

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
BOND FINANCING PROGRAM  
EXECUTIVE SUMMARY**

<p><b>Applicant:</b> University of Redlands (Redlands) 1200 E. Colton Avenue Redlands, CA 92373 San Bernardino County</p> <p><b>Facility Type:</b> Private University</p> <p><b>Project Location:</b> Redlands</p> <p><b>Accreditation:</b> Western Association of Schools and Colleges (WASC)</p> <p><b>Prior Borrower:</b> Yes (last CEFA issuance April 2016)</p>	<p><b>Amount Requested:</b> \$95,000,000</p> <p><b>Requested Loan Term:</b> 50 years</p> <p><b>Date Requested:</b> July 28, 2022</p> <p><b>Resolution Number:</b> 327</p>																				
<p><b>Background:</b> Redlands is a California nonprofit, public benefit corporation that was founded in 1907, and its 160-acre main campus is located in the San Bernardino Valley in Redlands. In July 2019, Redlands expanded its geographical footprint with the acquisition of the 20-acre campus of the San Francisco Theological Seminary in Marin County, located in the hills of San Anselmo.</p>																					
<p><b>Use of Proceeds:</b> Bond proceeds will be used to refund all or a portion of the CEFA 2014 Series A bonds and CEFA 2016 Series A bonds. Additionally, bond proceeds will also be used to fund various capital improvement projects and to pay cost of issuance for the Series 2022 bonds.</p>																					
<p><b>Type of Issue:</b> Negotiated public offering, tax-exempt and taxable fixed rates</p> <p><b>Expected Credit Rating:</b> Baa1; Moody's</p> <p><b>Financing Team:</b> <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>																					
<p><b>Financial Overview:</b> Redlands is committed to expense reductions and bolstering enrollment to mitigate the impacts of COVID-19 on student revenues. Redlands appears to have a solid financial position with a pro forma net debt service coverage ratio of 1.2x.</p>																					
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<p><b>Due Diligence:</b> Staff has confirmed the following documentation satisfies the California Educational Facilities Authority's (Authority) requirements: Eligibility, Legal Review, the California Environmental Quality Act (Pub. Resources Code, §21000 et seq.), and the certification for the Iran Contracting Act of 2010 (Pub. Contract Code, §2200 et seq.).</p>																					
<p><b>Staff Recommendation:</b> Staff recommends the Authority approve Resolution No. 327 in an amount not to exceed \$95,000,000 for the University of Redlands, 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, the Authority's municipal advisor, concur with the Authority's staff recommendations.</p>																					

**Disclaimer:** *Any information related to the borrower, including any data or analysis related to the borrower's financial condition or ability to repay the financing, described in this staff report is based on information provided by the borrower and was prepared solely for members of the Authority's Board and to satisfy certain provisions of the California Educational Facilities Authority Act (Ed. Code, §94100 et seq.). Prospective investors should not rely on information in this staff report and must read the entire Preliminary Official Statement to obtain information essential to the making of an informed investment decision.*

**STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION**

**I. PURPOSE OF FINANCING:** Redlands is requesting the Authority to issue tax-exempt and taxable fixed rate bonds in an aggregate principal amount not to exceed \$95 million to restructure debt and for new capital projects. Redlands intends to refund all or a portion of the CEFA 2014 Series A bonds and the CEFA 2016 Series A bonds (together, the Bonds) to restructure the outstanding debt to provide debt service relief over the next four to five years and extend the maturities from 2038 to 2052. Redlands may also realize savings from the refunding bonds if favorable market conditions exist at the time of pricing. In addition, bond proceeds will be used to further advance Redlands’ sustainability improvement goals as several campus systems are in need of enhancement. Redlands will also make necessary renovations, upgrades, and modernizations to improve the student living experience and meet the needs of current and future students at the Redlands campus as well as expand educational programs and services at the Marin campus.

