

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."



\$102,230,000
CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS (SANTA CLARA UNIVERSITY)
SERIES 2015

Dated: Date of Initial Delivery

Due: April 1, as shown on the inside cover

The California Educational Facilities Authority (the "Authority") is issuing its Revenue Bonds (Santa Clara University) Series 2015 (the "Bonds") in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on April 1 and October 1 of each year commencing April 1, 2016. The Bonds are issuable as fully-registered bonds registered in the name of a nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Purchases of the Bonds may be made in book-entry form only, through brokers and dealers who are or who act through, DTC Participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates. Payments of the principal of, premium, if any, and interest on the Bonds will be made to DTC by U.S. Bank National Association, as trustee (the "Trustee"). Disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the beneficial owners is the responsibility of DTC Participants. See Appendix C – "BOOK-ENTRY SYSTEM."

The Bonds are subject to optional and mandatory redemption prior to their respective stated maturities as described herein. See "THE BONDS – Redemption" herein.

The Bonds are being issued by the Authority pursuant to an Indenture dated as of August 1, 2015 (the "Indenture"), by and between the Authority and the Trustee. The Bonds are limited obligations of the Authority payable only out of Revenues, consisting primarily of Base Loan Payments to be made by The President and Board of Trustees of Santa Clara College, doing business as

SANTA CLARA UNIVERSITY

(the "University"). The Authority will loan the proceeds to the University pursuant to a Loan Agreement to provide funds which the University will use to (i) finance or refinance the construction, renovation, remodeling, furnishing and equipping of certain facilities of the University, (ii) advance-refund a portion of the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2008 (the "Series 2008 Bonds"), in the aggregate principal amount of \$51,145,000; and (iii) pay costs incurred in connection with the issuance of the Bonds, all as more fully described herein. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS."

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS THEREFOR PROVIDED. NEITHER THE STATE OF CALIFORNIA NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR PURCHASE PRICE OF THE BONDS OR THE PREMIUM, IF ANY, OR THE INTEREST THEREON EXCEPT FROM THE FUNDS PROVIDED UNDER THE LOAN AGREEMENT AND THE OTHER ASSETS PLEDGED UNDER THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PURCHASE PRICE OF OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains certain information for quick reference only. It is not intended to be a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(on inside front cover)

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Hawkins Delafield & Wood LLP, San Francisco, California, for the Authority by the Attorney General of the State of California, and for the University by its General Counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about August 28, 2015.

HONORABLE JOHN CHIANG
Treasurer of the State of California
As Agent for Sale

Wells Fargo Securities

Morgan Stanley

MATURITY SCHEDULE

\$47,790,000 Serial Bonds

Maturity April 1	Principal Amount	Interest Rate	Price/Yield	CUSIP[†] (Base: 130179)
2019	\$2,130,000	5.00%	1.00%	AY0
2020	2,230,000	5.00	1.23	AZ7
2021	2,340,000	5.00	1.52	BA1
2022	2,460,000	5.00	1.80	BB9
2023	2,585,000	5.00	2.01	BC7
2024	2,715,000	5.00	2.15	BD5
2025	2,850,000	3.00	2.36	BE3
2026	2,940,000	5.00	2.45 ^(c)	BF0
2027	3,080,000	5.00	2.60 ^(c)	BG8
2028	3,240,000	5.00	2.73 ^(c)	BH6
2029	2,095,000	5.00	2.82 ^(c)	BJ2
2030	2,200,000	3.25	100.00	BK9
2031	2,270,000	5.00	3.00 ^(c)	BL7
2032	2,385,000	5.00	3.06 ^(c)	BM5
2033	2,665,000	5.00	3.11 ^(c)	BN3
2034	2,795,000	5.00	3.16 ^(c)	BP8
2035	3,320,000	5.00	3.20 ^(c)	BQ6
2036	3,490,000	5.00	3.24 ^(c)	BT0

\$12,045,000 5.00% Term Bond due April 1, 2039 Yield 3.32%^(c) CUSIP[†] 130179BR4

\$42,395,000 5.00% Term Bond due April 1, 2045 Yield 3.39%^(c) CUSIP[†] 130179BS2

^(c) Yield to the first optional call date of April 1, 2025 at par.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. The Authority, the University and the Underwriters do not take any responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the California Educational Facilities Authority (the "Authority"), the University, or the Underwriters to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

The information relating to the Authority set forth herein under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority" has been furnished by the Authority. The Authority does not warrant the accuracy of the statements contained herein relating to the University, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the University, (2) the sufficiency of the security for the Bonds, or (3) the value or investment quality of the Bonds. The Authority makes no representations or warranties whatsoever with respect to any information contained herein except for the information under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority."

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the University since the date hereof.

When used in this Official Statement and in any continuing disclosure with respect to the Bonds or in any press release and in any oral statement made with the approval of an authorized officer of the University or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements". Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The University maintains a website; however, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12 ("Rule 15c2-12").

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OFFICIAL STATEMENT

\$102,230,000
CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS (SANTA CLARA UNIVERSITY)
SERIES 2015

INTRODUCTION

This Introduction contains only a brief summary of certain of the terms of the Bonds being offered and a full review should be made of the entire Official Statement, including the cover page and the appendices in order to make an informed investment decision. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of the laws of the State of California (the "State") or any documents referred to herein do not purport to be complete and such references are qualified in their entirety to the complete provisions thereof.

The Authority

The California Educational Facilities Authority (the "Authority") is a public instrumentality of the State created pursuant to the provisions of the California Educational Facilities Authority Act, constituting Chapter 2 (commencing with Section 94100) of Part 59 of Division 10 of Title 3 of the Education Code of the State of California, as amended (the "Act"). See "THE AUTHORITY" herein.

The University

Santa Clara University (the "University") is a nonprofit, coeducational, privately endowed university offering undergraduate liberal arts, professional and graduate degrees. University enrollment for the fall term of the 2014-15 academic year was 8,730 full time equivalent students.

For the fiscal year ended June 30, 2014, the University had total unrestricted revenues of approximately \$330.8 million and unrestricted operating expenses of approximately \$316.3 million. At June 30, 2014, the aggregate of all University net assets was approximately \$1.4 billion. In addition, important information on the financial condition of the University is set forth in Appendix A – "SANTA CLARA UNIVERSITY" and in the University's financial statements and notes thereto set forth in Appendix B, all of which should be carefully reviewed.

The Bonds

This Official Statement, including the cover page and appendices hereto (this "Official Statement"), provides certain information in connection with the offering of \$102,230,000 aggregate principal amount of the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2015 (the "Bonds").

The Bonds will be issued pursuant to the provisions of the Act, and the Indenture, dated as of August 1, 2015 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Authority will lend the proceeds of the Bonds to the University pursuant to a Loan Agreement, dated as of August 1, 2015 (the "Loan Agreement"), between the Authority and The President and Board of Trustees of Santa Clara College, doing business as Santa Clara University. Capitalized terms used but not defined herein are defined in Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS."

The Bonds will be dated the date of their initial delivery, will be issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof and will be redeemable as set forth in the Indenture and as summarized herein. See “THE BONDS – Redemption.” Interest on the Bonds will be payable semiannually on each April 1 and October 1, commencing April 1, 2016 (each, an “Interest Payment Date”).

Book-Entry System

When delivered, the Bonds will be registered in the name of a nominee of The Depository Trust Company (“DTC”) which will act as securities depository for the Bonds. Purchases of the Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants (as defined in Appendix C). Beneficial Owners (as defined in Appendix C) of the Bonds will not receive physical delivery of certificated securities. Payments of principal of, premium, if any, and interest on the Bonds will be made to DTC or its nominee as the registered owner of the Bonds by the Trustee. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of payments to the Beneficial Owners is the responsibility of the DTC Participants. See Appendix C – “BOOK-ENTRY SYSTEM.”

Purposes

The Authority will lend the proceeds of the Bonds to the University pursuant to the Loan Agreement to provide funds which the University will use to (i) finance or refinance the construction, renovation, remodeling, furnishing and equipping of certain facilities of the University, (ii) advance-refund a portion of the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2008 (the “Series 2008 Bonds”), in the aggregate principal amount of \$51,145,000; and (iii) pay costs incurred in connection with the issuance of the Bonds. See “PLAN OF FINANCE,” “ESTIMATED SOURCES AND USES OF PROCEEDS” and “VERIFICATION.”

Sources of Payment of the Bonds

The Authority is obligated to pay the Bonds solely from the Revenues received from the University under the Loan Agreement and the other funds available therefor under the Indenture. Pursuant to the Indenture, the Authority has pledged to the Trustee for the benefit of the Bondholders all of the Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Under the Loan Agreement, the University has agreed unconditionally to the payment of the Base Loan Payments to be made thereunder, which are due in amounts and at the times necessary to pay the principal (whether at maturity or upon acceleration or prior redemption) of, premium, if any, and interest to the date of maturity or redemption of the Bonds, when due. The University’s payment obligations under the Loan Agreement are general, unsecured obligations of the University. There will be no reserve fund with respect to the Bonds.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE “STATE”) OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS THEREFOR PROVIDED. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR PURCHASE PRICE OF THE BONDS OR THE PREMIUM, IF ANY, OR THE INTEREST THEREON EXCEPT FROM THE FUNDS PROVIDED UNDER THE LOAN AGREEMENT AND THE OTHER ASSETS PLEDGED UNDER THE INDENTURE, AND NEITHER THE FAITH AND

CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PURCHASE PRICE OF OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

ALTHOUGH THE BONDS ARE ISSUED BY THE AUTHORITY, THE BONDS SHOULD BE VIEWED AS DIRECT OBLIGATIONS OF THE UNIVERSITY FOR PURPOSES OF EVALUATING THEIR SECURITY.

Other Outstanding Debt

The University has certain other outstanding obligations with respect to bonded indebtedness (collectively, the “Prior CEFA Bonds,” as further defined under “INVESTMENT CONSIDERATIONS – University Indebtedness”), and certain payment obligations with respect to capital leases and a term loan from Wells Fargo Bank, National Association (the “2014 Term Loan”). The University plans to use a portion of the proceeds of the Bonds to advance-refund a portion of the Series 2008 Bonds in the aggregate principal amount of \$51,145,000. See “PLAN OF FINANCE” herein. Upon the defeasance of the portion of the Series 2008 Bonds to be refunded, the Series 2008 Bonds in the aggregate principal amount of \$9,630,000 will remain outstanding.

The University may incur additional debt in the future. See “INVESTMENT CONSIDERATIONS – University Indebtedness.”

Certain Information Related to this Official Statement

The descriptions herein of the Indenture, the Loan Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, and the description of the Bonds is qualified in its entirety by the form thereof and the information with respect thereto included in such documents. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE” for a brief summary of the rights and duties of the Authority, the rights and remedies of the Trustee and the Bondholders upon an event of default, provisions relating to amendments of the Indenture and procedures for defeasance of Bonds.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the University.

THE AUTHORITY

General

The Authority is a public instrumentality of the State created pursuant to the provisions of the Act. The Authority is authorized to issue the Bonds under the Act, to make the loan contemplated by the Loan Agreement and to secure the Bonds by the pledge of the Revenues received by the Authority pursuant to the Loan Agreement and certain other sources of payment as provided in the Indenture,

including amounts held in specified funds or accounts pursuant to the Indenture (excluding the Rebate Fund).

Organization and Membership of the Authority

The membership of the Authority consists of the Treasurer, the Controller and the Director of Finance of the State of California and two members appointed by the Governor of the State of California. Of the two appointed members, one must be affiliated with a public institution of higher education as a governing board member or in an administrative capacity and the other must be affiliated with a private institution of higher education as a governing board member or in an administrative capacity.

Outstanding Indebtedness of the Authority

The Act does not limit the amount of indebtedness the Authority may have outstanding from time to time. As of June 30, 2015, the Authority had outstanding \$4,508,872,121 aggregate principal amount of bonds and notes (excluding certain bonds and notes which have been defeased) issued on behalf of various California independent colleges and universities.

PLAN OF FINANCE

The Authority will lend the proceeds of the Bonds to the University to provide funds which the University intends to apply to (i) finance or refinance the construction, renovation, remodeling, furnishing and equipping of certain facilities of the University (as further described below, the “Project”), (ii) advance-refund a portion of the Series 2008 Bonds in the aggregate principal amount of \$51,145,000; and (iii) pay costs incurred in connection with the issuance of the Bonds.

The Project. The Project consists of the following capital improvements to the educational facilities of the University:

Edward M. Dowd Art and Art History Building. A portion of the proceeds of the Bonds will be used to finance or refinance the construction of the Edward M. Dowd Art and Art History Building. The building will be a 45,400-square foot facility, and will house the Art and Art History Department. Construction began in 2015, and is expected to be completed in the summer of 2016.

Dunne Residence Hall Renovation. The Dunn Residence Hall was built in 1960 as a traditional, dormitory-style student residence. A portion of the proceeds of the Bonds will be used to finance or refinance the renovation of Dunne Residence Hall, consisting of updates to each room and creating additional community space.

Other Infrastructure Improvements. A portion of the proceeds of the Bonds will be used to finance or refinance improvements to existing buildings of the University. Improvements will consist of upgrades for utilities and networking capabilities in these buildings.

Refunding of Series 2008 Bonds. A portion of the proceeds of the Bonds will be deposited into the Escrow Fund to defease and redeem a portion of the Series 2008 Bonds in the aggregate principal amount of \$51,145,000. The amounts deposited into the Escrow Fund will be invested in United States Treasury Securities that mature in such amounts and at such times and bear interest at such rates as to provide amounts sufficient to pay the principal of and interest on the Series 2008 Bonds through and including the redemption date of April 1, 2018. Upon the defeasance of the portion of the Series 2008 Bonds to be refunded, the Series 2008 Bonds in the aggregate principal amount of \$9,630,000 will remain outstanding. See “INVESTMENT CONSIDERATIONS – University Indebtedness.” The moneys and

securities to be applied to defease and redeem the Series 2008 Bonds will not be available to pay debt service on the Bonds.

The proceeds of the Series 2008 Bonds financed and refinanced various educational facilities of the University, including residence halls, academic buildings, administrative buildings, athletic facilities, telecommunications equipment and infrastructure improvements on the main campus of the University. See “ESTIMATED SOURCES AND USES OF PROCEEDS” and “VERIFICATION” herein.

The University may use proceeds of the Bonds to finance alternative or additional educational facilities as provided in the Indenture and the Loan Agreement.

ESTIMATED SOURCES AND USES OF PROCEEDS

The following table sets forth the estimated sources and uses of the proceeds of the Bonds.

Estimated Sources of Funds:

Par Amount of the Bonds	\$102,230,000.00
Original Issue Premium	14,943,098.35
Series 2008 Bond Fund ⁽¹⁾	<u>1,131,042.50</u>
Total Sources	\$118,304,140.85

Estimated Uses of Funds:

Deposit to Project Fund	\$59,500,000.00
Deposit into the Escrow Fund	58,122,266.48
Costs of Issuance ⁽²⁾	<u>681,874.37</u>
Total Uses	\$118,304,140.85

⁽¹⁾ On the date of the delivery of the Bonds, amounts deposited in the bond fund relating to the Series 2008 Bonds will be released and deposited into the Escrow Fund.

⁽²⁾ Includes underwriters’ discount, legal, financing and consulting fees, rating agency fees, printing costs and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The following table shows the debt service due on the Bonds, in each fiscal year ending June 30. For a schedule of the annual debt service requirements of the University for all its outstanding long-term indebtedness upon the issuance of the Bonds and defeasance of the Series 2008 Bonds to be refunded, see Appendix A – “SANTA CLARA UNIVERSITY – Financial Condition of the University – Indebtedness” herein.

Fiscal Year (ending June 30,)	Principal on Bonds	Interest on Bonds	Total Annual Debt Service on the Bonds
2016	–	\$2,967,800	\$2,967,800
2017	–	5,016,000	5,016,000
2018	–	5,016,000	5,016,000
2019	\$2,130,000	5,016,000	7,146,000
2020	2,230,000	4,909,500	7,139,500
2021	2,340,000	4,798,000	7,138,000
2022	2,460,000	4,681,000	7,141,000
2023	2,585,000	4,558,000	7,143,000
2024	2,715,000	4,428,750	7,143,750
2025	2,850,000	4,293,000	7,143,000
2026	2,940,000	4,207,500	7,147,500
2027	3,080,000	4,060,500	7,140,500
2028	3,240,000	3,906,500	7,146,500
2029	2,095,000	3,744,500	5,839,500
2030	2,200,000	3,639,750	5,839,750
2031	2,270,000	3,568,250	5,838,250
2032	2,385,000	3,454,750	5,839,750
2033	2,665,000	3,335,500	6,000,500
2034	2,795,000	3,202,250	5,997,250
2035	3,320,000	3,062,500	6,382,500
2036	3,490,000	2,896,500	6,386,500
2037	3,660,000	2,722,000	6,382,000
2038	4,090,000	2,539,000	6,629,000
2039	4,295,000	2,334,500	6,629,500
2040	4,515,000	2,119,750	6,634,750
2041	6,855,000	1,894,000	8,749,000
2042	7,200,000	1,551,250	8,751,250
2043	7,560,000	1,191,250	8,751,250
2044	7,935,000	813,250	8,748,250
2045	8,330,000	416,500	8,746,500
Total	\$102,230,000	\$100,344,050	\$202,574,050

THE BONDS

Description of the Bonds

The Bonds will be issued and sold in the aggregate principal amount set forth on the inside cover page hereof as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year (each an “Interest Payment Date”), commencing April 1, 2016. The principal of, premium, if any, and interest with respect to the Bonds is payable by the Trustee to DTC, which will in turn remit such principal, premium, if any, and interest to the DTC participants, which will in turn remit such principal, premium, if any, and interest to the beneficial owners of the Bonds.

The Bonds will be dated their initial date of delivery and will bear interest (calculated on the basis of a 360- day year comprised of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication thereof, or if a Bond is authenticated on or before the Record Date for the first Interest Payment Date, from its initial date of delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon surrender at the Principal Corporate Trust Office of the Trustee. The interest on any Bond shall be payable to the person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on such Interest Payment Date, to the registered owner at his or her address as it appears on such registration books. Notwithstanding the foregoing, however, any Holder of \$1,000,000 or more in an aggregate principal amount of the Bonds shall be entitled to receive payments of interest on the Bonds held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such Holder shall designate in writing to the Trustee prior to the Record Date for such payment. So long as Cede & Co. is the registered owner of the Bonds, principal of, premium, if any, and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for the DTC. See Appendix C – “BOOK-ENTRY SYSTEM.”

During any time the Bonds are not registered as book-entry only (described in Appendix C – “BOOK-ENTRY SYSTEM”), the Bonds may be transferred or exchanged upon presentation and surrender at the Principal Corporate Trust Office of the Trustee provided that the Trustee will not be required to register the transfer or exchange of any Bonds during the period after any Record Date and prior to the related Interest Payment Date or during the period fifteen days next preceding the date on which the Trustee gives any notice of redemption. The Authority and the Trustee will, under certain circumstances, replace Bonds which have been mutilated, lost, destroyed or stolen. The Trustee may require payment of a reasonable fee and of the expenses which may be incurred by the Authority or the Trustee for each new Bond issued to replace a Bond which has been mutilated, lost, destroyed or stolen.

Redemption

Optional Redemption. The Bonds maturing on or after April 1, 2026 are subject to redemption prior to their respective stated maturities, as a whole or in part on any date on or after April 1, 2025, from any prepayments made by the University to the Trustee pursuant to the Loan Agreement, provided in each case that the maturity and amount of Bonds to be redeemed from the amount so prepaid and the redemption date shall be as specified by the University, at par plus accrued interest, if any, to the date of redemption.

Mandatory Redemption. The Bonds maturing on April 1, 2039 are subject to mandatory redemption, in part, by lot, on each April 1 from and after April 1, 2037 from mandatory sinking fund payments, upon payment of the principal amount thereof and interest accrued thereon, if any, to the date fixed for redemption (without premium). The schedule of Mandatory Sinking Fund Payments for such Bonds is set forth as follows:

Mandatory Sinking Fund Payment Date (April 1)	Mandatory Sinking Fund Payment
2037	\$3,660,000
2038	4,090,000
2039 [†]	4,295,000

[†] Maturity

The Bonds maturing on April 1, 2045 are subject to mandatory redemption, in part, by lot, on each April 1 from and after April 1, 2040 from mandatory sinking fund payments, upon payment of the principal amount thereof and interest accrued thereon, if any, to the date fixed for redemption (without premium). The schedule of Mandatory Sinking Fund Payments for such Bonds is set forth as follows:

Mandatory Sinking Fund Payment Date (April 1)	Mandatory Sinking Fund Payment
2040	\$4,515,000
2041	6,855,000
2042	7,200,000
2043	7,560,000
2044	7,935,000
2045 [†]	8,330,000

[†] Maturity

Redemption Procedures. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee is required to select the Bonds to be redeemed, from the outstanding Bonds not previously called for redemption, by lot within a maturity and, if from more than one maturity, in inverse order of maturity or in such other order of maturity as shall be specified in a request of the University.

Notice of redemption will be given by the Trustee to (i) the respective Holders of any Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, (ii) the Information Securities Depositories, (iii) the Authority, and (iv) the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Marketplace Access (“EMMA”) System. Each notice of redemption will state the date of such notice, the redemption date, the redemption price (including any premium), the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all the Bonds of any maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest

thereon will cease to accrue, and will require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Notwithstanding the foregoing, with respect to any notice of redemption of the Bonds from the prepayment of Base Loan Payments by the University pursuant to the Loan Agreement, unless upon the giving of such notice such Bonds will be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts have not been so received said notice shall be of no force and effect, the Bonds will not be subject to redemption on such date and the Bonds will not be required to be redeemed on such date. In the event that such notice of redemption contains such a condition and amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice, to the respective holders of such Bonds and in the manner in which the notice of redemption was given, that such amounts were not so received.

Any notice of redemption will be mailed by first class mail, postage prepaid, to Bondholders not less than 30 days or more than 60 days prior to the date fixed for redemption. Failure by the Trustee to give notice of redemption, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Bond for which notice was properly given.

Upon surrender of any Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the holder thereof, at the expense of the University, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption will cease to accrue from and after the redemption date, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Holders of said Bonds will have no rights in respect thereof except to receive payment of said redemption price and accrued interest to the redemption date.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Revenues and Base Loan Payments

The Authority is obligated to pay the Bonds solely from the Revenues received from the University under the Loan Agreement and the other funds available therefor under the Indenture. Pursuant to the Indenture, the Authority has pledged to the Trustee for the benefit of the Bondholders all of the Revenues. "Revenues" mean all payments received by the Authority or the Trustee from the University pursuant to or with respect to the Loan Agreement (except Additional Payments and certain payments for expenses incurred by the Authority and the Trustee, indemnification payments, and amounts received for or on deposit in the Rebate Fund) including, without limiting the generality of the foregoing, the Base Loan Payments (including both timely and delinquent payments), prepayments, and all income derived from the investment of any money in any fund or account established pursuant to the Indenture.

Under the Loan Agreement, the University has agreed unconditionally to the payment of the Base Loan Payments, which payments are due in amounts and at the times necessary to pay the principal (whether at maturity or upon acceleration or prior redemption) of, premium, if any, and interest to the date

of maturity or redemption of the Bonds, when due. The University's payment obligations under the Loan Agreement are general, unsecured obligations of the University. **There will be no reserve fund with respect to the Bonds.**

The University has certain other indebtedness outstanding, which are also general, unsecured obligations of the University. See "INVESTMENT CONSIDERATIONS – University Indebtedness" and Appendix A – "SANTA CLARA UNIVERSITY – Financial Condition of the University."

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS THEREFOR PROVIDED. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR PURCHASE PRICE OF THE BONDS OR THE PREMIUM, IF ANY, OR THE INTEREST THEREON EXCEPT FROM THE FUNDS PROVIDED UNDER THE LOAN AGREEMENT AND THE OTHER ASSETS PLEDGED UNDER THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PURCHASE PRICE OF OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

ALTHOUGH THE BONDS ARE ISSUED BY THE AUTHORITY, THE BONDS SHOULD BE VIEWED AS DIRECT OBLIGATIONS OF THE UNIVERSITY FOR PURPOSES OF EVALUATING THEIR SECURITY.

Pursuant to the Act, the State will not limit, alter or restrict the rights vested by the Act in the Authority and the University with respect to the collection of the Revenues pledged under the Indenture, nor will it in any way impair the rights or remedies of the Bondholders.

Insurance

Under the Loan Agreement, the University agrees to maintain or cause to be maintained with respect to the Facilities, with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the University, which insurance includes property damage, fire and extended coverage, public liability and property damage liability insurance, and to the extent commercially available and economically practicable in the University's sole discretion, earthquake and flood insurance. The University currently maintains flood insurance but does not maintain earthquake insurance. See "INVESTMENT CONSIDERATIONS – Seismic Conditions" and Appendix A – "SANTA CLARA UNIVERSITY – Financial Condition of the University – Risk Management" herein. The University also agrees to maintain worker's compensation coverage as required by the laws of the State.

Covenants of the University

The University has agreed to certain covenants for the protection of the Bondholders, including covenants to maintain its accredited status, maintain certain insurance coverage, and not to take any

action that would impair the tax-exempt status of interest on the Bonds. These and other covenants of the University are discussed further in Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE LOAN AGREEMENT.”

