NEW ISSUE—Book Entry Only

Rating: Moody's: A3 (Negative Outlook)
See RATING herein

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$22,320,000
OFFERING CIRCULAR
STATE OF OHIO
(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(JOHN CARROLL UNIVERSITY 2016 PROJECT)

Dated: Date of Issuance

Due: April 1, as shown below
(Subject to redemption)

The Bonds will be initially issued only as fully registered bonds in the denomination of $5,000 and greater integral multiples thereof under a book entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC) as provided in the Trust Agreement securing the Bonds. There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Offering Circular. See "Book Entry System".

The Bonds, when, as and if issued, will be special obligations of the State of Ohio issued by the Ohio Higher Educational Facility Commission (the "Commission") and shall be payable solely from the revenues and other money pledged and assigned by the Trust Agreement, which include the payments required to be made by John Carroll University under a Lease between the Commission and

JOHN CARROLL UNIVERSITY

THE BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMISSION OR THE STATE OF OHIO AND WILL NOT BE SECURED BY AN OBLIGATION OR PLEDGE OF ANY MONEY RAISED BY TAXATION, AND DO NOT GRANT TO THE HOLDERS ANY RIGHTS TO HAVE THE STATE LEVY ANY TAXES OR APPROPRIATE FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

$9,905,000 Serial Bonds

Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No: (67756D)
2029	$ 500,000	5.000%	2.890%*	116.845%*	GY6
2029	765,000	3.000	3.250	97.340	HC3
2030	1,315,000	3.000	3.320	96.408	GZ3
2031	1,355,000	3.125	3.400	96.763	HA7
2032	250,000	5.000	3.110*	114.938*	HB5
2032	1,435,000	3.125	3.460	95.879	HD1
2035	2,090,000	5.000	3.260*	113.659*	HE9
2036	2,195,000	5.000	3.310*	113.236*	HF6

$12,415,000 3.750% Term Bond due April 1, 2041, Priced at 97.606% to Yield 3.900% CUSIP: 67756D HG4

The Bonds are subject to mandatory and optional redemption prior to maturity as described herein. Bonds subject to optional redemption may be purchased in lieu of redemption as described herein.

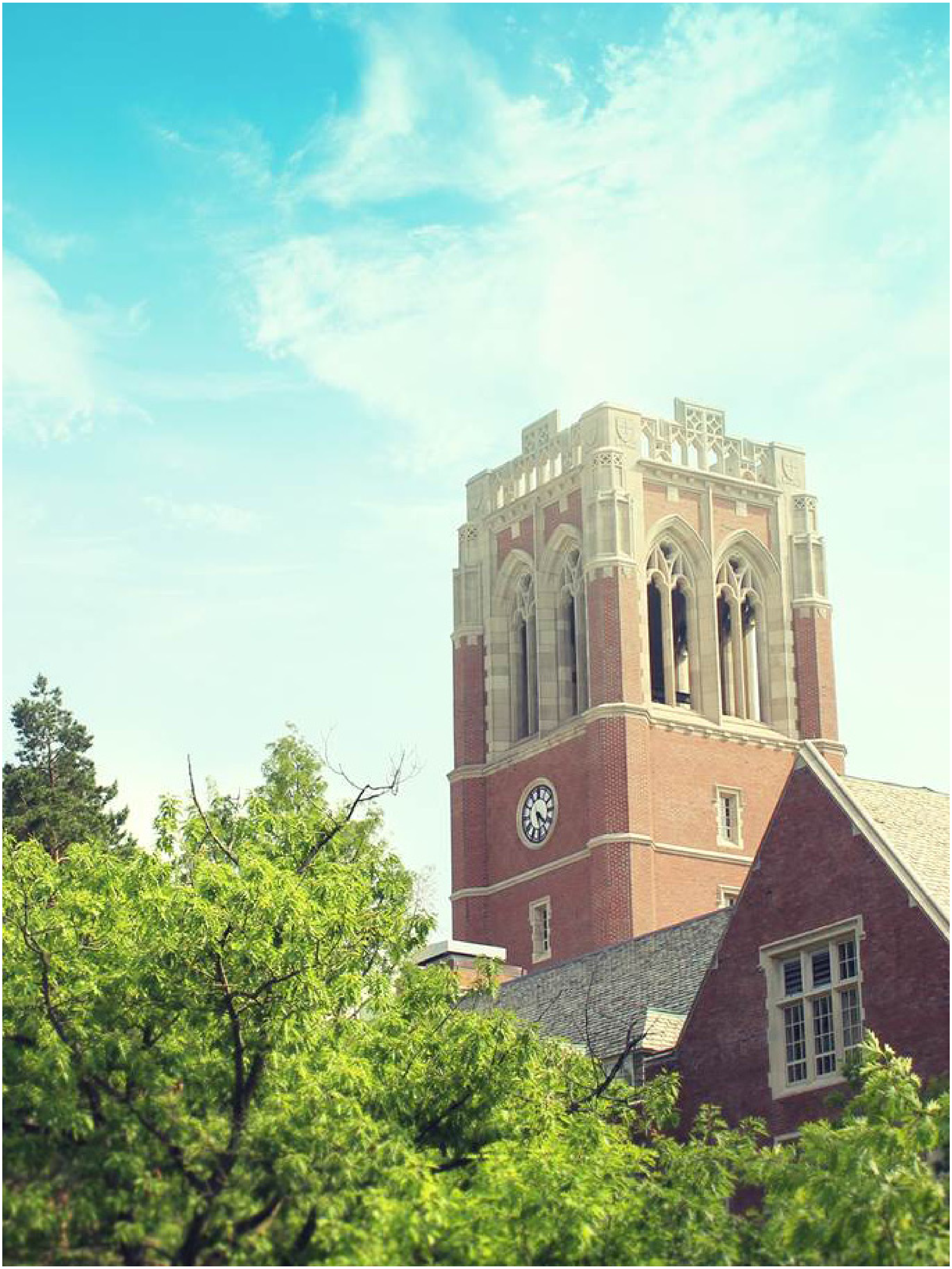
The Bonds are offered, subject to prior sale, when, as and if issued by the Commission and accepted by George K. Baum & Company. (the "Underwriter"), subject to, among other things, the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the University by McDonald Hopkins LLC, counsel to the University, for the Underwriter by Ballard Spahr LLP, counsel to the Underwriter. It is expected that delivery of the Bonds will be made to DTC or its agent on or about February 9, 2016, against payment therefor.