**Refunding** ..... **\$64,000,000**

Redlands intends to refund all or a portion of the CEFA 2016 Series A bonds and refund all or a portion of the CEFA 2014 Series A bonds. The CEFA 2016 Series A bonds were used to current refund a portion of the CEFA 2005 Series A bonds and advance refund the CEFA 2008 Series A bonds. The CEFA 2014 Series A bonds were used to current refund the CEFA 2003 Series A and Series B bonds and advance refund a portion of the CEFA 2005 Series A bonds.

**Project Fund** ..... **30,000,000**

**Campus Energy Upgrades:** Redlands intends to make several sustainability improvements to its campus to optimize campus energy usage through various energy upgrades. Projects will include upgrading interior and exterior lighting to energy-efficient LED technology; upgrades to the central plant, which provides electricity, heating, and cooling to a large portion of the Redlands campus; and the replacement of mechanical equipment with modern energy-efficient equipment. Redlands expects these upgrades to produce a net positive return to the operating budget after 15 years.

**Anderson Hall Renovation:** The renovation of Anderson Hall will modernize the building to improve the student living experience and safety. Interior upgrades include new air conditioning to all spaces; fire sprinkler and fire alarm systems; the replacement of interior finishes; upgrades to suite bathrooms; replacement of key building systems, such as plumbing and electrical systems; modifications to the building for ADA accessibility; and new furniture. The exterior renovations and site enhancements include the replacement of the roof and original windows, upgrades to the building façade, a new entrance walkway and patio spaces, landscaping upgrades, and upgrades to the exterior lighting.

**Hybrid Classroom Buildout:** Redlands expects to outfit certain classrooms with enhanced presentation and videoconferencing technology, including the required electrical and data infrastructure, technology equipment, and other needed improvements. This initiative is designed to increase enrollment by providing greater opportunities for students in all of Redlands’ academic programs.

**University Rail Station Development:** The University Rail Station will be a new rail station depot (and adjacent parking area) to serve as the terminus for the upcoming Arrow Line rail service, which will provide access to destinations in Southern California and beyond. The University Rail station is designed with aesthetics similar to that of the Redlands campus and will serve as a gateway to the campus and the University Village development project. The new rail station will provide students, faculty, and visitors direct access to the facilities at the Redlands campus.

**Truesdail Center Renovation:** The Truesdail Center houses Redland’s Communication Sciences and Disorders academic program and a clinic, which offers speech and hearing therapy for adults and children living with communication disabilities throughout the community. The renovations will reconfigure academic and clinic spaces to meet modern needs and regulations, as well as increase ADA accessibility. Improvements will also include upgrades to key building systems, enhanced interior finishes, and new furnishings.

**Marin Campus Enhancements:** Redlands is proposing multiple improvements to the recently acquired Marin campus of San Francisco Theological Seminary in San Anselmo to expand activities and programs for non-sectarian educational purposes. Projects will include aesthetic improvements to Alexander Hall, the addition of a kitchen facility to Geneva Hall, the modernization of housing facilities on campus, and improvements to campus roadways and parking areas that are in need of repair. Enhancing the Marin campus is key to the expansion of Redlands’ graduate and undergraduate programs in the San Francisco Bay Area.

**Additional Improvements:** Redlands expects to use bond proceeds and other available funds on other miscellaneous improvements, including, but not limited to, the replacement of the Tennis Center; replacement of five boilers in the Energy Center; the installation of campus card lock system; the modernization of the surveillance camera system; the development of an E-Sports facility and commuter student lounge; repairs to campus sidewalks, roadways, and parking lots; repairs or replacement of water, sewer, electrical, gas, and other campus utilities; and improvements to ADA accessibility, safety, and air conditioning, heating, and roofing of existing buildings.

