

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
BOND FINANCING PROGRAM**

**EXECUTIVE SUMMARY**

<p><b>Applicant:</b> Chapman University (Chapman) One University Drive Orange, California 92866 Orange County</p> <p><b>Facility Type:</b> Private University</p> <p><b>Project Site:</b> Orange, California</p> <p><b>Accreditation:</b> Western Association of Schools and Colleges</p>	<p><b>Amount Requested:</b> \$68,000,000</p> <p><b>Date Requested:</b> February 25, 2021</p> <p><b>Resolution Number:</b> 325</p>																				
<p><b>Use of Proceeds:</b> Bond proceeds will be used to refund the outstanding CEFA Series 2011 Bonds and pay costs of issuance related to the Series 2021 Bonds. The refunding of these bonds is expected to provide Chapman with a net present value savings of approximately \$13.8 million or 21.5 %, under current market conditions.</p>																					
<p style="text-align: center;"><b>Type of Issue:</b> Negotiated public offering, tax-exempt and taxable fixed rates</p> <p style="text-align: center;"><b>Expected Credit Rating:</b> A2; Moody's</p> <p style="text-align: center;"><b>Financing Team:</b> <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>																					
<p><b>Financial Overview:</b> Chapman continues to post positive margins supported by net tuition and fees. Chapman's balance sheet continues to grow and exhibits a solid pro-forma FY 2020 debt service coverage ratio of 3.03x.</p>																					
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;"><u>Estimated Sources of Funds:</u></th> <th colspan="2" style="text-align: left;"><u>Estimated Uses of Funds</u></th> </tr> </thead> <tbody> <tr> <td style="width: 25%;">Par Amount</td> <td style="width: 25%; text-align: right;">\$ 68,000,000</td> <td style="width: 25%;">Refunding</td> <td style="width: 25%; text-align: right;">\$ 67,228,000</td> </tr> <tr> <td>Premium</td> <td style="text-align: right;">-</td> <td>Financing Costs</td> <td style="text-align: right;">772,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$ 68,000,000</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$ 68,000,000</td> </tr> <tr> <td style="text-align: right;">Total Sources</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 68,000,000</td> <td style="text-align: right;">Total Uses</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 68,000,000</td> </tr> </tbody> </table>		<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds</u>		Par Amount	\$ 68,000,000	Refunding	\$ 67,228,000	Premium	-	Financing Costs	772,000		\$ 68,000,000		\$ 68,000,000	Total Sources	\$ 68,000,000	Total Uses	\$ 68,000,000
<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds</u>																			
Par Amount	\$ 68,000,000	Refunding	\$ 67,228,000																		
Premium	-	Financing Costs	772,000																		
	\$ 68,000,000		\$ 68,000,000																		
Total Sources	\$ 68,000,000	Total Uses	\$ 68,000,000																		
<p><b>Due Diligence:</b> Staff has received and reviewed the Eligibility, Legal Status Review, Religious Affiliation Due Diligence, and the certification for the Iran Contracting Act. All documentation satisfies the Authority's requirements.</p>																					
<p><b>Staff Recommendation:</b> Staff recommends the Authority approve Resolution No. 325 in an amount not to exceed \$68,000,000 for Chapman University subject to the conditions in the resolution, including 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, the Authority's municipal advisor, concur with the Authority's staff recommendation.</p>																					

**STAFF SUMMARY AND RECOMMENDATION**

**Chapman University (Chapman)**

February 25, 2021

Resolution Number: 325

**I. PURPOSE OF FINANCING:** Chapman is embarking on a plan to refinance its debt and take advantage of the attractive market conditions. Bond proceeds will be used to refund the outstanding CEFA Series 2011 bonds. In addition, bond proceeds will be used to pay the costs of issuance for the Series 2021 bonds. Chapman will save more than \$1.4 million each year through 2031 at current rates. The refunding will generate an overall net present value savings of approximately \$13.8 million or 21.5%, over the life of the bonds, under current market conditions.

**Refunding ..... \$67,228,000**

The CEFA Series 2011 bonds were originally issued in the amount of \$100 million, of which approximately \$69.2 million currently remains outstanding. Bond proceeds were used to refund the CEFA Series 2000 bonds, as well as for the acquisition, construction, expansion, equipping and improvement of educational facilities located throughout the main campus.

