

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

Applicant: The Master’s University and Seminary (Master’s) 21726 Placerita Canyon Road Santa Clarita, CA 91321 Los Angeles County		Amount Requested: \$65,000,000 Date Requested: September 25, 2025 Resolution Number: 334	
Facility Type: Private University Project Sites: See Exhibit 1 Accreditation: Western Association of Schools and Colleges (WASC) Prior Borrower: No			
Background: Master’s is a nonprofit, private, Christian liberal arts institution with its principal campus located in Santa Clarita, California, approximately 30 miles north of Los Angeles. Founded in 1927 as Los Angeles Baptist Theological Seminary, Master’s is among the oldest evangelical Christian universities on the West Coast. Master’s also offers a broad liberal arts curriculum at the undergraduate and graduate levels. For the academic year 2024-25, Master’s enrolled 1,616 undergraduate students and 952 graduate students, with an additional 293 certificate and non-degree students.			
Use of Proceeds: Bond proceeds will be used to finance the acquisition, improvement, renovation, furnishing, and equipping of faculty, staff, and student housing and campus facilities. Proceeds will also be used to refinance Master’s outstanding line of credit and to pay capitalized interest and costs of issuance.			
Type of Issue: Negotiated public offering, tax-exempt fixed rate Expected Credit Rating: BBB- (S&P) Financing Team: See Exhibit 2 to identify possible conflicts of interest			
Financial Overview: Master’s appears to post increasing revenues during the review period though operating margins remain relatively narrow. Master’s appears to show an adequate balance sheet with a pro-forma FY 2024 operating debt service coverage ratio of 1.1x.			
<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Bond proceeds	\$ 65,000,000	Project Fund	\$ 54,200,000
		Refinancing	9,500,000
		Financing costs	1,300,000
Total Estimated Sources	\$ 65,000,000	Total Estimated Uses	\$ 65,000,000
Due Diligence: Staff has confirmed the following documentation provided by Master’s satisfies the California Educational Facilities Authority’s (Authority) requirements: Eligibility, Legal Review, the California Environmental Quality Act, and the certification for the Iran Contracting Act.			
Staff Recommendation: Staff recommends the Authority approve Resolution No. 334 in an amount not to exceed \$65,000,000 for The Master’s University and Seminary, subject to the terms and conditions in the resolution. 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.			

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

Master's intends to issue approximately \$65 million in tax-exempt bonds to strengthen its housing portfolio for faculty, staff and students and to support ongoing campus development initiatives. The financing will be structured as both new money and reimbursement for prior capital expenditures, with projects focusing on acquiring and improving resident properties, addressing deferred maintenance, and enhancing student amenities to improve overall campus life. Proceeds will also be used to refinance Master's outstanding line of credit to shift from a variable to a fixed interest rate, thus creating greater predictability and less uncertainty in debt service obligations.

Project Fund **\$54,200,000**

Residential Properties:

Bond proceeds will be used to reimburse Master's for the purchase and modest improvements of single-family residential homes near the main campus, which will serve as housing for both staff and students. Planned upgrades include kitchen and bathroom updates, roofing repairs, interior repainting, replacement of septic units, and sewer line connections to improve livability and long-term value.

Housing and Campus Facilities:

Master's will use a portion of the Series 2025 bond proceeds to finance the acquisition, improvement, and equipping of student housing facilities. This includes reimbursement for costs associated with the apartment complex at 22710 8th St. in Santa Clarita as well as for one or more additional apartment complexes located within one-half mile of this site to further expand housing capacity.

In addition, a portion of the proceeds will support capital improvements and expenditures for academic and student-support facilities on Master's main campus, including furnishings, modernization of older buildings, and upgrades to kitchens, bathrooms, roofing, and utility systems. These projects are intended to expand housing capacity, address deferred maintenance, and enhance the overall student experience.

Refinance **\$9,500,000**

A portion of the bond proceeds will be used to refinance Master's outstanding line of credit, converting the obligation from a variable rate to a fixed rate structure. This adjustment is expected to provide greater predictability in debt service obligations and strengthen Master's long-term financial planning.