INVESTMENT CONSIDERATIONS

The following are certain investment considerations that have been identified by the University and should be carefully considered by prospective purchasers of the Bonds. The following list should not be considered to be exhaustive or provide any ranking of the relative importance of any investment consideration. Inclusion of certain investment considerations below is not intended to signify that there are no other investment considerations or risks attendant to the Bonds that are material to an investment decision with respect to the Bonds that are otherwise described or apparent elsewhere herein.

General Factors Affecting the University

As noted under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein, the Bonds are payable from Loan Payments made by the University pursuant to the Loan Agreement. The University’s obligation to make Loan Payments under the Loan Agreement is an absolute and unconditional general obligation of the University; however, such obligation is not secured by any property of the University. No representation or assurance can be given that the University will realize revenues in amounts sufficient to make such payments with respect to the Bonds and to pay other expenses and obligations of the University.

A significant portion of the University’s revenues comes from student tuition and fees. See Appendix A – “SANTA CLARA UNIVERSITY – Financial Condition of the University – Financial Statements.” The University competes for students with other private and public universities. The University is subject to competitive pressures that affect other private universities. Both the University’s stature in the educational community and its revenues, expenditures, assets and liabilities may be affected by events, developments and conditions relating generally to, among other things, the ability of the University: (i) to provide educational services of the types and quality required to maintain its stature; (ii) to generate sufficient revenues, while controlling expenses, so that these services can be provided at a cost acceptable to the University’s students; (iii) to attract faculty, staff and management necessary to provide these services and sufficient students; and (iv) to build and maintain the facilities necessary to provide these services. Changing demographics may mean a smaller pool of university-bound persons from which to draw entering classes. Greater competition for students together with rising tuition may mean that the University will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified administrators and faculty may mean higher expenditures for salaries and administrative costs. Each of these factors can have an impact on the revenues of the University.

Factors that may also adversely affect the operations of the University, although the extent cannot be presently determined, include, among others: (1) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; (2) increased costs and decreased availability of public liability insurance; (3) changes in the demand for higher education in general or for programs offered by the University in particular; (4) cost and availability of energy; (5) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (6) a decrease in availability of student loan funds or other aid; (7) an increase in the costs of health care benefits, retirement plan or other benefit packages offered by the University to its employees and retirees; (8) a significant decline in the University’s investments based on market or other external factors; (9) litigation; (10) reductions in funding support from donors or other external sources, including Cal Grants from the State of California; (11) natural disasters, which might damage the University’s facilities,

interrupt service to its facilities or otherwise impair the operation of the University's facilities; (12) legislation and regulation by governmental authorities, including developments affecting the tax-exempt status of educational institutions like the University, (13) regulation of tuition levels, (14) limitations on the University's expansion and use of facilities, and (15) changes in accreditation standards. Neither the Underwriters nor the Authority has made any independent investigation or analysis of the extent to which any such factors will have an adverse impact on the revenues of the University. The preservation and growth of the University's endowment are affected not only by the factors noted above but by discretionary increases in the annual payout to operations from endowment earnings, transfers of expendable funds and other distributions, all of which are subject to changes in policies and practices made by the Board of Trustees and University management. See Appendix A – "SANTA CLARA UNIVERSITY" and Appendix B – "FINANCIAL STATEMENTS OF THE UNIVERSITY" attached hereto.

Project Completion and Construction Risks

A delay in completion of the Project may arise from any number of causes, including but not limited to, adverse weather conditions or other adverse environmental conditions; failure of the general contractor or any subcontractors to perform; unavailability of subcontractors; negligence on the part of the general contractor or any subcontractors; labor disputes; natural disasters; environmental problems; or unanticipated or increased costs of, or delays in, construction or renovation. Any of these events or occurrences, separately or in combination, could have a material adverse effect on the ability to complete the Project at all or to complete it as planned and on schedule. Failure to complete the anticipated construction of the Project on time or on budget could cause the University to devote additional time and resources to the completion of the construction and have a material adverse effect on the University's financial condition and ability to pay Loan Payments pursuant to the Loan Agreement.

Actual design and construction costs may exceed the budgeted costs for the Project. In such event, either the scope of the Project may need to be changed or phased or the University may be required to seek additional sources of funding for the Project.

University Indebtedness

The University has certain other outstanding indebtedness, which are unsecured, general obligations of the University (see Appendix A – "SANTA CLARA UNIVERSITY – Financial Condition of the University – Revenues and Expenditures"):

Prior CEFA Bonds. The University has payment obligations with respect to the following bonded indebtedness: (i) a loan agreement executed in connection with the \$82,181,741.05 California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 1999 (the "Series 1999 Bonds"), currently outstanding in the aggregate principal amount of approximately \$53,767,000; (ii) a loan agreement executed in connection with the Series 2008 Bonds, currently outstanding in the aggregate principal amount of \$60,775,000; and (iii) a loan agreement executed in connection with the \$50,125,000 California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2010 (the "Series 2010 Bonds," and together with the Series 1999 Bonds and the Series 2008 Bonds, the "Prior CEFA Bonds"), currently outstanding in the aggregate principal amount of \$45,640,000.

A portion of the proceeds of the Bonds will be used to advance-refund a portion of the Series 2008 Bonds in the aggregate principal amount of \$51,145,000. Upon the defeasance of the portion of the Series 2008 Bonds to be refunded, the Series 2008 Bonds in the aggregate principal amount of \$9,630,000 will remain outstanding. See "PLAN OF FINANCE."

Capital Leases and 2014 Term Loan. The University also has payment obligations with respect to certain capital leases and the 2014 Term Loan from Wells Fargo Bank, National Association. Appendix A – “SANTA CLARA UNIVERSITY – Financial Condition of the University – Indebtedness” herein.

The University may incur additional debt and other obligations. Any such indebtedness or obligations which may be incurred by the University could have a material effect on the University’s operations, which may, among other things, limit the University’s ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements and other purposes; require the University to dedicate a significant portion of its cash flow to pay principal and interest on the Bonds, which will reduce the funds available for working capital, capital expenditures and other general administrative and educational purposes; and limit the University’s ability to plan for and react to changes in its business and industry thereby making the University more vulnerable to adverse changes in general economic, industry and competitive conditions. Any of these factors could have a material adverse effect on the financial condition of the University and its ability to pay Loan Payments with respect to the Bonds.

Insurance Coverage

The insurance requirements under the Loan Agreement are limited, and insurance proceeds may not be available to cover all claims or risks relating to the Project, the Facilities or the University. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance” herein and Appendix A – “SANTA CLARA UNIVERSITY – Financial Condition of the University – Risk Management” attached hereto. Litigation could arise from the business activities of the University, including from its status as an employer. Certain of these risks are covered by insurance, but some may not be covered in whole or in part. The Corporation currently maintains flood insurance but does not maintain earthquake insurance. See “INVESTMENT CONSIDERATIONS – Seismic Conditions” below and Appendix A – “SANTA CLARA UNIVERSITY – Financial Condition of the University – Risk Management” attached hereto.

Future increases in insurance premiums and future limitations on the availability of certain types of insurance coverage could have an adverse impact on the University’s financial condition and operations and, ultimately, could adversely impact the ability of the University to make Loan Payments.

Seismic Conditions

Generally, throughout the State, some level of seismic activity occurs on a regular basis. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential for damage to property located at or near the center of such seismic activity. The Loan Agreement requires earthquake insurance only to the extent commercially available and economically practicable in the University’s sole discretion. The University does not currently maintain earthquake insurance coverage.

Investment of Funds Risk

The University invests its money pursuant to investment policies adopted from time to time by its Board of Trustees. All investments made by the University contain a degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts invested by the University could have a material adverse effect on the availability of funds for the payment of Loan Payments by the University. See Appendix A – “SANTA CLARA UNIVERSITY – Financial Condition of the University

– Endowment and Similar Funds” and Note (5) to the audited financial statements of the University attached hereto as Appendix B for information regarding the investments of the University.

Gifts and Fundraising

The University receives gifts, grants and donations from private and public sources. For a variety of reasons, gifts and fundraising results are difficult to project with precision. These reasons include the voluntary nature of charitable giving, the effect of the general and local economy on giving, the unpredictability of the effectiveness of the marketing of a fundraising campaign, the varying tax treatments of the deductibility of gifts and many other factors. While the University believes its fundraising goals to be reasonable, it is possible that its goals will not be attained. A failure to attain sufficient levels of gifts and support could have a material adverse effect on the University’s ability to maintain its current level of operations and pay debt service on the Bonds.

Tax-Exempt Status

The Internal Revenue Code of 1986 (the “Code”) imposes a number of requirements that must be satisfied for interest on nonprofit corporation obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Bond proceeds, limitations on the investment earnings of Bond proceeds prior to expenditure, a requirement that certain investment earnings on Bond proceeds be paid periodically to the United States and a requirement that the Authority file an information report with the Internal Revenue Service (“IRS”). The Authority and the University have covenanted in certain of the documents referred to herein that they will comply with such requirements.

Failure by the University to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Bonds as taxable, retroactively to the date of issuance of the Bonds. Moreover, the occurrence of one or more of the other events described in this section also could adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds.

Tax-Exempt Status of the University. The tax-exempt status of the Bonds presently depends upon the maintenance by the University of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including its operation for charitable purposes and its avoidance of transactions which may cause its assets to inure to the benefit of private individuals.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding tax-exempt organizations and such organizations are increasingly subject to a greater degree of scrutiny by the IRS. The primary penalty available to the IRS under the Code with respect to a tax-exempt entity engaged in unlawful, private benefit is the revocation of tax-exempt status. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit organizations, it could do so in the future. Loss of tax-exempt status by the University could result, among other consequences, in the University being in default of certain of its covenants regarding the Bonds. Loss of tax-exempt status of the University also would have material adverse consequences on the financial condition of the University and would cause interest on the Bonds to become taxable.

Less onerous sanctions also have been imposed by the IRS, which sanctions focus enforcement on private persons who transact business with a tax-exempt organization rather than the tax-exempt

organization itself, but these sanctions do not replace the other, more severe remedies available to the IRS as mentioned above.

Unrelated Business Taxable Income. The IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income (“UBTI”). The University has not historically generated any significant amounts of UBTI. The University may participate in activities which generate UBTI in the future. Management of the University believes it has properly accounted for and reported UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the tax-exempt status of the University as well as the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

State Income Tax Exemption. The loss by the University of its State income tax exemption could be adverse and material to the University and to the value of the Bonds.

Exemption from Property Taxes. In recent years, state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their real property tax exemptions. The management of the University believes that the Facilities and, once completed, the Project are or will be exempt from State real property taxes; however, there can be no assurance that this will continue to be the case, and any loss of exemption could have a material adverse effect on the financial condition of the University.

Potentially Adverse Tax Legislation

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. See “TAX MATTERS.”

Bankruptcy and Limitations on Enforcement of Remedies

The remedies available to the Trustee or the Bondholders upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay, and such remedies may not be readily available or may be limited. Enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the University under the Loan Agreement may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to of affecting the enforcement of creditor’s rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. In particular, under the United States Bankruptcy Code, a bankruptcy case may be filed by or against the University or by or against any of its affiliates. In general, the filing of any such petition operates as a stay against enforcement of the terms of the agreements to which the bankrupt entity is a party, and, in the bankruptcy process, executory contracts may be subject to assumption or rejection by the bankrupt party. In the event of any such rejection, the non-rejecting party or its assigns may become an unsecured claimant of the

rejecting party. The various legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Obligations issued by the Authority under the Act are, under California law, securities in which all banks, savings banks, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries and all other persons whatsoever, who now are or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest any funds, including capital belonging to them or within their control; and such obligations are securities which may properly and legally be deposited with and received by any state or municipal officer or agency of the State for any purpose for which the deposit of bonds or notes or other obligations of the State is now or may hereafter be authorized by law.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix F.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the University have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or

to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of the University's General Counsel regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Bond Counsel has also relied upon representations of the University concerning the University's "unrelated trade or business" activities as defined in Section 513(a) of the Code. Neither Bond Counsel nor Counsel to the University has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor Counsel to the University can give or has given any opinion or assurance about the future activities of the University, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the IRS. Failure of the University to be organized and operated in accordance with the IRS's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed or refinanced with Bond proceeds in a manner that is substantially related to the University's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Bonds being included in federal gross income, possibly from the date of the original issuance of the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the University, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the University have covenanted, however, to comply with the requirements of the Code, although the Authority's obligation to comply with the requirements of the Code is dependent in part upon actions of the University and is contingent upon indemnification of the Authority's expenses therefor.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the University or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. In addition, successful defense of an audit examination by the IRS will require participation by the Authority, and the Authority is not obligated to incur expenses to defend an audit examination unless its expenses are paid or reimbursed by the University. Under current procedures, parties other than the Authority, the University and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the University legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the University or the Beneficial Owners to incur significant expense.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix F hereto. Approval of other legal matters will be passed upon for the Authority by the Attorney General of the State of California (the "Authority Counsel"), for the University by its General Counsel, and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, San Francisco, California. Neither Authority Counsel nor Bond Counsel undertakes any responsibility for the accuracy, completeness or fairness of this Official Statement.

VERIFICATION

Robert Thomas CPA, LLC will verify the accuracy of the mathematical computations relating to the adequacy of cash and securities deposited into the Escrow Fund to provide for the payment, when due, of all principal and interest with respect to the Series 2008 Bonds to be refunded, and to redeem the Series 2008 Bonds on April 1, 2018. Robert Thomas CPA, LLC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Series 2008 Bonds to be refunded. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS."

ABSENCE OF MATERIAL LITIGATION

The Authority

To the knowledge of the officers of the Authority, there is no litigation of any nature now pending (with service of process having been accomplished) or threatened against the Authority, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Authority taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the Authority relating to the issuance of the Bonds.

The University

There is no litigation of any nature now pending or threatened against the University, which seeks to restrain or enjoin the issuance or the sale of the Bonds or which in any way contests or affects the validity of the Bonds and proceedings of the University taken with respect to the issuance or sale thereof,

or the pledge or application of any moneys or security provided for the payment of the Bonds, the use of the Bond proceeds or the existence or powers of the University relating to the Bonds. For information on certain litigation pending against the University, see Appendix A – “SANTA CLARA UNIVERSITY – Financial Condition of the University – Legal Proceedings.”

UNDERWRITING

The Treasurer, with the approval of the Authority and the University, has entered into a purchase contract with Wells Fargo Bank, National Association, as representative of itself and Morgan Stanley & Co. LLC (together, the “Underwriters”) pursuant to which the Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority at the purchase price of \$116,815,145.13 (being the principal amount of the Bonds of \$102,230,000, plus original issue premium of \$14,943,098.35, and less an underwriters’ discount of \$357,953.22 from the initial public offering price of the Bonds set forth on the inside cover page of this Official Statement). The Underwriters are obligated under the purchase contract to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold by the Underwriters to certain dealers and others at yields lower than the public offering yield indicated on the inside cover page hereof, and such public offering yield may be changed, from time to time, by the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association (“WFBNA”), an underwriter of the Bonds, has entered into an agreement (the “Distribution Agreement”) with its affiliate, Wells Fargo Advisors, LLC (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Certain subsidiaries of Wells Fargo & Company (parent company of Wells Fargo Bank, National Association, an underwriter for the Bonds) and Morgan Stanley (parent company of Morgan Stanley & Co. LLC, an underwriter for the Bonds) and have provided, from time to time, investment banking services, commercial banking services or advisory services to the University, for which they have received customary compensation. Wells Fargo & Company, Morgan Stanley or their respective subsidiaries may, from time to time, continue to engage in transactions with and perform services for the University in the ordinary course of their respective businesses.

FINANCIAL ADVISOR

Public Financial Management, Inc. (the “Financial Advisor”) has assisted the University with various matters relating to the planning, structuring and delivery of the Bonds. The Financial Advisor has not been engaged, nor have they undertaken, to make an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Authority will not provide any such information. The University has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”).

The University has covenanted for the benefit of the Holders and beneficial owners of the Bonds to provide to the dissemination agent for dissemination as described below certain financial information and operating data relating to the University by not later than 180 days following the end of the University’s fiscal year (which fiscal year currently begins on July 1 of each year and ends on the next succeeding June 30 (each such twelve-month period a “Fiscal Year”)) (the “Annual Report”), commencing with the report for the 2014-15 Fiscal Year (due December 27, 2015), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the University, or the Dissemination Agent on behalf of the University, with the MSRB or such other repository as may be appointed by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth under the caption Appendix E – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriters in complying with the Rule.

In connection with the issuance of the Series 1999 Bonds, the Series 2008 Bonds, the Series 2010 Bonds, and the \$23,600,000 California Educational Facilities Authority Revenue Bonds (Santa Clara University), Series 2003A (the “Series 2003A Bonds”) which Series 2003A Bonds are no longer outstanding, the University covenanted to submit an annual report to the Electronic Municipal Market Access system (“EMMA”) of the MSRB containing the University’s audited financial statements and certain other financial information and operating data relating to the University. For fiscal year 2011-12, the required annual report was filed 106 days late in connection with the Series 1999 Bonds and 54 days late in connection with the Series 2003A Bonds, the Series 2008 Bonds and the Series 2010 Bonds. For fiscal year 2012-13, the required annual report was filed seven days late in connection with the Series 1999 Bonds. The University attributes the late filings to an administrative error on the part of the dissemination agent, as the University submitted the relevant annual reports to the dissemination agent prior to the filing deadlines (except that the University submitted the fiscal year 2011-12 annual report to the dissemination agent three days after the deadline in connection with the Series 1999 Bonds). The University has taken steps to provide for future compliance.

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the Bonds the rating of “Aa3.” Any explanation of the significance of such rating may only be obtained from the rating agency furnishing the

same. Generally, rating agencies base their ratings on information and materials furnished and on investigation, studies, and assumptions by the rating agencies. There is no assurance that the rating mentioned above will remain in effect for any given period of time or that such rating might not be lowered or withdrawn entirely, if in the judgment of the rating agency originally establishing the rating, circumstances so warrant. Except as otherwise provided in the Continuing Disclosure Agreement, the Authority, the University, and the Underwriters have not undertaken any responsibility to bring to the attention of the Bondholders any proposed change in or withdrawal of a rating or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of a rating might have an adverse effect on the market price or marketability of the Bonds.

FINANCIAL STATEMENTS

The financial statements of the University as of June 30, 2013 and June 30, 2014 and for the years then ended, included in Appendix B of this Official Statement, have been audited by KPMG LLP, independent auditors (“KPMG”), as stated in their report dated October 17, 2014. KPMG has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG also has not performed any procedures relating to this Official Statement.

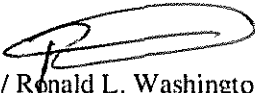
MISCELLANEOUS

All quotations from and summaries and explanations of the Act, the Indenture, the Loan Agreement and the Continuing Disclosure Agreement do not purport to be complete, and reference is made to said documents for full and complete statements of their provisions. Copies of the Indenture, the Loan Agreement and the Continuing Disclosure Agreement may be obtained upon request directed to the Underwriters or the University and upon payment of the expenses incurred in connection therewith.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the University and Holders of any of the Bonds. Appendices A and B hereto, as well as other portions of this Official Statement, contain certain information with respect to the University. Such information has been furnished by the University and officers and officials of the University, and the Authority makes no representation or warranties whatsoever with respect to the information contained in said Appendices or any other information contained in this Official Statement, except for information set forth under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority.”

The execution and delivery of this Official Statement by the Executive Director of the Authority have been duly authorized by the Authority.

**CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY**

By:  _____
/s/ Ronald L. Washington
Executive Director

This Official Statement, including Appendices A and B, have been reviewed and approved by the University. Concurrent with the delivery of the Bonds, the University will furnish a certificate executed on behalf of the University by its Assistant Treasurers or another appropriate University officer to the effect that the information contained in this Official Statement relating to the University, including Appendices A and B to this Official Statement, does not contain any untrue statement of a material fact or omit to state such a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**THE PRESIDENT AND BOARD OF TRUSTEES
OF SANTA CLARA COLLEGE, DOING
BUSINESS AS SANTA CLARA UNIVERSITY**

By: _____
/s/ Michael A. Hindery
Assistant Treasurer

By: _____
/s/ Harry M. Fong
Assistant Treasurer

APPENDIX A

SANTA CLARA UNIVERSITY

General

Santa Clara University (the “University”) is a non-profit, privately endowed, co-educational university offering 52 undergraduate, 33 graduate, and 2 professional degree programs. Enrollment for the fall term of the 2014-2015 academic year was 9,017 (8,730 FTE) students. Undergraduate and graduate instruction is provided by the College of Arts and Sciences, the School of Engineering and the Thomas and Dorothy Leavey School of Business. The School of Law, the School of Education and Counseling Psychology, and the Graduate Program in Pastoral Ministries offer programs at the graduate level only. The Jesuit School of Theology of Santa Clara University located in Berkeley, California offers graduate level programs.

Located in “Silicon Valley,” a world center for high technology industries, the University is 46 miles south of San Francisco and a mile west of San Jose. Its 106-acre campus has more than 50 major buildings. These include 12 residence halls, four apartment complexes, the Harrington Learning Commons, Sobrato Technology Center and Orradre Library, Lucas Hall housing the School of Business, the Edwin A. Heafey Law Library, the Center for Performing Arts, the Thomas E. Leavey Activities Center, the Robert F. Benson Memorial Center, the de Saisset Museum, the Pat Malley Fitness and Recreation Center, the Locatelli Student Activities Building, the Patricia A. and Stephen C. Schott Admission and Enrollment Services Building and other numerous classroom and administration buildings. In the heart of the tree-lined campus stands the historic Mission Santa Clara de Asis, established in 1777 by Franciscan missionaries as the eighth in a series of 21 California missions.

The University was founded at the site of the Mission in 1851 by the Society of Jesus, or Jesuits as the order is commonly known, and is the oldest institution of higher education in California. Although the University remains affiliated with the Catholic Church and the Society of Jesus, it is governed by an independent Board of Trustees and welcomes persons of all religious persuasions as members of its student body, faculty and administration.

UNIVERSITY ADMINISTRATION

Board of Trustees

The University is governed by a Board of Trustees composed of at least forty-five (45) but no more than fifty-five (55) members of which forty (40) positions will be for lay Trustees and ten (10) or more will be for members of the Society of Jesus (Jesuits). The exact number of trustees shall be set from time to time by resolution of the Board. Of the Jesuit Trustees, one (1) shall be the President of the University and one (1) shall be the Rector of the Jesuit Community at Santa Clara University (the “Rector”). Of the forty (40) lay Trustees, approximately twenty-five percent (25%) will be alumni/ae, one of whom will have received a bachelor’s degree from the University not more than the last five (5) years prior to election as a Trustee. With the exception of the President and the Rector, who serve by virtue of their offices, all members of the Board are elected for three-year terms.

Other than the Chair (a three year term) and the President (a six year term), the Board of Trustees annually elects the officers of the corporation including the Vice Chair, Secretary, Treasurer, Assistant Treasurers and Assistant Secretaries for terms of one year. In addition to an Executive Committee, which acts for the Board between meetings, the Board or its Chair may establish Standing and Ad Hoc

Committees as may be deemed advisable. The full Board meets three times a year. Current members of the Board of Trustees and their primary affiliations are as follows:

Elizabeth (Libby) Armintrout
Community Volunteer

Penelope S. Alexander
Senior Vice President Human Resources
Franklin Templeton Investments

Erick Berrelleza, S.J.
Researcher
Center for Applied Research in the Apostolate
(CARA), Georgetown University

Kristi Markkula Bowers
Director of Sales and Marketing
Kings Mountain Vineyards

Margaret M. Bradshaw
Executive Vice President
Chief Banking Officer
Bridge Bank

Michael J. Carey
President
Seirus Innovation

Matthew Carnes, S.J.
Assistant Professor
Georgetown University

William S. Carter
Xilinx Fellow Emeritus

Rachel Casini
Management Consultant
Accenture

Louis M. Castruccio
Partner
Irell & Manella LLP

Richard D. Haughey
Senior Consultant
Golder Associates Inc.

Howard Charney
Senior Vice President
Cisco Systems, Inc.

Gerald T. Cobb, S.J.
Assistant for Formation
The Society of Jesus, Oregon Province

William T. Coleman, III
Partner
Alsop Louie Partners

Michael E. Engh, S.J.*
President
Santa Clara University

Robert J. Finocchio, Jr.
Corporate Director, Retired

Paul F. Gentzkow
President and Chief Operating Officer
Robert Half International Inc.

Rebecca Guerra
Vice President Human Resources,
Talent Acquisition and Care
Infoblox, Inc.

Salvador O. Gutierrez
Managing Director
Co-Founder
Retro Venture Partners

Tim Haley
Managing Director
Co-Founder
Redpoint Ventures

Ellen M. Hancock
Consultant

Robert H. Smith
Principal of Robert H. Smith Investment and
Consulting

Richard J. Justice
Executive Vice President
Advisor to the Chairman and CEO
Cisco Systems, Inc.

