

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

<p>Applicant: University of Southern California (USC) 851 Downey Way, HSH 101 Los Angeles, CA 90089 Los Angeles County</p> <p>Facility Type: Private University</p> <p>Project Sites: See Exhibit 1</p> <p>Accreditation: Western Association of Schools and Colleges</p> <p>Prior Borrower: Yes (last CEFA issuance July 2015)</p>	<p>Amount Requested: \$600,000,000</p> <p>Date Requested: March 27, 2025</p> <p>Resolution Number: 333</p>
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Background: USC is a nonprofit, privately endowed, coeducational, nonsectarian university with its principal campus located near downtown Los Angeles, California. Founded in 1880, USC is the oldest independent research and teaching university on the West Coast. For academic year 2024-25, USC enrolled 20,630 undergraduate and 25,936 graduate students.

Use of Proceeds: USC is requesting the issuance of tax-exempt bonds in an amount not to exceed \$600 million. Bond proceeds will be used to finance land acquisition, construction, renovations, improvements, furnishing and equipping of the educational facilities, and hospital and healthcare facilities of USC and its affiliates. Bond proceeds will also be used to pay capitalized interest and the costs of issuance.

Type of Issue:	Negotiated public offering, tax-exempt fixed rate
Expected Credit Rating:	AA/Aa2 (S&P/Moody's)
Financing Team:	Please see Exhibit 2 to identify possible conflicts of interest

Financial Overview: USC appears to post increasing revenue during the review period though operating margins have trended downward. USC appears to show a solid balance sheet with a proforma FY 2024 operating debt service coverage ratio of 1.4x.

<u>Estimated Sources of Funds</u>		<u>Estimated Uses of Funds</u>	
Bond Proceeds	\$ 600,000,000	Project Fund	\$ 597,350,000
		Financing Costs	2,650,000
Total Estimated Sources	\$ 600,000,000	Total Estimated Uses	600,000,000

Due Diligence: Staff has confirmed the following documentation provided by USC 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. 333 in an amount not to exceed \$600,000,000 for the University of Southern California, 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

USC plans to issue approximately \$600 million in tax-exempt bonds to finance and reimburse costs associated with various capital projects across its educational and healthcare facilities as well as to pay for capitalized interest and the costs of issuance. Aligning with USC’s long-term capital plan, bond proceeds will support the construction, renovation, and improvement of university buildings, athletic facilities, and healthcare centers. The proceeds will be used to address capacity constraints, facility enhancements, seismic safety upgrades, property acquisitions, and the expansion of specialized medical units to support both academic and healthcare operations. A significant portion of the bond proceeds will fund the renovation and expansion of Keck Hospital of USC (Keck) and the USC Norris Comprehensive Cancer Center (Norris) to address capacity constraints and modernize patient care facilities. Both projects are currently in the construction phase and are expected to be completed within three years.

Project Fund \$597,350,000

USC Health System Projects:

Keck is a 70-year-old, 401-bed acute care hospital located at the USC Health Sciences Campus. USC plans to expand Keck’s Cardiovascular and Vascular Pavilion by adding a new 12-bed cardiac intensive care unit; six new operating rooms, including two hybrid operating rooms; four new cardiac catheterization labs; and additional surgical spaces. To improve Keck’s patient access, a dedicated transfer entrance will be constructed to streamline emergency admissions separate from general patient areas. Keck’s 1st floor will also undergo reconfiguration to improve operational efficiency and optimize space utilization.

Built in 1984, Norris is a 60-bed hospital that focuses on cancer treatment, including lung cancer, gastrointestinal cancer, breast cancer, head and neck cancer, melanoma, and neuro-oncology, among others. The Norris renovation project will cover over 47,000 square feet of space across three floors. According to USC’s renovation plan, the existing 45-bay infusion unit will be relocated to the 7th floor of the hospital and expanded to accommodate increasing patient demand by adding 15 new bays. The project will also include modernized clinic spaces, relocation of magnetic resonance imaging services from Keck to Norris to improve imaging accessibility for cancer patients, and enhancement to the lower-level imaging center. Additionally, an intake unit will be added to improve patient flow and provide more immediate care options.

