

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY

<p>Applicant: University of San Francisco ("USF") 2130 Fulton St. San Francisco, CA 94117 San Francisco County</p> <p>Facility Type: Private University</p> <p>Project Location: San Francisco County</p> <p>Accreditation: Western Association of Schools and Colleges</p>	<p>Amount Requested: \$178,000,000</p> <p>Date Requested: October 25, 2018</p> <p>Resolution Number: 321</p>																								
<p>Use of Proceeds: Bond proceeds will be used for the construction of student housing, including parking facilities and related improvements to campus infrastructure. Proceeds will also be used to refund all or a portion of the outstanding CEFA Series 2011 bonds. Refunding the outstanding 2011 bonds is expected to provide USF with a net present value savings of approximately \$1.3 million or 3.9%, under current market conditions. Additionally, proceeds will be used to fund two years of capitalized interest on the tax-exempt bonds and the cost of issuance for both taxable and tax-exempt bonds.</p>																									
<table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Type of Issue:</td> <td>Fixed-rate tax-exempt and taxable, negotiated public offering</td> </tr> <tr> <td>Credit Enhancement:</td> <td>None</td> </tr> <tr> <td>Expected Credit Rating:</td> <td>A2 (Moody's)</td> </tr> <tr> <td>Financing Team:</td> <td><i>Please see Exhibit 1 to identify possible conflicts of interest</i></td> </tr> </table>		Type of Issue:	Fixed-rate tax-exempt and taxable, negotiated public offering	Credit Enhancement:	None	Expected Credit Rating:	A2 (Moody's)	Financing Team:	<i>Please see Exhibit 1 to identify possible conflicts of interest</i>																
Type of Issue:	Fixed-rate tax-exempt and taxable, negotiated public offering																								
Credit Enhancement:	None																								
Expected Credit Rating:	A2 (Moody's)																								
Financing Team:	<i>Please see Exhibit 1 to identify possible conflicts of interest</i>																								
<p>Environmental Benefits: Additional on-campus student housing will reduce vehicle traffic in and around the campus neighborhood. The new residence hall will also feature a microturbine co-generator plant that reduces energy costs and has a near-zero emissions profile.</p>																									
<p>Financial Overview: USF's income statement reflects positive operating results for the fiscal years in review. USF's balance sheet appears to display financial soundness with an increase of unrestricted net assets for each fiscal year and a pro forma debt service coverage ratio of 2.44x.</p>																									
<table style="width: 100%; border: none;"> <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%;">Bond Proceeds</td> <td style="width: 20%; text-align: right;">\$178,000,000</td> <td style="width: 30%;">Project Fund</td> <td style="width: 20%; text-align: right;">\$140,000,000</td> </tr> <tr> <td>Premium</td> <td style="text-align: right;">12,350,124</td> <td>Refunding</td> <td style="text-align: right;">35,500,380</td> </tr> <tr> <td></td> <td></td> <td>Capitalized Interest</td> <td style="text-align: right;">13,094,214</td> </tr> <tr> <td></td> <td></td> <td>Financing Costs</td> <td style="text-align: right;"><u>1,755,530</u></td> </tr> <tr> <td>Total Sources</td> <td style="text-align: right;"><u>\$190,350,124</u></td> <td>Total Uses</td> <td style="text-align: right;"><u>\$190,350,124</u></td> </tr> </tbody> </table>		<u>Sources of Funds:</u>		<u>Uses of Funds:</u>		Bond Proceeds	\$178,000,000	Project Fund	\$140,000,000	Premium	12,350,124	Refunding	35,500,380			Capitalized Interest	13,094,214			Financing Costs	<u>1,755,530</u>	Total Sources	<u>\$190,350,124</u>	Total Uses	<u>\$190,350,124</u>
<u>Sources of Funds:</u>		<u>Uses of Funds:</u>																							
Bond Proceeds	\$178,000,000	Project Fund	\$140,000,000																						
Premium	12,350,124	Refunding	35,500,380																						
		Capitalized Interest	13,094,214																						
		Financing Costs	<u>1,755,530</u>																						
Total Sources	<u>\$190,350,124</u>	Total Uses	<u>\$190,350,124</u>																						
<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. 321 in an amount not to exceed \$178,000,000 for the University of San Francisco subject to a bond rating of at least investment grade by a nationally recognized rating agency. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC ("KNN"), the Authority's financial advisor, concur with the Authority's staff recommendations.</p>																									

STAFF SUMMARY AND RECOMMENDATION

University of San Francisco (“USF”)

October 25, 2018

Resolution No. 321

I. PURPOSE OF FINANCING: USF intends to use bond proceeds to replace and construct new student housing and to relocate its recycling and waste facility. Projects will support USF’s master plan, which among other goals, aims to further: (1) sustainability through water conservation, waste reduction, and reduction of carbon emissions; (2) neighborhood relations and community engagement through mitigation of traffic impact; and (3) investment in facilities, as a significant factor in student and faculty recruitment and retention. Additionally, USF will use bond proceeds to refund the CEFA Series 2011 bonds in order to take advantage of attractive market conditions. The refunding will generate an overall net present value savings of approximately \$1.3 million or 3.9% over the life of the bonds.