George K. Baum & Company

This Offering Circular has been prepared by John Carroll University in connection with the original offering for the sale of the Bonds. The information contained in this Offering Circular speaks only as of its date. This cover page contains information for quick reference only. It is not a summary of this issue Investors must read the entire Offering Circular to obtain information essential to making an informed investment decision.

The date of this Offering Circular is January 20, 2016

* Price and Yield to the first call date of April 1, 2025



REGARDING THIS OFFERING CIRCULAR

This Offering Circular does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized to give any information or to make any representations other than those contained in this Offering Circular and, if given or made, such information or representations must not be relied upon as having been, authorized by the University, the Commission, the Underwriter or any other person or entity. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Offering Circular nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

The information and descriptions in this Offering Circular do not purport to be comprehensive or definitive. Statements regarding specific documents, including the Bonds, are brief descriptions of and subject to the detailed provisions of such documents and are qualified in their entirety by reference to each such document, copies of which will be on file with the Trustee and will be furnished upon request. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Offering Circular nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Information herein concerning the University has been obtained from the University, and other information has been obtained from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Commission or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Offering Circular. “The Underwriter has reviewed the information in this Offering Circular 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 Underwriter does not guarantee the accuracy or completeness of such information.”

Upon issuance, the Bonds will not be registered by the Commission under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Offering Circular or, other than the Commission (to the extent described herein) approved the Bonds for sale.

CUSIP data in this Offering Circular are provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the University, the Commission or the Trustee and are included solely for the convenience of the holders of the Bonds. The University, the Commission, Bond Counsel and the Trustee are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated on the cover page. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PORTIONS OF THIS OFFERING CIRCULAR CONTAIN "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. AS A GENERAL MATTER, FORWARD-LOOKING STATEMENTS ARE THOSE FOCUSED UPON FUTURE PLANS, OBJECTIVES OR PERFORMANCE AS OPPOSED TO HISTORICAL ITEMS AND INCLUDE STATEMENTS OF ANTICIPATED EVENTS OR TRENDS AND EXPECTATIONS AND BELIEFS RELATING TO MATTERS NOT HISTORICAL IN NATURE. SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO UNCERTAINTIES AND FACTORS, INCLUDING THOSE RELATING TO THE UNIVERSITY'S OPERATIONS AND ITS ABILITY TO REPAY ITS DEBT, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND THE UNIVERSITY'S CONTROL. SUCH UNCERTAINTIES AND FACTORS COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE MATTERS EXPRESSED IN OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THOSE UNCERTAINTIES AND FACTORS INCLUDE, IN ADDITION TO THOSE MENTIONED ELSEWHERE HEREIN, INTEREST RATES, THE UNIVERSITY'S ENROLLMENT AND TUITION INCREASES, AND GIFTS, GRANTS AND BEQUESTS MADE TO THE UNIVERSITY.

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STATE OF OHIO
(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(JOHN CARROLL UNIVERSITY 2016 PROJECT)

INTRODUCTION

This Offering Circular, including the cover page, table of contents page and the Appendices, is provided to furnish information in connection with the issuance by the Ohio Higher Educational Facility Commission (the "Commission") of $22,320,000 principal amount of State of Ohio Higher Educational Facility Revenue Bonds (John Carroll University 2016 Project) (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement dated as of February 1, 2016 (the "Trust Agreement") between the Commission and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"). The Bonds will be dated as of the date of issuance, will mature as set forth on the cover page, and will be subject to redemption and purchase in lieu of redemption prior to maturity as described under **The Bonds – Redemption Provisions**.

The proceeds of the sale of the Bonds will be used to provide funds to pay project costs as defined in Section 3377.01 of the Ohio Revised Code and costs of refunding bonds issued for such purpose, including (i) costs of and relating to refunding the outstanding State of Ohio Higher Educational Facility Revenue Bonds (John Carroll University 2006 Project) (the "Refunded Bonds"), and (ii) costs incidental thereto and the costs of financing and refinancing thereof and to pay certain issuance costs related to the Bonds.

The Project is to be leased to John Carroll University (the "University") pursuant to a Lease dated as of February 1, 2016 (the "Lease") between the Commission and the University. The University is required to make rental payments under the Lease (the "Rental Payments") in amounts sufficient to pay the principal of and interest on (collectively, the "debt service") the Bonds, whether on an Interest Payment Date (defined below), at maturity, upon acceleration or upon redemption. In the Lease, the University has agreed to purchase all interests of the Commission in the Project after all of the debt service on the Bonds has been paid.