Initially, Chapman had planned to use a portion of the proceeds of the Series 2011 bonds for certain capital improvements on North Cypress Street in Orange, California. In the fall of 2011, Chapman discovered chemicals in the ground soil and water table at the property. In August 2012, the Internal Revenue Service under the Voluntary Closing Agreement Program, approved a request to repurpose a portion of the Series 2011 tax-exempt bond proceeds to include additional capital projects and the refunding of the outstanding CEFA Series 2008 bonds, with no adverse tax consequences to the Series 2011 bonds.

**Financing Costs..... 772,000**

Costs of Issuance..... \$500,000  
Underwriter’s Discount ..... 272,000

***TOTAL USES OF FUNDS..... \$68,000,000***

## 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 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 them at the meeting.

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

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay Trustee<sup>1</sup> all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. All Revenue and any other amounts held in a designated fund or account under the 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.*

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

---

<sup>1</sup> Capitalized terms defined in the Indenture.

### III. FINANCIAL ANALYSIS:

Amounts provided in the financial statements reflect the consolidated amounts for Chapman and Brandman University (Brandman). Brandman operates as an independently accredited and incorporated university and as of FYE 2020, is part of the Chapman University System.

**Chapman University and Affiliates**  
**Statement of Activities**  
**Unrestricted**

	Year Ended May 31		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Revenues, gains, and other support:</i></b>			
Net tuition and fees	\$ 334,009,000	\$ 412,955,000	\$ 379,406,000
Endowment returns designated for operations	5,166,000	4,705,000	4,042,000
Other investment income	2,615,000	2,857,000	2,050,000
Private gifts, grants, and bequests	10,866,000	9,905,000	10,891,000
Auxiliary enterprises	45,100,000	49,171,000	44,642,000
Other sources	22,707,000	20,242,000	18,812,000
Net assets released from donor restrictions	11,878,000	12,457,000	9,208,000
Total revenues, gains, and other support	<u>432,341,000</u>	<u>512,292,000</u>	<u>469,051,000</u>
<b><i>Expenses:</i></b>			
<b><i>Educational and general:</i></b>			
Instruction	191,559,000	201,804,000	182,744,000
Academic support	52,106,000	80,019,000	72,017,000
Student services	32,436,000	66,660,000	57,457,000
General institutional support	58,611,000	70,182,000	68,964,000
Total educational and general expenses	<u>334,712,000</u>	<u>418,665,000</u>	<u>381,182,000</u>
Auxiliary enterprises	39,647,000	40,205,000	32,430,000
Total expenses	<u>374,359,000</u>	<u>458,870,000</u>	<u>413,612,000</u>
Increase from operating activities	<u>57,982,000</u>	<u>53,422,000</u>	<u>55,439,000</u>
<b><i>Non-Operating Activities:</i></b>			
Endowment returns (loss), net of designation for operations	(3,127,000)	2,675,000	8,592,000
Realized gain (loss) on interest rate swap related to bonds	(127,000)	(1,587,000)	3,142,000
Building gifts released from restriction	8,703,000	21,951,000	13,728,000
Other-non-operating activity	4,208,000	1,557,000	56,000
Increase from nonoperating activities	<u>9,657,000</u>	<u>24,596,000</u>	<u>25,518,000</u>
Discontinued operations;			
Change in net assets from discontinued operations	6,350,000	-	-
Change in net assets	73,989,000	78,018,000	80,957,000
Unrestricted net assets, beginning of year	864,831,000	786,813,000	705,856,000
Unrestricted net assets, end of year	<u>\$ 938,820,000</u>	<u>\$ 864,831,000</u>	<u>\$ 786,813,000</u>