<b>Financing Costs</b> .....		<b>1,000,000</b>
Cost of Issuance .....	\$ 455,000	
Underwriter’s Discount .....	<u>545,000</u>	
<b><i>TOTAL ESTIMATED USES OF FUNDS</i></b> .....		<b><i><u>\$25,000,000</u></i></b>

## 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 an Authority board meeting.

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

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay to the Trustee all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. All Revenues<sup>[1]</sup> 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 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.*

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

### III. FINANCIAL STATEMENTS AND ANALYSIS:

University of Redlands  
Consolidated Statement of Activities  
 Unrestricted

	Fiscal Year Ended June 30,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>			
Student revenues, net	\$ 83,482,302	\$ 108,546,496	\$ 108,320,374
Sales and services for educational activities	128,269	313,032	433,288
Other revenues	3,348,438	4,652,478	4,260,589
Contributions and private grants	2,314,298	2,107,676	2,206,339
Government grants	5,588,627	3,148,355	30,357
Investment return designated for operations	8,820,707	7,948,933	5,366,985
Net assets released from restrictions	6,258,969	7,089,135	4,074,723
<b>Total Operating Revenues</b>	<u>109,941,610</u>	<u>133,806,105</u>	<u>124,692,655</u>
<b>Operating Expenses</b>			
Instruction and research	49,026,484	57,071,044	54,770,599
Public support	1,521,375	2,057,861	1,339,878
Academic support	11,804,803	13,412,530	11,079,654
Student services	24,195,275	29,197,303	26,834,088
Institutional support	19,730,662	23,933,086	19,218,277
Auxiliary enterprises	12,454,662	16,934,507	17,330,756
<b>Total Operating Expenses</b>	<u>118,733,261</u>	<u>142,606,331</u>	<u>130,573,252</u>
<b>Change In Net Assets from Operating Activities</b>	(8,791,651)	(8,800,226)	(5,880,597)
<b><i>Non-Operating Activities</i></b>			
Contributions	1,600,869	588,995	87,310
Investment return, net of amounts designated for operations	2,109,724	2,102,377	170,774
Change in value of split-interest agreements and trust receivables	(1,027,498)	(1,076,515)	-
Other income	69,610	84,540	70,667
Change in asset retirement obligations	-	(223,941)	-
Acquisition – inherent contribution	-	48,824,943	-
Net assets released from restrictions	573,320	398,510	103,642
<b>Change in net assets from non-operating activities</b>	<u>3,326,025</u>	<u>50,698,909</u>	<u>432,393</u>
<b>Change in Unrestricted Net Assets</b>	(5,465,626)	41,898,683	(5,448,204)
<b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	<u>119,146,958</u>	<u>77,248,275</u>	<u>82,696,479</u>
Cumulative change in accounting principle	192,546	-	-
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>	<u>\$ 113,873,878</u>	<u>\$ 119,146,958</u>	<u>\$ 77,248,275</u>

**University of Redlands**  
**Consolidated Statement of Financial Position**

	As of June 30		
	• 2021	2020	2019
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,194,351	\$ 2,146,920	\$ 10,419,575
Student accounts receivable, net	2,435,490	2,896,116	3,375,427
Other receivables	1,582,651	1,970,352	1,465,606
Prepaid expenses and other assets	1,529,960	2,237,514	3,434,172
Contributions receivable, net	8,745,828	11,816,049	16,402,790
Student loans receivable, net	4,367,501	5,153,741	5,866,022
Investments	327,231,491	279,265,979	235,656,982
Trust receivables	1,079,709	1,184,746	619,286
Cash restricted for investment in property, plant and equipment	4,365,977	3,980,699	926,706
Property, Plant and equipment, net	149,006,205	154,850,084	110,224,214
Operating lease right-of-use assets	4,962,951	-	-
Finance lease right-of-use assets	2,804,640	-	-
<b>TOTAL ASSETS</b>	<b>\$ 515,306,754</b>	<b>\$ 465,502,200</b>	<b>\$ 388,390,780</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 14,959,778	\$ 13,695,328	\$ 11,558,065
Line of credit	3,300,000	-	-
Deferred revenue	6,055,039	7,202,128	5,980,937
Operating lease liabilities	5,500,050	-	-
Finance lease liabilities	1,634,141	-	-
Capital leases payable	-	2,204,298	2,482,293
Asset retirement obligations	1,756,503	1,697,713	1,358,203
Bonds and notes payable	54,864,016	57,504,730	61,236,788
Actuarial liability for split-interest agreements	12,966,521	11,322,945	12,298,324
Refundable U.S. government student loans	5,215,836	5,180,561	5,136,753
<b>TOTAL LIABILITIES</b>	<b>106,251,884</b>	<b>98,807,703</b>	<b>100,051,363</b>
<b>NET ASSETS:</b>			
Without donor restrictions	113,873,878	119,146,958	77,248,275
With donor restrictions	295,180,992	247,547,539	211,091,142
<b>TOTAL NET ASSETS</b>	<b>409,054,870</b>	<b>366,694,497</b>	<b>288,339,417</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 515,306,754</b>	<b>\$ 465,502,200</b>	<b>\$ 388,390,780</b>