The Bonds are special obligations of the State of Ohio (the "State") and the debt service on the Bonds will be payable solely from the revenues to be derived by the Commission from its lease of the Project, all as provided in the Lease and the Trust Agreement, including the Rental Payments and certain other amounts, as described under "**The Bonds – Sources of Payment and Security; Bondholder's Risks."** The Bonds are secured by the Trust Agreement, in which the Commission assigns to the Trustee all of the Commission's rights with respect to the Revenues (including Rental Payments) and the money and investments in the Special Funds and certain other rights of the Commission under the Lease, as further described under **"The Bonds – Security and Source of Payment; Bondholder's Risks."** The Bonds are further secured by the Guaranty Agreement, dated as of February 1, 2016 (the "Guaranty") between the University and the Trustee by which the University unconditionally guarantees the payment of the debt service on the Bonds.

Brief descriptions of the Commission, the University, the Bonds, the Lease, the Trust Agreement and the Guaranty are included in this Offering Circular. The descriptions of the Bonds, the Lease, the Trust Agreement and the Guaranty and references and excerpts of all other documents referred to do not purport to be complete statements of the provisions of such documents and are qualified in their entirety by reference to each such document. Reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and remedies of Bondholders. All descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights. Copies of the above-described documents are available for inspection during the initial offering period at the office of George K. Baum & Company, Pittsburgh, Pennsylvania (the "Underwriter"), and thereafter at the designated office of the Trustee. Capitalized terms used herein shall have the same meanings as given to them in the Lease unless otherwise defined herein or where the context would clearly indicate otherwise. See "**Definitions**" herein.

THE BONDS

General

The Bonds will be dated their date of issuance, will bear interest payable semi-annually on April 1 and October 1 of each year (each an "Interest Payment Date"), commencing October 1, 2016, and will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date. The Bonds will mature, subject to prior redemption as hereinafter described, in the amounts and on the dates and will bear interest at the respective rates all as shown on the cover page. The Bonds will be authorized and issued by the State acting by and through the Commission under the provisions of the Act and pursuant to a resolution adopted by the Commission (see **The Commission**).

Denomination; Payment

The Bonds are being issued as fully registered bonds in the denomination of $5,000 and any greater multiple thereof. Interest is to be paid by check or draft mailed to the person in whose name that Bond is registered (the "Holder" or "Bondholder") on the registration books (the "Register") maintained by the Trustee as registrar (the "Registrar") at the close of business on the fifteenth day of the calendar month next preceding each Interest Payment Date (the "Regular Record Date"). Principal of the Bonds will be payable when due upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee. See "**Book Entry System"** herein.

If and to the extent there is a default in the payment of interest on any Bonds on any Interest Payment Date, that interest in default will cease to be payable to the person who was the Holder of that Bond as of the close of business on the applicable Regular Record Date. Whenever money becomes available for the payment of defaulted interest, the Trustee will establish a special record date for the payment of that defaulted interest (the "Special Record Date"), which will not be more than 15 nor fewer than 10 days prior to the date of the proposed payment, and the Trustee will cause notice of the proposed payment and Special Record Date to be mailed by first class mail to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date. Such notice having been so mailed, the defaulted interest will be payable to the persons who are the Holders of the Bonds at the close of business on that Special Record Date.

Redemption Prior to Maturity

The Bonds are subject to redemption prior to maturity as described below.

Mandatory Redemption.

Pursuant to the terms of the Trust Agreement, the Bonds maturing April 1, 2041 (the "Term Bonds") shall be subject to mandatory redemption prior to maturity at a redemption price of 100% of the principal amount of the Bonds redeemed, plus interest accrued to the redemption date, on April 1 in the following principal amounts in the years specified:

Mandatory Redemption Date (April 1)	Amount	Mandatory Redemption Date (April 1)	Amount
2037	2,300,000	2039	2,480,000
2038	2,390,000	2040	2,575,000

The final principal amount of $2,670,000 for the Bonds will be paid at their maturity on April 1, 2041.

Optional Redemption. The Bonds are subject to redemption by and at the option of the Commission, at the direction of the University, prior to stated maturity in whole or in part on any date, on or after April 1, 2025, at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption prior to maturity on any date by and at the option of the Commission, at the direction of the University, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date: (i) in whole in the event of the exercise by the University of its option to purchase the Project as provided in the Lease if all or a substantial part of the Project is damaged, destroyed or taken under power of eminent domain, the Lease becomes void or unenforceable, the University loses its tax-exempt status and, as a result, the interest on the Bonds is no longer excluded from gross income for federal income tax purposes or certain other extraordinary events occur (see "**The Lease – University's Options to Terminate Lease"**), or (ii) in part in the event of condemnation of the Project or any part thereof to the extent provided in the Lease.

Notice of Redemption. The notice of the call for redemption of all or part of the Bonds will be given by the Trustee on behalf of the Commission by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days days prior to the date fixed for redemption (except for extraordinary optional redemption) to the Holder of each Bond to be redeemed at the address shown on the Register at the close of business on the fifteenth day preceding that mailing. Such notice will, among other items, identify the Bonds or portions thereof being redeemed and specify the redemption price and date and the place or places where the amounts due upon redemption are payable and any conditions precedent to redemption.

Notice of the call for redemption of Bonds held under a book entry system will be sent by the Trustee only to DTC or its nominee as registered owner. Selection of book entry interests in the Bonds called, and notice of call to the book entry interest owners is the responsibility of DTC, direct participants and indirect participants. Any failure of DTC to advise any direct participant, or of any direct participant or any indirect participant to notify the book entry interest owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of the Bonds. See "**The Bonds – Payment of Principal and Interest"** herein.