University Projects:

A portion of the bond proceeds will be used for improvements across USC’s athletic and academic facilities. Approximately \$80 million will be used for a baseball complex with improvements to the baseball field and a baseball performance facility as well as a new golf practice facility. Approximately \$44 million will be used to construct Rawlinson Stadium, a new facility for USC’s

women's soccer and lacrosse teams with more than 2,000 seats. The project is designed to be water, waste, and energy efficient and will be certified LEED Gold. Other planned projects include seismic safety upgrades and improvements, the replacement of air handling units at various university buildings, and other miscellaneous construction, renovations, and improvements.

Financing Costs	<u>2,650,000</u>
Cost of Issuance	\$1,000,000
Underwriter's Discount	<u>1,650,000</u>
 TOTAL USES OF FUNDS	 <u>\$600,000,000</u>

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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 USC's credit and financial profiles, current bond documents, prior bond transactions, offering documents, and considering what the market will support, USC's financial advisor; 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 USC does not suggest that additional covenants should be required by the Authority.

- ✓ **Unconditional Promise to Pay.** *Borrower agrees to pay Trustee¹ 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.*
- ✓ **Comply with SEC Rule 15c2-12.** *The Rule prohibits underwriters from underwriting municipal bond deals unless the issuer or borrower contractually agrees to a written undertaking that complies with Rule 15c2-12 and requires the disclosure, in accordance with the Rule, of designated financial and operating information to the marketplace during the life of the bonds and the reporting of 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 bond documents associated with this financing package and found these documents and proposed covenants to be acceptable.

¹ Capitalized terms defined in the Indenture.

III. FINANCIAL ANALYSIS

University of Southern California
Statement of Activities
 Unrestricted (\$000's)

	Year Ended June 30,		
	2024	2023	2022
Revenues, gains and other support:			
Student tuition and fees	\$ 1,722,612	\$ 1,744,703	\$ 1,743,066
Health care services	3,186,529	2,858,535	2,466,587
Contracts and grants	860,368	764,651	718,621
Auxiliary enterprises	319,937	304,222	268,468
Sales, services and other	564,215	462,477	343,702
Contributions	336,211	356,901	242,438
Allocation of endowment spending	381,976	378,717	313,696
Total revenues	<u>7,371,848</u>	<u>6,870,206</u>	<u>6,096,578</u>
Net assets released from restriction	15,077	21,130	386,767
Total Revenues and Reclassifications	<u>7,386,925</u>	<u>6,891,336</u>	<u>6,483,345</u>
Expenses:			
Salaries and benefits	4,302,453	3,984,666	3,509,082
Operating expenses	2,846,736	2,564,119	2,171,699
Depreciation	350,392	332,186	305,944
Interest on indebtedness	118,349	97,062	85,611
Total expenses before insurance recoveries	<u>7,617,930</u>	<u>6,978,033</u>	<u>6,072,336</u>
Increase (decrease) in Net Assets from Operating Activities before insurance recoveries	(231,005)	(86,697)	411,009
Insurance recoveries	-	19,575	12,250
Increase (decrease) from operating activities	<u>(231,005)</u>	<u>(67,122)</u>	<u>423,259</u>
Nonoperating activities:			
Allocation of endowment spending to operations	(132,745)	(146,777)	(113,805)
Changes in funding status of defined benefit plan	534	4,542	6,490
Other components of net periodic benefits	(1,689)	(2,379)	343
Donor resignations and other reclassifications	(48,339)	(235,232)	-
Investment and endowment income	71,818	97,010	36,578
Net appreciation (depreciation) in fair value of investments	222,861	55,322	(205,663)
Contributions	51,383	4,900	36,486
Inherent contribution from member substitution	-	469,742	-
Increase (decrease) in net assets from nonoperating activities	<u>163,823</u>	<u>247,128</u>	<u>(239,571)</u>
Total increase (decrease) in net assets	(67,182)	180,006	183,688
Beginning Net Assets	<u>4,830,362</u>	<u>4,650,356</u>	<u>4,466,668</u>
Ending Net Assets	<u>\$ 4,763,180</u>	<u>\$ 4,830,362</u>	<u>\$ 4,650,356</u>