	<b>Proforma</b>			
	<b>FYE 6/30/2021 <sup>(a)</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Debt service coverage - Operating (x)	0.65	0.85	0.85	1.40
Debt service coverage - Net (x)	1.18	1.55	9.39	1.50
Debt to expendable net assets (x)	0.49	0.30	0.34	0.47
Expendable net assets to operations (x)		1.74	1.22	1.03
Margin		-8.0%	-6.6%	-4.7%

<sup>(a)</sup> Recalculates FY 2021 results to include the impact of this proposed financing. Redlands intends to refund all or a portion of the CEFA 2014 Series A & 2016 Series A bonds.

**Financial Discussion:**

**Redlands is committed to reducing expenses and bolstering enrollment to mitigate the impacts of the COVID-19 pandemic on student revenues.**

With the onset of the COVID-19 pandemic, Redlands experienced a drop in student revenue, its primary source of revenue. Over the review period, student revenues decreased from approximately \$108.5 million in fiscal year (FY) 2020 to approximately \$83.5 million in FY 2021. According to Redlands' management, in response to the COVID-19 pandemic, Redlands closed its campus on March 20, 2020, for the remainder of the Spring 2020 semester. Redlands transitioned the majority of its classes to online learning for the Fall 2020 and Spring 2021 semesters. However, due to the ongoing effects of the COVID-19 pandemic, enrollment was significantly reduced, resulting in decreased student revenues. Redlands received federal pandemic grants through the Higher Education Emergency Relief Fund (HEERF). Government grants increased from approximately \$30,000 in FY 2019 to approximately \$3.1 million in FY 2020 and \$5.6 million in FY 2021. However, the HEERF funding was only able to partially offset Redlands' loss of revenue.

To further mitigate the loss of revenues, Redlands lowered overall expenses by about 16.8%, from approximately \$142.6 million in FY 2020 to approximately \$118.7 million in FY 2021. According to Redlands' management, total expenses were reduced through reductions in workforce, employee furloughs, reductions in hours and general pay, the elimination of most travel, the cancellation of on-campus events, and the closure of most buildings.

According to Redlands' management, moving forward, Redlands has undertaken several measures to reduce expenses to mitigate the impacts of the COVID-19 pandemic. Measures include rightsizing its curriculum across all of its divisions and performing an extensive budget analysis for the professional school. Redlands is also developing a new strategic plan to further expand opportunities for revenue growth.

Redlands is additionally making a concerted effort to bolster student demand and enrollment. Redlands hired an experienced marketing professional to centralize marketing efforts to amplify awareness and enrollment. Redlands is also investing in an integrated, early alert student success system that has shown to improve student retention at other universities. Other efforts include further promoting the Redlands Tuition Promise marketing campaign; strengthening partnerships with local school districts; and developing programs with community colleges. Redlands is launching new graduate programs, including a Master's in Public Policy at the College of Arts & Sciences, a new Master of Business Administration concentrations at the School of Business & Society, and the newly acquired San Francisco Theological Seminary.