Any defect in the notice of redemption regarding any Bond or any failure to receive such notice by mailing will not affect the validity of the proceedings for the redemption of any Bonds. If at the time of giving of notice of optional redemption there shall not have been deposited with the Trustee money sufficient to redeem all Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit of money sufficient for the redemption with the Trustee not later than the redemption date, and such notice shall be of no effect unless such money is so deposited.

If any Bonds are not presented for payment at the date fixed for their redemption and the funds for such payment are available therefor, the Holders of such Bonds will thereafter be restricted exclusively to the funds available for redemption for the satisfaction of any claim relating to such Bonds. Any such funds remaining unclaimed for four years after becoming due and payable shall be paid to the University and the Holders of such Bonds shall thereafter be entitled to look only to the University for payment and only in an amount equal to the amounts received by or paid to or on behalf of the University, without any interest thereon.

Partial Redemption. When less than the entire unmatured portion of the Bonds are called for redemption, the Bonds shall be called in the order of maturities as directed by the University and if fewer than all of the Bonds of a single maturity are to be redeemed, the selection of such Bonds or portions of Bonds in amounts not less than the minimum authorized denomination for a Bond is to be made by lot in such manner as determined by the Trustee, provided that the unredeemed portion of any Bond or ownership of book entry interests redeemed in part shall be in an authorized denomination. For purposes of this paragraph, Bonds maturing on the same dates at different interest rates shall be considered separate maturities. In the event of a partial redemption of a Term Bond, the Trustee will allocate the principal amount redeemed against the mandatory sinking fund schedule as directed by the University. If less than all of an outstanding Bond held under a book entry system is to be called for redemption, the Trustee will give notice of redemption only to DTC or its nominee as registered owner. The selection of the book entry interests in that Bond to be redeemed, and notice of call to the book entry interest owners of those interests called, is the responsibility of DTC, Direct Participants and Indirect Participants.

Purchase in Lieu of Redemption. In lieu of redeeming Bonds as described under "Optional Redemption" above, the University may purchase Bonds that otherwise would have been subject to optional redemption, at a purchase price equal to 100% of the principal amount purchased plus interest accrued to the purchase date. The purchase of the Bonds is mandatory and enforceable against the Holders of the Bonds to be purchased and such Holders have no right to retain their Bonds. Following any such purchase, the purchased Bonds shall be registered in the name of the University or its nominee or as otherwise directed by the University. In the case of the purchase of less than all of the Bonds, the particular Bonds to be purchased shall be selected as described in the Trust Agreement. No such purchase of Bonds shall operate to extinguish purchased Bonds which will remain Outstanding under this Trust Agreement. Notwithstanding the foregoing, no such purchase will be made unless the University shall have delivered to the Trustee and the Commission concurrently with such purchase an opinion of Bond Counsel to the effect such purchase will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Notice of a purchase pursuant to this Section, including notice of any conditions that such purchase may be subject to, shall otherwise be given to the Trustee and the Holders at the times and in the manner specified in in the Trust Agreement with respect to redemption.

Book Entry System

The Bonds will be delivered in book-entry-only form and, when issued, registered in the name of The Depository Trust Company ("DTC"), New York, New York, or its nominee Cede & Co., which will act as securities depository for the Bonds. For discussion of the book-entry system and DTC and the replacement of Bonds in the event that the book-entry system is discontinued, see **Appendix D**.

Sources of Payment and Security; Bondholder's Risks

The debt service on the Bonds is payable from the Revenues, including primarily the Rental Payments to be derived by the Commission under the Lease, and the money, securities and funds and accounts to be held by the Trustee (including investment earnings) available for that purpose under the Trust Agreement.

In addition, in order to secure the payment of the debt service on the Bonds and the performance of the obligations contained in the Trust Agreement and the Bonds, the Commission will assign to the Trustee all its right, title and interest in and to (i) the Revenues, (ii) the Lease, except certain rights to be reimbursed for fees and expenses, to be indemnified, to receive Additional Payments and to consent to amendments, (iii) all money and investments in the Special Funds, (iv) the Base Lease, except for Unassigned Rights, effective solely upon the occurrence of an Event of Default and only for so long as such Event of Default continues to exist, and (v) the proceeds of the Bonds and the Guaranty.

The Bonds are further secured by the Guaranty by which the University unconditionally guarantees the payment of the debt service on the Bonds.

There is no debt service reserve fund securing the Bonds.

The Project was specifically constructed and equipped for the benefit of the University for use in its educational programs, and may be subject to practical restrictions that may limit the use thereof by others. Therefore, in the event of a default, the Trustee's ability to lease the Project to third parties would be limited by those practical restrictions and by Permitted Encumbrances. The rentals, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the lease or other disposition of the Project would be sufficient to allow payment in full of the Bonds. Also, as noted in "**The Lease – Events of Default**," the Trustee as assignee has the right, upon default under the Lease, to sublease the Project. The Lease covers only a portion of the campus of the University, and university buildings are generally special-use buildings, so that it may be difficult for the Commission to obtain rentals on subleasing adequate to pay debt service on the Bonds. The University has not granted a mortgage on the Project to secure the Bonds.

Under existing law, the remedies specified by the Trust Agreement, the Lease and the Guaranty may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights or the application of general principles of equity.

The enforceability of the liens of the Lease and the Trust Agreement may be subject to subordination or prior claims in certain instances other than bankruptcy proceedings. For a discussion of examples of possible limitations on enforceability and of possible subordination or prior claims, see "**Enforceability of Remedies**."