***Project Fund* \$140,000,000**

USF will construct a new 606-bed student dormitory, which will include parking facilities and related improvements to campus infrastructure. The projects includes two components: a new student residence hall and replacement and relocation of the recycling and waste facility.

USF will demolish its existing Underhill Building, located on campus and will construct a new student housing building that will consist of apartment-style housing and student living and common areas. USF will furnish the housing units as well as the common areas. In order to accommodate more students living on campus, USF will construct an underground parking structure, which will have 185 parking spaces.

USF will relocate its recycling and waste facility to another location on campus to create space for the new student housing. The existing recycling and waste facility is on the site of the new proposed student housing.

***Refunding* 35,500,380**

USF plans to refund all or a portion of its CEFA Series 2011 bonds. The bonds were originally issued in February 2011 in the amount of \$79,770,000 to finance the renovation, remodeling, upgrading, demolition and reconstruction of certain educational facilities and improvements for the University on its Main Campus and its Lone Mountain Campus.

Environmental Benefits:

Increasing on-campus student housing will substantially reduce vehicle traffic around USF’s campus. The new residence hall will also feature a microturbine co-generator plant that reduces energy costs and has a near-zero emissions profile.

Capitalized Interest		13,094,214
Financing Costs		<u>1,755,530</u>
Cost of Issuance	\$1,324,230	
Underwriter's Discount	<u>431,300</u>	
<i>TOTAL ESTIMATED USES OF FUNDS</i>		<u>\$190,350,124</u>

[INTENTIONALLY LEFT BLANK]

II. PROPOSED COVENANTS, SECURITY AND DISCLOSURES:

The Executive Summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff. These covenants cannot be diluted or removed without subsequent review. If there have been modifications to the covenant proposal following the preparation of this Executive Summary, staff will report such changes at the meeting.

After reviewing USF's credit profile, including its current financial profile, prior bond transactions and considering what the market will support, USF, the Authority's financial advisor, KNN, and the underwriter of the proposed bonds have concluded that the covenants listed below should be applicable to this transaction. USF's current financial situation does not suggest that additional covenants should be required by the Authority.

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay Lender all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. All Revenues¹ and any other amounts held in a designated fund or account under the Bond Indenture are pledged to secure the full payment of the bonds.*
- ✓ **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.*
- ✓ **Pledge of Gross Unrestricted Revenues.** *Upon the occurrence of certain events of default with respect to outstanding debt, Borrower pledges to deposit all revenues, income, receipts and money received ("Gross Unrestricted Revenues") with the Trustee, as Collateral Agent, to be applied ratably to the payment of obligations secured under the Security Agreement, which will include such outstanding debt and the 2018 Bonds. BUT ONLY UNTIL the payment, termination or expiration, as applicable, of the Borrower's 2012 term loan agreement with JPMorgan, the CEFA Series 2017 Bonds and the 2017 CEFA tax-exempt obligations under the master loan agreement with First Republic Bank.*
- ✓ **Negative Pledge Against Prior Liens.** *(Applicable if any CEFA, Series 2011 bonds remain outstanding, post-refunding) Borrower agrees not to create or assume any Lien upon Borrower's other than the Permitted Encumbrances, if any CEFA, Series 2011 bonds remain outstanding.*
- ✓ **Limited Permitted Encumbrances.** *(Applicable if any CEFA, Series, 2011 bonds remain outstanding, post-refunding) Borrower is subject to a restrictive set of allowable encumbrances it may incur pursuant to the Loan Agreement.*

¹Capitalized terms are defined in the Indenture.

- ✓ **Debt Service Coverage Requirement.** *(Applicable if any CEFA, Series 2011 bonds remain outstanding, post-refunding) A ratio measuring ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments.*
- ✓ **Additional Debt Limitation.** *(Applicable if any CEFA, Series 2011 bonds remain outstanding, post-refunding) Borrower agrees not to incur additional Indebtedness unless authorized by the Loan Agreement, if any CEFA, Series 2011 bonds remain outstanding.*
- ✓ **Debt to Capitalization Requirement.** *(Applicable if any CEFA, Series 2011 bonds remain outstanding, post-refunding) A ratio limiting how much debt can be incurred based on the liquid assets and debt then in place.*

Staff has completed its due diligence, and KNN has reviewed the Loan Agreement, Bond Indenture, and prior USF offering documents associated with this financing package and found these documents and proposed covenants to be acceptable.