Financing Costs **1,300,000**

Cost of Issuance \$650,000

Underwriter's Discount 650,000

TOTAL USES OF FUNDS **\$65,000,000**

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 Master's credit and financial profiles, current bond documents, prior bond transactions, offering documents, and considering what the market will support, Master's; KNN Public Finance, LLC (KNN), the Authority's municipal 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 Master's does not suggest that additional covenants should be required by the Authority.

- ✓ **Unconditional Promise to Pay.** *Master's agrees to pay Trustee all amounts required for principal and interest and other payments and expenses designated in the Loan Agreement. Sec. 10 of Loan Agreement. All Revenues¹ and any other amounts held in a designated fund or account under the Indenture are pledged to secure the full payment of the bonds.*
- ✓ **Pledge of Gross Revenues.** *Master's pledges, and to the extent permitted by law, grants a lien on and security interest to the Trustee in, the Gross Revenues to secure the payment of Base Loan Payments and Additional Payments. Sec. 7 of Loan Agreement. Gross Revenues equally secure the payment of Base Loan Payments on the Bonds and for an existing loan agreement with the California Municipal Finance Authority (Series 2019 Bonds) and future Parity Debt.*
- ✓ **Security Interest in Designated Property/Deed of Trust.** *As additional security for the benefit of the holders of the Series 2019 Bonds, Master's has executed the Deed of Trust with respect to certain parcels (and confirmed its terms including by the related modification thereof to be made in connection with the delivery of the Bonds) for the benefit of the Trustee for the holders of the Series 2019 Bonds, the Bondholders, and holders of future Parity Debt, and Deed of Trust Property will equally secure the Series 2019 Bonds, the Bonds, and future Parity Debt. Sec. 7 of Loan Agreement.*
- ✓ **Additional Debt Limitation.** *Master's agrees not to incur additional Indebtedness unless authorized by the Loan Agreement. Parity Debt is generally subject to a two year calculation of Indebtedness being at least equal to 1.10 times the Maximum Annual Debt Service Requirement including all outstanding Indebtedness and the Indebtedness proposed to be incurred. Sec. 9 of Loan Agreement. Parity Debt shall provide that (i) the Trustee shall act as trustee in respect of Parity Debt, (ii) the agreement under which the Parity Debt is incurred shall require that a Loan Default Event shall constitute an event of default under such agreement, and (iii) any collateral given or to be given to secure Parity Debt shall also secure the Series 2019 Bonds, the Bonds, and the Deed of Trust and the Gross Revenues shall also secure the Parity Debt*

¹ Capitalized terms are defined in the Indenture.

- ✓ **Debt Service Coverage Requirement.** *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, in this case a ratio of Net Income Available for Debt Service for each Fiscal Year of at least 1.10 to 1.0. Sec. 19(e) of Loan Agreement.*
- ✓ **Disposition of Cash and Property Limitations.** *Master's agrees not to sell, lease or dispose of substantially all assets unless authorized by the Loan Agreement. Sec. 14 of 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 "enumerated events" such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc. Master's agrees to the standard covenant to assist the underwriter. Sec. 19(g) of Loan Agreement.*

Staff has completed its due diligence, and KNN has reviewed the bond documents associated with this financing package and found these documents and proposed covenants to be acceptable.