THE BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMISSION OR THE STATE, WILL NOT BE SECURED BY AN OBLIGATION OR PLEDGE OF ANY MONEY RAISED BY TAXATION, AND DO NOT GRANT TO THE HOLDERS ANY RIGHTS TO HAVE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE DEBT SERVICE ON THE BONDS.

The University is subject to the same competitive pressures that affect other private colleges and universities. Changing demographics may mean a smaller pool of college-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. Additional factors that may adversely affect the operations of the University 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; (11) loss of accreditation; and (12) natural disasters, which might damage the

University's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities. Neither the Underwriter nor the Commission has made any independent investigation of the extent to which any such factors will have an adverse impact on the revenues of the University.

In addition, the University, like other institutions of higher education, is subject to a wide variety of federal, state and local laws, including environmental, antitrust and health and safety laws, and from time to time may be a party to various legal proceedings seeking damages or injunctive relief or be the subject of investigations by governmental regulatory bodies and administrative or law enforcement agencies in connection with its operations generally. Any such proceedings or investigations may not be covered by insurance and could result in adverse publicity, significant fines, penalties and judgments and adversely affect the enrollment or financial condition of the University. See "**Absence of Material Litigation"** herein and **Appendix A**.

THE COMMISSION

The Commission is a body both corporate and politic constituting an agency and instrumentality of the State. It was created in 1968 by, and exists under, Chapter 3377 of the Ohio Revised Code. The Commission was established to enhance educational opportunities for the people of the State and to alleviate the pressing demands upon tax supported colleges and universities by enhancing the availability, efficiency and economy of educational facilities for private colleges and universities by facilitating or achieving the lower costs of the financing or refinancing of such educational facilities.

The Commission is authorized, among other things, to issue revenue bonds of the State to provide funds for acquiring, constructing, equipping and furnishing educational facilities that are leased to private colleges or universities and to refund certain previously issued bonds. Each issue of bonds is secured by a pledge and assignment of the payments received by the Commission pursuant to the lease of the applicable educational facilities and may be secured by a mortgage on such facilities. In the lease, the college or university has the option to purchase the facilities prior to the termination of the lease and the college or university agrees to purchase the facilities at the lease termination, in each case after provision has been made for the retirement or redemption of all the bonds issued for such facilities. The Commission does not make any grants and has access to capital improvement funds only through issuance of revenue bonds.

The Commission may lease projects to private, nonprofit institutions of higher education that hold effective certificates of authorization issued by the Ohio Chancellor of Higher Education, but not to institutions whose principal educational activity is preparing students for religious or ecclesiastical fields. The Commission may acquire and lease any facility that is academic, administrative, or auxiliary thereto, other than facilities used exclusively as places for devotional activities.

The Commission consists of nine members including the Ohio Chancellor of Higher Education or a designee of the Chancellor, an ex officio member. The other eight members are appointed to overlapping eight-year terms by the Governor with the advice and consent of the

State Senate. The Chairman is designated by the Governor, and the other officers, including the Vice Chairman and the Secretary, are elected by the members from their own number. The members of the Commission receive no compensation for their services but are entitled to reimbursement for their actual and necessary expenses. The Commission's office is located in Columbus, Ohio. The Commission does not have any employees. The Ohio Department of Higher Education provides staffing assistance to the Commission when necessary.

PLAN OF REFUNDING

A portion of the proceeds of the sale of the Bonds will be used, together with other available funds, for the purpose of currently refunding the Refunded Bonds and will be deposited in the Escrow Fund established under the Escrow Agreement. The Refunded Bonds will be paid at their maturity or called for redemption in full on April 1, 2016 (the "Redemption Date"), as applicable. The Escrow Fund and the money and investments therein will be used solely and exclusively for, and are irrevocably committed to, the payment of debt service charges or the redemption price of the Refunded Bonds on the Redemption Date, as applicable.

SOURCES AND USES OF FUNDS

The proceeds expected to be received from the sale of the Bonds and other sources and their expected application is as follows:

Sources of Funds

Principal Amount of Bonds	$22,320,000.00
Net Original Issue Premium	229,776.70
TOTAL SOURCES	$22,549,776.70

Uses of Funds

Deposit to Escrow Fund	$22,243,825.00
Costs of Issuance (1)	305,951.70
TOTAL USES	$22,549,776.70

(1) Includes Underwriter's discount, legal, printing, and Trustee fees; Rating Services fees and other related financing costs.

DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service requirements on long-term debt of the University following issuance of the Bonds.

Year Ending May 31,	Series 2001 A Bonds [1]	Series 2014 Bonds [2]	Series 2016 Bonds	Notes [4]	Total
2016	$ 273,672	$2,295,200	$ 533,825[3]	$ 2,012,799	$ 5,115,496
2017	273,672	2,250,200	992,119	2,012,783	5,528,774
2018	273,672	2,205,200	866,900	2,012,765	5,358,538
2019	273,672	2,183,150	866,900	2,012,748	5,336,470
2020	669,115	183,600	866,900	2,012,729	3,732,344
2021	1,449,769	183,600	866,900	4,169,024	6,669,292
2022	1,419,076	183,600	866,900	1,801,864	4,271,440
2023	1,487,245	183,600	866,900	18,417,561	20,955,306
2024	1,453,995	183,600	866,900	451,090	2,955,585
2025	1,519,605	183,600	866,900	451,090	3,021,196
2026	1,483,798	183,600	866,900	451,090	2,985,388
2027	1,447,990	183,600	866,900	451,090	2,949,581
2028	1,115,601	183,600	866,900	451,090	2,617,191
2029	0	183,600	2,131,900	451,090	2,766,590
2030	0	183,600	2,133,950	451,090	2,768,640
2031	0	183,600	2,134,500	451,090	2,769,190
2032	0	183,600	2,422,156	159,922	2,765,679
2033	0	3,138,600	679,813	0	3,818,413
2034	0	3,166,800	679,813	0	3,846,613
2035	0	0	2,769,813	0	2,769,813
2036	0	0	2,770,313	0	2,770,313
2037	0	0	2,765,563	0	2,765,563
2038	0	0	2,769,313	0	2,769,313
2039	0	0	2,769,688	0	2,769,688
2040	0	0	2,771,688	0	2,771,688
2041	0	0	2,770,125	0	2,770,125
Total	$13,140,883	$17,625,950	$40,630,475	$38,220,918	$109,618,226

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(1) Assumes a weekly variable interest rate (including letter of credit fees) of 2.55%.