[INTENTIONALLY LEFT BLANK]

III. FINANCIAL ANALYSIS:

University of San Francisco
Statement of Activities
 Unrestricted (\$000s)

	Year Ended May 31		
	2018	2017	2016
Revenues:			
Net student tuition and fees	\$ 335,085	\$ 332,174	\$ 315,698
Grants and contracts	4,831	4,338	4,514
Investment income	2,678	1,706	1,008
Contributions	12,549	7,328	17,362
Net realized and unrealized gains (losses) on investments	15,038	10,453	(2,114)
Change in value of interest-rate swap agreements	4,340	3,742	(1,575)
Auxillary revenue-other	9,534	7,815	7,025
Other	6,116	6,023	5,461
Net assets released from restrictions	16,629	13,475	14,012
Total revenues	406,800	387,054	361,391
Expenses:			
Instruction	184,048	181,518	174,599
Research	2,828	2,708	2,482
Public service	2,724	2,248	2,441
Academic support	36,585	36,527	35,441
Student services	53,342	50,068	50,530
Institutional support	63,893	61,481	58,637
Auxillary enterprises	35,982	32,844	30,906
Total expenses	379,402	367,394	355,036
INCREASE IN NET ASSETS	27,398	19,660	6,355
NET ASSETS , beginning of year	427,041	407,381	401,026
NET ASSETS , end of year	\$ 454,439	\$ 427,041	\$ 407,381

University of San Francisco
Statement of Financial Position (\$000s)

	As of May 31		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
ASSETS:			
Cash and cash equivalents	\$ 64,814	\$ 89,501	\$ 82,577
Receivables			
Student accounts, net	3,005	3,684	2,445
Contributions, net	43,403	30,354	33,735
Student loans, net	9,080	9,589	9,684
Other	17,034	15,565	7,233
Investments	452,406	392,378	366,487
Beneficial interest in trusts	11,317	12,123	10,639
Prepaid expenses and other assets	8,317	6,934	6,696
Property, plant, and equipment	452,313	429,877	425,497
Total assets	\$ 1,061,689	\$ 990,005	\$ 944,993
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 52,539	\$ 49,226	\$ 47,488
Deferred revenue	29,378	30,684	29,085
Liability under split-interest agreements	1,936	1,981	2,148
Liability under interest rate swap agreements	10,156	14,496	18,238
Bonds payable	105,832	137,008	140,596
Notes payable	49,301	19,974	21,474
Federal student loan funds refundable	9,860	10,818	10,533
Total liabilities	259,002	264,187	269,562
NET ASSETS:			
Unrestricted	454,439	427,041	407,381
Temporarily restricted	162,991	129,637	113,437
Permanently restricted	185,257	169,140	154,613
Total net assets	802,687	725,818	675,431
TOTAL LIABILITIES AND NET ASSETS	\$ 1,061,689	\$ 990,005	\$ 944,993

Financial Ratios

	Proforma			
	FYE 5/31/18(a)	2018	2017	2016
Debt service coverage (x)	2.44	4.24	3.55	2.66
Debt to expendable net assets (x)	0.48	0.25	0.28	0.31
Expendable net assets to operations (x)		1.63	1.52	1.47
Margins		7%	5%	2%

(a) Recalculates FY 2018 results to include the impact of the proposed financing.

Financial Discussion:

USF's income statement reflects positive operating results for the fiscal years in review.

USF posted positive operating results during the review period, led by an increase in total revenues for each fiscal year. Total unrestricted revenues rose 7% from approximately \$361.4 million in FY 2016 to \$387.1 million in FY 2017 and 5% to roughly \$406.8 million in FY 2018, representing a total increase of 13% over the review period. Revenues remained solid primarily due to a strong tuition and fee base, which comprised around 82% of total revenues in FY 2018. According to USF, Tuition and fees were bolstered by slight increases in student enrollment as well as tuition and fee increases. USF notes that tuition and fee increases were partially offset by increased financial aid.