University of Southern California
Statement of Financial Position (000's)

	As of June 30,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Cash and cash equivalents	\$ 846,875	\$ 413,949	\$ 421,238
Accounts receivable, net	1,126,544	954,344	856,510
Notes receivable	25,182	31,219	36,830
Pledges receivable, net	550,790	383,673	392,119
Investments	8,850,426	8,484,309	8,806,040
Inventories, prepaid expenses and other assets	473,928	519,178	417,147
Right-of-use assets - operating leases	256,268	227,820	193,578
Property, plant and equipment, net	5,202,922	5,055,603	4,447,548
Total assets	\$ 17,332,935	\$ 16,070,095	\$ 15,571,010
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	\$ 351,001	\$ 329,046	\$ 303,814
Accrued liabilities	853,460	835,022	1,214,238
Self insurance reserves	106,638	68,746	41,736
Deposits and deferred revenue	403,647	361,473	380,237
Actuarial liability for annuities payable	66,360	75,762	85,702
Federal student loan funds	26,832	30,483	35,490
Asset retirement obligations	166,536	159,455	152,543
Operating lease obligations	264,637	236,280	202,866
Finance lease obligations	176,365	145,337	86,758
Bonds and notes payable	3,179,612	2,687,128	2,441,616
Other liabilities	73,489	78,331	86,255
Total liabilities	5,668,577	5,007,063	5,031,255
Net assets:			
Without donor restrictions	4,763,180	4,830,362	4,650,356
With donor restrictions	6,901,178	6,232,670	5,889,399
TOTAL NET ASSETS	11,664,358	11,063,032	10,539,755
TOTAL LIABILITIES AND NET ASSETS	\$ 17,332,935	\$ 16,070,095	\$ 15,571,010

Financial Ratios

	Proforma ^(a)			
	<u>FYE 6/30/24</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Debt service coverage - Operating (x)	1.4	1.9	3.6	9.2
Debt service coverage - Net (x)	2.3	3.3	6.1	6.5
Debt to expendable net assets (x)	0.7	0.6	0.5	0.5
Expendable net assets to operations (x)		0.7	0.8	0.9
Operating margin (%)		(3.1)	(1.3)	6.3

^(a) Recalculates FY 2024 results to include the impact of the proposed financing.

Financial Discussion:

USC appears to post increasing revenue during the review period though operating margins have trended downward.

USC's total revenues increased by 21% over the review period, primarily driven by an increase in health care services revenue. Health care services revenue grew by 29%, from roughly \$2.5 billion in FY 2022 to \$3.2 billion in FY 2024. According to USC's management, the increase in health care services revenue was due to the inclusion of Arcadia Hospital as a fully owned subsidiary of USC. The financial results of Arcadia Hospital were integrated into USC's FY 2023 audit, resulting in a rise in health care services revenue by around \$300 million. The remaining growth is primarily attributed to natural increases in revenues for provided patient services. Student tuition and fees remained relatively stable at about \$1.7 billion over the reviewed period, which according to USC's management was fueled by stable enrollment levels alongside yearly tuition hikes. Although there were modest tuition increases, they were offset by even larger increases in financial aid as part of USC's need-based Affordability Initiative used to create a strategy for optimizing enrollment and managing financial aid.

USC's operating margins decreased each year of the review period as expenses grew at a quicker rate than revenues. Operating margin decreased from 6.3% in FY 2022 to negative 1.3% in FY 2023, and then to negative 3.1% in FY 2024. USC is taking steps to reverse the downward trend, including enacting budget reductions, enrollment and financial aid optimization, and increasing administration operating efficiencies. Salaries and benefits, which accounts for the largest expense category, rose from roughly \$3.5 billion in FY 2022 to roughly \$4.3 billion in FY 2024. According to USC's management, the increase in salaries and benefits was driven by the addition of Arcadia Hospital as well as a presidential initiative to invest in faculty and staff to ensure competitiveness. Another major expense category that exhibited a drastic increase was operating expenses, which grew from roughly \$2.2 billion in FY 2022 to roughly \$2.8 billion in FY 2024. According to USC's management, operating expenses increased with the acquisition of Arcadia Hospital and the consolidation of its financial statements into USC's beginning in FY 2023.