(2) Assumes an interest rate of 2.25% for the interest rate period ending August 31, 2018 and an interest rate of 3.00% thereafter.

(3) Consists of October 1, 2015 interest payment on 2006 Bonds.

(4) Includes four Notes related to taxable indebtedness of the University. It is anticipated that the balloon payment due in 2023 will be refinanced prior to maturity.

JOHN CARROLL UNIVERSITY

The University is a private coeducational institution of higher education located in University Heights, Ohio. See **Appendix A** hereto for a description of the University.

DEFINITIONS

"**Act**" means Chapter 3377 and Sections 9.98 to 9.983 of the Revised Code.

"**Additional Payments**" means the amounts required to be paid by the University pursuant to the provisions of Section 3.2 of the Lease.

"**Assignment**" means the Assignment of Rights Under Lease, dated as of even date with the Trust Agreement, from the Commission, as assignor, to the Trustee, as assignee, as amended or supplemented from time to time.

"**Base Lease**" means the Base Lease, dated as of even date with the Trust Agreement, between the University, as lessor, and the Commission, as lessee, as duly amended or supplemented from time to time.

"**Bond Documents**" means the Base Lease, the Lease, the Assignment, the Trust Agreement, the Guaranty, the Tax Agreement and the Bond Purchase Agreement.

"**Bond Fund**" means the Bond Fund created under the Trust Agreement and held by the Trustee.

"**Bond Legislation**" means the resolution adopted by the Commission providing for the issuance of the Bonds and approving the Bond Documents and related matters, as that resolution may from time to time be amended or supplemented.

"**Bond Purchase Agreement**" means the Bond Purchase Agreement entered into by and among the Commission, the University and the Underwriter, providing for the sale and purchase of the Bonds.

"**Bond Service Charges**" means, for any period or payable at any time, the principal of (whether on an Interest Payment Date, at stated maturity, by mandatory redemption, if any, by acceleration or otherwise) and premium, if any, and interest on the Bonds for that period or due and payable at that time as the case may be.

"**Bonds**" or "**Bond**" means the $22,320,000 State of Ohio Higher Educational Facility Revenue Bonds (John Carroll University 2016 Project) issued by the Commission pursuant to the Trust Agreement, including any portion thereof or any beneficial interest therein, as applicable.

"**Book entry form**" or "**book entry system**" means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in Bonds and Bond Service Charges may be transferred only through a book entry and (ii) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates "immobilized" in the custody of the Depository or of the

Trustee on behalf of the Depository. The book entry system is maintained by and is the responsibility of the Depository and not the Commission or the Trustee. The book entry is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book entry) interests in the Bonds.

"**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the city or cities in which the designated offices of the Trustee are located and authorized by law or executive order to close, (iii) any day on which the Federal Reserve Bank of Cleveland is closed or (iv) a day on which the Depository is closed.

"**Code**" means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a section of the Code includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that section.

"**Commission**" means the Ohio Higher Educational Facility Commission, a body both corporate and politic, constituting an agency or instrumentality of the State.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement dated as of even date with the Trust Agreement, between the University and the Trustee, as amended or supplemented from time to time.

"**Default**" means any circumstance that, with the passage of time or the giving of notice or both, would constitute an "**Event of Default**" under the applicable Bond Document.

"**Defeasance Obligations**" means

(a) Direct Obligations;

(b) certificates or receipts representing direct ownership of future interest or principal payments on direct obligations of, or obligations fully guaranteed by, the United States of America or any of its agencies or instrumentalities the obligations of which are backed by the full faith and credit of the United States of America, which obligations (i) are held by a custodian in safekeeping on behalf of the holder of such certificates or receipts and (ii) are rated or assessed in the highest category for long-term debt by a Rating Service then maintaining a rating on the Bonds; or

(c) obligations of any state or any political subdivision of any state, other than the Commission, which are rated in the highest category for long-term debt by a Rating Service, the interest on which is excluded from gross income for federal income tax purposes and the full and timely payment of the principal of and any premium and the interest on which is fully and unconditionally payable from obligations of the character described in (a) or (b) above.

“**Depository**” means The Depository Trust Company (a limited purpose trust company), New York, New York, until any successor Depository shall have become such pursuant to the applicable provisions of the Trust Agreement and, thereafter, “Depository” shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of beneficial interests in Bonds or Bond Service Charges, and to effect transfer of Bonds, in a book entry form.