Total expenses increased from approximately \$355 million in FY 2016 to roughly \$367 million in FY 2017 and increased again in FY 2018 to \$379.4 million, representing growth of 7%. The cost of instruction, which comprised approximately half of expenses, grew steadily from approximately \$174.5 million in FY 2016 to \$181.5 million in FY 2017 and then to \$184 million in FY 2018, for a total growth of 5%. According to USF, the cost of instruction went up mainly due to increases in faculty salaries. Most of the annual faculty salary increases are governed by collective bargaining agreements. Additionally, Auxiliary enterprises expenses went up from roughly \$30.9 million in FY 2016, to \$32.8 million in FY 2017 and then to \$35.9 million in FY 2018. USF attributes the increase to an increase in student population, causing it to incur additional associated expenses, including increases in room and board rates.

Although revenues increased over the review period, USF's income statement reflects that the increase in revenues outpaced the increase in expenses, as reflected in the significant increase in net assets. USF experienced an increase of net assets from approximately \$6.4 million in FY 2016 to \$27.4 million in FY 2018.

USF's balance sheet appears to display financial soundness with an increase of unrestricted net assets for each fiscal year and a pro forma debt service coverage ratio of 2.44x.

Unrestricted net assets increased from about \$407.4 million in FY 2016 to \$454.4 million in FY 2018, for a total increase of roughly 12%. Supporting USF's unrestricted net assets base, Investments grew from about \$366.5 million in FY 2016 to approximately \$452.4 million in FY 2018. According to USF, most of the growth in Investments is attributable to strong investment returns.

USF's Cash and cash equivalents fluctuated from approximately \$82.5 million in FY 2016 to \$89.5 million in FY 2017, an increase of 8% but then fell to \$64.8 million in FY 2018, or a decrease of 28%. According to USF, Cash and cash equivalents fluctuated due to capital expenditures and the timing of endowment investments. Additionally, numerous campus projects were internally funded during FY 2018, such as IT upgrades, and major campus maintenance projects, such as replacement of windows and the heating system in the Main Lone Mountain building.

USF appears to reflect a solid debt service coverage ratio of 4.24x for FY 2018 and a pro forma ratio of 2.44x. USF's balance sheet indicates that it is capable of carrying the additional debt.

IV. **BACKGROUND:**

General:

The University of San Francisco (“USF”) is a private non-profit educational institution founded in 1855, located on a 55-acre hilltop near Golden Gate Park in San Francisco, California. USF enrolls approximately 11,080 undergraduate and graduate students in its five colleges and professional schools. Of these 11,080 students, 6,847 are enrolled as undergraduates and 4,233 are enrolled as graduate students. Approximately 13% of the graduate students are enrolled in the School of Law. USF’s faculty includes approximately 505 full-time faculty members. USF also operates four regional campuses in Santa Rosa, Cupertino, San Ramon and Sacramento.

Administration:

USF is governed by a self-perpetuating Board of Trustees, which is presently composed of 44 members. Members of the sponsoring religious body, the Society of Jesus, constitute approximately one-third of the membership while the remaining Trustees represent diverse backgrounds: religious, financial, legal, cultural, educational, and mercantile. USF welcomes persons of all religious persuasions as members of its student body, faculty and administration.

Accreditations:

USF is fully accredited by the Western Association of Schools and Colleges. In March 2010, USF received a reaffirmation of accreditation and the next is scheduled for 2018. The School of Law is approved by the American Bar Association and is fully accredited by the Committee of Bar Examiners of the State Bar of California. It also has professional accreditation or approval from the following organizations: American Chemical Society, American Psychological Association, Computing Sciences Accrediting Board, National Collegiate Athletic Association (Division I), United States Department of Justice, American Association of Collegiate Registrars and Admissions Officers, American Association of Colleges of Nursing, American Association of Higher Education, American Council on Education, Association of American Colleges, Association of Catholic Colleges and Universities, Association of Independent California Colleges and Universities, Association of Jesuit Colleges and Universities, California Association of Colleges for Teacher Education, College Entrance Examination Board, Conference of Jesuit Law Schools, Conference of Western Law Schools, Council for the Advancement of Experiential Learning, Council of Graduate Schools in the United States, and the Law School Admissions Council.

Academic Programs:

USF has a wide range of academic majors and special programs, as well as a culturally diverse student body. The University is comprised of five schools: the College of Arts and Sciences, the School of Business and Professional Studies, the School of Education, the School of Law and the School of Nursing. Specific programs offered by USF that are unique include: the dual degree program in Teacher Education, Advance Degree/Bachelor of Science and the Doctor of Nursing Practice program in the school of Nursing, and the Hospitality Management program in the McLaren School of Business.