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III. FINANCIAL ANALYSIS

**The Master's University & Seminary
Consolidated Statements of Activities
(Income Statement)**

	For the Years Ended June 30,		
	2024	2023	2022
Operating revenues and reclassifications			
Student tuition and fees-net	\$ 32,710,623	\$ 29,288,766	\$ 24,944,003
Auxiliary enterprises	13,683,015	13,703,082	10,832,058
Gifts and private grants	4,229,381	1,234,395	3,500,105
Contributed land, buildings, and equipment	316,002	2,303,550	-
Federal grants for student aid	150,586	155,391	139,668
Gain on disposal of assets	-	-	20,376
Other income	1,114,802	1,047,660	826,062
Net assets released from restrictions	10,266,358	10,051,560	9,522,444
Total Operating Revenue and Reclassifications	<u>62,470,767</u>	<u>57,784,404</u>	<u>49,784,716</u>
Operating expenses			
Salaries and wages	28,879,207	25,704,111	23,335,260
Employee benefits	7,470,926	6,267,028	6,088,203
General operating	14,945,753	14,219,056	12,295,926
Occupancy	3,989,109	4,844,950	3,772,489
Depreciation and amortization	5,276,381	4,641,364	3,865,999
Interest	1,476,906	1,231,626	843,373
Total operating expenses	<u>62,038,282</u>	<u>56,908,135</u>	<u>50,201,250</u>
Change in net assets from operations	432,485	876,269	(416,534)
Other changes in net assets:			
Investment income (loss)	1,361,688	711,013	(478,070)
Net change in split interest agreements	(224,795)	25,621	(22,192)
Net assets released:			
Capital expenditures	8,313,415	6,923,741	10,201,262
Total other changes in net assets	<u>9,450,308</u>	<u>7,660,375</u>	<u>9,701,000</u>
Change in net assets	9,882,793	8,536,644	9,284,466
Net assets, beginning of year	<u>55,009,009</u>	<u>46,472,365</u>	<u>37,187,899</u>
Net assets, end of year	<u>\$ 64,891,802</u>	<u>\$ 55,009,009</u>	<u>\$ 46,472,365</u>

The Master's University and Seminary
Consolidated Statements of Financial Position
(Balance Sheet)

		<u>As of June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 20,046,567	\$ 11,768,734	\$ 12,747,559
Accounts receivable, net of allowance for credit	473,281	357,378	440,877
Notes receivable, current portion	212,471	222,774	167,774
Grant receivable	-	-	2,162,434
Bequest receivable	-	3,563,636	-
Property purchase deposit	7,500,000	1,500,000	-
Prepays and other assets	2,069,255	2,017,951	1,970,603
Assets held for sale	1,889,109	-	151,155
Total current assets	32,190,683	19,430,473	17,640,402
Assets held for investment	4,140,381	3,850,381	3,699,226
Notes receivable, net of current portion	705,839	948,657	1,093,858
Cash held under bond covenanat	-	-	1,760,954
Investments	51,055,363	42,700,284	40,972,780
Board designated investments	1,068,666	5,593,772	-
Future interest in split interest agreement	-	8,001,943	4,466,837
Cash restricted by donors for capital projects	2,347,173	485,549	3,205,079
Land, buildings, and equipment, net	93,464,375	81,910,919	70,850,299
Financing lease-right-of-use-assets	3,530,181	3,762,451	3,723,209
Total assets	<u>\$ 188,502,661</u>	<u>\$ 166,684,429</u>	<u>\$ 147,412,644</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	\$ 2,963,551	\$ 3,562,344	\$ 1,970,082
Accrued payroll and benefits	1,002,489	836,479	839,181
Deferred revenue and other deposits	4,668,118	5,000,860	4,148,367
Finance lease-right-of-use-obligations, current portion	77,953	78,331	23,009
Debt instruments payable, current portion	1,039,923	726,782	824,277
Total current liabilities	9,752,034	10,204,796	7,804,916
Finance lease right-of-use obligations, net of current portion	108,298	184,519	29,840
Debt instruments payable, net of current portion	32,615,333	33,887,986	33,326,777
Due to annuitants	5,394,520	3,918,986	3,968,049
Due to trustors and other remaindermen under trust agreements	252,802	-	115,486
Total liabilities	48,122,987	48,196,287	45,245,068
Net assets:			
Without donor restrictions	64,891,802	55,009,009	46,472,365
With donor restrictions	75,487,872	63,479,133	55,695,211
Total net assets	140,379,674	118,488,142	102,167,576
Total Liabilities and Net Assets	<u>\$ 188,502,661</u>	<u>\$ 166,684,429</u>	<u>\$ 147,412,644</u>

	Proforma			
	FYE June 30, 2024	2024	2023	2022
Debt Service Coverage by Operating Income (x)	1.1	3.1	3.2	2.7
Debt Service Coverage by Net Assets (x)	2.6	7.3	6.9	8.7
Debt to Expendable Net Assets (x)	1.0	0.4	0.5	0.5
Expendable Net Assets to Operations		1.4	1.3	1.3
Margin (%)		0.7	1.5	(0.8)

Financial Discussion:

Master's appears to post increasing revenues during the review period though operating margins remain relatively narrow.