William P. Leahy, S.J.
President
Boston College

Heidi LeBaron Leupp
Community Volunteer

John C. Lewis
Retired

Joseph M. McShane, S.J.
President
Fordham University

Jeff Miller
Chief Executive Officer
JAMM Ventures

Kapil K. Nanda
Founder, Chairman and CEO
Infogain Corporation

Edward A. Panelli
Judicial, Arbitration and Mediation Services

Betsy Rafael

Willem P. Roelandts
Chairman of the Board, Applied Materials, Inc.

Stephen C. Schott
Citation Homes

Tim Smith
President
Bob Smith BMW/MINI

John A. Sobrato
Chairman
Sobrato Development Companies

John M. Sobrato
Chief Executive Officer
Sobrato Development Companies

Larry W. Sonsini
Chairman
Wilson Sonsini Goodrich and Rosati

Steven Sordello
Senior Vice President and Chief Financial
Officer
LinkedIn

Mary Stevens
Community Volunteer

William E. Terry
Executive Vice President, Retired
Hewlett-Packard Development Company, L.P.

Charmaine A. Warmenhoven
Educator, Retired

Agnieszka Winkler
Founder, The Winkler Group
Founder, Mazatlan Forum

Michael A. Zampelli, S.J.*
Rector, Jesuit Community
Santa Clara University

Two major advisory boards, the Board of Regents and the Board of Fellows, are active in financial and advisory support as well as fund raising activities of the University.

Management

The following table sets forth the names of the principal executive officers of the University, the position held by each and the period during which each has served in that position. A brief statement of the background of each officer is set forth below the table.

<u>Name</u>	<u>Position</u>	<u>Position Held Since</u>
Michael E. Engh, S.J.	President	2009
William Rewak, S.J.	Chancellor	2011
Dennis C. Jacobs, PhD.	Provost and Vice President for Academic Affairs	2010
Michael A. Hindery	Vice President for Finance & Administration	2014
James Lyons	Vice President for University Relations	2013
Michael Sexton	Vice President for Enrollment Management	2009
John M. Ottoboni	General Counsel	2007

MICHAEL E. ENGH, S.J. Michael E. Engh, S.J. is president of Santa Clara University and chief executive officer with overall responsibility for its operational affairs. Appointed in 2009, he has led the University in defining an ambitious vision for the future in the new integrated strategic plan, *Santa Clara 2020*. Fr. Engh serves on a number of boards, including the Board of Trustees of Boston College, the Board of Directors of the Silicon Valley Leadership Group, the Board of Directors of the Association of Jesuit Colleges and Universities (AJCU), the Council of Presidents of the Graduate Theological Union, and the Board of Trustees of Bellarmine College Preparatory. He chairs the President's Council of the West Coast Conference and holds appointments on the Executive Board of the Association of Independent California Colleges and Universities, the Executive Committee of the AJCU. He also is a member of the Association of Governing Boards of Universities and Colleges.

Prior to his appointment as president, Fr. Engh served as Dean of the Bellarmine College of Liberal Arts and professor of history at Loyola Marymount University in Los Angeles. A teacher and historian of the American West, Fr. Engh has published on the history of Los Angeles and the role of religion in the history of the American West. He was ordained a priest for the Society of Jesus in 1981. He holds a B.A. from Loyola University of Los Angeles, now Loyola Marymount University; an M.A. from Gonzaga University; a Master of Divinity from the Jesuit School of Theology at Berkeley; and a Doctorate from the University of Wisconsin-Madison.

WILLIAM REWAK, S.J. is the chancellor of the University and assists the University's President in vital areas, including civic engagement, fundraising, and community outreach. He also works with the University's Trustee Emeriti comprised of former, honored trustees who continue to serve and provide counsel to the University. Father Rewak served as president of Santa Clara University from 1976 to 1988, after having taught English at the University for six years. His presidency was marked by several key accomplishments, one of which was leading the unification of the campus footprint which set the stage for extensive development. He also led the successful completion of the largest fundraising campaign ever undertaken by a Catholic institution in the western United States at the time. Father Rewak received degrees in philosophy from Gonzaga University, and in theology at Regis College in Toronto. He received his doctorate in English literature from the University of Minnesota. In 2001, he received an honorary Doctor of Humane Letters degree from the University.

DENNIS C. JACOBS, Ph.D. is the University's provost and vice president for Academic Affairs. As provost, he is the chief academic officer with responsibility for all educational programs and offerings of the University, as well as academic policies, faculty affairs and personnel matters, and student life issues. He provides leadership to the deans, vice provosts, and chief information officer to ensure that the educational programs and offerings are consistent with the University's vision, mission, and values. Dr.

Jacobs is also a professor of Chemistry and has published extensively and received numerous grants and awards. His research has focused on studying reactions relevant to semiconductor processing in the microelectronics industry. Dr. Jacobs earned his Doctorate in Chemistry from Stanford University after receiving two Bachelor's degrees, in Chemistry and Physics, from the University of California at Irvine. Prior to his current appointment, he was at the University of Notre Dame where he joined the faculty as a chemistry professor in 1988 and was appointed Vice President and Associate Provost for Undergraduate Studies in 2004.

MICHAEL A. HINDERY is the University's vice president for Finance and Administration, Mr. Hindery provides leadership to the administration and finance units of the University. He has nearly 30 years of experience in budget and finance, facilities management and campus planning. Prior to joining the University, Mr. Hindery was Vice Dean for Administration, Finance, and Clinical Programs at the University of California, San Francisco (UCSF). From 1996 to 2006, he was Senior Associate Dean for Finance and Administration at Stanford University School of Medicine. Prior to that, he spent 11 years at the University of Pennsylvania Medical Center and was associate vice president for medical center financial affairs and executive director for the School of Medicine Administration. Mr. Hindery received an M.U.P. in urban planning from the University of Washington, an M.A. in American civilization from the University of Pennsylvania, and a B.S. in sociology from Santa Clara University.

JIM LYONS is the University's vice president for University Relations. Mr. Lyons leads the University's fundraising, government relations, alumni relations, and marketing and communications activities. He also serves as University liaison to the fundraising and marketing committees of the Board of Trustees, the Board of Regents, and the Board of Fellows. Prior to joining the University in 2013, Mr. Lyons was the vice president of university relations at the University of Portland. Prior to moving into fundraising, he served as the University of Portland's dean of admissions from 1998 to 2005. Mr. Lyons has an undergraduate degree in political science and public administration as well as a master's degree in public administration from Seattle University.

MICHAEL B. SEXTON is the vice president for Enrollment Management. As vice president, he is responsible for the offices of Undergraduate Admission, University Financial Aid Services, and the Enrollment Services Center. These offices are charged with identifying, recruiting, enrolling, and providing services to the University's undergraduate students, as well as administering aid programs for all graduate programs. Prior to joining the University in 2009, Mr. Sexton spent 18 years in enrollment management at Lewis & Clark College in Portland, Ore., as dean of admissions. He has a B.S. in mathematics from the State University College at Buffalo, N.Y., and an M.A. in college student personnel from Bowling Green State University in Bowling Green, Ohio. Mr. Sexton is a member of the College Board and the National Association for College Admissions Counselors (NACAC), the Pacific Northwest Association for College Admission Counseling, and the Education Conservancy. A nationally known speaker and conference panelist on issues, he has presented at NACAC and The College Board and is known for his commitment to diversity and access to higher education. He taught in USC's Enrollment Management Certificate program and is also a member of NCEPP, the National Council on Enrollment Planning & Policy. Mr. Sexton recently completed a three year term traveling for the U.S. State Department's Overseas Schools Project.

JOHN M. OTTOBONI was appointed as Santa Clara University's in-house General Counsel in January 2007. Reporting to the President, Mr. Ottoboni provides legal counsel, guidance and policy analysis to the University, its President and Board of Trustees, senior administrative and academic officers and serves as the University's chief legal officer. Prior to joining the University, Mr. Ottoboni was a partner and one of the founding members of the firm Ferrari, Ottoboni, Caputo & Wunderling. He served as outside General Counsel to Santa Clara University while at the firm for approximately five

years. Mr. Ottoboni received his undergraduate degree from Santa Clara University (magna cum laude) and received his law degree from the University of California Berkeley School of Law.

Integrated Strategic Plan

The University has developed a comprehensive integrated strategic plan, Santa Clara 2020. The vision embodied in Santa Clara 2020 is the culmination of four years of collaborative, inclusive planning and visioning by the University community. By integrating the University's enrollment, facilities, and strategic plans, Santa Clara 2020 integrates the University's historical educational mission while building upon our core strengths and opportunities.

The integrated strategic plan projects overall growth of the undergraduate student body enrollment to 6,000 students by 2022. The University's location in Silicon Valley, a global center of innovation, which draws extraordinary talent and resources to the Bay Area and spawns new technological industries and ventures, places the University in a unique position to attract and educate these future visionaries and thought leaders.

The integrated strategic plan includes a facilities master plan. Several campus facilities will be constructed or renovated to accommodate increased enrollments and help Santa Clara University achieve its strategic goals and objectives. In the near term, the University plans is to build a new facility for the Law School, a new student residence hall with a 350 bed capacity, and the renovation of a current student residence hall. A new Art and Art History building is currently under construction. These projects will be partly funded with proceeds from debt issuance and from donor gifts.

Long term, the University's facilities master plan includes a new cluster of science, technology, engineering and mathematics (STEM) buildings in the center of campus to house the School of Engineering, departments in the natural sciences and mathematics, and the Center for Science, Technology & Society. With adaptable cutting-edge laboratories, shared instrumentation facilities, and state-of-the-art classrooms, this complex will be critical to preparing future technology leaders ready to contribute in Silicon Valley and beyond.

Academic Programs, Cultural Activities and Athletics

Academic Programs

Offering a diverse curriculum at both the undergraduate and graduate level, the University is organized into five major academic divisions:

College of Arts and Sciences. In 1981, the University created the College of Arts and Sciences by merging the previously separate College of Humanities with the College of Sciences. Today, the College of Arts and Sciences is the largest academic unit on campus, with faculty that teach all of the courses in the University's undergraduate core curriculum. The College's 23 departments offer over 30 undergraduate degrees. In addition, companion majors are offered in Ethnic Studies and Women's and Gender Studies.

Thomas and Dorothy Leavey School of Business. The Thomas and Dorothy Leavey School of Business was established in 1926. Its graduate program was established in 1958 and, in 1961, was among the first graduate programs in the United States to earn full accreditation by the Association to Advance Collegiate Schools of Business. The school offers undergraduate programs leading to a Bachelor of Science in Commerce degree in seven different majors. It offers a special minor Retail Management Studies Program, which provides students with an understanding of the retailing industry. The School

offers graduate programs leading to a Masters of Business Administration, a Master of Science in Information Systems, and Master of Science in Finance. The graduate program classes are held in the evenings and on Saturdays. A concentrated 17 month Executive MBA program is also offered. The MBA program is nationally ranked number 37th in the top best part time programs. The undergraduate program is the fourth most highly rated business school in California and highly rated in the country.

School of Engineering. The School of Engineering, established in 1912, offers Bachelor of Science programs in seven different majors. The school offers eight master's programs and Ph.D. programs in Electrical Engineering, Computer Engineering and Mechanical Engineering. The school also has Engineer's degree programs offered in the computer science and engineering, electrical engineering, and mechanical engineering departments. In addition to a large design center, laboratory facilities for the students are provided in the areas of civil, electrical, and mechanical engineering as well as in nanoelectronics and robotic systems.

School of Law. The School of Law was founded in 1912 and offers a full range of courses dealing with federal, state and international law leading to the Juris Doctor degree. It also offers JD/MBA and JD/MSIS combined degrees in conjunction with the School of Business. The School of Law offers three LLM (Master of Law) degrees in Comparative and International Law, Intellectual Property, and U.S. Law for Foreign Lawyers. It also provides students with opportunities to participate in summer abroad programs, internships, and pro bono placements. JD students may earn a certificate of specialization through three academic Centers: the Center for Global Law and Policy, the High Tech Law Institute, and the Center for Social Justice and Public Interest. The High Tech Law Institute coordinates the School of Law's nationally ranked high tech and intellectual property law program and fosters the school's strong ties with the region's thriving high tech community. The School of Law offers a rich variety of clinical experiences, including the Northern California Innocence Project, the Entrepreneur's Law Clinic, and the Low Income Taxpayer Clinic. The student body is among the most diverse in the country, and includes students with work experience in engineering, business, high tech, and the physical sciences. The students of the School of Law publish the Santa Clara Law Review, the Computer and High Technology Law Journal, and the Journal of International Law. The school is served by the Heafey Law Library, which maintains an up-to-date hard copy and digital collection that keeps pace with developing areas of the law and legal professions.

School of Education and Counseling Psychology The School of Education and Counseling Psychology was established as a separate school in 2001. Counseling Psychology, which began at Santa Clara in 1964, offers two master's-level degree programs: Counseling Psychology (which can lead to the California Marriage and Family Therapy license) and Counseling. All of these programs are practitioner-oriented. The state of California license in marriage and family therapy allows the holder to engage in private practice. Education offers a state-approved basic credential program for multiple-subject teaching and for single-subject teaching. Education also offers Masters of Arts degrees. All the basic credential programs are approved as Cross-Cultural, Language, and Academic Development (CLAD) emphasis programs.

Jesuit School of Theology of Santa Clara University In July, 2009, the Jesuit School of Theology at Berkeley was integrated into and became a school of Santa Clara University to become the Jesuit School of Theology of Santa Clara University (JST-SCU). Originally established in 1934, the school offers graduate level degrees in theology, divinity and theological studies, a Bachelor of Sacred Theology degree and Licentiate in Sacred Theology. The school prepares Jesuits and other students for ministry in the Church and as scholars and teachers. The school is located in Berkeley, California adjacent to the University of California, Berkeley. It is member of the Graduate Theological Union, a consortium of eight theological schools which offer diverse interfaith experiences to the students. The enrollment of the school is approximately 140 students with net tuition revenues of approximately \$1.6 million.

Foreign Study

The University offers undergraduate and law students the opportunity to participate in international study abroad programs in many different areas of the world through its own or affiliated programs. The University operates a studies abroad program in El Salvador open to students from its own and other institutions.

Centers of Distinction

The University has established three unique centers of distinction: the Markkula Center for Applied Ethics, the Miller Center for Social Entrepreneurship, and the Ignatian Center for Jesuit Education (which combines the Louis Bannan, S.J. Institute for Jesuit Education and Christian Values and the Pedro Arrupe, S.J. Center for Community-Based Learning) that contribute to the University's academic quality, impact on society, and national recognition. Each center focuses on their respective topics to bring awareness and dialogue among the participants and the community at large.

Orradre Library

The main library, Orradre Library, is part of the Harrington Learning Commons, Sobrato Technology Center and Orradre Library building completed in 2008. The library serves all students and the community with a collection of approximately 1,272,280 print books and 28,599 media items, in addition to the library's electronic collection of 1,203 eBooks, 328 scholarly databases, and 78,997 electronic media items.

Accreditation

The University is fully accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges (WASC), the primary accrediting body for institutions of higher education in the western United States. The last WASC accreditation was in 2011 resulting in reaffirmation of accreditation. It also has professional accreditation from the Accreditation Board for Engineering and Technology, the Association to Advance Collegiate Schools of Business, the American Association of Museums, and the American Chemical Society. The University has been approved by the California State Commission on Teacher Credentialing and has been admitted to membership in the National Association of Schools of Music and the National Association of Schools of Theatre. The School of Law is accredited by the American Bar Association and the State Bar of California, and is a member of the Association of American Law Schools. JST-SCU is accredited by the Association of Theological Schools.

Cultural Activities

The University has a wide variety of cultural events on campus which are available to the University community and the public. The Art Department exhibits faculty and student art in its gallery. The Theater and Music Department sponsors concerts and theatrical performances featuring students, faculty and staff performing in the Louis B. Mayer Theatre, the Fess Parker Studio Theatre and the Center for Performing Arts building. The President's Distinguished Lecturer Series brings speakers of international renown to campus. The de Saisset Art Gallery and Museum exhibits a permanent collection, sponsors numerous special shows each year and hosts other cultural events such as films, recitals and lectures. In addition, the University's Multicultural Center, student government and student clubs and organizations regularly sponsor programs, events and activities to enrich the social and cultural life of the campus.

University students write, edit and publish a student newspaper and a literary magazine, and operate KSCU-FM, which offers an extensive broadcast week devoted to music, news, sports and public affairs broadcasting.

Athletics

The University has teams in nine intercollegiate sports for men (basketball, baseball, cross country, golf, rowing, soccer, tennis, track, and water polo) and eleven for women (basketball, cross country, golf, rowing, soccer, sand volleyball, softball, tennis, track, volleyball, and water polo). It is a member of NCAA Division I in all intercollegiate sports.

The University also sponsors club sports and a varied intramural program in which most of the undergraduate student body participates. Major athletic facilities include the 8,500 seat outdoor Stevens Stadium which houses Buck Shaw Field, the 5,000 seat Thomas E. Leavey Activities Center, the 1,500 seat Stephen Schott Baseball Stadium and a women’s softball field. The Pat Malley Fitness and Recreation Center provides 51,800 square feet of fitness and recreational space with modern equipment, including the Sullivan Aquatics Center.

Students

Freshman Class

The 2014-2015 first year students represent 38 states, and 23 foreign countries. California residents comprised 56% of the first year student body. The average SAT scores for incoming first year students were 635 critical reading and 665 math (of 800 possible, in each case), and their average GPA in college preparatory courses was 3.67 (of 4.0 possible). For the undergraduate students, approximately 81% complete their degree program within four years.

Residence Housing

Approximately 52% of the undergraduate students reside in University residence halls. Of the first year students, over 96% live on-campus.

Application Pool

The following table illustrates applications, admissions and new enrollments for the University’s undergraduate, law and other graduate programs for the fall term of the current and last five academic years.

APPLICATION POOL

Academic Year	First Year Students			Transfers		
	Applications	Admissions	New Enrollments	Applications	Admissions	New Enrollments
2010-11	11,787	6,830	1,296	882	463	204
2011-12	13,342	7,263	1,283	889	443	207
2012-13	14,339	7,344	1,278	1,143	408	149
2013-14	14,980	7,456	1,291	1,046	345	146
2014-15	14,985	7,395	1,319	895	280	140
2015-16	14,899	7,270	1,299 ⁽¹⁾	813	277	137 ⁽¹⁾

Academic Year	School of Law ⁽²⁾			Other Graduate Programs		
	Applications	Admissions	New Enrollments	Applications	Admissions	New Enrollments
2010-11	5,222	2,248	383	1,516	1,014	729
2011-12	3,922	1,682	323	1,509	967	653
2012-13	3,417	1,827	282	1,434	931	604
2013-14	2,791	1,613	295	1,609	1,118	727
2014-15	2,418	1,199	165	2,465	1,469	921
2015-16	2,374 ⁽³⁾	1,463 ⁽³⁾	288 ⁽³⁾	TBD		

⁽¹⁾ Preliminary, based on new enrollment deposits received as of July 17, 2015.

⁽²⁾ School of Law data includes new J.D students, transfer students and Master Degree students.

⁽³⁾ Preliminary, based on applications, admissions and new enrollments deposits received as of July 7, 2015.

Enrollments and Degrees

The following table reflects, for the past five academic years, undergraduate, graduate and law enrollments, and total enrollments on a “head count” basis for the fall term, total full-time equivalent enrollments for the fall term, as well as the undergraduate, graduate, law and total degrees awarded therein.

ENROLLMENT AND DEGREES

Academic Year	Enrollments					Degrees Awarded			
	Under-Graduate	Graduate	Law	Total	Total FTE ⁽¹⁾	Under-Graduate	Graduate	Law	Total
2009-10	5,200	2,598	1,048	8,846	7,917	1,429	822	304	2,546
2010-11	5,107	2,676	1,048	8,831	7,955	1,259	935	296	2,490
2011-12	5,229	2,559	1,012	8,800	7,992	1,297	875	298	2,470
2012-13	5,250	2,334	935	8,519	8,087	1,155	860	323	2,338
2013-14	5,435	2,477	858	8,770	8,440	1,332	834	259	2,425
2014-15	5,486	2,835	696	9,017	8,730	1,359*	848*	262*	2,469*

* Preliminary data.

⁽¹⁾ Full-time students (“FTEs”) are computed such that each undergraduate taking 12 or more units in a quarter is counted as one FTE. Each undergraduate taking less than 12 units in a quarter is counted as a fraction of an FTE equal to the number of units being taken divided by 12. Each graduate student, other than a law, pastoral ministries, or graduate engineering student taking 9 or more units in a quarter is counted as one FTE. Each graduate student taking 8 or fewer units in a quarter is counted as a fraction of an FTE equal to the number of units being taken divided by 9. Each full-time day division law student taking 12 or more units is counted as one FTE and each full-time evening division law, pastoral ministries, or graduate engineering student taking 8 or more units is counted as one FTE. The University from time to time changes the number of credit hours used to determine FTEs.

Recent Trends in Law School Enrollments

According to the American Bar Association Section on Legal Education, from 2010 to 2014, the number of matriculants in U.S. law schools dropped by 27%, from 52,488 to 37,924. According to the Law School Admissions Council, applications over that same time dropped by 41% nationally, from 604,300 to 355,100. Like most law schools, Santa Clara University School of Law has experienced similar trends and seen its student census decrease over this period, from roughly 1,048 students in 2010 to 696 in 2014. In response to this decline, the Law School has taken cost saving initiatives and developed a plan for managing its enrollment. The plan called for new enrollments of 225 J.D. students

for the incoming classes of 2015 through 2018. This year, the School has actually experienced a small increase in J.D. applications, compared to this time last year, and anticipates enrolling a first-year J.D. class of approximately 250 students. The University and School of Law administration have reiterated their commitment to develop the Law School into one of the premier law schools in California. This is evidenced in the Santa Clara 2020 integrated strategic plan where a new Law School facility is planned. See “Integrated Strategic Plan.”

Tuition and Fees

A summary of University tuition and fee charges and room and board charges for the academic years shown is set forth in the table below. Undergraduate and graduate students attend classes on a quarter system basis, and the tuition and fee amounts assume attendance during the quarters on a full-time basis. Law students attend courses on a semester basis, and the tuition and fee amounts assume attendance during two semesters on the basis indicated.

TUITION, FEES, ROOM AND BOARD⁽¹⁾

Academic Year	Undergrad. Tuition and Fees	Room & Board	Undergrad. Total	Graduate Business	Graduate Engineering	Education, Counseling, Pastoral Ministries	Full-Time Law	Part-Time (Evening) Law
2011-12	\$39,048	\$11,997	\$51,045	\$22,950	\$20,790	\$12,852	\$41,790	\$29,254
2012-13	40,572	12,276	52,848	23,976	21,735	13,419	43,680	30,576
2013-14	42,156	12,546	54,702	24,705	22,410	13,419	45,000	31,500
2014-15	43,812	12,921	56,733	25,677	23,274	14,526	47,040	32,928
2015-16	45,300	13,425	58,725	26,541	24,084	15,012	48,690	34,083

⁽¹⁾ Does not include JST-SCU information

Financial Aid

The following table shows the University’s student assistance programs for all students for the academic years indicated. Approximately 81% of undergraduate students, 38% of the graduate students, 83% of the law school students received some form of financial assistance.

FINANCIAL AID (In Thousands of Dollars)

Academic Year	Federal Assistance*	Private Assistance	Guaranteed and Other Student Loans	University Expenditure	California State Programs	Total
2009-10	\$4,857	\$6,621	\$44,605	\$57,247	\$4,759	\$118,089
2010-11	4,794	5,146	45,108	62,963	5,729	123,740
2011-12	4,670	2,908	66,002	68,433	5,605	147,618
2012-13	4,130	2,977	60,718	72,962	5,131	145,918
2013-14	4,112	2,937	60,185	79,669	4,975	151,878

* Federal Assistance consists of Pell Grants, Supplemental Educational Opportunity Grants, Perkins Student Loans and College Work Study.

Faculty and Employees

The following table reflects the number of full-time and part-time faculty for the past five academic years as well as the number of full-time faculty with tenure.

FACULTY HEADCOUNT

<u>Academic Year</u>	<u>Full-Time Faculty</u>	<u>Part-Time Faculty</u>	<u>Total</u>	<u>Tenured Faculty</u>
2010-11	464	391	855	294
2011-12	495	381	876	289
2012-13	516	334	850	294
2013-14	522	365	887	298
2014-15	530	399	929	302

Of the 530 full-time faculty, 160 are professors, 145 are associate professors, 80 are assistant professors and 145 hold other ranks. Approximately 93% of the full-time faculty have obtained a Ph.D. or other terminal degree, and approximately 57% of the full-time faculty are tenured. The current undergraduate student to undergraduate faculty ratio is 12 to 1.

Members of the Society of Jesus (Jesuits) constitute approximately 6% of the full-time faculty. They receive compensation from the University that is comparable to that received by other members of the faculty. The majority of the Jesuit members of the faculty and administration live in a residence located on campus for which the University charges a nominal rent. For the services performed by members of the Jesuit Community, the University paid compensation of approximately \$3,444,000 and \$3,532,000 in 2014 and 2013, respectively

In addition to its faculty, the University currently employs approximately 980 full-time and part-time staff members. Approximately 7% of such staff members are employed by the maintenance department of the University and are represented by the Service Employees' International Union, AFL-CIO. Their collective bargaining agreement expires on January 31, 2016. The University has had, and believes it currently enjoys, satisfactory relations with its employees.