**Chapman University and Affiliates**  
**Statement of Financial Position**

	As of May 31		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 144,699,000	\$ 101,002,000	\$ 88,535,000
Investments	-	9,348,000	9,038,000
Accounts receivable	6,820,000	7,053,000	8,046,000
Current portion of contributions receivable, net	7,345,000	6,439,000	7,315,000
Current portion of notes receivable	128,000	172,000	417,000
Other current assets	7,983,000	7,230,000	7,437,000
Current assets held-for-sale	78,979,000	49,832,000	-
Total current assets	<u>245,954,000</u>	<u>181,076,000</u>	<u>120,788,000</u>
<b>LONG-TERM ASSETS:</b>			
Notes receivable	2,194,000	2,506,000	2,990,000
Contributions receivable, less current portion, net	47,147,000	36,801,000	39,357,000
Long-term investments	418,594,000	419,216,000	446,904,000
Plant assets, net	978,660,000	969,251,000	931,134,000
Other real property	54,000	54,000	54,000
Other long-term assets	4,486,000	4,520,000	4,992,000
Total long-term assets	<u>1,451,135,000</u>	<u>1,432,348,000</u>	<u>1,425,431,000</u>
Total assets	<u>\$ 1,697,089,000</u>	<u>\$ 1,613,424,000</u>	<u>\$ 1,546,219,000</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities	\$ 42,903,000	\$ 46,358,000	\$ 56,232,000
Deferred revenues and student deposits	21,462,000	20,983,000	27,628,000
Current portion of bonds and notes payable	28,314,000	27,914,000	28,347,000
Other current liabilities	1,287,000	1,062,000	1,297,000
Other liabilities held-for-sale	46,694,000	33,105,000	-
Total current liabilities	<u>140,660,000</u>	<u>129,422,000</u>	<u>113,504,000</u>
<b>LONG-TERM LIABILITIES:</b>			
Annuities payable, less current portion	1,756,000	1,882,000	2,020,000
Refundable loan programs	469,000	750,000	738,000
Bonds and notes payable, less current portion	321,534,000	332,848,000	352,585,000
Liability related to interest rate swaps	-	7,500,000	5,913,000
Other long-term liabilities	12,231,000	11,258,000	12,556,000
Total long-term liabilities	<u>335,990,000</u>	<u>354,238,000</u>	<u>373,812,000</u>
Total liabilities	<u>476,650,000</u>	<u>483,660,000</u>	<u>487,316,000</u>
<b>NET ASSETS:</b>			
Without donor restrictions	938,820,000	864,831,000	786,813,000
With donor restrictions	281,619,000	264,933,000	272,090,000
<b>TOTAL NET ASSETS</b>	<u>1,220,439,000</u>	<u>1,129,764,000</u>	<u>1,058,903,000</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,697,089,000</u>	<u>\$ 1,613,424,000</u>	<u>\$ 1,546,219,000</u>

Financial Ratios

	<b>Proforma</b>			
	<b>FYE 5/31/20 (a)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Debt service coverage (x) - Operating	3.03	2.65	2.41	2.38
Debt service coverage (x) - Net Assets	3.48	3.04	2.99	3.01
Debt to expendable net assets (x)	0.33	0.33	0.37	0.42
Expendable net assets to operations (x)		2.83	2.14	2.21
Margin		13.4%	10.4%	11.8%

(a) Recalculates FY 2020 audited results to include the impact of this proposed financing

## **Financial Discussion:**

### **Chapman continues to post positive operating margins supported by Net tuition and fees.**

Chapman continues to post positive operating margins over the three-year review period. Margins have increased steadily from nearly 11.8% in FY 2018 to approximately 13.4% in FY 2020. Net tuition and fees for Chapman was just about \$379.4 million in FY 2018, dipping approximately 12% to nearly \$334.0 million in FY 2020. Tuition and fees represent at least 77.3% of Chapman's total unrestricted revenues and continue to provide Chapman with a sound revenue base. In May 2020, Chapman initiated a Change of Control Agreement to sell control of Brandman to a separate accredited domestic educational institution and is expected to be completed before May 31, 2021. Chapman's external financial auditor advised that due to the signed agreement to sell Brandman, Chapman was required by audit standards to eliminate all Brandman financial activity and show only their net asset value as "current assets held for sale" for their FY 2020 financial statements. Chapman does not anticipate any further financial impact in subsequent years due to the sale of Brandman.

Operating expenses for Chapman totaled approximately \$413.6 million in FY 2018, dropping approximately 9.5% to nearly \$374.4 million in FY 2020. According to Chapman, the decrease in expenses was due to the sale of Brandman as well as efforts to curb expenses in the wake of COVID-19. Overall, the positive margins have allowed Chapman to foster their Strategic Plan, "Engineering the Future" as Chapman introduced programs focused on computer and electrical engineering as well as built a pathway for programs in biomedical, mechanical and civil/environmental engineering.