USC appears to show a solid balance sheet with a pro-forma FY 2024 operating debt service coverage ratio of 1.4x.

USC's total assets increased from roughly \$15.6 billion in FY 2022 to roughly \$17.3 billion in FY 2024. Cash and cash equivalents nearly doubled from \$421.2 million in FY 2022 to \$846.9 million in FY 2024. According to USC's management, cash and cash equivalents increased with the issuance of a \$500 million taxable corporate bond in July of 2023 and the bond proceeds are being used for strategic capital projects. Property, plant and equipment was one of the more significant increases, rising from approximately \$4.4 billion in FY 2022 to approximately \$5.2 billion in FY 2024. According to USC's management, property, plant and equipment increased with the acquisition of Arcadia Hospital and with the completion of capital projects being placed into service, such as the new Ginsburg computer science building on the main campus.

USC's operating debt service coverage ratio (DSCR) declined from 9.2x in FY 2022 to 3.6x in FY 2023, and then to 1.9x in FY 2024, with all three years indicating USC's ability to pay its debt obligations from operating cash flows. With the proposed \$600 million new bond issuance, USC's pro-forma FY 2024 operating DSCR remains solid at 1.4x, illustrating the university remains above the threshold of 1.0x needed to cover its debt obligations. Additionally, the debt-to-expendable net assets ratio increased from 0.5x in FY 2022 to 0.6x in FY 2024, as USC issued new taxable bonds in July 2023. With the proposed CEFA financing, USC's debt-to-expendable net assets ratio increases slightly to 0.7x, which demonstrates USC's slightly increasing use of new debt though still at a manageable level in relation to its expendable net assets.

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IV. BACKGROUND:

General:

USC is a nonprofit, privately endowed, coeducational, nonsectarian university with its principal campus located near downtown Los Angeles, California. Founded in 1880, USC is the oldest independent research and teaching university on the West Coast. For academic year 2024-25, USC enrolled 20,630 undergraduate and 25,936 graduate students.

Administration:

A self-perpetuating Board of Trustees, presently comprised of approximately 37 voting members, governs USC. The Board of Trustees is responsible for the overall management of USC, including its academic policy, development, long-range land use and resource planning, and supervision of financial and budgetary affairs. The President of USC is appointed by the Board of Trustees and, as Chief Executive Officer, is charged with the principal responsibility for administration of USC. All other officers of USC, with the exception of the Chairman and Vice Chairmen, are elected by the Board of Trustees upon nomination by the President and are subject to the day-to-day direction of the President.

Accreditations:

USC is accredited by the Western Association of Schools and Colleges. USC is one of 26 private colleges and/or universities that are members of the Association of American Universities. It is also a member of the American Association of Colleges of Pharmacy; State of California Board of Pharmacy; American Association of Dental Schools; American Association for Teacher Education; American Society for Engineering Education; California Council on Teacher Education; American Association for Higher Education; American Council on Education; Association of American Colleges; Association of Independent California Colleges and Universities; College Entrance Examination Board; Council for Advancement and Support of Education; Council of Graduate Schools; Western Association of Graduate Schools; American Association of Collegiate Registrars and Admissions Officers; North American Association of Summer Sessions; National Association of College and University Business Officers; National University Extension Association; and the Association of Continuing Higher Education.

Academic Programs:

USC offers a multi-disciplinary curriculum at both the undergraduate and graduate levels. Academic programs are offered through three basic components. The College of Letters, Arts and Sciences; the Graduate School; and 18 professional schools. More specifically, the academic units are: Accounting, Architecture, Business Administration, Cinema-TV and Drama, Annenberg School of Communications, Dentistry, Education, Engineering, Fine Arts, Gerontology, Graduate School, Health Related Professions, Law, Medicine, Music, Pharmacy, Public Administration, Safety and Systems Management, Social Work and Urban and Regional Planning.