The University provides retirement benefits for faculty, staff and administrative employees through a defined contribution plan under IRS Section 401(a) and a tax deferred annuity plan under IRS Section 403(b). The University has no outstanding liabilities due to these plans.

FINANCIAL CONDITION OF THE UNIVERSITY

Financial Statements

The financial statements of the University are presented in Appendix B under "Financial Statements of Santa Clara University". The statements provide information for the years ended June 30, 2014 and 2013. The University maintains its accounts in accordance with generally accepted accounting principles.

Revenues and Expenditures

The following table, which should be read in conjunction with the Financial Statements and accompanying notes, provides a summary of Unrestricted Revenues and Expenditures for each of the last three fiscal years.

UNRESTRICTED REVENUES AND EXPENSES
(In thousands of Dollars)
Fiscal Year Ended June 30,

	2014	2013	2012
Operating:			
Revenues:			
Tuition and fees	\$ 309,239	288,485	280,695
Financial aid	<u>(79,669)</u>	<u>(72,962)</u>	<u>(68,432)</u>
Net tuition and fees	229,570	215,523	212,263
Contributions to annual funds	3,451	4,656	3,921
Grant revenues	4,464	6,255	5,692
Net return on operating investments	3,512	1,751	1,917
Other revenues	16,936	12,205	13,601
Auxiliary activities	<u>35,230</u>	<u>33,106</u>	<u>30,512</u>
Operating revenues before nonoperating net assets used in operations	293,163	273,496	267,906
Nonoperating net assets used in operations:			
Long-term investment income used in operations	27,353	26,394	26,589
Released contributions used in operations	<u>10,310</u>	<u>9,042</u>	<u>10,891</u>
Total operating revenues and other support	<u>330,826</u>	<u>308,932</u>	<u>305,386</u>
Expenses:			
Educational and general:			
Instruction	127,478	118,088	113,529
Research	4,831	4,654	4,313
Public service	7,264	6,277	6,424
Academic support	37,531	33,371	33,773
Student services	46,376	44,044	40,646
Institutional support	59,632	56,006	55,066
Scholarships and fellowships	<u>1,002</u>	<u>1,205</u>	<u>1,129</u>
Total educational and general expenses	284,114	263,645	254,880
Auxiliary activities	<u>32,148</u>	<u>31,356</u>	<u>29,081</u>
Total expenses	<u>316,262</u>	<u>295,001</u>	<u>283,961</u>
Increase in net assets from operations	<u>14,564</u>	<u>13,931</u>	<u>21,425</u>
Nonoperating:			
Contributions	905	1,571	111
Net return (loss) on nonoperating long-term investments	19,085	13,166	62
Nonoperating net assets used in operations	(37,662)	(35,436)	(37,480)
Net assets released from restrictions	38,761	33,162	35,119
Other changes, net	479	<u>288</u>	<u>(23)</u>
Change in net assets	<u>\$ 36,132</u>	<u>26,682</u>	<u>19,214</u>

The principal components of unrestricted revenues are tuition and fees and auxiliary activities revenues. Tuition revenues are a function of tuition rates and enrollments. The University has raised its rates of tuition in each of the past five years (see "Tuition and Fees") but believes that its rates of tuition remain competitive to those of other private institutions of comparable quality. The University's enrollment has ranged from 8,831 to 9,017 students (7,955 to 8,730 FTEs) over the last five years. Throughout this period the number of suitable applicants has substantially exceeded available positions

(See “Students-Enrollment and Degrees”). The University believes that its location in a major technological and population center, its attractiveness to students of the Catholic faith (who have traditionally composed a significant portion of its undergraduate student body) and its mix of graduate and undergraduate programs will enable it to maintain a relatively stable enrollment for the foreseeable future.

Auxiliary activities revenues are generated principally from student room and board. Expenditures for auxiliary activities consist of operating expenses, depreciation and replacement and related debt.

Aside from auxiliary activities expense, the most significant expense categories are instruction, institutional support, academic support, student services, and financial aid. Instruction expense includes faculty salaries and benefits and other expenses related to the operations of the major academic divisions. Institutional support expense includes expenses related to executive management, administrative services, University relations, legal and audit and other similar expenses which benefit the University as a whole. Academic support includes expenses related to academic administration, i.e., the Dean’s offices, academic activities such as dramatics, educational services such as computer centers, audio visual centers, the law clinic and the Orradre and Heafey Libraries. Student services expense includes expenses related to athletics, student publications, counseling and career guidance, financial aid administration and student admissions and records. The costs associated with physical plant, which include the maintenance of buildings and grounds, depreciation and debt expenses are allocated and included in the significant expense categories according to square footage and actual usage. Financial aid is presented as a deduction to gross tuition and fees and represents University scholarships awarded.

Current Financial Update

For the fiscal year ended June 30, 2015, the University expects its financial performance to generate an operating surplus similar to the prior year. Gross tuition will be higher than the previous year driven primarily by a tuition rate increase of 3.9% and approximately 300 more undergraduate students than budgeted. Graduate enrollment in Engineering, Education and Counseling Psychology were well ahead of budget, offsetting a decline in Law School enrollments. Costs are expected to be on budget with higher financial aid expenditures offset by lower than planned salary and benefit costs. Endowment investment results are anticipated to be flat for the fiscal year reflecting the overall global investment market conditions during the last twelve months.

Indebtedness

CURRENT LONG-TERM OUTSTANDING INDEBTEDNESS (Not Including Amortization of Bond Premium/Discounts)

<u>Indebtedness</u>	<u>Principal Balance as of June 30, 2015</u>	<u>Interest Rate</u>	<u>Maturity</u>
Series 1999 Bonds	\$53,767,000*	3.50% to 5.25%	Serials through 2026
Series 2008 Bonds	60,775,000**	4.00% to 5.63%	Serials through 2028 Term in 2033 and 2037
Series 2010 Bonds	45,640,000	2.00% to 5.00%	Serials through 2030 Term in 2029, 2032, and 2040
Building Capital Lease Obligation	39,444,000	8.00% Effective interest	Straight-line thru 2031
Building Capital Lease Obligation	24,979,000	4.50% Effective interest	Escalating thru 2034
Term Note	7,995,000	LIBOR + 30 bps	Serially thru 2019

* Part of the Series 1999 Bonds included capital appreciation bonds; balance above reflects the approximate denominational value (i.e., does not include accreted interest).

** A portion of the proceeds of the Bonds will be used to defease \$51,145,000 in aggregate principal amount of the outstanding Series 2008 Bonds upon closing.

Each of the University's building capital lease obligations listed have a term of approximately 20 years at which time the University has the option to acquire the property and buildings for a specified amount. For both leases, a member of the University's Board of Trustees and his family have material financial interests in the entity leasing to the University.

In 2015, the University entered into a short-term equipment lease for the purchase of networking equipment totaling \$8,659,000. The funds were held in escrow pending the University's equipment purchases. The lease has three annual payments through 2018, a zero percent interest rate and a bargain purchase option at the end of lease term. As of June 30, 2015, the amount utilized for equipment purchases was \$659,000 and the amount held in escrow was \$8,000,000.

ESTIMATED LONG-TERM DEBT SERVICE POST-ISSUANCE OF SERIES 2015 BONDS
(In Thousands of Dollars)

Ending 6/30	CEFA Bonds*		Bank Term Note**		Capital Leases		Total All Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	\$5,840	\$9,753	\$750	\$33	\$1,863	\$3,719	\$8,453	\$13,506	\$21,958
2017	6,859	10,182	775	30	2,017	3,628	9,651	13,840	23,491
2018	7,202	9,849	800	26	2,183	3,526	10,185	13,401	23,586
2019	7,584	9,504	840	22	2,361	3,414	10,785	12,939	23,725
2020	8,082	9,398	4,830	2	2,553	3,290	15,465	12,690	28,155
2021	8,464	9,005	—	—	2,760	3,153	11,224	12,158	23,382
2022	8,978	8,784	—	—	2,983	3,003	11,961	11,787	23,748
2023	9,390	8,367	—	—	3,223	2,838	12,613	11,205	23,817
2024	9,838	7,918	—	—	3,481	2,657	13,319	10,575	23,894
2025	10,313	7,442	—	—	3,758	2,458	14,071	9,900	23,971
2026	10,770	6,991	—	—	4,058	2,240	14,828	9,231	24,059
2027	11,282	6,477	—	—	4,380	2,002	15,662	8,479	24,141
2028	5,665	5,286	—	—	4,726	1,742	10,391	7,027	17,419
2029	4,555	5,001	—	—	5,100	1,458	9,655	6,458	16,113
2030	4,785	4,772	—	—	5,502	1,147	10,287	5,919	16,206
2031	4,980	4,579	—	—	4,758	819	9,738	5,398	15,136
2032	5,225	4,335	—	—	2,761	580	7,986	4,915	12,901
2033	4,290	4,080	—	—	3,096	345	7,386	4,424	11,811
2034	4,500	3,864	—	—	2,860	88	7,360	3,951	11,312
2035	5,110	3,638	—	—	—	—	5,110	3,638	8,748
2036	5,370	3,381	—	—	—	—	5,370	3,381	8,751
2037	5,640	3,111	—	—	—	—	5,640	3,111	8,751
2038	5,920	2,827	—	—	—	—	5,920	2,827	8,747
2039	6,215	2,532	—	—	—	—	6,215	2,532	8,747
2040	6,530	2,221	—	—	—	—	6,530	2,221	8,751
2041	6,855	1,894	—	—	—	—	6,855	1,894	8,749
2042	7,200	1,551	—	—	—	—	7,200	1,551	8,751
2043	7,560	1,191	—	—	—	—	7,560	1,191	8,751
2044	7,935	813	—	—	—	—	7,935	813	8,748
2045	8,330	417	—	—	—	—	8,330	417	8,747
Total	\$211,267	\$159,159	\$7,995	\$113	\$64,423	\$42,107	\$283,685	\$201,379	\$485,064

* Includes debt service on the Series 2015 Bonds and excludes debt service on the portion of the Series 2008 Bonds that will be defeased at closing.

** Bank term note assumes interest of 0.45% to maturity.

Plant Facilities

Plant facility assets acquired by purchase are stated at cost, and assets acquired by gift or bequest are stated at market value at the date of acquisition. In accordance with generally accepted accounting principles applicable to colleges and universities, the University charges depreciation against its plant assets.

The following table reflects the Plant Funds assets of the University at June 30 of each of the last five fiscal years.

PLANT FACILITY ASSETS (in Thousands of Dollars)

<u>As of June 30</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Improvements other than buildings</u>	<u>Construction in progress</u>	<u>Total Gross Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Assets</u>
2010	\$34,074	\$458,141	\$158,869	\$69,517	\$19,790	\$740,391	(\$200,873)	\$539,518
2011	41,755	497,748	167,409	69,743	9,918	786,573	(221,166)	565,407
2012	46,463	564,025	177,711	71,254	40,726	900,179	(243,183)	656,996
2013	50,482	612,417	186,677	76,322	12,527	938,425	(268,020)	670,405
2014	52,653	631,957	193,859	90,646	10,023	979,138	(294,073)	685,065

Endowment and Similar Funds

The endowment is comprised of assets restricted by the donor, which must be applied for the purposes specified (True Endowment and Restricted Quasi-Endowment), and unrestricted assets designated by the University's Board of Trustees (Unrestricted Quasi-Endowment). The latter designation may be altered by the Board of Trustees, and such funds would be available for any University purpose, including debt service.

The following table summarizes the fair value of the assets, including any income allocation in the University's Endowment and Similar Funds at June 30 of each of the last five fiscal years.

ENDOWMENT AND SIMILAR FUNDS SUMMARY (In Thousands of Dollars)

<u>June 30,</u>	<u>True Endowment</u>	<u>Quasi-Endowment</u>	<u>Total</u>
2010	\$402,686	\$200,932	\$603,618
2011	483,186	233,635	716,821
2012	552,551	135,567	688,188
2013	615,500	144,718	760,218
2014	710,862	164,228	875,090

Fundraising

Santa Clara University conducts a comprehensive ongoing effort to obtain gifts, grants, and bequests from private sources, including more than 235,186 alumni, parents, friends, corporations and foundations. Over the past three years, total annual cash gifts and grants received have averaged \$35.5 million annually.

The University has 81,444 living graduate and undergraduate alumni and is in contact with approximately 77,000 of them. It received gifts from approximately 30% of its alumni solicited during the past five years.

During its last fundraising campaign, which ended in December, 2006, the University successfully surpassed the \$350 million goal by raising a total of \$404 million. The University is currently in the planning stages for its next comprehensive capital campaign which is currently planned to raise \$1 billion and includes fundraising for student scholarships, endowments and additional University facilities as outlined in the University's integrated strategic plan. The amount raised to date for this campaign is approximately \$169 million.

Risk Management

The University maintains a full program of insurance, including Property (with boiler and machinery coverage), Liability, Automobile Liability, Educators Legal Liability, Medical Professional Liability, Non-owned Aircraft and various policies to cover student academic, athletics and activity programs. Coverage limits include \$1 billion for property and \$101 million for general and automobile liability. Policy deductibles are \$100,000 for property losses and \$250,000 for general and automobile liability. The Property, General Liability and Automobile liability policies are jointly purchased by the University, the California Province of the Society of Jesus, Loyola Marymount University and the University of San Francisco. Losses subject to the General Liability deductible are paid by the Group Liability Self-Insured Retention Pool which is maintained for this purpose.

Legal Proceedings

The University is involved in a number of legal proceedings arising in the ordinary course of its affairs which, in the aggregate, are not expected to have any material adverse effect on the University.

APPENDIX B

FINANCIAL STATEMENTS OF THE UNIVERSITY

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SANTA CLARA UNIVERSITY

Consolidated Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

SANTA CLARA UNIVERSITY
Consolidated Financial Statements

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KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The President and Board of Trustees
Santa Clara University:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Santa Clara University (the University) as of June 30, 2014, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Santa Clara University as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited the University's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

Irvine, California
October 17, 2014

SANTA CLARA UNIVERSITY

Consolidated Statement of Financial Position

June 30, 2014

(With comparative financial information as of June 30, 2013)

(In thousands of dollars)

Assets	2014	2013
Cash and cash equivalents	\$ 48,273	58,056
Contributions receivable, net	21,476	17,399
Student and other receivables, net	12,610	11,933
Investments	1,026,007	893,258
Other assets	5,672	6,794
Plant facilities, net	685,065	670,405
Total assets	\$ 1,799,103	1,657,845
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 44,596	43,207
Deposits and deferred revenue	18,890	17,431
Amounts held on behalf of others	48,978	43,523
Annuity and trust obligations	5,480	5,419
Asset retirement obligations	3,183	3,165
Bonds and notes payable	183,747	191,197
Obligations under capitalized lease	41,140	42,762
U.S. government loan advances	7,316	7,288
Total liabilities	353,330	353,992
Net assets:		
Unrestricted	695,200	659,068
Temporarily restricted	465,902	364,820
Permanently restricted	284,671	279,965
Total net assets	1,445,773	1,303,853
Total liabilities and net assets	\$ 1,799,103	1,657,845

See accompanying notes to consolidated financial statements.

SANTA CLARA UNIVERSITY
Consolidated Statement of Activities
Year ended June 30, 2014
(With summarized financial information for the year ended June 30, 2013)
(In thousands of dollars)

	2014			Total	2013
	Unrestricted	Temporarily restricted	Permanently restricted		
Operating:					
Revenues:					
Tuition and fees	\$ 309,239	—	—	309,239	288,485
Financial aid	(79,669)	—	—	(79,669)	(72,962)
Net tuition and fees	229,570	—	—	229,570	215,523
Contributions to annual funds	3,451	—	—	3,451	4,656
Grant revenues	4,464	—	—	4,464	6,255
Net return on operating investments	3,512	—	—	3,512	1,751
Other revenues	16,936	—	—	16,936	12,205
Auxiliary activities	35,230	—	—	35,230	33,106
Operating revenues before nonoperating net assets used in operations	293,163	—	—	293,163	273,496
Nonoperating net assets used in operations:					
Long-term investment income used in operations	27,353	—	—	27,353	26,394
Released contributions used in operations	10,310	—	—	10,310	9,042
Total operating revenues and other support	330,826	—	—	330,826	308,932
Expenses:					
Educational and general:					
Instruction	127,478	—	—	127,478	118,088
Research	4,831	—	—	4,831	4,654
Public service	7,264	—	—	7,264	6,277
Academic support	37,531	—	—	37,531	33,371
Student services	46,376	—	—	46,376	44,044
Institutional support	59,632	—	—	59,632	56,006
Scholarships and fellowships	1,002	—	—	1,002	1,205
Total educational and general expenses	284,114	—	—	284,114	263,645
Auxiliary activities	32,148	—	—	32,148	31,356
Total expenses	316,262	—	—	316,262	295,001
Increase in net assets from operations	14,564	—	—	14,564	13,931
Nonoperating:					
Contributions	905	27,861	4,267	33,033	33,507
Net return on nonoperating long-term investments	19,085	111,858	436	131,379	82,424
Nonoperating net assets used in operations	(37,663)	—	—	(37,663)	(35,436)
Net assets released from restrictions	38,761	(38,761)	—	—	—
Other changes, net	480	124	3	607	288
Change in net assets	36,132	101,082	4,706	141,920	94,714
Net assets at beginning of year	659,068	364,820	279,965	1,303,853	1,209,139
Net assets at end of year	\$ 695,200	465,902	284,671	1,445,773	1,303,853

See accompanying notes to consolidated financial statements.

SANTA CLARA UNIVERSITY
Consolidated Statement of Cash Flows
Year ended June 30, 2014
(With comparative financial information for the year ended June 30, 2013)
(In thousands of dollars)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 141,920	94,714
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	33,965	32,052
Accrued interest on zero coupon bonds	(827)	(632)
Noncash gifts	(6,612)	(10,863)
Proceeds from sale of donated securities	1,180	5,822
Investment gains	(122,711)	(76,137)
Contributions restricted for long-term investment	(17,055)	(18,614)
Changes in operating assets and liabilities:		
Contributions receivable	(4,077)	1,137
Student and other receivables	(677)	1,380
Other assets	1,122	(623)
Accounts payable and accrued expenses	1,389	(1,782)
Deposits and deferred revenue	1,459	(281)
Amounts held on behalf of others	5,455	4,474
Annuity and trust obligations	61	571
Asset retirement obligations	18	129
Net cash provided by operating activities	<u>34,610</u>	<u>31,347</u>
Cash flows from investing activities:		
Purchase of investments	(222,892)	(216,684)
Proceeds from sale of investments	216,880	213,984
Proceeds from deposits in trust	—	3,901
Purchase of plant facilities	(48,553)	(44,336)
Net cash used in investing activities	<u>(54,565)</u>	<u>(43,135)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	8,715	—
Payments on bonds and notes payable	(15,338)	(6,884)
Principal payments on capital lease obligations	(1,622)	(1,551)
Change in U.S. government loan advances, net	28	342
Proceeds from sale of donated securities	1,334	2,541
Contributions restricted for long-term investment	17,055	18,614
Net cash provided by financing activities	<u>10,172</u>	<u>13,062</u>
Net increase (decrease) in cash and cash equivalents	(9,783)	1,274
Cash and cash equivalents at beginning of year	<u>58,056</u>	<u>56,782</u>
Cash and cash equivalents at end of year	<u>\$ 48,273</u>	<u>58,056</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 12,328	11,493
The University received noncash gifts of:		
Marketable securities	\$ 2,570	8,575
Real estate	3,970	2,218
Equipment	72	70
Noncash investing and financing activities:		
Transfer of investment real estate to plant assets	\$ —	1,055

See accompanying notes to consolidated financial statements.

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

(1) Organization and Summary of Significant Accounting Policies

(a) *Organization*

Santa Clara University is an independent, coeducational institution of higher learning offering undergraduate and graduate degrees in more than 50 fields of study. Santa Clara University was founded in 1851 by the Society of Jesus on the site of Mission Santa Clara de Asis in Northern California. The Jesuit School of Theology of Santa Clara University (JST-SCU) is an affiliated entity and its financial information has been consolidated with Santa Clara University (collectively referred to as the University) and all interaffiliate transactions have been eliminated.

(b) *Basis of Presentation*

The University displays its net assets and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of operating cash, money market funds, and treasury instruments.

(d) *Contributions*

Contributions, including unconditional promises to give, are recognized as revenues when donors' commitments are received. Conditional promises to give become unconditional and are recognized as revenues when the conditions are substantially met. Unconditional promises to give are recognized initially at fair value as contribution revenue in the period such promises are made by donors. In subsequent periods, unconditional promises to give are recognized at the estimated net present value, net of an allowance for uncollectible amounts, and are classified by net asset category in accordance with donor-imposed restrictions. Contributions and promises to give with temporary restrictions are reported as temporarily restricted net assets until donor restrictions are met. The University records contributions of land, buildings, or equipment as unrestricted revenue unless the donor places restrictions on their use. Restrictions on contributions related to construction projects are released when such amounts have been spent.

(e) *Investments*

In accordance with U.S. generally accepted accounting principles, the University reports investments at fair value based upon a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs of other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the University's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(f) Fair Value of Financial Instruments

The University did not elect fair value accounting for any asset or liability that is not currently required to be measured at fair value.

Fair value of the University's financial instruments is determined using the estimates, methods, and assumptions as set forth below. See note 5 for further information regarding investments and their fair value.

i) Cash Equivalents, Student and Other Receivables, Deposits in Trust, Accounts Payable, and Accrued Expenses

Fair value approximates book value due to the short maturity of these instruments.

A reasonable estimate of the fair value of student loans extended under government loan programs has not been made as the loans can only be assigned to the U.S. government or its designees.

ii) Contributions Receivable

Contributions receivable are reported based on the discounted value of estimated cash flows. The discount rate is estimated based upon a risk-free rate of return, for pledges received through June 30, 2008. Pledges received after June 30, 2008 are discounted at an interest rate that reflects the risks inherent in those cash flows. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Book value approximates fair value.

iii) Bonds and Notes Payable

Fair value of bonds and notes payable is estimated with Level 2 inputs, based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for similar maturities and credit quality. Fair value of bonds and notes payable was approximately \$200,964,000 and \$210,983,000 as of June 30, 2014 and 2013, respectively.

iv) Capital Lease Obligation

The University's capital lease obligation bears interest at rates which approximate prevailing market rates for instruments with similar characteristics and, accordingly, the carrying value approximates fair value.

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

v) *Alternative Investments*

Alternative investments, such as private equity interests, are recorded based on valuations provided by the general partners or external investment managers. As these generally are investments without a ready market to compare, the inputs into the determination of fair value require significant judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Management reviews and evaluates the valuations and has determined that the valuation methods and assumptions result in reasonable estimates of fair value. Refer to note 5 for fair value determination.

vi) *Annuity and Trust Obligations*

The carrying amount of annuity and trust obligations approximates fair value as the instruments are recorded at the estimated net present value of future cash flows. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy.

(g) *Collections*

The University's collections are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. The collections, which have been acquired through contributions since the University's inception, are not recognized as assets in the accompanying consolidated statement of financial position.

(h) *Plant Facilities*

Plant facilities are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts in kind. Depreciation of plant facilities is computed using the straight-line method over estimated useful lives of 3 to 50 years. Amortization of capital leases is provided over the estimated useful lives of the assets or over the life of the lease, as applicable, using the straight-line method.

(i) *Deposits and Deferred Revenue*

Deposits and deferred revenue consist of fees collected in advance under the University's guaranteed tuition plan, deposits and fees collected for not yet completed summer and fall terms as well as other miscellaneous deferred revenue.

(j) *Annuity and Trust Obligations*

The University has a variety of gift agreements, including charitable gift annuities and charitable remainder trusts, for which the University is the trustee. An estimated liability has been recorded for charitable gift annuities based upon Internal Revenue Service (IRS) actuarial tables. For charitable remainder trusts, the difference between the fair value of trust investments and the estimated University's remainder interests has been recorded as a liability.

(k) *Bond Discounts, Premiums, and Issuance Costs*

Bond discounts, premiums, and issuance costs are amortized using a method that approximates the effective interest method over the life of the associated bond issue. Bond discounts and premiums are

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

included in bonds and notes payable, and issuance costs are included in other assets in the accompanying consolidated statement of financial position.

(l) Credit Concentration

Financial instruments that potentially subject the University to concentration of credit risk are cash, cash equivalents, investments, and receivables. The University's cash, cash equivalents, and investments are held by recognized financial institutions. The University deposits its cash with several financial institutions and its deposits, at times, exceed insured amounts. The University requires its investment managers to follow the University's investment policy, and the investment managers are subject to periodic review by the University's investment committee. The University's investments are comprised primarily of a diversified portfolio of marketable equity securities, investment grade debt and alternative assets. The credit risk with respect to student receivables is considered minimal due primarily to the wide dispersion of the receivables. Gross contributions receivable due from eight donors was \$16,586,000 of the \$24,753,000 as of June 30, 2014.

(m) Operations

Operating revenues consist of those items attributable to the University's academic programs, research conducted by the academic departments, and auxiliary operations. It is the policy of the Board of Trustees to designate a portion of the University's cumulative investment return for support of current operations; the remainder is retained to support operations in future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool and all investment income earned by investing cash in excess of daily requirements are used to support current operations.