In response to the COVID-19 pandemic, Chapman transitioned to predominately online learning on March 19, 2020 and refunded approximately \$14.5 million to students for housing, dining, and certain fees. At the same time, they immediately cut discretionary spending, including all travel, many operational expenses, and some capital projects. Chapman did not lay off any employees throughout the pandemic, and Fall 2020 enrollment was much stronger than forecasted. Chapman expects FY 2021 to be another strong year relative to peers, considering the effects of the COVID-19 pandemic.

### **Chapman's balance sheet continues to grow and exhibits a solid pro-forma FY 2020 debt service coverage ratio of 3.03x.**

Chapman's total assets increased from approximately \$1.5 billion in FY 2018 to just about \$1.7 billion in FY 2020, an increase of 9.8%. According to Chapman, total assets increased due to, in large part, consistent positive results from operating activities of approximately \$55.4 million, \$53.4 million, and \$58.0 million for FY 2018, FY 2019, and FY 2020, respectively, which contributed to increased cash and cash equivalents and thereby increased total assets. Moreover, current assets held-for-sale went from zero in FY 2018 to nearly \$79.0 million in FY 2020, which was due to the expected sale of Brandman.

Chapman's ability to repay its debt appears strong with a solid debt service coverage ratio of 2.65x for FY 2020. Chapman's pro-forma FY 2020 debt service coverage ratio improves to 3.03x with the refunding. Chapman has demonstrated a strong ability to manage debt with solid debt-to-expendable net assets ratios over the review period, posting 0.42x, 0.37x, and 0.33x for FY 2018, FY 2019, and FY 2020, respectively. With the refunding, Chapman's pro-forma FY 2020 debt-to-expendable net assets ratio remains at 0.33x.

## **IV. BACKGROUND**

### **General:**

Chapman is a non-profit co-educational institution of higher learning, originally founded in 1861 as Hesperian College. The college merged with California Christian College in 1934 and was renamed in recognition of C.C. Chapman, a pioneering Orange County leader, real estate investor and rancher. In 1991, the college officially changed its name to Chapman University to recognize its breadth of programs and variety of degrees. It is organized into eleven schools and colleges, including: the Dale E. Fowler School of Law; the School of Pharmacy; the John and Donna Crean College of Health and Behavioral Sciences; the George L. Argyros School of Business and Economics; the Lawrence and Kristina Dodge College of Film and Media Arts; the Donna Ford Attallah College of Educational Studies; the College of Performing Arts; the Wilkinson College of Arts, Humanities, and Social Sciences; the Schmid College of Science and Technology; the School of Communication; and the Dale E. and Sarah Ann Fowler School of Engineering. In addition, Chapman offers adult education courses through Brandman, a nonprofit corporation controlled by Chapman. Brandman is an independently accredited and incorporated university that is part of the Chapman University System, providing courses in 28 Academic Centers located in California and Washington. In May 2020, Chapman initiated a Change of Control Agreement to sell control of Brandman, which is expected to be completed before May 31, 2021.

### **Administration:**

Chapman is governed by a Board of Trustees, composed of 45 elected members, one-third of whom are elected annually for three-year terms, emeritus trustees, emeritus trustee chairs, and ex-officio members. The ex-officio members are the President of the University, Emeritus trustees, the President and either the President Elect or the Immediate past president of the Alumni Association Board of Directors, the president of Town and Gown, the President of Women of Chapman, the Chair of the Board of Governors, the Senior Minister of the Orange First Christian Church, the Regional Ministers of each of three western Regions of the Christian Church, and the Conference Minister for the United Church of Christ Southern California Conference. The Board normally meets four times each year.