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

	Original Issue Amount	Amount Outstanding as of 06/31/2024	Estimated Amount Outstanding After Proposed Financing
Existing Debt			
USC Series 2011 (Taxable)	\$ 300,000	\$ 300,000	\$ 300,000
USC Series 2016 (Taxable)	722,580	722,580	722,580
USC Series 2017 (Taxable)	402,320	402,320	402,320
California Statewide Communities Development Authority Series 2018	232,860	232,860	232,860
USC Series 2020A (Taxable)	320,000	320,000	320,000
USC Series 2020B (Taxable)	308,835	308,835	308,835
USC Series 2021A (Taxable)	400,000	400,000	400,000
USC Series 2023 (Taxable)	500,000	500,000	500,000
Proposed Financing			
CEFA, Series 2025			600,000
Total		\$ 3,186,595	\$ 3,786,595

VI. DUE DILIGENCE:

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

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

VII. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution No. 333 in an amount not to exceed \$600,000,000 for University of Southern California, 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

- Keck Hospital of USC – 1500 San Pablo Street, Los Angeles, CA 90033
- USC Norris Cancer Hospital – 1441 Eastlake Avenue, Los Angeles, CA 90089
- University Park Campus – 3551 Trousdale Parkway, Los Angeles, CA 90089; the boundaries of which are generally Exposition Boulevard, Vermont Avenue, W. Jefferson Boulevard, S. Figueroa Street, and Flower Street; an adjacent area generally bounded by Orchard Avenue, W. Jefferson Boulevard, S. Hoover Street, W. Adams Boulevard, S. Figueroa Street and Flower Street; and an area generally bounded by E. Jefferson Boulevard, S. Grand Avenue, S. Hill Street, S. Hope Street and W. 35th Street, Los Angeles, CA 90089
- Health Sciences Campus – 1510 – 1520 San Pablo Street, Los Angeles, CA 90033; the boundaries of which are generally Eastlake Avenue, N. Mission Road, Zonal Avenue, San Pablo Street, N. Soto Street, Alcazar Street, Valley Boulevard and Marengo Street, Los Angeles, CA 90033.

EXHIBIT 2

Financing Team

University of Southern California

Borrower: University of Southern California

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Special Counsel: Orrick, Herrington & Sutcliffe LLP

Issuer's Municipal Advisor: KNN Public Finance, LLC

Issuer's Financial Analyst: TAP International, Inc.

Borrower's Counsel: Hawkins, Delafield & Wood LLP

Borrower's Financial Advisor: PFM Financial Advisors LLC

Bond Counsel to the Borrower: Hawkins, Delafield & Wood LLP

Underwriters: Jefferies LLC
Goldman Sachs & Co. LLC
BofA Securities, Inc.
Loop Capital Markets LLC

Underwriters' Counsel: Nixon Peabody LLP

Trustee: The Bank of New York Mellon Trust
Company, N.A.

Trustee's Counsel: Foley & Lardner LLP

Rating Agencies: Moody's Investors Service, Inc.
Standard & Poor's Financial Services,
LLC

Auditor: PricewaterhouseCoopers LLP

RESOLUTION NO. 333

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

WHEREAS, the California Educational Facilities Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Educational Facilities Authority Act (the “Act”) to issue revenue bonds and to loan the proceeds thereof to a participating private college or a participating nonprofit entity (both as defined in the Act) for the acquisition or construction of projects (as defined in the Act), to refund existing bonds, mortgages, or advances or other obligations incurred, given, or made by a participating private college for the acquisition or construction of any projects, to loan the proceeds thereof to a participating private college for the purpose of refinancing projects not originally funded pursuant to the Act (including repayment of costs, as defined in the Act), and to refund existing bonds or notes of the Authority;

WHEREAS, the University of Southern California (the “Borrower”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California;

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 \$600,000,000 and apply the proceeds thereof to make one or more loans of the proceeds of the Bonds (as defined below) to the Borrower (i) to finance and/or refinance the acquisition and construction of projects (as defined in the Act), as more particularly described in Exhibit A hereto (the “Project”), (ii) to fund capitalized interest on the Bonds, and (iii) 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, to the extent applicable, that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a “project” under such division; and

WHEREAS, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought.