Expenses associated with fundraising activities of the University were \$8,956,000 and \$9,003,000 in 2014 and 2013, respectively, which are included in institutional support in the accompanying consolidated statement of activities.

(n) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Prior Year Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

(p) Reclassifications

Certain reclassifications have been made to the 2013 comparative information to conform to the 2014 financial statement presentation.

(2) Net Assets

Net assets are reported in three classes based on the existence or absence of donor-imposed restrictions, as follows:

- Permanently restricted net assets consist of assets donated with stipulations that they be invested to provide a permanent source of income. It is the policy of the University to maintain the historic dollar value of these gifts in perpetuity.
- Temporarily restricted net assets represent amounts received from donors with temporary restrictions and consist primarily of (a) resources held in support of particular operating activities, (b) investments for a specified term, (c) assets for use in a specified future period, (d) resources restricted for the acquisition of long-lived assets, or (e) unexpended endowment earnings in excess of the historic dollar value. Donors' restrictions may require that resources be used in a later period or after a specified date, or that resources be used for a specified purpose, or both. When restrictions expire or assets are expended according to donor restrictions, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statement of activities as net assets released from restrictions.
- Unrestricted net assets consist of amounts with no donor-imposed restrictions.

Net assets released from donor-imposed restrictions are summarized as follows (in thousands):

	2014	2013
Purpose restrictions accomplished:		
Scholarships	\$ 13,819	11,846
Departmental and other expenses	19,532	18,434
Additions to and renovations of plant facilities	5,410	2,882
	\$ 38,761	33,162

Donor restricted net assets consisted of the following as of June 30, 2014 and 2013 consist (in thousands):

	2014		2013	
	Temporarily restricted	Permanently restricted	Temporarily restricted	Permanently restricted
Scholarships	\$ 201,254	140,942	160,427	137,632
Departmental and other expenses	242,297	139,953	192,663	137,376
Additions to and renovations of plant facilities	5,196	—	708	—
Passage of time	17,155	3,776	11,022	4,957
	\$ 465,902	284,671	364,820	279,965

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

Temporarily restricted net assets at June 30, 2014 and 2013 include \$432,966,000 and \$342,380,000 respectively, of appreciation on donor restricted endowment funds available to support University programs through the spending appropriation.

(3) Contributions Receivable

Contributions receivable consisted of the following as of June 30, 2014 and 2013 (in thousands):

	2014	2013
Unconditional promises to be collected in:		
Less than one year	\$ 12,408	11,619
One to five years	12,089	8,099
More than five years	256	180
	24,753	19,898
Less allowance for uncollectible contributions	(1,915)	(1,659)
Less discount to present value	(1,362)	(840)
Contributions receivable, net	\$ 21,476	17,399

The discount rate utilized for purposes of calculating the present value of contributions is 5.5 percent for the years ended June 30, 2014 and 2013, respectively.

(4) Student and Other Receivables

Student and other receivables consisted of the following as of June 30, 2014 and 2013 (in thousands):

Government grants	\$ 427	734
Notes, loans, and other receivables	10,257	9,925
Student receivables	2,224	1,861
Accrued interest receivable	507	352
	13,415	12,872
Less allowance for doubtful accounts	(805)	(939)
	\$ 12,610	11,933

The University makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources.

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

At June 30, 2014 and 2013 student loans held by the University included in notes, loans, and other receivables above consisted of the following (in thousands):

	2014	2013
Federal government programs	\$ 8,312	8,043
Institutional programs	97	97
	8,409	8,140
Less allowance for doubtful accounts	(82)	(82)
Student loans receivable, net	\$ 8,327	8,058

The University participates in the Federal Perkins Loan Program (the Program). The availability of funds for loans under the Program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of \$7,316,000 at June 30, 2014 and \$7,288,000 at June 30, 2013 are ultimately refundable to the government and are classified as liabilities in the consolidated statement of financial position. Outstanding loans cancelled under the Program result in a reduction of funds available for loan and a decrease in the liability to the government. At June 30, 2014 and 2013, no material amounts were past due under other student loan programs.

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible. Amounts due under the Program are guaranteed by the government and, therefore, no reserves are placed on past due balances.

SANTA CLARA UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2014

(5) Investments

Investments as of June 30, 2014 and 2013 are summarized as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Pooled cash and cash equivalents	\$ 9,290	16,970
Certificate of deposit investments	11,076	11,205
Mutual funds (2014 – bonds \$25,646, equity \$41,185, Int'l equity \$45,812 & real estate \$2,342; 2013 – bonds \$24,245, equity \$35,685, Int'l equity \$62,187 & real estate \$1,885)	114,985	124,002
Equity securities	29,564	23,422
Fixed income securities	63,798	62,579
Commingled funds	197,465	119,318
Hedge funds	238,460	201,293
Private equity	87,211	94,197
Real assets	116,804	100,669
Venture capital	80,342	62,168
Real estate, net	23,452	14,184
Beneficial interest in funds held by others	7,771	6,527
Notes and other	3,350	3,550
Net pending trades	42,439	53,174
	<u>\$ 1,026,007</u>	<u>893,258</u>

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

The following tables present financial instruments that are measured at fair value as of June 30, 2014 and 2013 in accordance with the fair value hierarchy (in thousands):

	2014			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled cash and cash equivalents	\$ 9,290	—	—	9,290
Certificate of deposit investments	—	11,076	—	11,076
Mutual funds:				
Bonds	25,646	—	—	25,646
Equity	41,185	—	—	41,185
International equity	45,812	—	—	45,812
Real estate	2,342	—	—	2,342
Equity Securities:				
Domestic	29,564	—	—	29,564
Fixed income holdings:				
Corporate bonds	—	55,521	—	55,521
Municipal bonds	—	4,023	—	4,023
U.S. treasury bonds	—	4,254	—	4,254
Commingled funds:				
International equity	—	152,096	—	152,096
Corporate bonds	—	10,885	—	10,885
International government bonds	—	34,484	—	34,484
Hedge funds:				
Equity	—	29,803	—	29,803
Distressed debt	—	—	37,256	37,256
Fund of funds	—	—	147,178	147,178
Global opportunistic	—	—	24,223	24,223
Private equity	—	—	87,211	87,211
Real assets	—	33,507	83,297	116,804
Venture capital	—	—	80,342	80,342
Real estate	—	23,452	—	23,452
Beneficial interest in funds held by others	—	—	7,771	7,771
Notes and other	107	—	3,243	3,350
Net pending trades	42,439	—	—	42,439
	<u>\$ 196,385</u>	<u>359,101</u>	<u>470,521</u>	<u>1,026,007</u>

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

	2013			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled cash and cash equivalents	\$ 16,970	—	—	16,970
Certificate of deposit investments	—	11,205	—	11,205
Mutual funds:				
Bonds	24,245	—	—	24,245
Equity	35,685	—	—	35,685
International equity	62,187	—	—	62,187
Real estate	1,885	—	—	1,885
Equity securities:				
Domestic	23,422	—	—	23,422
Fixed income holdings:				
Corporate bonds	—	54,008	—	54,008
Municipal bonds	—	3,068	—	3,068
U.S. treasury bonds	—	5,503	—	5,503
Commingled funds:				
International equity	—	76,760	—	76,760
Corporate bonds	—	10,249	—	10,249
International government bonds	—	32,309	—	32,309
Hedge funds:				
Equity	—	23,403	—	23,403
Distressed debt	—	—	33,495	33,495
Fund of funds	—	—	120,587	120,587
Global opportunistic	—	—	23,808	23,808
Private equity	—	—	94,197	94,197
Real assets	—	—	100,669	100,669
Venture capital	—	—	62,168	62,168
Real estate	—	14,184	—	14,184
Beneficial interest in funds held by others	—	—	6,527	6,527
Notes and other	130	—	3,420	3,550
Net pending trades	53,174	—	—	53,174
	<u>\$ 217,698</u>	<u>230,689</u>	<u>444,871</u>	<u>893,258</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Certificate of deposit investments – The fair value of investments in certificates of deposits, which are derived from various sources and pricing matrices, are classified as Level 2.

Mutual funds – Mutual funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Equity securities – Investments in equity securities are measured at fair value using quoted market prices. They are classified as Level 1 and are traded in an active market for which closing stock prices are readily available.

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Fixed income holdings – Investments in fixed income securities include corporate bonds, municipal bonds and U.S. Treasury bonds. Fixed income securities are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for similar assets in active markets.

Alternative investments – Investments in commingled funds, hedge funds, private equity, real assets, and venture capital for which there is no readily determinable fair value are classified as Level 2 or 3, as the valuation is based on net asset value. In cases where the investee has provided its investors with a net asset value per share that has been calculated in accordance with Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures*, the University has estimated its fair value by using the net asset value provided by the investee as of December 31, adjusted for cash receipts, cash disbursements, significant known changes in market values of publicly held securities contained in the portfolio and security distributions through June 30.

Beneficial interest in funds held by others – The University’s beneficial interest in funds administered by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs and significant unobservable inputs.

While the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables present a reconciliation of the consolidated statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2014 and 2013 (in thousands):

	June 30, 2014									
	Fair value measurements using significant unobservable inputs (level 3)									
	Distressed debt	Hedge funds		Private equity	Real assets	Venture capital	Beneficial interest in funds held by others	Notes and other	Net pending trades	Total
	Funds of funds	Global opportunistic		In thousands						
Beginning balance	\$ 33,495	120,587	23,808	94,197	100,669	62,168	6,527	3,420	—	444,871
Transfers to Level 2	—	—	—	—	(24,580)	—	—	—	—	(24,580)
Total net gains (losses):										
Realized	403	(651)	—	9,626	789	9,674	—	59	—	19,900
Unrealized	2,904	15,604	415	1,419	4,861	14,856	1,244	—	—	41,303
Purchases and sales:										
Purchases	3,202	40,000	—	10,152	19,652	6,579	—	634	—	80,219
Sales	(2,748)	(28,362)	—	(28,183)	(18,094)	(12,935)	—	(870)	—	(91,192)
Ending balance	\$ 37,256	147,178	24,223	87,211	83,297	80,342	7,771	3,243	—	470,521
Change in unrealized gains, net for the period included in changes in net assets for assets still held at the reporting date	\$ 2,904	16,627	415	1,419	4,861	14,856	1,244	—	—	42,326

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Notes to Consolidated Financial Statements
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In 2014, transfers from Level 3 to Level 2 are the result of a change in the composition of the underlying assets in the fund.

There were no transfers between Level 1 and Level 2 investments for the year ended June 30, 2014. Realized and unrealized net gains totaling \$61,203,000 for Level 3 investments are reported in “Net return (loss) on nonoperating long-term investments” in the consolidated statement of activities.

		June 30, 2013									
		Fair value measurements using significant unobservable inputs (level 3)									
		Hedge funds			Private equity	Real assets	Venture capital	Beneficial interest in funds held by others	Notes and other	Net pending trades	Total
Distressed debt	Fund of funds	Global opportunistic									
		In thousands									
Beginning balance	\$	32,871	93,934	22,056	107,338	79,330	60,849	6,318	4,648	—	407,344
Total net gains (losses):											
Realized		445	437	—	12,740	1,140	5,010	—	—	—	19,772
Unrealized		2,167	9,931	1,752	(5,761)	10,835	6,214	(13)	—	—	25,125
Purchases and sales:											
Purchases		1,900	49,414	—	11,265	17,647	4,101	222	34	—	84,583
Sales		(3,888)	(33,129)	—	(31,385)	(8,283)	(14,006)	—	(1,262)	—	(91,953)
Ending balance	\$	<u>33,495</u>	<u>120,587</u>	<u>23,808</u>	<u>94,197</u>	<u>100,669</u>	<u>62,168</u>	<u>6,527</u>	<u>3,420</u>	<u>—</u>	<u>444,871</u>
Change in unrealized gains, net for the period included in changes in net assets for assets still held at the reporting date											
	\$	2,167	8,479	1,752	(5,761)	10,835	2,414	(13)	—	—	19,873

Realized and unrealized gains totaling \$44,897,000 for Level 3 investments are reported in “Net return on nonoperating long-term investments” in the consolidated statement of activities.

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

The following table presents information for investments where the net asset value (NAV) was used as a practical expedient to measure fair value at June 30, 2014 (in thousands):

	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
Mutual Funds:				
Bonds	\$ 25,646	—	daily	none
Equity	41,185	—	daily	none
International Equity	45,812	—	daily	none
Real Estate	2,342	—	daily	none
Commingled funds:				
International equity	152,096	2,000	daily, monthly, quarterly	6 – 45 days
Corporate bond	10,885	—	monthly	6 – 7 days
International government bond	34,484	—	monthly	10 days
Hedge funds:				
Equity	29,803	—	monthly	30 days
Distressed debt	37,256	5,700	quarterly, annually, or n/a	60 - 180 days
Fund of funds	147,178	—	annually	365 days
Global opportunistic	24,223	—	quarterly, annually, or n/a	45 – 180 days
Private equity	87,211	37,558	see below	see below
Real assets	116,804	38,743	daily, see below	none, see below
Venture capital	80,342	16,432	see below	see below
Beneficial interest in funds held by others	7,771	—	see below	see below
	<u>\$ 843,038</u>	<u>100,433</u>		

The University holds certain investments in private equity, real assets, and venture capital limited partnerships in the amounts of \$87,211,000, \$83,297,000, and \$80,342,000, respectively. These limited partnerships do not allow for periodic redemptions, but rather distributions are received through the liquidation of the underlying assets of the partnership. At June 30, 2014, these partnerships had estimated termination dates that ranged from 2014 to 2025. Within distressed debt hedge funds, the University holds \$7,046,000 in a closed-end fund with an estimated termination date in 2022. Within fund of funds hedge funds, the University holds \$73,606,000 in funds which currently have lockup periods of up to three years. After the lockup periods, both funds have a one-year redemption notice period. The University also holds beneficial interest in funds that are managed by others. These funds, per donor restriction, are to be held in perpetuity by the third party and can never be redeemed.

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Notes to Consolidated Financial Statements

June 30, 2014

The following schedule summarizes investment returns during 2014 and 2013, presented in “Net return on operating investments” and “Net return (loss) on nonoperating long-term investments” in the consolidated statement of activities (in thousands):

	2014	2013
Interest, dividends and other income	\$ 16,987	13,016
Net realized gains	50,256	41,661
Net unrealized gains	72,455	34,476
Direct management fees and other	(4,807)	(4,978)
Net return on investments	\$ 134,891	84,175

(6) Endowment

The University’s endowment consists of approximately 600 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The University’s governing board has interpreted UPMIFA enacted in the State of California as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

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Notes to Consolidated Financial Statements

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Return Objectives and Risk Parameters

The University's governing board has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets to create intergenerational equity. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current equities, fixed income and alternative assets. Targeted asset allocation percentages for each of these components are reviewed periodically throughout the year for potential adjustment of asset mix while evaluating the relative risk of each component.

Spending Policy

Endowment spending is determined using a weighted average calculation of two components. The first component is the prior year spending allocated for each endowment increased by an inflationary factor weighted by 40 percent. The second component is a 12 quarter rolling market value average times an established spending rate of 4.5 percent weighted by 60 percent. The combination of these two calculations is the endowment spending allocation.

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Changes in endowment net assets and net asset composition for the year ended June 30, 2014 are as follows (in thousands):

	2014			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2013	\$ 148,830	342,380	277,521	768,731
Investment return:				
Investment income	1,302	9,501	—	10,803
Net appreciation – realized and unrealized	<u>16,826</u>	<u>102,151</u>	<u>—</u>	<u>118,977</u>
Total investment return	18,128	111,652	—	129,780
Contributions	5	1,136	4,205	5,346
Appropriation of endowment assets for expenditure	(5,151)	(22,202)	—	(27,353)
Other changes:				
Transfers to board-designated endowment funds	<u>342</u>	<u>—</u>	<u>—</u>	<u>342</u>
Endowment net assets, June 30, 2014	<u>\$ 162,154</u>	<u>432,966</u>	<u>281,726</u>	<u>876,846</u>
Composition of endowment net assets:				
Donor-restricted endowment funds	\$ (10)	432,966	281,726	714,682
Board-designated endowment funds	<u>162,164</u>	<u>—</u>	<u>—</u>	<u>162,164</u>
Total endowment net assets	<u>\$ 162,154</u>	<u>432,966</u>	<u>281,726</u>	<u>876,846</u>

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

Changes in endowment net assets and net asset composition for the year ended June 30, 2013 are as follows (in thousands):

	2013			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment net assets, June 30, 2012	\$ 137,847	286,470	273,875	698,192
Investment return:				
Investment income	769	5,744	—	6,513
Net appreciation – realized and unrealized	12,251	62,917	—	75,168
Total investment return	13,020	68,661	—	81,681
Contributions	216	8,906	3,646	12,768
Appropriation of endowment assets for expenditure	(4,737)	(21,657)	—	(26,394)
Other changes:				
Transfers to board-designated endowment funds	2,484	—	—	2,484
Endowment net assets, June 30, 2013	<u>\$ 148,830</u>	<u>342,380</u>	<u>277,521</u>	<u>768,731</u>
Composition of endowment net assets:				
Donor-restricted endowment funds	\$ (24)	342,380	277,521	619,877
Board-designated endowment funds	148,854	—	—	148,854
Total endowment net assets	<u>\$ 148,830</u>	<u>342,380</u>	<u>277,521</u>	<u>768,731</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$10,000 and \$24,000 as of June 30, 2014 and 2013, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the governing board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

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Notes to Consolidated Financial Statements
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(7) Plant Facilities

Plant facilities as of June 30, 2014 and 2013 are as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Land	\$ 52,653	50,482
Buildings	631,957	612,417
Improvements other than buildings	90,646	76,322
Equipment	124,704	119,770
Library books	69,155	66,907
	<u>969,115</u>	<u>925,898</u>
Accumulated depreciation and amortization	<u>(294,073)</u>	<u>(268,020)</u>
	675,042	657,878
Construction in progress	<u>10,023</u>	<u>12,527</u>
	<u>\$ 685,065</u>	<u>670,405</u>

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2014

(8) Bonds and Notes Payable

Bonds and notes payable as of June 30, 2014 and 2013 are as follows (in thousands):

	2014	2013
2% to 5% California Educational Facilities Authority (CEFA) Revenue Bonds Series 2010 maturing serially through February 1, 2030 and CEFA term bonds totaling \$27,740 maturing February 1, 2029, 2032, and 2040, secured by the full faith and credit of the University	\$ 50,531	51,886
4% to 5.625% CEFA Series 2008 bonds maturing serially through April 1, 2028 and CEFA term bonds totaling \$26,380 maturing April 1, 2033 and 2037, secured by the full faith and credit of the University	61,926	63,657
2.625% to 4.625% CEFA Series 2003A bonds maturing serially through September 1, 2023 and CEFA term bonds totaling \$3,170 maturing September 1, 2028 and 2033, were redeemed on June 30, 2014	—	9,546
3.5% to 5.25% CEFA Series 1999 bonds maturing serially through September 1, 2020 and CEFA term bonds totaling \$37,845 maturing September 1, 2023 and 2026, fully insured as to principal and interest, secured by the full faith and credit of the University	62,575	66,108
LIBOR + 30 bps Wells Fargo Term Note maturing serially through September 1, 2019, secured by the full faith and credit of the University	8,715	—
	\$ 183,747	191,197

On June 25, 2014 the University entered into a term note agreement in the amount of \$8,715,000 with Wells Fargo Bank. The proceeds were used to redeem the remaining balance of the CEFA 2003A bonds.

The University's policy is to capitalize interest cost incurred on debt during the construction of major projects exceeding one year. During the years ended June 30, 2014 and 2013, \$173,000 and \$272,000 of interest was capitalized, respectively. For the years ended June 30, 2014 and 2013, total interest expense, net of amounts capitalized, was \$12,290,000 and \$11,169,000, respectively. During the years ended June 30, 2014 and 2013, \$1,878,000 and \$1,949,000, respectively, represents interest expense associated with the University's capital lease obligation.

SANTA CLARA UNIVERSITY

Notes to Consolidated Financial Statements

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The annual debt service requirements subsequent to June 30, 2014 are as follows (in thousands):

	Principal maturities	Interest	Total
Year ending June 30:			
2015	\$ 7,598	9,660	17,258
2016	7,991	9,589	17,580
2017	7,681	7,966	15,647
2018	8,062	7,629	15,691
2019	8,397	7,280	15,677
Thereafter	144,018	64,300	208,318
	\$ 183,747	106,424	290,171

The University has \$5,000,000 available under an unsecured revolving credit agreement that matures in December 2014. As of June 2014 and 2013, no amounts were outstanding on this line of credit.

(9) Capital Lease

The University has an agreement to lease a student residential housing facility. Two members of the University's Board of Trustees and their families have material financial interests in the entities that developed and are leasing the facility to the University. The lease term is for 234 months ending February 2031, with annual payments of approximately \$3,500,000. At the end of the lease term, the University has two successive options to extend the lease for additional eight-year terms. The gross amount of buildings recorded as a capital lease was approximately \$45,553,000 at June 30, 2014 and June 30, 2013, respectively. The amortization expense for the capital lease is calculated on a straight-line basis over the useful life of 234 months and included within the University's depreciation expense. This amount was \$2,336,000 for the years ended June 30, 2014 and June 30, 2013.

Future minimum capital lease payments as of June 30, 2014 are as follows (in thousands):

	Capital lease
Year ending June 30:	
2015	\$ 3,500
2016	3,500
2017	3,500
2018	3,500
2019	3,500
Thereafter	40,833
Total minimum lease payments	58,333
Less amount representing interest	(17,193)
Present value of net minimum capital lease payments	\$ 41,140

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Notes to Consolidated Financial Statements

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(10) Defined Contribution Plan

The University provides retirement benefits for faculty, staff, and administrative employees through Internal Revenue Code (IRC), Section 401(a) and 403(b) plans. During 2014 and 2013, the University contributed approximately \$11,738,000 and \$11,516,000, respectively, to the defined contribution 401(a) retirement plan on behalf of its faculty, staff, and administrative employees. Contributions over the next five years are expected to be comparable to historical contributions, with moderate increases expected from salary increases and headcount changes. The University does not contribute to the 403(b) plan.

(11) Income Taxes

The University is recognized by the Internal Revenue Service as an organization exempt from income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and is also exempt under California Revenue and Taxation Code Section 23701d. However, the University is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which it is granted exemption. The University receives some unrelated business income. Taxes on such income, if any, are not material to the University's consolidated financial statements.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles prescribes for all entities minimum thresholds for financial statement recognition of an uncertain position taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction) and requires certain expanded tax disclosures. Management believes no such uncertain tax positions exist for the University at June 30, 2014 and 2013. The University files income tax returns in the U.S. federal and other state jurisdictions, and is no longer subject to federal income tax examinations for tax years before 2009.

(12) Related-Party Transactions and Amounts Held on Behalf of Others

The Jesuit Community is a separate entity and provides the University with teaching and administrative services. Compensation paid to the Jesuit Community for those services approximated \$3,444,000 and \$3,532,000 in 2014 and 2013, respectively, which is included in educational and general expenses in the accompanying consolidated financial statements.

As of June 30, 2014 and 2013, \$14,425,000 and \$8,063,000, respectively, of contributions receivable are due from members of the Board of Trustees.

During 2006 the University entered into an agreement with the Mission Cemetery owned by the Jesuit Community to participate in the University's investment activity by transferring cash into the University's endowment investment portfolio. The Mission Cemetery's investment at fair value is reflected in Amounts Held on Behalf of Others in the University's consolidated statement of financial position. The fair value of the investment at June 30, 2014 is \$46,337,000. The University also holds \$2,430,000 in Amounts Held on Behalf of Others for the California Province of the Society of Jesus (CPSJ) Insurance Group of which it is a member and whose administrators are employees of the University. The remaining balance of \$211,000 as of June 30, 2014 in Amounts Held on Behalf of Others is held by the University on behalf of various other outside agencies.

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Notes to Consolidated Financial Statements

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As discussed in note 9, two members of the University's Board of Trustees and their families have material financial interests in the entities that developed and are leasing a student residential housing facility to the University.

(13) Commitments and Contingencies

As of June 30, 2014, the University has contractual obligations of approximately \$19,935,000 for completion of facilities projects under construction. These obligations are financed with certain debt proceeds, unexpended funds, and gifts. The University self-insures unemployment benefits. It is management's opinion that the amount provided in accrued expenses to cover expected claims is adequate.

The University is subject to audits for amounts received under federal government student financial aid awards and research grants from the federal government. Management believes such audits will not result in any material liabilities against the University.

The University is a defendant in various legal actions. While the outcome of these actions is not currently determinable, management is of the opinion that any uninsured liability from such actions will not have a material effect on the University's financial position.

(14) Subsequent Events

Subsequent events have been evaluated through October 17, 2014, which corresponds to the date when the financial statements were available to be issued. There are no subsequent events that require disclosure.

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APPENDIX C

BOOK-ENTRY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the University and the Authority believe to be reliable, but the University, the Authority and the Underwriters take no responsibility for the accuracy or completeness thereof. The University, the Authority and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to

transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF UNDER THE TERMS OF THE INDENTURE, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS. THE AUTHORITY WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

The Authority, the Underwriters and the University cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, redemption price, Purchase Price and interest with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices, notices of mandatory tender or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Authority the Underwriters and the University are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, redemption price, Purchase Price and interest with respect to the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture (the “Indenture”) and the Loan Agreement (the “Agreement”) which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Indenture and the Agreement for a full and complete statement of their provisions.