Master's total operating revenue and reclassifications increased by 25.5% over the review period from approximately \$49.8 million in FY 2022 to \$62.5 million in FY 2024. The largest component of revenues continues to be student tuition and fees, which grew from approximately \$24.9 million in FY 2022 to approximately \$32.7 million in FY 2024. According to Master's management, the growth in tuition revenue is largely a result of growing undergraduate and graduate enrollment. Gifts and private grants experienced some fluctuations, declining from roughly \$3.5 million in FY 2022 to roughly \$1.2 million in FY 2023, but then increasing significantly to approximately \$4.2 million in FY 2024. Master's management explained that gifts and private grant revenue can fluctuate due to capital campaigns as well as the nature of gift giving and future pledges from year-to-year.

Master's operating margins fluctuated over the review period as expenses remained relatively consistent with revenues. Operating margin increased from negative 0.8% in FY 2022 to positive 1.5% in FY 2023 and then declined slightly to positive 0.7% in FY 2024. Total operating expenses rose from approximately \$50.2 million in FY 2022 to approximately \$62 million in FY 2024, a growth rate of 23.6%. Salaries and wages, the largest expense category, increased from roughly \$23.3 million in FY 2022 to roughly \$28.9 million in FY 2024. Master's administration explained that they intentionally increased salaries and wages to help improve employee retention and to account for inflation and the growing cost of living. General operating expenses also exhibited growth over the review period, rising from approximately \$12.3 million in FY 2022 to approximately \$14.9 million in FY 2024. This has largely been a result of the growth of the University, leading to higher operating costs for Master's facilities, as explained by Master's management.

Master's appears to show an adequate balance sheet with a pro-forma FY 2024 operating debt service coverage ratio of 1.1x.

Master's total assets increased from roughly \$147.4 million in FY 2022 to roughly \$188.5 million in FY 2024. Cash and cash equivalents displayed notable growth from approximately \$12.7 million in FY 2022 to approximately \$20 million in FY 2024. According to Master's management, the increase reflects strong operating performance, as a portion of net income generated by Master's is retained in cash at the end of each fiscal year. Investments were another major contributor to this growing asset base, increasing from approximately \$41 million in FY 2022 to approximately \$51.1 million in FY 2024. Master's management attributed the increase in investments to both market performance and new contributions to the University Endowment. Master's also reported future interest in split interest agreement, which increased from roughly \$4.5 million in FY 2022 to roughly \$8 million in FY 2023 but did not appear for FY 2024. Management explained that Master's was the beneficiary of an irrevocable trust for which Master's was not trustee. The terms of the trust were fulfilled during FY 2024, leading to the split interest agreement now being recognized as investments on Master's books. Land, buildings, and equipment expanded significantly, growing from roughly \$70.9 million in FY 2022 to \$93.5 million in FY 2024. Master's has continued to acquire additional housing facilities to meet the growing demand.

Master's operating debt service coverage ratio (DSCR) remained relatively stable during the review period, measuring 2.7x in FY 2022, 3.2x in FY 2023, and 3.1x in FY 2024, indicating the institution's ability to meet debt obligations from operating cash flows. With the proposed \$65 million new bond issuance, Master's pro-forma FY 2024 operating DSCR of 1.1x remains above the 1.0x benchmark used to demonstrate the ability to repay debt obligations. Additionally, the debt-to-expendable net assets ratio improved slightly from 0.5x in FY 2022 and 2023 to 0.4x in FY 2024. With the proposed financing, Master's debt-to-expendable net assets ratio increases to 1.0x, illustrating a higher reliance on debt though remaining within a manageable level.

