="text-align: right; border-top: 1px solid black;"><u>\$155,099,776</u></td> </tr> </tbody> </table>		<u>Sources of Funds:</u>		<u>Uses of Funds:</u>		Par Amount of Bonds	\$135,000,000	Project Fund	\$ 98,222,276	Premium	20,099,776	Refunding	56,000,000			Financing Costs	877,500	Total Sources	<u>\$155,099,776</u>	Total Uses	<u>\$155,099,776</u>
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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. 313 in an amount not to exceed \$135,000,000 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”)

June 29, 2017

Resolution No. 313

I. PURPOSE OF FINANCING: SCU anticipates issuing tax-exempt and/or taxable bonds to provide financing for the acquisition, construction, equipping and infrastructure improvements of educational facilities located at the SCU campus. The proposed capital project list is a part of SCU’s strategic plan known as “Santa Clara 2020”. The strategic plan projects overall growth of the undergraduate and graduate student body enrollment, especially in the technology fields. In addition, SCU intends to take advantage of the current interest rate environment to refund all or a portion of the CEFA Series 2008, CEFA Series 2010 bonds, and/or a note with Wells Fargo. The refundings are expected to provide SCU with a net present value savings of approximately \$2.2 million or 4.46%, under current market conditions.

Project Fund \$ 98,222,276

Howard S. and Alida S. Charney Hall of Law

The facility is currently under construction and expected to be completed in the spring of 2018. The 96,000 square foot building will house the entire School of Law expecting to serve 650 Juris Doctors and 100 non- Juris Doctors students.

The Sobrato Campus for Discovery and Innovation

The building will be a 250,000 to 275,000 square foot facility, and will promote cross-disciplinary undergraduate teaching, research, and initiatives in areas such as neuroscience, bioengineering, sustainability, and environmental science. Construction of the building is scheduled to commence in the latter half of 2018 for completion in 2021.

Renovation of Academic Buildings

Part of the overall Science, Technology, Engineering, and Math (STEM) project will be to refurbish existing buildings to accommodate the various STEM disciplines together. Buildings currently occupied by the School of Law will be extensively remodeled and repurposed for new academic uses. The renovation of the academic buildings is expected to be completed in 2018.

Student Residence Hall

A new undergraduate residence hall is scheduled to begin construction in early 2018 and be ready for occupancy in the fall of 2019. The 360-bed residence hall is expected to be financially self-supporting.

Benson Memorial Center

Renovation of the Benson Memorial Center for student activities and dining will accommodate future expansion of the student population. The renovation of the Benson Memorial Center is expected to be completed in 2019.

Other Infrastructure Improvements

The facilities mentioned above will also require improvements to their infrastructure for utilities and networking capabilities.

Refunding **56,000,000**

SCU plans to refund all or a portion of the CEFA Series 2008 bonds, of which approximately \$5,685,000 currently remains outstanding. The CEFA Series 2008 bonds were originally issued in the amount of approximately \$72,485,000. 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 numerous residence halls.

SCU intends to advance refund all or a portion of the CEFA Series 2010 Bonds, of which approximately \$42,995,000 currently remains outstanding. The CEFA Series 2010 Bonds were issued in the amount of \$50,125,000. Bond proceeds were used to complete major renovations to numerous residence halls. In addition, a portion of the bond proceeds were used to refund the CEFA Series 2002A bonds.

SCU may refinance all or a portion of a term note with Wells Fargo Bank, of which approximately \$6,470,000 currently remains outstanding. The Wells Fargo term note was originally issued in the amount of \$8,715,000. Proceeds from the note were used to refund CEFA Series 2003A bonds.

Environmental Benefits:

All SCU projects have been designed to meet or exceed the requirements of the California Green Building Standards Codes, however, it will not be LEED certified. 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..... **877,500**

Cost of Issuance..... \$ 427,500
Underwriter's Discount 450,000

TOTAL USES OF FUNDS..... **\$ 155,099,776**

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 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.*
- ✓ **Disposition of Cash and Property Limitations.** *Borrower agrees not to sell, lease or dispose of substantially all assets unless authorized by the Loan Agreement.*
- ✓ **Comply with SEC Rule 15c2-12.** *The rule prohibits underwriters from underwriting municipal bond deals unless the issuer or borrower contractually agrees to disclose designated financial and operating information to the marketplace during the life of the bonds and to report designated "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 reviewed the entirety of this financing package and find it to be acceptable.

¹ Capitalized terms defined in the Indenture.