DEFINITIONS

“Act” means the California Educational Facilities Authority Act, constituting Chapter 2 (commencing with Section 94100) of Part 59 of Division 10 of Title 3 of the Education Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Payments” mean the payments to be made by the Borrower to the Trustee or the Authority in accordance with the Agreement.

“Administrative Fees and Expenses” means the reasonable and necessary expenses incurred by the Authority pursuant to the Loan Agreement or the Indenture, or incurred by its officers, directors, members, attorneys, agents or employees in the administration and execution of the Loan Agreement and the Indenture, including Additional Payments.

“Agreement” or **“Loan Agreement”** means that certain loan agreement, dated as of August 1, 2015, between the Authority and the Borrower, as originally executed or as it may from time to time be supplemented, modified or amended subject to and in accordance with the terms thereof and of the Indenture.

“Authority” means the California Educational Facilities Authority, a public instrumentality of the State established by the Act.

“Authorized Representative of the Authority” means, with respect to the Authority, its Chairman (or any Deputy), Executive Director, or any other Person or Persons designated as an Authorized Representative of the Authority by a Certificate of the Authority signed by its Chairman (or any Deputy), or Executive Director. Such authorization shall remain in effect until the Trustee has received written notice to the contrary accompanied by a new designation.

“Base Loan Payments” means the payments required to be made by the Borrower to the Trustee for the account of the Authority in accordance with the Agreement for the payment of the principal (whether at maturity or upon acceleration or prior redemption) of, premium, if any, and interest to the date of maturity or redemption on the Bonds.

“Beneficial Owner” means, with respect to any Book-Entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for the Bonds.

“Bond Fund” means the fund by that name established pursuant to the Indenture.

“Bondholder” or **“Holder”** means, with respect to any Bond, the person in whose name such Bond is registered.

“Bond Register” means the books of registration of the ownership of the Bonds maintained by the Trustee pursuant to the Indenture.

“Bonds” means the California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2015, authorized and issued pursuant to the Indenture and any bonds issued in exchange or replacement thereof in accordance with the Indenture.

“Book-Entry Bonds” means any Bonds which are then held in book-entry form as provided in the Indenture.

“Borrower” means The President and Board of Trustees of Santa Clara College, doing business as Santa Clara University, a nonprofit public benefit corporation organized and existing under the laws of the State, and its successors or assigns or any co-obligor permitted pursuant to the Agreement.

“Business Day” means any day other than (i) a Saturday, a Sunday or (ii) a day on which banks located in the city in which the Principal Corporate Trust Office of the Trustee is located are required or authorized to be closed or (iii) a day on which the New York Stock Exchange is closed.

“Certificate of the Authority,” “Consent of the Authority,” “Order of the Authority” or “Request of the Authority” mean, respectively, a written certificate, consent, order or request of an Authorized Representative of the Authority furnished to the Trustee and the Borrower, as a Person authorized to act on behalf of the Authority.

“Certificate of the Borrower,” “Request of the Borrower,” “Requisition of the Borrower” or “Statement of the Borrower” mean, respectively, a written certificate, request, requisition or statement of the Borrower executed by its President, Vice President for Administration and Finance, Associate Vice President for Finance, any Assistant Treasurer, or such other person as may be designated by any of such officials to sign for the Borrower.

“Certified Resolution” means a copy of a resolution or ordinance of the Authority certified by the Secretary or other duly authorized officer of the Authority to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consent of the Authority” has the meaning specified under the definition in the Indenture of the terms “Certificate of the Authority,” “Consent of the Authority,” “Order of the Authority” or “Request of the Authority.”

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement between the Borrower, the Trustee and the dissemination agent, dated as of August 1, 2015, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs” means, with respect to the New Project, the sum of items, or any such item, authorized to be paid from the Project Fund pursuant to the provisions of the Act, including, but in no way limited to, interest accruing in whole or in part on the Bonds prior to and during construction of the New Project and for any such additional period as the Borrower may determine in consultation with Bond Counsel, but shall not include any Costs of Issuance.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Borrower or the Authority and related to the authorization, issuance, sale and delivery of the Bonds,

including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees, expenses and charges of the Trustee and the Authority, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, bond insurance premium, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of Section 147(g) of the Code.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

“DTC” means The Depository Trust Company and its successors and assigns.

“DTC Representation Letter” has the meaning specified in the Indenture.

“Eligible Securities” means any of the following obligations as and to the extent that such obligations are at the time legal investments under the Act for moneys held under the Indenture and then proposed to be invested therein (the Trustee is entitled to rely upon the Request of the Borrower directing investments as a certification of the Borrower that such investment is a legal investment):

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself); U.S. Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration (certificates of beneficial ownership), Federal Financing Bank, General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), U.S. Department of Housing and Urban Development (project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, U.S. public housing notes and bonds-U.S. government guaranteed public housing notes and bonds), Government National Mortgage Association (GNMA-guaranteed mortgage-backed bonds, GNMA-guaranteed pass-through obligations), and Federal Housing Administration Debentures;

(3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System (Senior debt obligations), Federal Home Loan Mortgage Corporation (“FHLMC”) (Participation Certificates, Senior debt obligations), Federal National Mortgage Association (“FNMA”) (Mortgage-backed securities and senior debt obligations), Student Loan Marketing Association (“SLMA”) (Senior debt obligations), Resolution Funding Corp. (“REFCORP”) (obligations) or Farm Credit System (Consolidated systemwide bonds and notes);

(4) bonds or notes issued by any state or municipality which are rated by S&P and Moody’s in one of the two highest rating categories assigned by such agencies;

(5) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank, which, in either case, is rated “A” or better by S&P and Moody’s, provided that (a) the term of such repurchase agreement is not greater than thirty days, (b) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (c) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists of obligations of FHLMC or FNMA, 105 %) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest, (d) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately, (e) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States of America or any federal agency backed by the full faith and credit of the United States of America; (f) the repurchase securities are free and clear of any third-party lien or claim; and (g) there shall have been delivered to the Trustee, the Authority and the Borrower an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(6) investment agreements, including guaranteed investment contracts (“GICs”) and forward purchase agreements;

(7) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2;

(8) deposits, unsecured certificates of deposit, time deposits and bankers’ acceptances of any bank (including those of the Trustee, its parent and its affiliates), the short-term obligations of which are rated on the date of purchase “A-1+” or better by S&P and “P-1” by Moody’s and certificates of deposit and deposits (including those of the Trustee, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated on the date of purchase “A-1” or better by S&P or “P-1” by Moody’s;

(9) commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(10) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A-3” or better by Moody’s and “A-1” or “A” or better by S&P;

(11) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended;

(12) obligations of a bank or other financial institution rated at least “Aa3” by the Rating Agency; and

(13) any other investments, provided that the Authority shall receive notice of any such investment and such investment does not adversely affect the ratings of any Rating Agency then rating the Bonds.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Plan” means any “employee pension benefit plan,” as such term is defined in ERISA, from time to time in effect for the benefit of employees of the Borrower.

“Event of Default” means any of the events specified in the Indenture or the Agreement, as applicable.

“Facilities” means, as of any date, all of the real and personal property then owned and operated by the Borrower and located at 500 El Camino Real, Santa Clara, California, in each case as the same may be improved or expanded from time to time.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other twelve-month period hereafter selected and designated as the official fiscal year period by the Borrower.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody’s or S&P) designated by the Authority with the approval of the Borrower.

“GAAP” means the uniform accounting and reporting procedures set forth in the opinions, pronouncements and publications of the Accounting Principles Board, the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or in such other statements by such other entity as may be of general use by significant segments of the accounting profession as in effect on the date of the Indenture.

“Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America, or securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations).

“Indebtedness” means:

(1) twenty-five percent (25 %) of the outstanding principal amount of all indebtedness of Persons, other than the Borrower, for which the Borrower is a guarantor, unless the guarantee of such Person’s indebtedness has been drawn upon within the two most recent Fiscal Years,

(2) all indebtedness of Persons, other than the Borrower, for which the Borrower is a guarantor if the guarantee of such Person’s indebtedness has been drawn upon within the two most recent Fiscal Years,

(3) all other indebtedness of the Borrower (including the obligation of the Borrower to make Base Loan Payments and any installment purchase and lease rental obligations) which

(a) in accordance with GAAP is classified as a liability on a balance sheet or statement of financial position, and

(b) which has a final maturity (or which, pursuant to the terms of a revolving credit or similar agreement or otherwise, is renewable or extendable at the option of the Borrower to a date or for a period or periods ending) more than one year after the date of creation thereof, notwithstanding the fact that payments in respect thereof (whether installment, serial maturity or sinking fund payments or otherwise) are required to be made less than one year after the date of the creation thereof; excluding any indebtedness which is renewable or extendable pursuant to the terms of a revolving credit or similar agreement if, by the terms of such agreement, no indebtedness is permitted to be outstanding thereunder for a period of at least thirty (30) consecutive days during each period of twelve (12) consecutive months beginning with the effective date of such revolving credit or other similar agreement.

“Indenture” means the Indenture, dated as of August 1, 2015, by and between the Authority and the Borrower, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

“Interest Payment Date” means April 1 and October 1 of each year, commencing April 1, 2016.

“Loan Default Events” means any of the events of default specified in the Agreement.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody’s shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Authority with the approval of the Borrower.

“New Project” means the additions to and improvements of the Facilities described as such in Exhibit A to the Loan Agreement.

“Nominee” shall have the meaning given such term in the Indenture.

“Opinion of Bond Counsel” means an Opinion of Counsel by a nationally recognized bond counsel firm acceptable to the Authority experienced in matters relating to the exclusion from gross income for federal income tax purposes of interest payable on obligations of state and political subdivisions.

“Opinion of Counsel” means a written opinion of counsel (which may be counsel for the Authority) selected by the Authority. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel shall include the statements provided for in the Indenture.

“Optional Redemption Account” means the account by that name within the Bond Fund established pursuant to the Indenture.

“Order of the Authority” has the meaning specified under the definition in the Indenture of the terms “Certificate of the Authority,” “Consent of the Authority,” “Order of the Authority” or “Request of the Authority.”

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture, except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of the Indenture; and (c) Bonds with respect to which all liability of the Authority has been discharged to the extent provided in, and pursuant to the requirements of, the Indenture.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which a Securities Depository holds Book-Entry Bonds as securities depository.

“Person” means an individual, corporation, firm, association, limited liability company, partnership, trust, or other entity or group of entities, including a governmental entity or political subdivision thereof.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee, which at the date of execution of the Indenture is that specified in the Indenture, or such other office designated by the Trustee from time to time; provided, however, that for transfer, registration, exchange, payment and surrender of Bonds such term means in care of the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or such other office designated by the Trustee from time to time.

“Project” means the additions to and improvements of the Facilities generally described in the Loan Agreement.

“Project Fund” means the fund by that name established pursuant to the Indenture.

“Rating Agency” means either Moody’s, S&P or Fitch to the extent they then are providing or maintaining a rating on the Bonds at the request of the Borrower, or in the event that Moody’s, S&P or Fitch no longer maintains a rating on the Bonds, any other nationally recognized securities rating agency then providing a rating on the Bonds designated by the Authority with the approval of the Borrower.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Record Date” means, with respect to any Interest Payment Date for the Bonds, the fifteenth day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Reportable Event” means a reportable event as defined in Section 4043(b) of ERISA (other than a reportable event for which the notice required thereunder has been waived).

“Request of the Authority” has the meaning specified under the definition in the Indenture of the terms “Certificate of the Authority,” “Consent of the Authority,” “Order of the Authority” or “Request of the Authority.”

“Request of the Borrower” has the meaning specified under the definition in the Indenture of the terms “Certificate of the Borrower,” “Request of the Borrower,” “Requisition of the Borrower” or “Statement of the Borrower.”

“Requisition of the Borrower” has the meaning specified under the definition in the Indenture of the terms “Certificate of the Borrower,” “Request of the Borrower,” “Requisition of the Borrower” or “Statement of the Borrower.”

“Responsible Officer” of the Trustee means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, every trust officer and every officer and assistant officer of the Trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject.

“Revenues” means all payments received by the Authority or the Trustee from the Borrower pursuant or with respect to the Agreement (except Additional Payments paid by the Borrower pursuant to the Agreement, any amounts paid by the Borrower pursuant to the provisions of the Agreement relating to indemnification and expenses in connection therewith and amounts received for or on deposit in the Rebate Fund), including, without limiting the generality of the foregoing, Base Loan Payments (including both timely and delinquent payments), prepayments and all income derived from the investment of any money in any fund or account established pursuant to the Indenture.

“Rule 15c2-12” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody’s) designated by the Authority with the approval of the Borrower.

“Securities Depository” means with respect to Book-Entry Bonds, the entity in whose book-entry system the Bonds are held pursuant to the Indenture.

“Special Record Date” means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on Bonds.

“State” means the State of California.

“Statement of the Borrower” has the meaning specified under the definition in the Indenture of the terms “Certificate of the Borrower,” “Request of the Borrower,” “Requisition of the Borrower” or “Statement of the Borrower.”

“Supplemental Indenture” or **“indenture supplemental to the Indenture”** means any indenture amending or supplementing the Indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Indenture.

“Tax Agreement” means the Tax Certificate and Agreement, dated the date of issuance of the Bonds, by and between the Authority and the Borrower, as the same may be amended or supplemented from time to time.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns or any successor trustee appointed pursuant to the provisions of the Indenture.

“WASC” means the Western Association of Schools and Colleges or its successor.

THE INDENTURE

The Bonds

Book-Entry System. (A) The Bonds shall be issued as Book-Entry Bonds and DTC shall be the initial Securities Depository for the Bonds. The Bonds shall be issued in the form of one or more separate single certificated fully registered bond for each maturity of the Bonds in the full amount of the Bonds of such maturity, registered in the name of Cede & Co., as nominee of DTC, or any successor nominee (the “Nominee”). Except as provided in paragraph (E) below, all of the Bonds shall be so registered in the Bond Register, and the provisions of paragraph (F) under this caption shall apply thereto.

(B) The Authority, the Borrower and the Trustee shall have no responsibility or obligation to any DTC Participant or to any Beneficial Owner, except as otherwise expressly provided in the Indenture. Without limiting the immediately preceding sentence, the Authority, the Borrower and the Trustee shall have no responsibility or obligation with respect to (1) the accuracy of the records of DTC, the Nominee or any DTC Participant with respect to any ownership interest in the Bonds, (2) the delivery to any DTC Participant or any other Person, other than a Bondholder as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption or (3) the payment to any DTC Participant or any other Person, other than a Bondholder, as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown on the applicable Record Date in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. The Authority, the Borrower and the Trustee may treat and consider the Person in whose name each Bond is registered in the Bond Register as the Holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever.

(C) No Person other than a Bondholder, as shown in the Bond Register, shall receive a certificated Bond evidencing the right to receive payments of principal, premium, if any, and interest pursuant to the Indenture.

(D) The Authority and the Trustee (if required by DTC) shall, if not previously on file, execute and deliver to DTC a letter of representation in customary form with respect to the Bonds (the “DTC Representation Letter”), but such DTC Representation Letter shall not in any way limit the provisions of the Indenture or in any other way impose upon the Authority any obligation whatsoever with respect to Persons having interests in the Bonds other than the Bondholders, as shown in the Bond Register. The Trustee shall take all action necessary for all representations in the DTC Representation Letter with respect to the Trustee to be complied with at all times.

(E) The Authority, with the consent of the Borrower, may, and upon request of the Borrower shall, terminate the services of DTC as Securities Depository for the Bonds. DTC may determine to discontinue providing its services as Securities Depository for the Bonds at any time by

giving written notice and all known information on the DTC Participants and the Beneficial Owners having an interest in the Bonds to the Authority, the Borrower and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute Securities Depository is appointed by the Authority (with the consent, or at the request, of the Borrower) to undertake the functions of DTC as Securities Depository for the Bonds under the Indenture, the Authority, at the expense of the Borrower, is obligated to deliver Bond certificates to or upon the order of the Beneficial Owners of such Bonds, as described in the Indenture, and such Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but may be registered in whatever name or names Bondholders transferring or exchanging such Bonds shall designate, in accordance with the provisions of the Indenture.

(F) So long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the DTC Representation Letter. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal of, premium, if any, or interest on the Bonds in immediately available funds to DTC.

Transfer and Exchange of Bonds. Registration of any Bond may, in accordance with the terms of the Indenture, be transferred, upon the books of the Trustee required to be kept pursuant to the provisions of the Indenture, by the Person in whose name it is registered, in Person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for registration of transfer, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same tenor. No registration of transfer of Bonds upon the books of the Trustee required to be kept pursuant to the provisions of the Indenture shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives any notice of redemption, nor shall any registration of transfer of Bonds called for redemption be required.

Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same tenor. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Bondholders for any such exchange. No exchange of Bonds shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives notice of redemption, nor shall any exchange of Bonds called for redemption be required.

Bond Register. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, books for the registration and the registration of transfer of the Bonds constituting the Bond Register, which shall at all times, during regular business hours, be open to inspection by the Authority and the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Bond Register, of Bonds as provided in the Indenture.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Authority. If any Bond

issued under the Indenture shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any Bond mutilated, lost, destroyed or stolen shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender upon receipt of indemnity satisfactory to the Trustee. The Authority may require payment from the Holder of a sum not exceeding the actual cost of preparing each new Bond issued under this paragraph and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this paragraph in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Funds and Accounts

Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” The Trustee shall establish such accounts and subaccounts within the Costs of Issuance Fund as may be specified in a written direction from the Borrower. Moneys deposited in said fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance upon a Requisition of the Borrower filed with the Trustee. In no event shall moneys from any other fund or account established under the Indenture be used to pay Costs of Issuance. All payments from the Costs of Issuance Fund shall be reflected on the Trustee’s regular accounting statements. At the end of six months from the date of issuance of the Bonds, or upon earlier receipt of a Statement of the Borrower stating that amounts in such fund are no longer required for the payment of Costs of Issuance, such fund shall be terminated and any amounts then remaining in such fund shall be transferred to the Project Fund. The Trustee shall then close the Costs of Issuance Fund.

Project Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Project Fund.” The moneys in the Project Fund shall be held by the Trustee in trust and applied to the payment of the Costs of the New Project. The Trustee shall establish within the Project Fund such accounts and subaccounts as are specified in the Tax Agreement and, upon the Request of the Borrower, as may be necessary or convenient to carry out the purposes of the Tax Agreement.

Upon the receipt by the Trustee of a Certificate of the Borrower conforming with the requirements of the Agreement, and after payment of Costs payable from the Project Fund or provision having been made for payment of such Costs not yet due by retaining sufficient amounts to pay such costs in the Project Fund or otherwise as directed in such Certificate, the Trustee shall transfer any remaining balance in the Project Fund into a separate account within the Bond Fund, which the Trustee shall establish and hold in trust, and which shall be entitled the “Optional Redemption Account.” The moneys in any Optional Redemption Account shall be used and applied, at the Request of the Borrower (unless some other application of such moneys is requested by the Borrower and would not, in the opinion of Bond Counsel, cause interest on the Bonds to become no longer Tax-Exempt), to the purchase for cancellation or redemption of Bonds as designated by the Borrower in Authorized Denominations, to the maximum degree permissible, and at the earliest dates at which such Bonds can be purchased or redeemed pursuant to the Indenture. Notwithstanding the provisions of the Indenture relating to the investment of moneys, the moneys in such Optional Redemption Account shall be invested at the Request of the Borrower in Eligible Securities at a Yield no higher than the Yield on the Outstanding Bonds (unless in the opinion of Bond Counsel investment at a higher Yield would not cause interest on the Bonds to become no longer Tax-Exempt), and all such investment income shall be deposited in such Optional Redemption Account and expended or reinvested as provided above.

Bond Fund. Upon the receipt thereof, the Trustee shall deposit all Revenues in the Bond Fund, which the Trustee shall establish and maintain and hold in trust. The Trustee shall disburse and apply amounts in the Bond Fund only as authorized in the Indenture:

(1) On each Interest Payment Date, the Trustee shall apply moneys in the Bond Fund to pay the interest on the Bonds as such interest shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(2) The Trustee shall apply moneys in the Bond Fund to pay the principal of the Bonds as such principal becomes due and payable.

(3) The Trustee shall apply moneys in the Bond Fund to the redemption of Bonds as set forth in the Indenture.

Any moneys which have been deposited in the Bond Fund for application to any of the foregoing mandatory sinking fund payments, and which are not needed for the payment of interest on the Bonds shall be applied by the Trustee, if the Trustee is directed to do so in a Request of the Borrower received prior to the selection of Bonds for redemption, to the purchase of the applicable Bonds as and when and at such prices (including brokerage and other charges but excluding accrued interest) as the Borrower may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the par value of such Bonds. Any Bonds so purchased with moneys designated for a mandatory sinking fund payment shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Bonds purchased pursuant to this paragraph shall be cancelled by the Trustee and destroyed.

If the Borrower shall deposit Bonds of the applicable maturity with the Trustee at least sixty (60) days before any mandatory sinking fund payment date with respect to Bonds of such maturity, together with a Request of the Borrower to the Trustee to apply the principal amount of such Bonds so delivered to the mandatory sinking fund payment due on that date with respect to Bonds of that maturity, such Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund payment. All Bonds deposited pursuant to the provisions of this paragraph shall be cancelled by the Trustee and destroyed.

(4) In the event that the Borrower makes a prepayment pursuant to the provisions of the Agreement relating to prepayments, such prepayment shall be forthwith deposited in the Optional Redemption Account within the Bond Fund which the Trustee shall establish and maintain and shall be applied thereafter to the redemption of Bonds as promptly as practicable in accordance with the provisions of the Indenture.

Rebate Fund. (A) The Authority covenants with all persons who hold or at any time held Bonds that the Authority will not directly or indirectly use the proceeds of any of the Bonds or permit the use of the proceeds of any of the Bonds or take or omit to take any other action which will cause any of the Bonds to be “arbitrage bonds” or to be otherwise subject to federal income taxation by reason of Sections 103 and 141 through 150 of the Code and any applicable regulations promulgated thereunder. To that end the Authority covenants to comply with all covenants set forth in the Tax Agreement applicable to the Authority. Such covenants are incorporated in the Indenture by reference as though fully set forth in the Indenture.

(B) The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. Within the Rebate Fund,

the Trustee shall also maintain such accounts as shall be directed by the Borrower as necessary in order for the Authority and the Borrower to comply with the terms and requirements of the Tax Agreement. Subject to the transfer provisions provided in paragraph (C) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Agreement), for payment to the United States Government, and none of the Borrower, the Authority or the Bondholders shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this caption and by the Tax Agreement. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the written directions of the Borrower, including supplying all necessary information requested by the Borrower and the Authority in the manner set forth in the Tax Agreement, and shall not be required to take any actions thereunder in the absence of written directions from the Borrower.

(C) Upon receipt of the Borrower's written instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States Government, as so directed. In addition, if the Borrower so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Borrower's written directions. Any funds remaining in the Rebate Fund after no Bonds remain outstanding under the Indenture and payment and satisfaction of any Rebate Requirement shall be withdrawn and remitted to the Borrower upon its written request.

(D) Notwithstanding any provision of the Indenture, the obligation of the Borrower to pay the Rebate Requirement to the United States Government and to comply with all other requirements of this caption and the Tax Agreement shall survive the defeasance or payment in full of the Bonds.

(E) Notwithstanding any provisions of this caption, if the Borrower shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required under this caption is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds, the Borrower, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this caption and the covenants under the Indenture shall be deemed to be modified to that extent.

Investment of Moneys in Funds. Except as otherwise provided in the provisions of the Indenture relating to defeasance, all moneys in any of the funds and accounts established pursuant to the Indenture shall be invested by the Trustee solely in such Eligible Securities as are specified in a Request of the Borrower, provided, however, that, if the Borrower does not file such a Request with the Trustee, the Trustee shall invest to the extent practicable in investments described in clause (7) of the definition of the term "Eligible Securities" in the Indenture and otherwise in whatever investment it then generally uses for overnight investments.

Except as otherwise provided in written instructions of the Borrower which the Borrower states in writing are given in accordance with the Tax Agreement, all interest, profits and other income received from the investment of moneys shall be deposited in the Project Fund (except for any interest, profits or other income received from the investment of moneys in the Rebate Fund, if any, which shall be retained therein) when received until all moneys in that fund have been expended and thereafter shall be deposited in the Bond Fund.

Subject to the provisions of the Indenture relating to defeasance, investments in any and all funds and accounts established pursuant to the Indenture (other than the Rebate Fund) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Indenture for transfer to or holding in a particular fund amounts received or held by the Trustee under the Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the

particular funds to which they are credited and otherwise as provided in the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The Authority (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Borrower the right to receive from the Trustee brokerage confirmations of security transactions as they occur, the Authority and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority and the Borrower periodic cash transaction statements which shall include details for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

Amount Remaining in Funds and Accounts. Any amounts remaining in the Bond Fund or any other fund or account established under the Indenture after payment in full of the Bonds (or after provision for payment thereof as provided in the Indenture), the fees, charges and expenses of the Trustee and the Authority and the Rebate Requirement (as defined in the Tax Agreement) shall belong and be paid to the Borrower by the Trustee.