### **Accreditations and Affiliations:**

Chapman is accredited by the Western Association of Schools and Colleges, Senior College and University Commission. Other accreditations include The Association to Advance Collegiate Schools of Business, California Commission on Teacher Credentialing, National Association of School Psychologists, International School Psychology Association, Council on Academic Accreditation in Audiology Speech-Language Pathology of the American Speech-Language-Hearing Association, California Commission on Teacher Credentialing, Commission on Accreditation of Athletic Training Education; American Bar Association, Commission on Accreditation in Physical Therapy Education, Commission on Accreditation for Marriage and Family Therapy, National Association of Schools of Music, National Association of Schools of Dance, and the National Association of Schools of Theatre. The programs of the School of Pharmacy are accredited (candidate status) by the Accreditation Council for Pharmacy Education. The Physician Assistant program is accredited by Accreditation Review Commission on Education of the Physician Assistant. The Chemistry and Molecular biology programs are accredited by American Society for Biochemistry and Molecular Biology.

**Academic Programs:**

Chapman offers a broad spectrum of undergraduate, graduate, credential, and certificate programs, as well as continuing education programs. In the 2019-20 academic year, Chapman (excluding Brandman) awarded degrees to a total of 2,664 students, of whom 1,848 received undergraduate degrees and 816 received graduate degrees (including law degrees).

**V. OUTSTANDING DEBT:**

<b>Issue:</b>	<b>Original Issue Amount</b>	<b>Amount Outstanding as of 5/31/20</b>	<b>Estimated Amount Outstanding After Proposed Financing</b>
<b>Existing Debt:</b>			
CEFA Series 2011	\$ 100,000,000	\$ 69,220,000	\$ -
CEFA Series 2015	114,485,000	106,445,000	106,445,000
CEFA Series 2017A	111,015,000	102,035,000	102,035,000
CEFA Series 2017B	37,650,000	37,650,000	37,650,000
Bank of America Term Loan, 2016	10,500,000	10,500,000	10,500,000
Bank of America Term Loan, 2017	6,500,000	6,500,000	6,500,000
<b>Proposed:</b>			
<b>CEFA Series 2021</b>			<b>68,000,000</b>
Total		<b>\$ 156,685,000</b>	<b>\$ 331,130,000</b>

**VI. DUE DILIGENCE:**

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

- Eligibility
- Religious Affiliation
- Legal Status Review
- California Environmental Quality Act (CEQA) – In compliance with Education Code Section 94212(b)– not applicable for this financing
- Iran Contracting Act Certification

**VII. STAFF RECOMMENDATION:**

Staff recommends the Authority approve Resolution No. 325 in an amount not to exceed \$68,000,000 for Chapman University subject to the conditions in the resolution, including 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, the Authority’s municipal advisor, concur with the Authority’s staff recommendation.



## EXHIBIT 1

### Financing Team Chapman University

- Borrower:** Chapman University
- Agent for Sale:** California State Treasurer
- Issuer's Counsel:** Office of the Attorney General
- Issuer's Municipal Advisor:** KNN Public Finance, LLC
- Issuer's Financial Analyst:** TAP International, Inc.
- Borrower's Financial Advisor:** PFM Financial Advisors LLC
- Borrower's Counsel:** Latham & Watkins, LLP
- Bond Counsel:** Orrick, Herrington & Sutcliffe LLP
- Underwriter:** Wells Fargo Bank, National Association
- Underwriter's Counsel:** Hawkins Delafield & Wood LLP
- Trustees:** U.S. Bank, N.A. (acquiring corporate trust  
business of MUFG Union Bank, N.A.)  
  
MUFG Union Bank, N.A.  
(to be acquired by U.S. Bank, N.A.)
- Trustee's Counsel:** Dorsey & Whitney LLP
- Rating Agency:** Moody's Investors Service, Inc.
- Auditor:** KPMG LLP

## **RESOLUTION NO. 325**

### **RESOLUTION OF THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO REFINANCE PROJECTS AT THE EDUCATIONAL FACILITIES OF CHAPMAN UNIVERSITY**

**February 25, 2021**

**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**, Chapman University (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 (Chapman University), Series 2011 (the “Series 2011 Bonds”), in the aggregate principal amount of \$100,000,000, of which \$70,220,000 currently is outstanding, and made a loan of the proceeds thereof to the Borrower to finance and refinance the construction, expansion, rehabilitation, renovation, remodeling, furnishing and equipping of certain educational facilities, as more particularly described in Exhibit A hereto (the “Project”); and

**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 \$68,000,000 and apply the proceeds thereof (i) to make one or more loans of the proceeds of the Bonds (as defined below) to the Borrower to refinance the costs of the Project by refunding the Series 2011 Bonds, 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 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 (Chapman University), Series 2021” (the “Bonds”), in a total aggregate principal amount not to exceed \$68,000,000, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the Indenture, hereinafter mentioned below, pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the fourth recital above.