**Redlands appears to have a solid financial position with a pro forma net debt service coverage ratio of 1.18x.**

Redlands has demonstrated the ability to repay its long-term debt obligations as reflected by its net debt service coverage ratios of 1.5x in FY 2019, 9.4x in FY 2020, and 1.6x in FY 2021. With this proposed refunding and new money financing, Redlands maintains a solid pro forma net debt service coverage ratio of 1.18x.

Redlands' balance sheet shows a 32.7% increase in total assets over the review period posting just about \$388.4 million in FY 2019 and increasing to approximately \$515.3 million in FY 2021. This growth appears to be driven by consistent returns in investments, which increased from just about \$235.7 million in FY 2019 to \$327.2 million in FY 2021, and continued growth in property, plant, and equipment, which rose from nearly \$110.2 million to over \$149.0 million over the same period. According to Redlands' management, the increase in property, plant, and equipment was primarily due to the acquisition of the Marin campus in 2019.

#### **IV. BACKGROUND:**

##### **General:**

Redlands is a California nonprofit, public benefit corporation that was founded in 1907 by American Baptists. Redlands' 160-acre main campus is located in the San Bernardino Valley in Redlands, and Redlands also has a 20-acre campus in Marin County, located in the hills of San Anselmo. The main campus includes 27 residence halls, apartments, and houses; 20 classroom buildings; and 17 buildings used for administration, library, dining, and student services. The Marin Campus includes 15 residential buildings, four classroom buildings, and nine buildings used for administration, a library, and student services. Redlands maintains a historic relationship with the American Baptists, affirming their importance in the establishment of Redlands. However, the American Baptists do not impose any limits or restrictions on the student body, faculty, curriculum, administration, or Board of Trustees of Redlands.

##### **Administration:**

The Board of Trustees consists of up to 39 members, one-third of whom are generally elected annually for three-year terms. There are currently 33 members and six vacancies on the Board of Trustees. Members of the Board of Trustees represent a diverse spectrum of the community and include business, financial, legal, cultural, and educational interests. Trustees can serve a maximum of three consecutive terms; thereafter, at least one year must lapse before re-election.

The Board of Trustees has a fiduciary responsibility to Redlands as a whole. The Trustees are responsible for electing the President and the overall management of Redlands, including its physical assets, development programs, academic policies, long-range planning, and financial and budgetary affairs. The Board of Trustees holds regular meetings three times a year. The Board of Trustees has 11 committees: Executive; Finance; Audit & Risk Management; Investment; Academic Affairs; Campus Planning; Student Experience; Advancement; Governance; Diversity, Equity & Inclusion; and Executive Evaluation and Compensation.



**Accreditation and Affiliations:**

Redlands is accredited by the Accrediting Commission for the WASC Senior College and University Commission. Accreditation was reaffirmed on July 7, 2014, for the period of eight years, which was then extended another year through June 2023 with no conditions or stipulations. Redlands also has programmatic accreditations from the following organizations: American Chemical Society, the National Association of School of Music, and the American Speech-Language Hearing Association, and is approved by the Commission for Teacher Preparation and Licensing for the State of California.

**Academic Programs:**

Redlands offers degrees through the College of Arts & Sciences, the School of Education, the School of Business & Society, and the Graduate School of Theology. Redlands' Fall 2021 semester enrolled approximately 2,241 undergraduate and 130 graduate students in its College of Arts & Sciences, approximately 981 undergraduate and graduate students enrolled in its School of Business & Society, 639 undergraduate and graduate students enrolled in its School of Education, and 113 students enrolled in the Graduate School of Theology. Additionally, 59 students were enrolled in the School of Continuing Studies.