Pledge of Revenues

Pledge and Assignment. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture and, subject to the rights of the Holders of the Bonds, there are pledged to secure the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture, all of the Revenues and any other amounts (including proceeds of the sale of Bonds but excluding Additional Payments paid by the Borrower pursuant to the Agreement and any amounts paid by the Borrower pursuant to the Agreement) held in any fund or account established pursuant to the Indenture other than the Rebate Fund. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

The Authority assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and other amounts pledged in the paragraph above and all of the right, title and interest of the Authority in the Agreement (except for (i) the right to receive any Administrative Fees and Expenses to the extent payable to the Authority, (ii) any rights of the Authority to be indemnified, held harmless and defended and rights to inspection and to receive notices, certificates and opinions, (iii) express rights to give approvals, consents or waivers, and (iv) the obligation of the Borrower to make deposits pursuant to the Tax Certificate). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall (subject to the provisions of the Indenture) take all steps, actions and proceedings following any Event of Default reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the Borrower under the Agreement.

All Revenues shall be held in trust for the benefit of the Holders from time to time of the Bonds but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

If the Trustee has not received any payment required to be made by the Borrower under the Agreement to pay principal or redemption price of or interest on the Bonds by the due date, the Trustee shall notify the Borrower and the Authority of such insufficiency by telephone, telecopy or telegram and confirm such notification by written notice. Failure by the Trustee to give notice pursuant to this paragraph, or the insufficiency of any such notice, shall not affect the payment obligations of the Borrower under the Loan Agreement, including without limitation the timing thereof.

The Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, other than the Authority, but shall be payable solely from the Revenues and funds in the Indenture provided therefor. The Bonds shall not be deemed to be a pledge of the faith and credit of the State or of any political subdivision thereof, including the Authority. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

Covenants of the Authority

Punctual Payment. The Authority shall punctually pay, but only out of the Revenues and the other funds pledged as in the Indenture provided, the principal, premium, if any, and interest to become due in respect of every Bond issued under the Indenture at the times and places and in the manner provided in the Indenture and in the Bonds, according to the true intent and meaning thereof. All such payments shall be made by the Trustee as provided in the Indenture. When and as paid in full, all Bonds, if any, shall be delivered to the Trustee and shall forthwith be cancelled by the Trustee, who shall deliver a certificate evidencing such cancellation to the Authority and the Borrower. The Trustee shall destroy such cancelled Bonds in accordance with its customary procedures.

Extension or Funding of Claims for Interest. In order to prevent any accumulation of claims for interest after maturity, the Authority shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds, and shall not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Authority, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded. Nothing in this paragraph shall be deemed to limit the right of the Authority to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Encumbrance Upon Revenues. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Act, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner

and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding limited obligations of the Authority enforceable in accordance with their terms, and the Authority and Trustee shall at all times, to the extent permitted by law and subject to the provisions of the Indenture, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bondholders under the Indenture against all claims and demands of all Persons whomsoever.

Arbitrage Covenants. The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Agreement, which are incorporated in the Indenture as if fully set forth in the Indenture. This covenant shall survive the payment in full or the defeasance of the Bonds.

In the event that at any time the Authority is of the opinion that for purposes of this caption it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Authority shall so instruct the Trustee in a Request of the Authority accompanied by a supporting Opinion of Bond Counsel, and the Trustee shall take such action as may be directed in accordance with such instructions.

Notwithstanding any provisions of this caption, if the Authority shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this caption is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this caption and the Tax Agreement, and the covenants under the Indenture shall be deemed to be modified in that extent.

Other Covenants; Amendment of the Agreement. Subject to the provisions of the Indenture, the Trustee shall promptly collect all amounts due from the Borrower pursuant to the Agreement and enforce and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority under the Agreement and assigned to it pursuant to the Indenture.

The Authority shall not amend, modify or terminate any of the terms of the Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if but only if (1) it has received a written representation from the Borrower to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (which written representation may be based on representations of other parties in accordance with the provisions of the Indenture); provided that, if an Event of Default described in paragraph (a), (b) or (c) of the provisions of the Indenture relating to events of default has occurred and is continuing, the Trustee rather than the Borrower shall make a determination that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (provided that, in making such determination, the Trustee may conclusively rely on written representations of financial consultants or other advisors or the opinion or advice of counsel), or (2) the Holders of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Base Loan Payments to be made to the Authority or the Trustee by the Borrower pursuant to the Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time

hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Authority to the extent permitted by law.

Further Assurances. Whenever and so often as requested so to do by the Trustee, the Authority shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholders all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Continuing Disclosure. Pursuant to the Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements pursuant to Rule 15c2-12, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to Rule 15c2-12. The Trustee covenants and agrees that, subject to the provisions of the Indenture, it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and the Agreement applicable to it. Notwithstanding any other provision of the Indenture, failure of the Borrower or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall (but only to the extent the Trustee has been tendered funds in an amount satisfactory to it or it has been otherwise indemnified from and against any loss, liability, cost or expense, including without limitation, fees and expenses of its counsel and agents and additional fees and charges of the Trustee) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause a Borrower to comply with its obligations under the Agreement or, as to any Bondholder or Beneficial Owner, to cause the Trustee to comply with its obligations under this paragraph.

Preservation of Revenues. The Authority shall not waive any provision of the Agreement or take any action to interfere with or impair the pledge and assignment under the Indenture of Revenues and the assignment to the Trustee of rights under the Agreement, or the Trustee's enforcement of any rights thereunder, without the prior written consent of the Trustee. The Trustee may give such written consent, and may itself take any such action, or consent to any Amendment, only in accordance with the provisions of the Indenture relating to waiver of laws.

Compliance with Indenture. The Authority shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Revenues in any manner other than in accordance with the provisions of the Indenture, and shall not suffer or permit any default to occur under the Indenture, but shall faithfully observe and perform all the covenants, conditions and requirements of the Indenture.

Events of Default; Remedies on Default

Events of Default; Acceleration; Waiver of Default. If one or more of the following events ("Events of Default") shall happen, that is to say

- (a) if default shall be made in the due and punctual payment of the principal of, or premium (if any) on, any Bond as the same shall become due and payable (whether at maturity, by proceedings for redemption, by declaration or otherwise);

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; or

(d) if a Loan Default Event has occurred and is continuing;

then and in each and every such case during the continuance of such Event of Default, unless the principal of all the Bonds shall have already become due and payable, the Trustee, by notice in writing to the Authority, may and, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Indenture, there shall have been deposited with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all such Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable fees and expenses of the Trustee (including but not limited to those of its attorneys), and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Institution of Legal Proceedings by Trustee. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of such Bonds under the Act or under the Agreement or the Indenture by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Indenture.

Application of Moneys Collected by Trustee. Any moneys collected by the Trustee pursuant to the provisions of the Indenture relating to the institution of legal proceedings by Trustee shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of distribution of such

moneys on account of principal (or premium, if any), upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and all other expenses and liabilities incurred, and for advances, together with interest on such advances at a rate per annum equal to the Bond yield plus two percent, made pursuant to the provisions of the Indenture.

Second: In case the principal of none of the Bonds shall have become due and remains unpaid, to the payment of interest in default, such payments to be made ratably and proportionately to the persons entitled thereto without discrimination or preference.

Third: In case the principal of any of the Bonds shall have become due by declaration or otherwise and remains unpaid, first to the payment of interest on all Bonds then due and unpaid and the premium thereon, if any; in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Whenever moneys are to be applied pursuant to the provision of this caption, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and past-due interest to be paid on such date shall cease to accrue.

Subject to the provisions of the Indenture relating to the Rebate Fund, whenever all principal of and interest on all Bonds have been paid under the provisions of this caption and all fees, expenses and charges of the Trustee and the Authority (including without limitation those of its attorneys) have been paid, any balance remaining in the funds and accounts under the Indenture shall be paid to the Borrower.

Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Holders of Bonds may be exercised from time to time, and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under the Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee, and the Holders of the Bonds, severally and respectively, shall be restored to their former positions and rights under the Indenture in respect to the trust estate; and all remedies, rights and powers of the Authority, the Trustee and the Holders of the Bonds shall continue as though no such proceedings had been taken.

Remedies Cumulative. No remedy in the Indenture conferred upon or reserved to the Trustee or to any Holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity.

Covenant to Pay Bonds in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay, but only out of Revenues, to the Trustee, upon demand, for the benefit of the Holders of the Bonds, the whole amount then due and payable thereon (by

declaration or otherwise) for interest or for principal and premium, or both, as the case may be, and all other sums which may be due under the Indenture or secured by the Indenture, including reasonable compensation to the Trustee and its agents and counsel and any expenses or liabilities incurred by the Trustee under the Indenture and its agents and counsel. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues as provided in the Indenture and not otherwise. The Trustee shall be entitled to recover such judgment as aforesaid, either before, after or during the pendency of any proceedings for the enforcement of the Indenture, and the right of the Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Indenture.

Trustee Appointed Agent for Bondholders. The Trustee is appointed the agent and attorney-in-fact of the Holders of all Bonds Outstanding under the Indenture for the purpose of filing any claims relating to the Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default under the Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Bondholders' Right to Sue. Notwithstanding any other provision of the Indenture, no Holder of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Holders of the Outstanding Bonds.

The right of any Holder of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond out of Revenues and the funds pledged in the Indenture, as provided in the

Indenture, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding the provisions of the Indenture.

The Trustee

Duties, Immunities and Liabilities of Trustee. The Trustee shall, prior to an Event of Default under the Indenture, and after the curing or waiver of all Events of Default under the Indenture which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default under the Indenture which has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act or its own willful misconduct, except that:

(a) Prior to the occurrence of any Event of Default under the Indenture and after the curing or waiver of all Events of Default which may have occurred, the duties and obligations of the Trustee shall at all times be determined solely by the express provisions of the Indenture; the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture; and no covenants or obligations shall be implied into the Indenture which are adverse to the Trustee; and

(b) At all times, regardless of whether or not any Event of Default shall exist,

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be personally liable with respect to any action taken, permitted or omitted by it in good faith in accordance with the direction of the Holders of not less than a majority, or such other percentage as may be required under the Indenture, in aggregate principal amount of the Bonds Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; and

(iii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee, conforming to the requirements of the Indenture; but in the case of any such certificate or opinion which by any provision of the Indenture is specifically required to be furnished to the Trustee, shall be under a duty to examine the same to determine whether or not it conforms to the requirements of the Indenture.

(c) The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties under the Indenture and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney or agent appointed with due care by it under the Indenture.

None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The permissive right of the Trustee to perform acts enumerated in the Indenture or the Agreement shall not be construed as a duty or obligation under the Indenture.

Right of Trustee to Rely upon Documents, Etc. Except as otherwise provided in the provisions of the Indenture:

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Bond, direction, demand, election or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any notice, request, direction, election, order or demand of the Authority mentioned in the Indenture shall be deemed to be sufficiently evidenced by an instrument signed in the name of the Authority, and any resolution of the Authority shall be evidenced to the Trustee by a Certified Resolution.

(c) The Trustee may consult with counsel of its selection (who may include its own counsel or counsel for the Authority or Bond Counsel) and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance with the opinion of such counsel.

(d) Whenever in the administration of the trusts of the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority; and such Certificate of the Authority shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of the Indenture upon the faith thereof.

(e) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(f) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture, under the Agreement or any other document related to the Bonds unless it shall have actual knowledge at its Principal Office.

(g) Before taking any action under the Indenture the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur under the Indenture.

(h) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

Right of Trustee to Acquire Bonds. The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the Authority in the manner and to the same extent and with like effect as though it were not Trustee under the Indenture.

Qualifications of Trustee. There shall at all times be a trustee under the Indenture which shall be a corporation or banking association organized and doing business under the laws of the United States of America or of a state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or State authority. If such corporations or banking associations publish reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital and surplus of such corporations or banking associations shall be deemed to be their combined capital and surplus as set forth in their most recent reports of conditions so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

Resignation and Removal of Trustee and Appointment of Successor Trustee.

(a) The Trustee may at any time resign by giving written notice to the Authority and the Borrower, and by giving to the Bondholders notice either by publication of such resignation, which notice shall be published at least once in *The Wall Street Journal* or *The Bond Buyer*, or by giving Notice by Mail to such Bondholders. No resignation or removal shall be effective until the successor has delivered an acceptance of its appointment to the Authority and the predecessor Trustee. Upon receiving such notice of resignation, the Authority, with the advice and consent of the Borrower, shall promptly appoint a successor trustee, by an instrument in writing. If no successor trustee shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation by the Trustee, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor trustee.

(b) In case at any time either of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of the Indenture and shall fail to resign after written request therefor by the Authority or by any Bondholder who has been a bona fide Holder for at least six (6) months, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Authority may remove the Trustee, and, with the advice and consent of the Borrower, appoint a successor trustee, by an instrument in writing, or any such Bondholder may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, remove the Trustee, and appoint a successor trustee. Upon any removal of the Trustee, any outstanding fees and expenses of such former Trustee shall be paid in accordance with the Indenture.

(c) The Authority, in the absence of an Event of Default, or the Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding may at any time remove the Trustee and appoint a successor trustee, by an instrument or concurrent instruments in writing signed by the Authority or such Bondholders, as the case may be.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee, pursuant to any of the provisions of the Indenture shall become effective only upon acceptance of appointment by the successor trustee.

Acceptance of Trust by Successor Trustee. Any successor trustee appointed as provided in the Indenture shall execute, acknowledge and deliver to the Authority, the Borrower and to its predecessor trustee an instrument accepting such appointment under the Indenture, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts under the Indenture, with like effect as if originally named as Trustee in the Indenture; but, nevertheless, on the Request of the Authority or the request of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts expressed in the Indenture, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the Authority shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds (other than the Rebate Fund) held or collected by such trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by the Indenture.

No successor trustee shall accept appointment as provided under this caption unless at the time of such acceptance such successor trustee shall be eligible under the provisions of the Indenture.

Upon acceptance of appointment by a successor trustee as provided under this caption, the successor trustee shall give the Bondholders and each Rating Agency notice of the succession of such trustee to the trusts under the Indenture in the manner prescribed in the Indenture for the giving of notice of resignation of the Trustee.

Merger or Consolidation of Trustee. Any corporation or banking association into which the Trustee may be merged or with which it may be consolidated, or any corporation or banking association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or banking association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding, provided that such successor trustee shall be eligible under the provisions of the Indenture.

Appointment of Co-Trustee. In the event the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies in the Indenture granted to the Trustee or hold title to the properties, in trust, as granted in the Indenture, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. In the absence of an Event of Default under the Indenture, the appointment of any such separate trustee or co-trustee shall be subject to the approval of the Authority and the Borrower.

In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, interest or lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or

co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate trustee or co-trustee.

Modification of Indenture

Modification without Consent of Bondholders. Subject to the conditions and restrictions in the Indenture contained, the Authority and the Trustee, from time to time and at any time, may enter into an indenture or indentures supplemental to the Indenture, which indenture or indentures thereafter shall form a part of the Indenture, including, without limitation, for one or more of the following purposes, provided that the Authority and the Trustee shall have received the written consent of the Borrower and an Opinion of Bond Counsel to the effect that such amendment or modification will not cause interest on the Bonds to be included in the gross income of the Holder thereof for federal income tax purposes and the Trustee shall have received a written representation from the Borrower to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (which written representation may be based on representations of other parties in accordance with the provisions of the Indenture); provided that, if an Event of Default described in paragraph (a), (b) or (c) of the provisions of the Indenture relating to events of default has occurred and is continuing, the Trustee rather than the Borrower shall make a determination that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (provided that, in making such determination, the Trustee may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel):

(a) to add to the covenants and agreements of the Authority in the Indenture contained, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for the Bonds, or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, contained in the Indenture, or in regard to such matters or questions arising under the Indenture as the Authority may deem necessary or desirable and not inconsistent with the Indenture;

(c) to modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and, if they so determine, to add to the Indenture or any indenture supplemental to the Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939, as amended, or similar federal statute; or

(d) in connection with an amendment of the Agreement permitted by the Indenture for the purpose of conforming the terms, conditions and covenants of the Indenture to the corresponding or related provisions of such amended Agreement.

Any supplemental indenture authorized by the provisions of the Indenture may be executed by the Authority and the Trustee without the consent of the Holders of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of the Indenture, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

The Trustee shall mail an executed copy of a supplemental indenture authorized by the Indenture to the Borrower and each Rating Agency then rating the Bonds promptly after execution by the Authority and the Trustee.

Modification with Consent of Bondholders. With the written consent of the Borrower or the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the Authority and the Trustee may from time to time and at any time, with an Opinion of Bond Counsel to the effect that such amendment or modification will not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes, enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof or (2) reduce the aforesaid percentage of Holders of Bonds whose consent is required for the execution of such supplemental indentures or extend the time of payment or permit the creation of any lien on the Revenues or the funds pledged in the Indenture prior to or on a parity with the lien of the Indenture or deprive the Holders of the Bonds of the lien created by the Indenture upon the Revenues or the funds pledged in the Indenture, without the consent of the Holders of all the Bonds then Outstanding. Upon receipt by the Trustee of a Certificate of the Authority authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of the Borrower or the Bondholders, as aforesaid, the Trustee shall join with the Authority in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Borrower or the Bondholders under this caption to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Authority and the Trustee of any supplemental indenture pursuant to the provisions of this caption, the Trustee shall mail a notice, setting forth in general terms the substance of such supplemental indenture, to the Borrower and the Bondholders at the addresses shown on the Bond registration books maintained by the Trustee. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

The Trustee shall mail an executed copy of such supplemental indenture and any amendment of the Agreement to the Borrower and each Rating Agency then rating the Bonds promptly after execution by the Authority, the Trustee, and in the case of the Agreement, the Borrower.

Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of the Indenture shall be and shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Holders of Outstanding Bonds shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of the Indenture for any and all purposes.

Opinion of Counsel as to Supplemental Indenture. Subject to the requirement in the Indenture for an Opinion of Bond Counsel, the Trustee may receive an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of the Indenture complies with the requirements of the Indenture.

Defeasance

Discharge of Indenture. Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority:

- (a) by paying or causing to be paid the principal of and premium, if any, and interest on the Bonds Outstanding, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem Bonds Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all Bonds Outstanding;

If the Authority shall pay all Bonds then Outstanding as provided above and shall also pay or cause to be paid all other sums payable under the Indenture by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the provisions of the Indenture relating to discharge of liability on Bonds. In such event, upon request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Borrower all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption and which are not required for the payment of fees and expenses of the Trustee; provided that, prior to the Trustee paying over, transferring, assigning or delivering to the Borrower such moneys, securities or other property, all Administrative Fees and Expenses and any indemnification owed the Authority shall have been paid.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Bond, whether upon or prior to its maturity or the redemption date of such Bond (provided that, if such Bond is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such

notice), then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Holder thereof shall be entitled to payment of the principal of and interest on such Bond by the Authority, and the Authority shall remain liable for such payment but only out of the money or securities deposited with the Trustee as aforesaid for its payment, provided further, however, that the provisions of the Indenture shall apply in all events.

The Authority or the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority or the Borrower may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the amount necessary to pay or redeem any Bonds, such amount (which may include money or securities held by the Trustee in the funds established pursuant to the Indenture) shall be equal (taking into account income which will accrue from the investment thereof on the date of deposit of such funds but without taking into account any income from the subsequent reinvestment thereof) to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to the redemption date, together with the redemption premiums, if any, and shall be lawful money of the United States of America or Government Obligations; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Authority) to apply such money to the payment of such principal of and premium, if any, and interest on such Bonds and provided, further, that the Authority and the Trustee shall have received (1) an Opinion of Bond Counsel to the effect that such deposit shall not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that the Bonds to be discharged are no longer Outstanding; and (2) a verification report of a firm of certified public accountants or other financial services firm acceptable to the Authority verifying that the money or securities so deposited or held together with earnings thereon will be sufficient to make all payments of principal of and premium, if any, and interest on the Bonds to be discharged to and including the earlier of their respective maturity dates or the date they are to be redeemed.

Payment of Bonds after Discharge of Indenture. Notwithstanding any provision of the Indenture, and subject to applicable escheat laws, any moneys held by the Trustee in trust for the payment of the principal of or premium, if any, or interest on any Bonds and remaining unclaimed for one year after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in the Indenture), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Borrower free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Borrower as aforesaid, the Trustee may (at the cost of the Borrower) first mail to the Holders of Bonds which have not yet been paid, at the addresses shown on the registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Borrower of the moneys held for the payment thereof.

Miscellaneous

Liability of Authority Limited to Revenues. The Bonds shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof other than the Authority or a pledge of the faith and credit of the State of California or of any political subdivision thereof, but shall be payable solely from the funds provided in the Indenture. Neither the State of California nor the Authority shall be obligated to pay the principal of the Bonds or the premium, if any, or the interest thereon except from Revenues and the other assets pledged under the Indenture and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or the premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority has no taxing power. Notwithstanding anything in the Indenture or in the Bonds contained, the Authority shall have no pecuniary liability under the Indenture except that which can be satisfied from Revenues and the other assets pledged under the Indenture, and the Authority shall not be required to advance any moneys derived from any source other than Revenues and the other assets pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or the premium, if any, or the interest on the Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes.

Waiver of Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require) and at the request of the Authority deliver a certificate of such destruction to the Authority.

Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided under this caption.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu

thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are owned or held by or for the account of the Authority or the Borrower or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrower shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this paragraph if the pledges shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrower. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or redemption price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of this paragraph.

Funds and Accounts. Any fund required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the requirements of the Indenture (and the applicable Tax Agreement) and for the protection of the security of the Bonds and the rights of every Holder thereof.

Waiver of Personal Liability. No member, officer, official, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of the Bonds or the premium, if any, or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Indenture shall relieve any such member, officer, official, agent or employee of the Authority from the performance of any official duty provided by law or by the Indenture.

Governing Law; Venue. The laws of the State of California govern all matters arising out of or relating to the Indenture and the Bonds, including, without limitation, their validity, interpretation, construction, performance, and enforcement. Any party bringing a legal action or proceeding against any other party arising out of or relating to the Indenture shall bring the legal action or proceeding in Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth in this paragraph) choice of forum set forth in this paragraph does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to the Indenture brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

Action to be Taken on Days Other Than Business Days. Except as otherwise specifically provided in the Indenture, whenever the Indenture requires any action to be taken on a day which is not a

Business Day, such action shall be taken on the next succeeding Business Day with the same force and effect as if taken on such day. If any payment is made on the next Business Day as aforesaid, no interest shall accrue for the intervening period.

THE LOAN AGREEMENT

Payment of Bonds. The Borrower covenants and agrees that it will pay to the Trustee, for the account of the Authority, all sums necessary for the payment when due of the debt service on the Bonds, as follows (the “Base Loan Payments”):

(1) By 8:00 a.m. Pacific time on the Business Day preceding each Interest Payment Date and principal payment date (whether at maturity, by redemption or by acceleration as provided in the Indenture) with respect to the Bonds and continuing until the principal of and premium, if any, and interest on the Bonds shall have been fully paid (or provision for the payment thereof shall have been made as provided in the Indenture), the Borrower shall pay in funds which will be immediately available as of such time and date, as an installment in repayment of the loan from the Authority under the Agreement, a sum equal to the aggregate amount payable on such date as principal of (whether at maturity, by redemption or by acceleration as provided in the Indenture) and premium, if any, and interest on the Bonds.

(2) Any amount at the time held by the Trustee in the Bond Fund for the payment of debt service on the Bonds shall be credited against the aforesaid Base Loan Payments then required to be met by the Borrower, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption and (ii) interest accrued to the date of redemption or maturity of any Bonds, in all cases where such Bonds have not been presented for payment.

If on any Interest Payment Date or principal payment date the balance in the Bond Fund is insufficient or unavailable to make required payments of principal of (whether at maturity, by redemption or by acceleration as provided in the Indenture) and premium, if any, and interest due on the Bonds on such date, the Borrower shall forthwith pay any such deficiency to the Trustee for deposit in the Bond Fund.

Additional Payments. In addition to the Base Loan Payments required to be made by the Borrower, the Borrower shall also pay to the Trustee or to the Authority, as the case may be, the following amounts (the “Additional Payments”) as provided under this caption. Such Additional Payments may be discharged in whole or in part by payment actually received from amounts in the Costs of Issuance Fund or may be billed to the Borrower by the Authority or the Trustee from time to time, together with a statement certifying the amount billed has been incurred or paid for one or more of the below items. After such a demand, amounts so billed shall be paid by the Borrower within (thirty) 30 days after receipt of the bill by the Borrower. The obligations of the Borrower under this caption shall survive the resignation and removal of the Trustee, payment of the Bonds and discharge of the Indenture.