III. FINANCIAL ANALYSIS:

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

	Fiscal Year Ended June 30,		
	2016	2015	2014
Operating activities:			
<i>Revenues:</i>			
Tuition and fees, net	\$ 239,041	\$ 239,322	\$ 229,570
Contributions	3,888	3,669	3,451
Grant revenues	5,163	5,030	4,464
Net return on operating investments	1,898	1,423	3,512
Other revenues	14,329	13,801	16,936
Auxiliary activities	38,956	36,592	35,230
Operating revenues before nonoperating	303,275	299,837	293,163
Nonoperating net assets used in operations;			
Long-term investment income used in operations	32,715	28,986	27,353
Released contributions used in operations	12,881	11,219	10,310
Total revenues	348,871	340,042	330,826
<i>Expenses:</i>			
Educational and general:			
Instruction	136,268	129,214	127,478
Research	5,407	3,756	4,831
Public service	9,378	8,556	7,264
Academic support	48,760	39,664	37,531
Student services	53,067	48,502	46,376
Institutional support	68,712	64,744	59,632
Scholarship and fellowships	1,281	1,223	1,002
Total educational and general	322,873	295,659	284,114
Auxiliary activities	31,853	30,901	32,148
Total expenses	354,726	326,560	316,262
Increase in unrestricted net assets from operations	(5,855)	13,482	14,564
Nonoperating:			
Contributions	7,269	1,069	905
Net return on nonoperating long-term investments	2,446	5,134	19,085
Loss on the disposal of assets	(3,792)	-	-
Loss on defeasance of bonds	(6,688)	-	-
Nonoperating net assets used in operations	(45,596)	(40,205)	(37,663)
Net assets released from restrictions	45,765	42,647	38,761
Other changes	781	(42)	480
Change in net assets	(5,670)	22,085	36,132
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	717,285	695,200	659,068
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 711,615	\$ 717,285	\$ 695,200

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

	As of June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS:			
Cash and cash equivalents	\$ 34,100	\$ 48,152	\$ 48,273
Contributions receivable, net	41,224	40,275	21,476
Student and other receivables	11,930	13,442	12,610
Investments	953,546	1,032,750	1,026,007
Funds held in trust by others	48,200	8,000	-
Other assets	7,251	6,575	5,672
Plant facilities, net	799,968	732,901	685,065
Total assets	\$ 1,896,219	\$ 1,882,095	\$ 1,799,103
LIABILITIES AND NET ASSETS:			
Accounts payable and accrued expenses	\$ 48,576	\$ 48,484	\$ 44,596
Deposits and deferred revenue	17,770	18,878	18,890
Amounts held on behalf of others	47,445	51,813	48,978
Annuity and trust obligations	5,040	3,685	5,480
Asset retirement obligation	3,750	3,219	3,183
Bonds and notes payable	234,293	176,149	183,747
Obligations under capitalized lease	70,316	72,834	41,140
U.S. government loan advances	7,448	7,366	7,316
Total liabilities	434,638	382,428	353,330
Net assets:			
Unrestricted	711,615	717,285	695,200
Temporarily restricted	440,767	486,903	465,902
Permanently restricted	309,199	295,479	284,671
TOTAL NET ASSETS	1,461,581	1,499,667	1,445,773
TOTAL LIABILITIES AND NET ASSETS	\$ 1,896,219	\$ 1,882,095	\$ 1,799,103

Financial Ratios

	Proforma			
	FYE 6/30/16 (a)	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt service coverage (x)	2.29	2.74	3.53	3.48
Debt to expendable net assets (x)	0.27	0.20	0.15	0.16
Expendable net assets to operations (x)		3.25	3.69	3.67
Margin		-2%	4%	4%

(a) Recalculates FY 2016 results to include the impact of this proposed financing.

Financial Discussion:

SCU's robust growth in its revenue is supported by a growing revenue base from net tuition and fees.

According to SCU, its long range strategic plan is to enroll an additional 600 undergraduate students and increase academic capacity after new facilities are complete. Total unrestricted revenues have grown from nearly \$330.8 million in FY 2014 to approximately \$348.9 million in FY 2016, a 5% increase. This revenue growth is the result of increased net tuition and fees, along with income derived from non-operating net assets used in operations, such as long-term investment income. Together these sources represent just about 82% of SCU's total unrestricted revenues and continue to provide SCU with a sound revenue base.

SCU experienced positive returns in total non-operating revenues. Long-term investment income in operations were approximately \$27.4 million in FY 2014 and increased to nearly \$32.7 million in FY 2016. According to SCU, these increases were attributed to the growth of endowment income and increasing reserves for the expansion of campus facilities.