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

**Section 3.** The following documents:

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

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

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

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

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

**Section 4.** The dated dates, maturity dates (not exceeding 50 years from the respective date of issue), interest rates, manner of determining interest rates, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of purchase or tender, terms of redemption, provisions governing transfer and other terms of the Bonds, including provisions for credit and/or liquidity facilities, if any, from time to time, shall be as provided in the Indenture, as finally executed.

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

**Section 6.** The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Underwriter in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon direction of the Underwriter, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

**Section 7.** Each officer of the Authority is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Indenture, Loan Agreement, Bond Purchase Agreement and Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) a tax certificate and agreement and other certifications; 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. 2020-01 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.** The Authority hereby approves the execution and delivery of the Indenture, Loan Agreement, Bond Purchase Agreement, and Official Statement and other certificates and documents related thereto, with electronic signatures under the California Uniform Electronic Transactions Act and digital signatures under Section 16.5 of the California Government Code.

**Section 11.** This Resolution shall take effect from and after the date of adoption.

**Date of Adoption:** \_\_\_\_\_

## EXHIBIT A

The proceeds of the Bonds will be loaned to the Borrower for the purpose of, among other things, refinancing the Project, which consists of:

(1) the costs of the new project relating to the Series 2011 Bonds, which consists of:

(A) the costs of the construction, expansion, demolition, improvement, installation, rehabilitation, renovation, remodeling, furnishing and equipping of educational facilities including, but not limited to, the (a) parking garage with approximately 358 parking spaces and infrastructure improvements relating thereto, the address of which is currently 220-296 North Cypress Street, Orange, California 92866 which is bounded generally by West Palm Avenue to the north, North Cypress Street to the east, West Maple Avenue to the south and the Orange County Transportation Authority Metrolink Railroad to the west in the City of Orange, (b) Moulton Hall and Smith Hall (the building addresses are 315 East Palm Avenue, and 215 East Palm Avenue, respectively), the address of which is One University Drive and bounded generally by East Walnut Avenue to the north, North Shaffer Street to the east, East Palm Avenue to the south and North Glassell Street to the west in the City of Orange (the "Orange Campus"), (c) the Glassell Office Complex, located at 342-348 North Glassell Street, Orange, California 92866, (d) the property located at 145 West Sycamore Avenue, Orange, California 92866, (e) the relocated Entertainment Technology Center located at 603/607 West Palm Avenue, Orange, California 92868, (f) the facility located at 544 North Cypress Street, Orange, California 92867, and (g) other related and appurtenant facilities of the Borrower,

(B) the costs of infrastructure improvements of certain facilities located at or immediately adjacent to the the Orange Campus, the Knott Studios, the Residential Block, the campus facilities bounded generally by West Walnut Avenue to the north, North Parker Street to the west, West Palm Avenue to the south and the Orange County Transportation Authority Metrolink Railroad to the east in the City of Orange, the campus facilities bounded generally by West Walnut Avenue to the north, the Orange County Transportation Authority Metrolink Railroad to the west, West Palm Avenue to the south, North Glassell Street to the east in the City of Orange and the campus facilities bounded generally by West Maple Avenue to the north, the Orange County Transportation Authority Metrolink Railroad to the west, West Chapman Avenue to the south and North Cypress Street to the east in the City of Orange,

(C) the costs of acquisition, improvement, installation, rehabilitation, renovation, remodeling, furnishing and equipping of property located in (a) the approximately one-third square mile area bounded by East Mayfair Avenue to the north between North Lemon Street and North Shaffer Street, West Walnut Avenue to the north between the Orange County Transportation Authority Metrolink Railroad and North Lemon Street, the Orange County Transportation Authority Metrolink Railroad to the west, Chapman Avenue to the south and Shaffer Street to the east in the City of Orange and (b) the one-half block area bounded by 544 North Cypress Street to the north, the Orange County Transportation Authority Metrolink Railroad to the west, West Walnut Avenue to the south and North Cypress Street to the east in the City of Orange,