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

	<u>Original Issue Amount</u>	<u>Amount Outstanding as of 5/31/18</u>	<u>Estimated Amount Outstanding After Proposed Financing</u>
Existing Debt:			
CEFA, Series 2011	\$ 79,770	\$ 35,450	\$ -
CEFA, Series 2017A	75,000	70,990	70,990
CEFA, tax-exempt loan	31,310	31,310	31,310
Bank Note, JP Morgan	27,500	18,500	18,500
<i>Proposed:</i>			
CEFA, Series 2018 A&B		<u>-</u>	<u>\$ 178,000</u>
Total		<u>\$ 156,250</u>	<u>\$ 298,800</u>

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. 321 in an amount not to exceed \$178,000,000 for the University of San Francisco subject to a bond rating of at least investment grade by a nationally recognized rating agency. TAP International, Inc., the Authority's financial analyst, and KNN, the Authority's financial advisor, concur with the Authority's staff recommendations.

EXHIBIT 1

Financing Team

University of San Francisco

Borrower:	University of San Francisco
Agent for Sale:	California State Treasurer
Issuer's Counsel:	Attorney General's Office
Issuer's Financial Advisor:	KNN Public Finance, LLC
Issuer's Financial Analyst:	TAP International, Incorporated
Bond Counsel:	Norton Rose Fulbright US, LLP
Underwriter:	Barclays Investment Bank
Underwriter's Counsel:	Hawkins Delafield & Wood LLP
Borrower's Financial Advisor:	Prager & Co., LLC
Trustee:	The Bank of New York Mellon
Trustee's Counsel:	The Law Office of Samuel D. Waldman
Rating Agency:	Moody's Investor Service
Auditor to the University:	Moss Adams LLP

RESOLUTION NO. 321

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

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 University of San Francisco (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 (University of San Francisco), Series 2011 (the “Prior Bonds”), in the aggregate principal amount of \$79,770,000, of which \$35,450,000 currently is outstanding, and made a loan 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, which bonds may be issued as federally tax-exempt and federally taxable bonds, pursuant to a plan of finance, in an aggregate principal amount not to exceed \$178,000,000, (i) to refund all or a portion of the outstanding Prior Bonds, (ii) to finance the cost of acquisition, construction and equipping of capital improvements to its educational facilities, as more particularly described in Exhibit A attached hereto (the “New Project,” and, together with the Prior Project, the “Project”), (iii) to pay capitalized interest on the federally tax-exempt bonds, and (iv) to pay costs of issuance of the Bonds (as defined below);

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 (University of San Francisco), Series 2018” (the “Bonds”), in a total aggregate principal amount not to exceed \$178,000,000, 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 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:

- (i) the Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower;
- (ii) the Indenture relating to the Bonds (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., (the “Trustee”);
- (iii) the Preliminary Official Statement relating to the Bonds (the “Preliminary Official Statement”); and
- (iv) the Bond Purchase Contract, including the exhibits thereto, relating to the Bonds (the “Bond Purchase Contract”), among Barclays, as underwriter (the “Underwriter”), the Treasurer and the Authority, and approved by the Borrower;

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 Contract, and by delivery thereof in the case of the Preliminary Official Statement. The Acting 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 a Preliminary Official Statement for 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 (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, the Loan Agreement, the Official Statement and the Bond Purchase Contract. 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; and (b) 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

Prior Project:

The acquisition, construction, renovation, remodeling, expansion, rehabilitation and equipping of certain educational facilities, including classrooms, administrative offices, residence halls, residential housing, athletic facilities, parking facilities, telecommunications and network systems, located at the Borrower's Main Campus, its Lone Mountain Campus (including, without limitation, its School of Education and Loyola Village Housing), its Koret Health and Recreation Center and its Law School, all in the City and County of San Francisco. The Main Campus is located within the area bounded by Masonic Avenue, Stanyan Street, Golden Gate Avenue and Fulton Street and has a street address of 2130 Fulton Street; the Lone Mountain Campus is located within the area bounded by Turk Boulevard, Anza Street, Parker Street and Masonic Avenue and has a street address of 2800 Turk Boulevard, and Loyola Village Housing comprises the housing units located at 301 to 399 Anza Street; the Koret Health and Recreation Center is located within the area bounded by Parker Street, Stanyan Street, Turk Boulevard and McAllister Street and has a street address of 222 Stanyan Street; and the Law School is located at 2199 Fulton Street, at Shrader Street.

New Project:

The acquisition, construction, and equipping of a four-story, approximately 155-unit, student residence hall occupying approximately 250,000 square feet, together with an approximately 175-space underground parking garage, and related capital improvements, to be located on the Borrower's Lone Mountain Campus which comprises the area bounded by Turk Boulevard on the south, Anza Street on the north, Parker Street on the west, and Masonic Avenue on the east, and has a street address of 2800 Turk Boulevard.