**V. OUTSTANDING DEBT:**

<u>Issue:</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding as of 6/30/2021</u>	<u>Estimated Amount Outstanding After Proposed Financing</u>
<b>Existing Debt<sup>(1)</sup></b>			
CEFA 2014 Series A	\$ 31,595,000	\$ 24,029,663	\$ -
CEFA 2016 Series A	30,690,000	30,834,353	-
<b>Proposed Financing</b>			
CEFA 2022 Series A&B			95,000,000
<b>Total</b>		<u>\$ 54,864,016</u>	<u>\$ 95,000,000</u>

<sup>(1)</sup> Redlands intends to refund all or a portion of the CEFA 2014 Series A & 2016 Series A bonds.

**VI. DUE DILIGENCE:**

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

- Eligibility
- Legal Review
- Iran Contracting Act Certificate
- Religious Due Diligence
- Education Code section 94212(b), which requires a project to provide documentation of compliance with the– California Environmental Quality Act

**VII. STAFF RECOMMENDATION:**

Staff recommends the Authority approve Resolution No. 327 in an amount not to exceed \$95,000,000 for the University of Redlands, subject to a bond rating of at least investment grade by a nationally recognized rating agency. TAP International, Incorporated, the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s municipal advisor, concur with the Authority’s staff recommendations

**EXHIBIT 1**

**Financing Team  
University of Redlands**

**Borrower:** University of Redlands

**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.

**Bond Counsel:** Squire Patton Boggs (US) LLP

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

**Underwriter:** Wells Fargo Corporate & Investment Banking

**Underwriter's Counsel:** Hawkins Delafield & Wood LLP

**Borrower's Counsel:** Fennemore Craig, P.C.

**Trustee:** Computershare Corporate Trust

**Rating Agency:** Moody's Investors Service, Inc.

**Auditor:** Moss Adams LLP

**RESOLUTION NO. 327**

**RESOLUTION OF THE  
CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
AUTHORIZING THE ISSUANCE OF REVENUE AND REFUNDING BONDS TO  
FINANCE AND REFINANCE PROJECTS AT THE EDUCATIONAL  
FACILITIES OF UNIVERSITY OF REDLANDS**

**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, as amended (Ed. Code, §94100 et seq.) (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**, University of Redlands (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 (i) Refunding Revenue Bonds (University of Redlands) 2014 Series A in the original aggregate principal amount of \$31,595,000, of which \$20,320,000 is currently outstanding (the “Series 2014A Bonds”), and (ii) Refunding Revenue Bonds (University of Redlands) 2016 Series A in the aggregate principal amount of \$30,690,000 of which \$28,400,000 is currently outstanding (the “Series 2016A Bonds” and, collectively with the Series 2014A Bonds, the “Prior Bonds”), and made loans (the “Prior Loans”) to the Borrower of the proceeds thereof to finance or refinance the acquisition, construction, improvement, and equipping of educational facilities and related facilities as more particularly described 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 \$95,000,000 and make one or more loans of the proceeds of the Bonds (as defined below) to the Borrower to (i) refund all or a portion of the outstanding Prior Bonds and to pay related costs (including but not limited to escrow agent and verification agent fees); (ii) acquire and construct projects (as defined in the Act), as more particularly described as the “New Project” in Exhibit A hereto (the “New Project” and, together with the Prior Project, the “Project”); (iii) to fund one or more debt service reserve funds for the Bonds; and (iv) to pay costs of issuance and certain interest with respect to 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 the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), or is not a “project” under such division; and

**WHEREAS**, the 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 generally designated as the “California Educational Facilities Authority Revenue Bonds (University of Redlands) 2022 Series A” and the “California Educational Facilities Authority Refunding Revenue Bonds (University of Redlands) 2022 Series B (Federally Taxable)” (collectively, the “Bonds”), in a total aggregate principal amount not to exceed \$95,000,000, 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, which incorporates by reference Exhibit A hereto.