“**Direct Obligations**” means direct obligations of the United States of America (whether in certificated or book-entry form), and securities the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

“**Eligible Investments**” means, to the extent permitted by law:

(a) Direct Obligations;

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration (“FmHA”)); participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”) rated, at the time of purchase, “Aa” by Moody’s and “AA” by Standard & Poor’s; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal at the time of purchase) and senior debt obligations of the Federal National Mortgage Association (“FNMAs”) rated, at the time of purchase, “Aa” by Moody’s and “AA” by Standard & Poor’s; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed pass-through obligations of the Government National Mortgage Association (“GNMAs”); senior debt obligations of the Student Loan Marketing Association; project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation obligations;

(c) direct obligations of any state of the United States of America or any subdivision or agency thereof whose long-term, unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “Aa” or better by Moody’s and “AA” or better by Standard & Poor’s, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency thereof whose long-term, unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “Aa” or better by Moody’s and “AA” or better by Standard & Poor’s;

(d) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, “Prime-1” or better by Moody’s and “A-1” or better by Standard & Poor’s;

(e) unsecured certificates of deposit, demand deposits, including interest bearing money market accounts, trust accounts, overnight bank deposits, interest-bearing deposits, trust deposits, time deposits or bankers acceptances (in each case having maturities of not more than 360 days) of any domestic bank (including the Trustee and any bank affiliated with the Trustee) including a branch office of a foreign bank, which branch office is located in the United States, provided that legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term “Bank Deposit” rating of “Prime-1” or “A-3” or better by Moody’s and a “Short-Term CD” rating of “A-1” or better by Standard & Poor’s;

(f) deposits of any bank or savings and loan association (including the Trustee and any bank affiliated with the Trustee) that has combined capital, surplus and undivided profits of not less than $30,000,000, provided that such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (“FDIC”);

(g) investments in money-market funds (including those for which the Trustee or any of its affiliates provide services for a fee, whether as an investment advisor, custodian, transfer agent, registrar, sponsor, distributor, manager or otherwise) registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, rated, at the time of purchase, “AAAm,” “AAAm-G” or “AAm” or the equivalent by Moody’s or Standard & Poor’s, provided that if such money-market funds of the Trustee are not rated, such funds shall be invested only in Direct Obligations;

(h) repurchase agreements collateralized by Direct Obligations, GNMAs, FNMAs or FHLMCs (the “Collateral Securities”) with any registered broker/dealer subject to the jurisdiction of the Securities Investors’ Protection Corporation or any commercial bank whose deposits are insured by the FDIC (including the Trustee or any broker/dealer affiliated with the Trustee), if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation, at the time of purchase, rated “Prime-1” or “A3” or better by Moody’s, and “A-1” or “A” or better by Standard & Poor’s, provided that:

(i) a master repurchase agreement or other specific written repurchase agreement governs the transaction; and

(ii) the Collateral Securities are held free and clear of any lien by the Trustee (as may be evidenced by an opinion of counsel acceptable to the Trustee) or an independent third party acting solely as agent (“Agent”) for the Trustee, and such third party is (1) a Federal Reserve Bank or (2) a bank that is a member of the FDIC and that has combined capital, surplus and undivided profits of not less than $50,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

(iii) the Trustee receives an opinion of counsel acceptable to the Trustee that a perfected first security interest under the Uniform Commercial Code is created in, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. are followed with respect to, the Collateral Securities for the benefit of the Trustee; and

(iv) the repurchase agreement has a term of 30 days or less, and the Trustee or the Agent will value the Collateral Securities no less frequently than weekly and will liquidate the Collateral Securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; and

(v) the fair market value of the Collateral Securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 104%, provided that it shall be 105% if the Collateral Securities are FNMAs or FHLMCs;

(i) investment agreements with a bank, insurance company or other provider (including the Trustee or any affiliate of the Trustee) that has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated “A3” or better by Moody’s and “A-” or better by Standard & Poor’s at the time of purchase, or is a lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided that:

(i) interest is paid at least semiannually at a fixed rate during the entire term of the agreement, consistent with bond payment dates,

(ii) money invested thereunder may be withdrawn without any penalty, premium, or charge upon not more than one day’s notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date),

(iii) the agreement is not subordinated to any other obligations of such bank, insurance company or other provider,

(iv) the same guaranteed interest rate will be paid on any future deposits made to restore the reserve to its required amount and

(v) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such banks, insurance company or other provider;

(j) corporate notes or bonds rated, at the time of purchase, “A” or better by Moody’s and “A” or better by Standard & Poor’s; and

(k) such other investments as may be permitted under State and federal law, provided that such investments shall be made only for the purpose of preventing any

Bonds from becoming "arbitrage bonds" under Section 148 of the Code, and provided further that prior to such investment, the Trustee or University Representative, as the case may be, will have obtained the written opinion of Bond Counsel that such investment will not affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Investments or deposits in certificates of deposit or in investment contracts shall not be made without complying with Treasury Regulations § 1.148-5(d)(6) (ii) and (iii), respectively, or with any successor provisions thereto or other similar applicable provisions. In determining whether the rating assigned by a Rating Service to an investment complies with the rating categories provided in this definition of Eligible Investments, the rating category shall be determined at the time of investment without regard to any numerical or plus or minus modifier, unless otherwise expressly provided above.

"Escrow Agreement" means the Escrow Agreement, dated as of even date with the Trust Agreement, among the Commission, the University and the trustee for the Refunded Bonds, as amended and supplemented from time to time and entered into in connection with the refunding of the Refunded Bonds.

"Escrow Fund" means the Escrow Fund created under the Escrow Agreement.

"**Event of Default**" means an Event of Default as defined in the applicable Bond Document.

"**Guaranty**" means the Guaranty Agreement, dated as of even date with the Trust Agreement, between the University and the Trustee, as amended or supplemented from time to time.