Operating expenses for SCU increased from approximately \$316.3 million in FY 2014 to nearly \$354.7 million in FY 2016, an increase of 12%. SCU attributes the increases due to instruction, academic support, student services, and institutional support. SCU actively monitors and manages operating expenses both in the near-term as well as long term. According to SCU, expense increases are aligned with its strategic plan expansion. SCU also anticipates an improved financial performance in connection with its strategic plan expansion, which should generate an operating surplus for FY 2017.

SCU's balance sheet continues to grow and exhibits a solid debt service coverage ratio of 2.74x.

SCU's balance sheet shows an increase of 5.4% in total assets, from approximately \$1.8 billion in FY 2014 to nearly \$1.9 billion in FY 2016. The improvement is reflected by consistent growth in net plant facilities, which increased from approximately \$685.1 million in FY 2014 to nearly \$800 million in FY 2016. The growth in facilities is in line with SCU's strategic plan and objectives to accommodate increased enrollments in their student body.

Cash and cash equivalents experienced a decline, from nearly \$48.3 million in FY 2014 to about \$34.1 million in FY 2016. Cash and cash equivalents were used in a rare opportunity to invest in a sizable property off-campus that should support long range plans to build affordable student and/or faculty residential units.

Investments were nearly \$1 billion in FY 2014 and declined to \$953.4 million in FY 2016. According to SCU, this decline in investments was attributed to volatile global markets. FY 2016 was difficult for large institutional investors, particularly universities and SCU's loss in investments followed national trends. In addition, the strategic off-campus property acquisitions were partially funded with investments. Although investments dipped slightly, SCU's total assets were approximately \$1.8 billion in FY 2014, increasing to nearly \$1.9 billion in FY 2016 due to land acquisition and buildings adjacent to the campus.

SCU's debt service coverage appears strong with a solid debt service coverage ratio of 2.74x for FY 2016. SCU's proforma debt service coverage remains strong at 2.29x with the new debt. SCU's balance sheet and income statement indicate SCU is capable of carrying the additional debt.

IV. BACKGROUND:

General:

Santa Clara University (“SCU”) is a non-profit, privately endowed, co-educational university offering 54 undergraduate, 33 graduate, and 2 professional degree programs. Enrollment for the fall term of the 2016-2017 academic year was 8,422 (8,125 Full-Time Equivalency) 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, the School of Education and Counseling Psychology, and the Graduate Program in 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, the Harrington Learning Commons, Sobrato Technology Center and Orradre Library, Lucas Hall housing the School of Business, the Edwin A. Heafey Law Library, the Edward M. Dowd Art and Art History Building, 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, the Patricia A. and Stephen C. Schott Admission and Enrollment Services 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 2011, SCU received a 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.

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.

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

<u>Issue:</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding as of 06/30/2016</u>	<u>Estimated Amount Outstanding After Proposed Financing *</u>
Existing Debt:			
CEFA, Series 2015	\$ 102,230	\$ 116,754	\$ 116,754
CEFA, Series 2010	50,125	47,682	-
CEFA, Series 2008	72,485	7,606	-
CEFA, Series 1999	82,181	55,006	55,006
Wells Fargo Term Note	8,715	7,245	-
Proposed:			
CEFA, Series 2017			135,000
 Total		\$ 234,293	\$ 306,760

*As of proposed issuance date of Series 2017 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. 313 in an amount not to exceed \$135,000,000 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 Advisors: Fieldman, Rolapp & Associates, Inc.
KNN Public Finance, LLC