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IV. BACKGROUND

General:

Master's is a nonprofit, private, Christian liberal arts institution with its principal campus located in Santa Clarita, California, approximately 30 miles north of Los Angeles. Founded in 1927 as Los Angeles Baptist Theological Seminary, Master's is among the oldest evangelical Christian universities on the West Coast. For the academic year 2024-25, Master's enrolled 1,616 undergraduate students and 952 graduate students, with an additional 293 certificate and non-degree students.

Administration:

A board of trustees (the "Board" and, individually, each a "Trustee") oversees the functions of Master's and elects specific officers, including the President. The President appoints all other officers. Master's bylaws stipulate that at all times at least 12 Trustees shall serve on the Board, with each elected up to three (3) consecutive three-year terms. The Board exercises and delegates its authority through the President. The Board is actively engaged in all aspects of administrative and campus governance. Select Board committees include Executive and Finance committees

Accreditations:

Master's is accredited by the WASC Senior College and University Commission ("WSCUC"), the primary accrediting body for institutions of higher education in California. This accreditation was originally granted in 1975 and has been maintained since that date. Master's had its accreditation reaffirmed by WSCUC for six years on November 17, 2020. At an onsite visit in March 2023, WSCUC affirmed prior accreditation actions and scheduled an offsite review for Fall 2025, and an accreditation visit in Spring 2026.

Academic Programs:

Master's currently offers traditional undergraduate degree programs in 150 degree and program offerings, including online degree programs. Undergraduate majors include Business, Computer & Information Sciences, Communication, Engineering, English, History, Kinesiology, Liberal Studies & Teaching, Mathematics, Music & Performing Arts, Political Studies, Biological & Physical Sciences, Marketing Media, Biblical Studies, and Classical Liberal Arts. Graduate programs include master's degrees in business administration, Biblical Counseling, Biblical Studies, Education in Teaching, and Healthcare Administration and a doctoral degree in Biblical Counseling. Online programs are offered in two modalities – as a component of a traditional classroom experience, and fully online degrees. The Master's Seminary offers degree programs, including the Bachelor of Theology, Master of Divinity, Master of Theology, Doctor of Philosophy, and Doctor of Ministry.

V. OUTSTANDING DEBT

	Original Issue Amount	Amount Outstanding as of 06/30/2024	Estimated Amount Outstanding After Proposed Financing
Existing Debt			
CMFA, Series 2019	\$ 23,895,000	\$ 21,395,000	\$ 21,395,000
Line of Credit	-	9,500,000	-
Note payable (2021)	750,000	538,642	538,642
Note payable (2003)	500,000	323,000	323,000
Proposed Financing			
CEFA, Series 2025			65,000,000
Total		\$ 31,756,642	\$ 87,256,642

VI. DUE DILIGENCE:

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

- **Eligibility:** Staff has reviewed and confirmed that Master's meets the Authority's eligibility requirements.
- **Legal Review:** Master's completed and submitted documentation responsive to the Authority's Legal Status Questionnaire.
- **Compliance with Education Code section 94212(b) (California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.)):** Master's submitted documentation addressing the California Environmental Quality Act.
- **Iran Contracting Act Certificate:** The underwriter completed and submitted the Iran Contracting Act Certificate.

VII. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution No. 334 in an amount not to exceed \$65,000,000 for The Master's University and Seminary, subject to the terms and conditions in the resolution. 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.

EXHIBIT 1
PROJECT SITES

Project sites for facilities to be located at and/or within the following addresses and city blocks near the main campus at 21726 Placerita Canyon Road, Santa Clarita, CA 91321:

- within the 21600 block of Cleardale Street, Santa Clarita, CA 91321
- between 24806-24864 Meadview Avenue, Santa Clarita, CA 91321
- within the 21700 block of Oak Orchard Road, Santa Clarita, CA 91321
- within the 21300 and 21600 blocks of Placerita Canyon Road, Santa Clarita, CA 91321
- between 21900-22040 Placerita Canyon Road, Santa Clarita, CA 91321
- between 21705-21759 & 21804-21926 Placeritos Boulevard, Santa Clarita, CA 91321
- within the 24700 block of Quigley Canyon Road, Santa Clarita, CA 91321
- at and within ½ mile of 22710 8th Street, Santa Clarita, CA 91321
- on campus at and near 21726 Placerita Canyon Road, Santa Clarita, CA 91321