NOW, THEREFORE, BE IT RESOLVED by the California Educational Facilities Authority as follows:

Section 1. Pursuant to the Act, revenue bonds of the Authority designated as the “California Educational Facilities Authority Revenue Bonds (University of Southern California), Series 2025” (collectively, the “Bonds”), in a total aggregate principal amount not to exceed \$600,000,000, 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 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 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 The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”);

(c) the Purchase Contract, including the appendices thereto, relating to the Bonds (the “Purchase Contract”), among Jefferies LLC (the “Representative”), as the Representative of the underwriters (the “Underwriters”) named in the Purchase Contract, 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 Purchase Contract and by delivery thereof in the case of the Preliminary Official Statement. The Executive Director, Interim Executive Director, or Deputy Executive Director of the Authority shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

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

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

Section 6. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Underwriters 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 Underwriters, 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, 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; 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, Purchase Contract, and Official Statement and other certificates and documents 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 “Project” is comprised of the following capital improvements to the Borrower’s educational facilities and certain healthcare facilities of the Borrower’s wholly-owned affiliates, as follows:

(1) Proceeds of the Bonds may be applied to finance, refinance and reimburse the costs of construction, renovations, improvements, furnishing and equipping of the integrated hospital and healthcare facilities owned and operated by the Borrower’s wholly-owned affiliate, Keck Medical Center of USC, (A) at its main Keck Hospital campus located at 1500 San Pablo Street, Los Angeles, California, including, but not limited to, (i) seismic plan upgrades and improvements; (ii) construction, renovation, improvements and equipping of the cardiovascular and vascular pavilion; and (iii) construction, renovations, improvements and equipping of inpatient facilities, a transfer and acceptance center, surgical and recovery units and radiology units; and (B) at its USC Norris Cancer Hospital campus located at 1441 Eastlake Avenue, Los Angeles, California, including, but not limited to, (a) seismic plan upgrades and improvements; and (b) construction, renovation, improvements and equipping of patient care facilities, diagnostic, treatment and MRI facilities, a new treatment and clinical trials center, surgical units and a new infusion center.

(2) Proceeds of the Bonds may be applied to finance, refinance and reimburse the costs of acquisition, construction, renovations, improvements, furnishing and equipping of the integrated academic, research, administrative, athletic, residential, recreational and student life facilities and campus infrastructure of the Borrower at its University Park Campus and Health Sciences Campus, including, but not limited to, (a) construction, renovations and improvements to create a new baseball and athletics training complex at Dedeaux Field on the University Park Campus, including, improvements to the stadium facilities, training facilities and a new golf practice facility, as well as maintenance facilities; (b) land acquisition and construction and furnishing of a new, approximately 20,400 square-foot stadium and facilities for the Borrower’s women’s soccer and lacrosse teams, to include grandstand seating for approximately 2,000 spectators; (c) seismic plan upgrades; and (d) building infrastructure improvements and replacement of air handling units in campus buildings. The capital projects and improvements to the Borrower’s integrated academic, research, administrative, athletic, residential, recreational and student life facilities and campus infrastructure will be located at (A) the Borrower’s University Park Campus in Los Angeles, California (the “University Park Campus”), the boundaries of which are generally Exposition Boulevard, Vermont Avenue, W. Jefferson Boulevard, S. Figueroa Street, and Flower Street, and the adjacent areas to the north and east thereof, the boundaries of which are generally Orchard Avenue, W. Jefferson Boulevard, S. Hoover Street, W. Adams Boulevard, S. Figueroa Street and Flower Street, and in the area generally bounded by E. Jefferson Boulevard, S. Grand Avenue, S. Hill Street, S. Hope Street and W. 35th Street, and at (B) the Borrower’s Health Science Campus in Los Angeles, California (the “Health Sciences Campus), the boundaries of which are generally Eastlake Avenue, N. Mission Road, Zonal Avenue, San Pablo Street, N. Soto Street, Alcazar Street, Valley Boulevard and Marengo Street.