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

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

Bond Counsel: Orrick Herrington & Sutcliffe LLP

Underwriters: Wells Fargo Securities
Morgan Stanley

Underwriters' Counsel: Hawkins Delafield & Wood LLP

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

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

Verification Agent: Robert Thomas CPA, LLC

RESOLUTION NO. 313

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

June 29, 2017

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, (i) the Authority has previously issued its Revenue Bonds (Santa Clara University) Series 2008 (the “2008 Bonds”), in the aggregate principal amount of \$72,485,000, of which \$5,685,000 currently is outstanding and not defeased, and made a loan (the “2008 Loan”) of the proceeds thereof to the Borrower, (ii) the Authority has previously issued its Revenue Bonds (Santa Clara University) Series 2010 (the “2010 Bonds”), in the aggregate principal amount of \$50,125,000, of which \$42,995,000 currently is outstanding, and made a loan (the “2010 Loan”) of the proceeds thereof to the Borrower, and (iii) Wells Fargo Bank, National Association has previously entered into a promissory note with the Borrower as of June 25, 2014 (the “2014 Note” and together with the 2008 Bonds and 2010 Bonds, the “Prior Obligations”), in the aggregate principal amount of \$8,715,000, of which \$8,715,000 currently is outstanding, and made a loan (the “2014 Loan” and together with the 2008 Loan and the 2010 Loan, the “Prior Loans”) of the proceeds thereof to the Borrower, to finance or refinance the acquisition or construction of projects, as more particularly described under the caption “Prior Project” in Exhibit A hereto (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 \$135,000,000, and (i) to refund all or a portion of the outstanding Prior Obligations, (ii) to make one or more loans of the proceeds of the Bonds (as defined below) to the Borrower (a) to refinance the Prior Loans and (b) to acquire and construct projects (as defined in the Act), as more particularly described under the caption “New Project” in Exhibit A hereto (the “New Project” and, together with the Prior Project, the “Project”), (iii) pay costs of issuance of the Bonds, and (iv) at the sole option of the Borrower, provide a bond reserve fund for 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 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 2017” (the “Bonds”), in a total aggregate principal amount not to exceed \$135,000,000, 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, as representative of itself and Morgan Stanley & Co. LLC (the “Underwriters”), 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 Underwriters are 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 Underwriters (in consultation with the Borrower), a preliminary official statement may not be used with respect to any series of Bonds. The Underwriters are 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 Underwriters thereof 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 respective 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. 2017-01 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:

financing 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, 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 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:

(A) refinancing the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2008, the proceeds of which were used to (a) refinance 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, (b) refinance certain bonds issued by the Authority in 1996, the proceeds of which were used to finance 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 (c) finance the construction, renovation, remodeling, furnishing and equipping of residence halls, academic buildings, administrative buildings, athletic facilities, telecommunications equipment and the infrastructure improvements relating thereto; and

(B) refinancing the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2010, the proceeds of which were used to (1) refinance the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2002A, the proceeds of which were used to (a) finance the acquisition, construction, demolition, improvement, installation, renovation, rehabilitation and equipping of educational facilities and related and appurtenant facilities of the Borrower, including the Leavey Activity Center and the Casa Italiana residence hall, which includes academic space, located at the Main Campus, (b) finance the acquisition, construction, improvement, installation, renovation, relocation, equipping and conversion of the Pacific Inn hotel into the Bellermine Hall residence facility, which includes underground and ground level parking, located at 2505 The Alameda, Santa Clara, California 95050, and (c) finance the acquisition, construction, improvement, installation, renovation, relocation, equipping and conversion of the Kids on Campus daycare facility located at 2705 The Alameda, Santa Clara, California 95050 and (2) financing certain educational facilities including 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; and

(C) refinancing the promissory note, dated as of June 25, 2014, between the Borrower and Wells Fargo Bank, National Association, the proceeds of which were used to refinance the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2003A, the proceeds of which were used to (a) finance and/or refinance all or a portion of the following educational facilities and related and appurtenant facilities of the Borrower, owned and operated by the Borrower and, except as otherwise noted, located on the Main Campus, including, but not limited to: installation and upgrading of electrical and communication systems; installation of smart card computer system, landscaping; Campus lighting and emergency call boxes; renovation of chemistry labs; Campus communication backbone and network; removal of physical barriers to the handicapped as required by the Americans with Disabilities Act; equipping of a recreation and fitness center; upgrade of energy management system; demolition of certain buildings in connection with the campus unification project; reconstruction and remodeling of portions of the Benson Student Center; redesign, renovation and modernization of classrooms, laboratories and offices in three buildings included in the Sullivan Engineering Center; the expansion and landscaping of the Bannan Parking Lot; addition to Daly Science Building; the remodeling of the Fine Arts Building; the refinancing of the purchase price of the Lafayette Way Apartments, located at 431 Lafayette Street, Santa Clara, the Villa Apartments, located at 2675 Park Avenue, Santa Clara, and a warehouse acquired for use by the Borrower's Physical Plant Department, located at 455 El Camino Real, Santa Clara; and installation and upgrading of electrical and communication systems at two residence apartment buildings located at 2675 Park Avenue, Santa Clara and 3355 The Alameda, Santa Clara, respectively, and (b) finance a portion of the costs of the acquisition, construction, improvement, installation, renovation, and equipping of a residence hall complex with designated academic space, deSaisset Museum, Varsi Hall and the Kennedy pedestrian mall, and facilities related and appurtenant thereto.