(D) the costs of acquisition, installation and implementation of an integrated database management system to be used throughout the facilities described herein and

(E) payment of certain expenses incurred in connection with the issuance of the Bonds. The Project will be owned and operated by the Borrower;

(2) refunding the costs relating to the prior project of the Series 2011 Bonds, the proceeds of which were used, among other things, to finance and refinance the costs the following:

(A) construction, improvement and equipping of a residence hall, with an address of 535 North Grand Street, Orange, California 92867, with 310 beds and infrastructure improvements related thereto;

(B) construction, improvement and equipping of a parking structure, with an address of 590 North Shaffer Street, Orange, California 92867, with 596 parking spaces and infrastructure improvements related thereto;

(C) construction, improvement and equipping of an academic and administrative building for the School of Film and Television with an attached parking lot with up to 223 parking spaces, the address of which is 283 North Cypress Street Orange, California 92866 and bounded generally by West Palm Avenue to the north, North Lemon Street to the east, West Maple Avenue to the south and North Cypress Street to the west in the City of Orange;

(D) then-existing mortgages on the following properties: 312 North Olive Street, 336 North Olive Street, 373 North Center Street, 375 North Center Street, 377 North Center Street, 415 East Walnut Avenue, 337 North Cypress Street, 420 East Walnut Avenue, 337 North Lemon Street, 323 North Center Street, 333 North Center Street, 339 North Center Street, all located in the City of Orange;

(E) acquisition of properties including: 452 North Glassell Street and 423 North Center Street, 348 North Olive Street, 350 North Olive Street and 313 North Center Street, all located in the City of Orange and located in the area bounded generally by East Everett Place to the north, North Shaffer Street to the east, Maple Avenue to the south and the Orange County Transportation Authority Metrolink Railroad to the west in the City of Orange, and 190 North Cypress Street, Orange, California 92866 located in the City of Orange and bounded generally by West Maple Avenue to the north, North Cypress Street to the east, West Chapman Avenue to the south and North Atchison Street to the west in the City of Orange; and

(F) other related and appurtenant facilities of the Borrower.

(3) refunding the costs relating to the prior project of the Series 2011 Bonds, the proceeds of which were used, among other things, to finance and refinance the costs the following:

(A) the California Educational Facilities Authority Variable Rate Revenue Bonds (Chapman University), 2005 Series A, which proceeds were used to finance the acquisition, construction, installation, expansion, renovation, rehabilitation, furnishing and equipping of educational facilities including but not limited to athletic facilities located at 350 East Walnut Avenue, parking facilities located at 350 East Walnut Avenue (presently addressed as 300 East Walnut Avenue), dining facilities located at 525 North Center Street, a residence hall located at 550 North Center Street, equipment and related and other infrastructure improvements, all in the City of Orange (the dining facilities and residence hall both currently comprise the Sandhu Residence & Conference Center at 571 North Grand Street),

(B) the California Educational Facilities Authority Variable Rate Revenue Bonds (Chapman University), 2005 Series B, which proceeds were used to refinance the California Educational Facilities Authority Revenue Bonds (Chapman University) Series 1996, which in turn were used to finance the following projects: (i) construction, improvement and equipping of the Business and Information Technology building located at 393 North Glassell, on the corner of Glassell Street and University Drive, (ii) construction, improvement and equipping of the School of Law building located at 370 North Glassell Street, (iii) infrastructure improvements including parking facilities on the property bounded by Sycamore Street, Orange Street, Walnut Street and Glassell Street, but excluding that portion of the property bounded by Sycamore Street, Glassell Street and Walnut Street, (iv) the acquisition of property located at 121 and 123 East Sycamore Street, and (v) the acquisition, construction and rehabilitation of other general educational facilities located on the University's main campus at One University Drive in Orange, California; and

(C) two taxable loans which were used to finance the acquisition of land and buildings located at the following street addresses: 501, 535, 538, 545, 549, 603, 607, 611, 615, 625, 633 and 635 West Palm Avenue, 233 Lemon Street and 220, 228, 264 and 296 North Cypress Street, all in Orange, California.