(a) The Additional Payments to the Authority include:

(1) All taxes and assessments of any type or character charged to the Authority affecting the amount available to the Authority from payments to be received under the Agreement or in any way arising due to the transactions contemplated by the Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the

Authority, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority and the Borrower has provided the Authority with security and indemnification reasonably deemed adequate by the Authority in respect of such affected rights or interests;

(2) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority to prepare audits, financial statements, reports, opinions or provide such other services required under the Agreement or the Indenture;

(3) The annual fee of the Authority, any and all fees and expenses incurred primarily in connection with the authorization, issuance, sale and delivery of any Bonds and the reasonable fees and expenses of the Authority or any agency of the State selected by the Authority to act on its behalf in connection with the Agreement, the Bonds or the Indenture, including, without limitation, in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving the Agreement, the Bonds or the Indenture or any of the other documents contemplated thereby, or by the Attorney General of the State or such other counsel as the Authority may select in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration (both before and after the execution of the Agreement) of the Agreement or the Indenture;

(4) All amounts payable to the Authority under provisions of the Agreement relating to indemnification; and

(5) All other reasonable and necessary fees and expenses attributable to the Bonds, the Agreement, or related documents, including without limitation all payments required pursuant to the Tax Agreement;

(b) The Additional Payments to the Trustee include:

(1) All taxes and assessments of any type or character charged to the Trustee affecting the amount available to the Trustee from payments to be received under the Agreement or in any way arising due to the transactions contemplated by the Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Trustee and the Borrower has provided the Trustee with security and indemnification reasonably deemed adequate by the Trustee in respect of such affected rights or interests;

(2) All reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Agreement or the Indenture;

(3) All amounts payable to the Trustee under provisions of the Agreement relating to indemnification; and

(4) All other reasonable and necessary fees and expenses attributable to the Bonds, the Agreement, or related documents, including without limitation all payments required pursuant to the Tax Agreement.

Prepayments. The Borrower may at any time prepay all or any part of the Base Loan Payments payable under the Agreement, and the Authority agrees that the Trustee shall accept such prepayments when the same are tendered by the Borrower. All such prepayments shall be deposited in the Optional Redemption Account within the Bond Fund and credited against the Base Loan Payments in the order of their due date or, at the election of the Borrower exercised in a Request of the Borrower in accordance with the Indenture, used for the redemption of Outstanding Bonds of the maturity, in the amount and on the redemption date specified in such Request; provided that the redemption date shall be such as to comply with the optional redemption provisions and the notice provisions of the Indenture. Notwithstanding any such prepayment, the Borrower shall not be relieved of its obligations under the Agreement until all of the Bonds have been fully paid and retired (or provision for payment thereof shall have been made as provided in the Indenture).

If the Borrower is not in default in the payment of any Base Loan Payments or Additional Payments, the Authority, at the request of the Borrower, at any time when the aggregate moneys in the Bond Fund established pursuant to the Indenture, including any prepayment deposited therein under the foregoing paragraph, are sufficient to effect redemption of all or part of the then Outstanding Bonds, and if such Bonds are then redeemable under the provisions of the Indenture, shall forthwith take all steps that may be necessary to effect such redemption in accordance with the Request of the Borrower. The Authority agrees that it will redeem the Bonds pursuant to the Indenture only if and as requested in writing by the Borrower.

Certain Covenants of the Borrower

Maintenance of Corporate Existence; Consolidation, Merger, Sale or Transfer Under Certain Conditions. (a) The Borrower covenants and agrees that, so long as any of the Bonds are Outstanding, it will maintain its existence as a nonprofit public benefit corporation qualified to do business in the State and will not dissolve, sell or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it. Notwithstanding the foregoing, the Borrower may, without violating the covenants contained in this caption, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, if:

- (1) The surviving, resulting or transferee corporation, as the case may be:
 - (A) qualifies under the Act as a “participating college”;
 - (B) assumes in writing, if such corporation is not the Borrower, all of the obligations of the Borrower under the Agreement;
 - (C) is not, after such transaction, otherwise in default under any provisions of the Agreement; and
 - (D) is an organization described in Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect;

(2) The Authority and the Trustee shall have received a Certificate of the Borrower to the effect that the covenants under the Agreement will be met after such consolidation, merger, sale or transfer; and

(3) The Trustee and the Authority shall have received an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not cause interest on the Bonds to be included in gross income for federal income tax purposes under Section 103 of the Code.

(b) If a merger, consolidation, sale or other transfer is effected, as provided in this caption, the provisions of this caption shall continue in full force and effect, and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this caption.

(c) Another entity may also agree to become a co-obligor and jointly and severally liable with the Borrower (without the necessity of merger, consolidation or transfer of assets) under the Agreement if the foregoing provisions (other than (a)(1)(A)) are satisfied. In such event, references in the Agreement to indebtedness of the Borrower shall apply to the combined indebtedness of the Borrower and such other entity, references to the financial condition or results of operation of the Borrower shall apply to the combined financial condition and results of operation of the Borrower and such other entity, and the Borrower and such other entity shall be considered to be the Borrower for all purposes of the Agreement.

Insurance. So long as any Bonds remain Outstanding, the Borrower will maintain or cause to be maintained with respect to the Facilities, with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the Borrower, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance. The insurance required by this caption shall include (to the extent commercially available and economically practicable in the Borrower's sole discretion) earthquake and flood insurance. The Borrower shall at all times also maintain worker's compensation coverage as required by the laws of the State. All insurance policies maintained pursuant to this caption shall name the Borrower and the Trustee and insured parties, beneficiaries and loss payees as their interests may appear.

Tax Covenants. The Borrower covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Borrower covenants that it shall comply with the requirements of the Tax Agreement, which are incorporated in the Agreement as if fully set forth in the Agreement. This covenant shall survive the payment in full or the defeasance of the Bonds.

In the event that at any time the Borrower is of the opinion that for purposes of this caption it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Borrower shall so instruct the Authority and the Trustee in a Request of the Borrower accompanied by an Opinion of Bond Counsel.

Notwithstanding any provisions of this caption, if the Borrower provides to the Trustee and the Authority an Opinion of Bond Counsel to the effect that any specified action required under this caption is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements summarized under this caption and of the Tax Agreement, and the covenants under the Agreement shall be deemed to be modified to that extent.

Maintenance, Operation and Use of the Project and the Facilities.

(1) The Borrower will use its best efforts to cause the Project and the Facilities to be maintained in good condition and repair, will maintain, operate and use the Project, during the useful life thereof, as an integral part of the Facilities and will not alienate, sell, convey or transfer the Project if such alienation, sale, conveyance or transfer would have a material adverse effect upon the Borrower's assets, operations or financial condition, and unless it provides to the Trustee and the Authority an Opinion of Bond Counsel to the effect that such alienation, sale, conveyance or transfer will not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes.

(2) The Borrower will not use the Project, during the useful life thereof (irrespective of whether the Bonds are at the time Outstanding), for sectarian instruction or as a place of religious worship or in connection with any part of the program of any school or department of divinity and will honor all valid restrictions on the uses to which the Project may be subject so long as the Project is owned by the Borrower or any distributee upon dissolution or any voluntary grantee of the Borrower. This covenant shall survive the payment in full of the Bonds.

(3) The Borrower will operate the Facilities as a postsecondary educational institution, maintain the Facilities in good repair, working order and condition to achieve this function and otherwise to meet the covenants and obligations contained in the Agreement and honor all valid restrictions on the uses to which the Facilities may be subject so long as the Facilities are owned by the Borrower or any distributee upon dissolution or any voluntary grantee of the Borrower.

Compliance with Laws. The Borrower will comply with all material laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Project, the Borrower or the operations thereof, and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Borrower's assets, operations or financial condition.

ERISA.

(1) The Borrower shall not, with respect to any ERISA Plan:

(A) incur any "accumulated funding deficiency," as such term is defined in Section 412 of the Code, whether or not waived, if the amount of such accumulated funding deficiency, plus any accumulated funding deficiencies previously incurred with respect to such ERISA Plan and not eliminated, would aggregate more than \$100,000; provided that the incurring of such an accumulated funding deficiency will not be an "event of default" under the Agreement if it is reduced below \$100,000 or eliminated within 90 days after the date upon which the Borrower becomes aware of such accumulated funding deficiency; or

(B) terminate any such ERISA Plan in a manner which could result in the imposition of a material lien on the property of the Borrower pursuant to Section 4068 of ERISA and which could materially adversely affect the business, earnings, properties or financial condition of the Borrower; or

(C) withdraw from a Multiemployer Plan in a “complete withdrawal” or a “partial withdrawal” as defined in Sections 4203(a) and 4205(a), respectively, of ERISA, if such withdrawal could materially adversely affect the Borrower’s ability to comply at any time with any of the provisions of the Agreement.

(2) The Borrower shall:

(A) fund all current and past service pension liabilities under the provisions of all ERISA Plans such that if all such ERISA Plans were terminated at the same time by the Borrower any liens imposed on the Borrower under Section 4068 of ERISA would not be in an amount in the aggregate which would materially affect the Borrower’s ability to comply at any time with any of the provisions of the Agreement; and

(B) otherwise comply in all material respects with the provisions applicable to its ERISA Plans contained in ERISA, the Code and the regulations published thereunder; and

(C) notify the Trustee and the Authority promptly after the Borrower knows (i) of the happening of any material Reportable Event with respect to any ERISA Plan and, in any event, at least five days prior to any notification of such material Reportable Event given to the Pension Benefit Guaranty Corporation pursuant to the terms of Section 4043 of ERISA or (ii) of an assessment against the Borrower or any Common Control Entity of any withdrawal liability to a Multiemployer Plan. Notwithstanding anything in the Agreement to the contrary, the Borrower need not notify the Trustee or the Authority of such material Reportable Event or withdrawal liability unless it might materially adversely affect the business, prospects, earnings, properties or condition (financial or otherwise) of the Borrower.

For purposes of the Agreement, the following terms shall have the following meanings. The term “ERISA Plan” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) established by the Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any Common Control Entity. The term “Common Control Entity” means any entity which is a member of a “controlled group of corporations” with, or is under “common control” with, the Borrower as defined in Section 414(b) or (c) of the Code. “Multiemployer Plan” has the meaning set forth in Section 4001(a)(3) of ERISA and all rules and regulations promulgated from time to time thereunder. The term “Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

Taxes, Assessments, Other Governmental Charges and Utility Charges. The Borrower will pay and discharge all taxes, assessments, governmental charges of any kind whatsoever, water, gas and electric rates, meter charges and other utility charges which may be or have been assessed or which may have become liens upon the Facilities, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Facilities or any part thereof, provided, however, that the Borrower shall not be required to pay any tax, assessment, rate or charge as in the Agreement provided as long as it shall in good faith contest the validity thereof by a proceeding which operates to prevent any forfeiture or sale of the Facilities or any part thereof.

Accreditation. The Borrower will maintain its accreditation by WASC or its successor as a body that accredits schools like the Borrower. The Borrower will maintain the accreditation of its law school by the American Bar Association or its successor as a body that accredits law schools or the Committee of

the Bar Examiners of the State Bar. The Borrower covenants to provide to the Authority, within thirty (30) days of receipt thereof, copies of any action letter sent to the Borrower by each such accrediting body following its review of the report of each team which visited the Borrower's campus, which apprises the Borrower that such accrediting body is issuing a warning to the Borrower or placing the Borrower on probation.

Admissions and Facility Restrictions. The Borrower covenants and agrees that it will not restrict the admission of a student based on his or her race or ethnicity and that it will not include in any portion of the Project any facility, place or building used or to be used for sectarian instruction or as a place for religious worship or for any class that includes as part of the instruction information or coursework that promotes or opposes a particular religion or religious beliefs, or any facility, place or building used or to be used primarily in connection with any part of the programs of a school or department of theology or divinity, in each case through the useful life of the facility, place or building. The Authority and its designees shall have the right, but shall not be obligated, to inspect the Borrower's educational facilities at all reasonable times for the purpose of verifying the foregoing and due compliance by the Borrower with its annual certificate of compliance delivered as required by the Agreement and with the Constitutions of the United States and of the State. This covenant shall survive the payment in full or defeasance of the Bonds.

Prohibited Uses. No portion of the Project will be used (i) by any person that is not an organization described in Section 501(c)(3) of the Code or by a 501(c)(3) organization, including the Borrower, in an "unrelated trade or business" (as such term is defined in Section 513 of the Code), in such manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code.

Inspection. The Borrower shall, at any reasonable time and from time to time, upon prior written notice, permit the Authority and the Trustee, and their respective representatives and agents, to (i) inspect the premises and the accounting records and the books of the Borrower for the purpose of verifying compliance by the Borrower with the covenants contained in the Agreement and all of the terms of the Act, (ii) examine and make copies of and abstracts from the accounting records and books of account of the Borrower, (iii) discuss the affairs, finances and accounts of the Borrower with any of its officers or directors and (iv) upon notice to the Borrower, communicate with the Borrower's independent certified public accountants. The Trustee shall have no duty to take any of the foregoing actions.

Events of Default

The following shall be "events of default" under the Agreement, and the terms "events of default" or "default" shall mean, whenever they are used in the Agreement, any one or more of the following events:

(a) The Borrower fails to make any Base Loan Payment or Additional Payment by its due date; or

(b) The Borrower fails to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Agreement other than as referred to in paragraph (a) above for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Borrower by the Authority; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the default is corrected; or

(c) Any of the representations or warranties of the Borrower made in the Agreement or in any other document, certificate or writing furnished by the Borrower to the Authority in connection with the application for or the negotiation of the Agreement or the issuance of the Bonds was false or incorrect in any material respect when made; or

(d) There is an unexcused default by the Borrower under any agreement or instrument to which it is a party relating to the borrowing of money either (1) in failing to pay any installment of principal or interest in an aggregate amount of \$500,000 or more, which default shall not have been waived or excused within 90 days after the Borrower received notice of such default or (2) as a result of which indebtedness in an amount of \$10,000,000 or more shall have been accelerated and declared to be due and payable prior to its date of maturity; provided, however, a default relating to the nonpayment of amounts due relating to the construction, expansion, rehabilitation, renovation, remodeling, furnishing and/or equipping of the Facilities that is being contested in good faith by the Borrower shall not be considered an unexcused default for purposes of this paragraph (d); or

(e) The Borrower applies for or consents to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property or admits in writing its inability to pay its debts as they mature; or such a receiver, trustee or similar officer is appointed without the application or consent of the Borrower and such appointment continues undischarged for a period of sixty (60) days; or the Borrower institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding is instituted (by petition, application or otherwise) against the Borrower and remains undismissed for a period of ninety (90) days; or the Borrower makes a general assignment for the benefit of creditors.

Remedies on Default

(a) In the event any of the Bonds shall at the time be Outstanding and unpaid (and provision for the payment thereof shall not have been made as provided in the Indenture) and any event of default referred to in the Agreement shall have happened and be continuing, the Authority or the Trustee may take any one or more of the following remedial steps:

(1) The Authority or the Trustee may, at its option, declare the Base Loan Payments with respect to the principal of the Outstanding Bonds and the accrued interest on the Outstanding Bonds, plus any other payments due or to become due under the Agreement, including, without limitation, any unpaid fees and expenses of the Authority, the Trustee and any paying agents of the Bonds which are then due or will become due prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated, to be immediately due and payable, whereupon the same shall become immediately due and payable.

(2) The Authority or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due under the Agreement, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, condition or covenant of the Borrower under the Agreement.

The term “all installments” shall mean an amount equal to the entire principal amount of the then Outstanding Bonds, together with all interest accrued or to accrue on and prior to the next succeeding redemption date or dates on which the Bonds can be and actually are redeemed after giving notice to the Holders thereof as required by the Indenture (less moneys available for such purpose then

held by the Trustee) plus any other payments due or to become due under the Agreement, including, without limitation, any unpaid fees and expenses of the Authority, the Trustee and any paying agents of the Bonds which are then due or will become due prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated.

(b) No remedy in the Agreement conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Agreement or now or hereafter existing at law or in equity or by statute. No delay in exercising or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it by the Agreement, it shall not be necessary to give any notice, other than such notice as may be in the Agreement expressly required. The Trustee shall be deemed a third party beneficiary of all covenants and conditions in the Agreement contained.

Expenses. In the event the Borrower should default under any of the provisions of the Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under the Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower in the Agreement contained, the Borrower agrees that it will on demand therefor pay to the Authority or the Trustee the reasonable fee of such attorneys and such other reasonable expenses so incurred by the Authority or the Trustee.

Governing Law; Venue. (a) The laws of the State of California govern all matters arising out of or relating to the Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement.

(b) Any party bringing a legal action or proceeding against any other party arising out of or relating to the Agreement shall bring the legal action or proceeding in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth in this paragraph) choice of forum set forth in this caption does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to the Agreement brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

Waiver of Personal Liability. No member, officer, official, agent or employee of the Authority or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal of or premium, if any, or interest on the Bonds or any other sum under the Agreement or be subject to any personal liability or accountability by reason of the execution and delivery of the Agreement; but nothing contained in the Agreement shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by the Agreement.

Severability. In the event any provision of the Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of the Agreement.

Agreement Represents Complete Agreement; Amendments. The Agreement and the Tax Agreement incorporated in the Agreement by reference represent the entire contract between the Authority and the Borrower with respect to the Bonds, the loan of the proceeds thereof to the Borrower

and related matters. The Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee, given in accordance with the provisions of the Indenture. The Authority agrees that it will not consent to an amendment of the Indenture pursuant thereto without the approval of the Borrower.

Term of Agreement. Except as otherwise provided in the Agreement, the Agreement shall remain in full force and effect from the date of execution of the Agreement until no Bonds remain Outstanding under the Indenture.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by The President and Board of Trustees of Santa Clara College, doing business as Santa Clara University (the “Borrower”) and U.S. Bank National Association, a national banking association as Trustee and as Dissemination Agent (the “Trustee” and “Dissemination Agent,” respectively) in connection with the issuance of California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2015 (the “Bonds”). The Bonds are being issued pursuant to an Indenture dated as of August 1, 2015 between the California Educational Facilities Authority (the “Authority”) and the Trustee (the “Indenture”). The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement dated as of August 1, 2015 between the Authority and the Borrower (the “Loan Agreement”). Pursuant to Section 6.09 of the Indenture and Section 15(j) of the Loan Agreement, the Borrower and the Trustee covenant and agree as follows:

SECTION I. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (defined below). The Borrower and the Trustee acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

SECTION II. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections III. and IV. of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the person designated by the Borrower on the signature page hereof or such person’s designee, or such other person as the Borrower shall designate in writing to the Trustee and Dissemination Agent from time to time.

“Dissemination Agent” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section V.A. and V.B. of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the Official Statement relating to the Bonds, dated August 13, 2015.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” means the MSRB or any other information repository as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION III. Provision of Annual Reports.

A. The Borrower shall, or, upon written direction, shall cause the Dissemination Agent to, not later than 180 days after the end of the Borrower’s fiscal year (presently as indicated on the signature page hereof), commencing with the report for the 2014-15 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section IV of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section IV of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Borrower’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section V.E.

B. Not later than fifteen (15) Business Days prior to the date specified in Section III.A. for providing the Annual Report to the Repository, the Borrower shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Borrower and the Dissemination Agent to determine if the Borrower is in compliance with the first sentence of this Section III.B.

C. If the Trustee is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection A, the Trustee shall send a notice to each Repository in substantially the form attached as Exhibit A.

D. The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

2. file a report with the Borrower, the Authority and the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION IV. Content of Annual Reports. The Borrower's Annual Report shall contain or include by reference the following:

A. The audited financial statements of the Borrower for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Borrower's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section III.A, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements required for the fiscal year being audited, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

B. The completed form attached hereto as Exhibit B or such other form which contains substantially the same information.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Borrower shall clearly identify each such other document so included by reference.

SECTION V. Reporting of Listed Events.

A. Pursuant to the provisions of this Section V, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has

been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

B. The Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph V.A.5., other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

C. The Trustee shall, as soon as reasonably practicable, of a Responsible Officer's obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Borrower promptly notify the Trustee in writing whether or not to report the event pursuant to Section V.E. below. The Trustee shall have no duty to determine the materiality of any such Listed Events. For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture.

D. Whenever the Borrower obtains knowledge of the occurrence of a Listed Event described in Section V.B., the Borrower shall determine if such event would be material under applicable federal securities laws.

E. If the Borrower learns of the occurrence of a Listed Event described in Section V.A., or determines that knowledge of a Listed Event described in Section V.B. would be material under applicable federal securities laws, the Borrower shall within ten business days of occurrence cause to be filed a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of the Listed Events described in subsections A.7. or B.3. above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION VI. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section VII. Termination of Reporting Obligation. The Borrower's and the Trustee's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower and the original Borrower shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination or substitution in the same manner as for a Listed Event under Section V.E.

SECTION VIII. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Borrower shall be the Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Borrower and the Trustee.

SECTION IX. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, Dissemination Agent and the Trustee may amend this Disclosure Agreement (and the Trustee and Dissemination Agent shall agree to any amendment so requested by the Borrower; provided, the Trustee and Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Sections III.A, IV, V.A or V.B., it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

B. The undertaking herein, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section V.E., and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between

the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION X. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION XI. Default. In the event of a failure of the Borrower or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee shall at the written request of any Participating Underwriter or the Holders of at least 25% of the Bond Obligation of Outstanding Bonds, and upon provision of indemnification satisfactory to the Trustee, or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION XII. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Trustee and Dissemination Agent shall be entitled to the provisions thereof. The Dissemination Agent and Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent and Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities, costs and expenses (including attorneys fees) due to the Dissemination Agent's or Trustee's respective fraud, violation of law, whether willful or negligent, negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Borrower for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bondholders, or any other party. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Borrower in a timely manner and in a form suitable for filing. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION XIII. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower: At the address set forth for the Borrower on the signature page hereof.

To the Trustee and
Dissemination Agent: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Corporate Trust Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION XIV. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriters, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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SECTION XV. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated as of August 1, 2015

THE PRESIDENT AND BOARD OF TRUSTEES OF
SANTA CLARA COLLEGE, DOING BUSINESS AS
SANTA CLARA UNIVERSITY

By _____
Authorized Officer

By _____
Authorized Officer

U.S. Bank National Association,
as Trustee and Dissemination Agent

By _____
Authorized Officer

Borrower's Notice Address:

500 El Camino Real
Santa Clara, CA 95053

Borrower's Disclosure Representative:

Vice President for Finance and Administration

Borrower's Fiscal Year:

June 30

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: California Educational Facilities Authority
Name of Bond Issue: California Educational Facilities Authority
Revenue Bonds (Santa Clara University) Series 2015
Name of Borrower: SANTA CLARA UNIVERSITY
Date of Issuance: August 28, 2015

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report with respect to the above- named Bonds as required by Section 6.09 of the Indenture dated as of August 1, 2015 between the Authority and Trustee and by Section 15(j) of the Loan Agreement dated as of August 1, 2015 between the Authority and the Borrower. The Borrower anticipates that the Annual Report will be filed by

_____.

Dated: _____

U.S. Bank National Association,
as Trustee

cc: Borrower

EXHIBIT B

**SANTA CLARA UNIVERSITY
CONTINUING DISCLOSURE ANNUAL REPORT**

Operating Data

Non-Financial

Please answer each of the following questions:

- a) Has there been a change in the name and titles of officers since the last annual report?
(Check one)

Yes No If yes, please indicate name and title:

- b) Has there been a change in accreditation since the last annual report? (See description below contained in the August 13, 2015 Official Statement (the “Official Statement”). Refer to your annual reports for updates filed by the Institution.) (Check one)

Yes No If yes, please describe.

- c) Please describe any new litigation, or a material result in a litigation since the date of the last report. _____

- d) Please describe any significant sale, destruction or loss of real property or other material assets since the date of the last report. In addition, please describe any sale or loss of any collateral since the date of the last report. _____

Please update the following information for the most recent academic or fiscal year, as appropriate. A copy of the table as it appeared in the Official Statement is included for your reference, but, only the data for the most recent academic or fiscal year (as appropriate) needs to be included in your annual report:

Application Pool

Enrollment and Degrees

Tuition, Fees, Room and Board

Financial Aid

Faculty Headcount

Unrestricted Revenues and Expenses

Endowment and Similar Funds Summary

Plant Facility Assets

Financial

- a) *Please attach a copy of your most recent financial statements.*

Listed Events

- a) *Please review Section V of the Continuing Disclosure Agreement and confirm that no Listed Event has occurred. Please describe any Listed Event that has occurred since the date of the last report.*

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APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[Date of Delivery]

California Educational Facilities Authority
Sacramento, California

California Educational Facilities Authority
Revenue Bonds (Santa Clara University)
Series 2015

 (Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Educational Facilities Authority (the "Authority") in connection with issuance of \$102,230,000 aggregate principal amount of California Educational Facilities Authority Revenue Bonds (Santa Clara University) Series 2015 (the "Bonds"), issued pursuant to the Indenture, dated as of August 1, 2015 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to The President and Board of Trustees of Santa Clara College, doing business as Santa Clara University (the "Borrower") pursuant to a Loan Agreement, dated as of August 1, 2015 (the "Loan Agreement"), between the Authority and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Agreement, opinions of counsel to the Authority, the Trustee and the Borrower, certificates of the Authority, the Trustee, the Borrower and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of the Borrower's General Counsel, regarding, among other matters, the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that the opinion is subject to a number of qualifications and limitations. We have also relied upon representations of the Borrower regarding the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Borrower within the meaning of Section 513 of the Code. We note that the opinion of the Borrower's General Counsel does not address Section 513 of the Code. Failure of the Borrower to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or the use of the Bond-financed or refinanced facilities in activities that are considered

unrelated trade or business activities of the Borrower within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public instrumentalities of the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

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