EXHIBIT 2

Financing Team

The Master's University and Seminary

Borrower: The Master's University and Seminary

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 Counsel: Lagerlof LLP

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Underwriter: RBC Capital Markets, LLC

Underwriter's Counsel: Squire Patton Boggs (US) LLP

Trustee: U.S. Bank Trust Company, National Association

Trustee's Counsel: Dorsey & Whitney LLP

Rating Agency: Standard & Poor's Financial Services, LLC

Auditor: CapinCrouse LLP

RESOLUTION NO. 334

RESOLUTION OF THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE AND REFINANCE PROJECTS FOR THE MASTER'S UNIVERSITY AND SEMINARY

September 25, 2025

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 Master's University and Seminary (the "Borrower") is a nonprofit religious corporation duly organized and existing under the laws of the State of California including the California Corporations Code;

WHEREAS, the Borrower has requested that the Authority issue its revenue bonds in one or more series, on a federally tax-exempt and federally taxable basis, in an aggregate principal amount not to exceed \$65,000,000 and apply the proceeds thereof to make one or more loans of the proceeds thereof to the Borrower to (i) finance the acquisition, construction, expansion, rehabilitation, renovation, remodeling, furnishing and equipping of certain educational facilities including, without limitation, to be used for faculty, staff, and student housing, all as more particularly described in Exhibit A hereto, (ii) pay capitalized interest on the bonds, and (iii) pay certain expenses incurred in connection with the issuance of the bonds (collectively, the "Projects");

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 Projects complies 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 (The Master's University and Seminary) Series 2025" in a total aggregate principal amount not to exceed \$65,000,000, are hereby authorized to be issued from time to time, in one or more series, on a federally tax-exempt

and federally taxable basis (the “Bonds”), 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 third 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 obligations of the Borrower to repay the loan of the proceeds of 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: gross revenue pledge, 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 Trust Company, National Association, as trustee (the “Trustee”);

(c) the Bond Purchase Agreement, including the appendices thereto, relating to the Bonds (the “Bond Purchase Agreement”), among RBC Capital Markets, LLC (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 gross revenue pledge, 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. 2023-01 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 agreements, documents, certificates and instruments referred to herein or related thereto, with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

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:

(a) financing or refinancing the costs of the following educational facilities and assets, including, without limitation, to be used for faculty, staff, and student housing, which are or will be owned and operated by The Master's University and Seminary (the "Borrower"):

(i) the costs to purchase and modestly improve certain single-family residential properties located within the City of Santa Clarita, California (the "City") as follows – within the 21600 block of Cleardale St., between 24806 and 24864 of Meadview Ave., within the 21700 block of Oak Orchard Rd., within the 21300 and 21600 blocks of Placerita Canyon Rd., and between 21900 and 22040 of Placerita Canyon Rd., between 21705 and 21759, and 21804 and 21926, of Placeritos Blvd., and within the 24700 block of Quigley Canyon Rd. (all previously acquired for the educational purposes of the Borrower);

(ii) the costs to purchase, improve and equip an apartment complex located at 22710 8th St. within the City (previously acquired for the educational purposes of the Borrower);

(iii) the costs of acquisition, improvement and equipping of one or more apartment complexes located within one-half mile of the 22710 8th St. complex; and

(iv) the costs of acquisition, construction, improvement, renovation and equipping of certain educational facilities and amenities including capital improvements and expenditures to academic, student support and related facilities on the Borrower's main campus generally located at 21726 Placerita Canyon Rd., Santa Clarita, CA 91321;

(b) paying capitalized interest on the Bonds, and

(c) paying certain expenses incurred in connection with the issuance of the Bonds.