**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 and 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 Computershare Trust Company, N.A., as trustee (the “Trustee”);

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

(iv) 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 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 officers executing the same may require or approve, such approval to be conclusively evidenced by the 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 Executive Director or Deputy 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, 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 the determination of the period prior to, during and after construction during which interest on the Bonds will be paid from bond proceeds and 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 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 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 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 that 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 Bond Indenture, Loan Agreement, Bond Purchase Contract, 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) one or more escrow agreements, if any, relating to the refunding of the Prior Bonds, 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. 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, the Loan Agreement, the Bond Purchase Contract, and Official Statement and other certificates and documents related thereto, with electronic signatures under the Uniform Electronic Transactions Act (Civ. Code, §1633.1 et seq.) and digital signatures under Section 16.5 of the Government Code.

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

Date of Adoption \_\_\_\_\_

## **EXHIBIT A TO RESOLUTION NO. 327**

### **Description of the Project**

The “Project” means, and includes, a plan of financing of the Borrower to: (i) finance and refinance the New Project, as defined below; (ii) refinance all or a portion of the Borrower’s outstanding California Educational Facilities Authority Refunding Revenue Bonds (University of Redlands) 2014 Series A, issued to finance the 2014 Project, as defined below, and California Educational Facilities Authority Refunding Revenue Bonds (University of Redlands) 2016 Series A, issued to finance the 2016 Project, as defined below, and to pay related costs (including but not limited to escrow agent and verification agent fees); (iii) fund one or more debt service reserve funds for the Bonds; and (iv) pay of costs of issuance and certain interest with respect to the Bonds.

The term “New Project” means the acquisition, construction, improvement, installation, renovation, rehabilitation, furnishing and equipping of certain educational facilities, student housing facilities and related administrative facilities, site improvements, and parking located in the City of Redlands, California, including but not limited to dormitories, classrooms, work spaces, offices, parking facilities, academic spaces, administrative offices, and related infrastructure improvements located and to be located (i) on and adjacent to the University’s Redlands campus located at 1200 East Colton Avenue, Redlands, California 92374 (the “Redlands Campus”), including but not limited to (A) renovations and other improvements to and equipping of the student housing facility generally known as Anderson Hall, and (B) acquisition, development, and construction of improvements at the University Station rail platform providing students, faculty, and visitors direct access to the Redlands Campus facilities of the University (consisting of a canopy, an adjacent parking area, and other improvements), a component of the Arrow commuter rail line in San Bernardino County, California, running between the San Bernardino Transit Center in downtown San Bernardino and the Redlands Campus (the Arrow line is owned and operated by the San Bernardino County Transportation Authority) and located on the southwest corner of the Redlands Campus near North University Street, including through the refinancing of commercial debt previously incurred by the University for such project; and (ii) on the University’s Marin campus located at 105 Seminary Road, San Anselmo, California 94960, to the extent such acquisition, construction, improvement, and equipping of University facilities have complied with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the California Public Resources Code) or is not a “project” under that division.

The term “2014 Project” means the refinancing of all or a portion of the University’s then outstanding (A) California Educational Facilities Authority Revenue Bonds (University of Redlands) 2003 Series A, (B) California Educational Facilities Authority Revenue Bonds (University of Redlands) 2003 Series B, and (C) California Educational Facilities Authority Revenue Bonds (University of Redlands) 2005 Series A, each such series of Authority bonds having been issued to finance and refinance the acquisition, development, construction, and equipping of educational, housing, administrative, and support facilities of the University located on the Redlands Campus.



The term “2016 Project” means the refinancing of all or a portion of the University’s then outstanding (A) California Educational Facilities Authority Revenue Bonds (University of Redlands) 2005 Series A, and (B) California Educational Facilities Authority Revenue Bonds (University of Redlands) 2008 Series A, each such series of Authority bonds having been issued to finance and refinance the acquisition, development, construction, and equipping of educational, housing, administrative, and support facilities on of the University located the Redlands Campus.