"**Holder**" or "**Holder of a Bond**" or "Bondholder" means the Person in whose name a Bond is registered on the Register.

"Interest Payment Date" means April 1 and October 1, commencing October 1, 2016.

"Interest Rate for Advances" means a rate that is 1% per year in excess of the rate of interest that the primary banking affiliate of the Trustee announces from time to time as its prime or base lending rate, in its commercial lending capacity at its principal office in New York, New York, such rate changing automatically and immediately from time to time as of the effective date of each such announced change, provided that a successor trustee and an officer of the Commission, on behalf of the Commission, may agree that the Interest Rate for Advances may be based on the prime or base lending rate of such successor trustee or on a bank designated by such successor trustee.

"**Issuance Expenses Fund**" means the Issuance Expenses Fund created under the Trust Agreement.

"**Lease**" means the Lease, dated as of even date with the Trust Agreement, between the Commission, as lessor, and the University, as lessee, as amended or supplemented from time to time.

"**Outstanding Bonds,**" "**Bonds outstanding**" or "**outstanding**" as applied to the Bonds means, as of the applicable date, all Bonds that have been authenticated and delivered, or are being delivered, by the Trustee under the Trust Agreement, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money shall have been deposited and credited with the Trustee or any paying agents on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided that, if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Holders of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds, or the portion thereof, that are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Trust Agreement; and

(d) Bonds in lieu of which others have been authenticated under Section 3.02 of the Trust Agreement.

"**Permitted Encumbrances**" means, as of any particular time:

(a) the Base Lease and the Lease of the Project and any sublease authorized under such Base Lease and Lease;

(b) any existing base lease or lease between the University and Commission entered into as permitted by and in furtherance of purposes of the Act;

(c) liens for ad valorem taxes, governmental charges and special assessments not then delinquent, or if then delinquent, being contested in accordance with the Lease;

(d) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an architect certifies will not interfere with or impair the operations being or to be conducted on the Project (or if no operations are being conducted thereon, the operations for which the Project was designed or last modified);

(e) security interests, mortgages, easements, restrictions and other encumbrances existing as of the date of delivery of the Base Lease;

(f) purchase money mortgages, purchase money security interests and other similar interests to the extent permitted by the Lease;

(g) minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title of a nature that exist normally with respect to properties of a character similar to that of the Project and that, in the opinion of an architect or Independent Counsel, in the aggregate do not materially and adversely affect the value or marketable title of the Project or impair materially the property affected thereby for the purpose for which it was acquired or is held;

(h) liens resulting from governmental regulations on the use of the Project;

(i) any other lease between the Commission and the University entered into in connection with bonds issued by the Commission to provide for additional improvements to the Project, for the refunding of all or a portion of the Bonds, for the refunding of all or a portion of bonds issued by the Commission that were issued to provide for additional improvements to the Project or in connection with subsequent issues of bonds by the Commission for such purposes; and

(j) any lien, mortgage, security interest or other encumbrance identified in Exhibit F to the Lease or otherwise permitted by the Lease and the Trust Agreement.

"**Person**" or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), limited liability companies, joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"**Project**" means the Project Facilities and the Project Site, including, as applicable, the interests of the Commission in and to the Project, and constituting a "**project**" as defined by the Act.

"**Project Facilities**" means the educational facilities generally identified in Exhibit A of the Lease, including any additions, improvements, modifications, substitutions and renewals thereof, and further includes other facilities and uses as are permitted by the Act and the Lease.

"**Project Site**" means the real estate described in Exhibit B of the Lease, together with any additions thereto and less any removals therefrom, in the manner and to the extent provided in the Lease and the Trust Agreement.

"**Rating Service**" means Moody's Investors Service, Inc. ("**Moody's**"), Standard & Poor's Ratings Services ("**Standard & Poor's**" or **"S&P"**) or Fitch Ratings ("**Fitch**"), each of New York, New York, or their successors, or if any one of which shall be dissolved or no longer assigning credit ratings to long term debt, then any other nationally recognized entity assigning credit ratings to long term debt designated by an officer of the Commission.

"**Rebate Fund**" means the Rebate Fund created under the Trust Agreement.

"Record Date" or **"Regular Record Date"** means, with respect to any Bond, the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

"**Register**" means the books kept and maintained by the Registrar for the registration and transfer of Bonds pursuant to the Trust Agreement.

"**Registrar**" means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Trust Agreement; each Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

"**Rental Payment Date**" means the Business Day next preceding an Interest Payment Date.

"**Rental Payments**" means the amounts required to be paid by the University to the Trustee pursuant to the Lease and the Assignment.

"**Revenues**" means (a) Rental Payments, (b) amounts held in, or for the credit of, the Special Funds, (c) all other rentals, revenue, income, charges and money received or to be received by the Commission, or the Trustee for the account of the Commission, from the lease, sale or other disposition of the Project (except Additional Payments), and (d) all income and profit from the investment of the Rental Payments and the Special Funds and such other money. The term "Revenues" does not include any money or investments in the Escrow Fund, the Rebate Fund or the Issuance Expenses Fund.

"**Special Funds**" means, collectively, the Bond Fund and any other funds or accounts permitted by, established under or identified in the Trust Agreement or the Bond Legislation, except the Escrow Fund, the Rebate Fund and the Issuance Expenses Fund.

"**Special Record Date**" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to the Trust Agreement.

"**Tax Agreement**" means the Tax Certificate and Agreement, dated the date the Bonds are issued and delivered, among the Commission, the University and the Trustee, as amended or supplemented from time to time.

"**Termination Date**" means the earlier of (a) the effective date of cancellation or termination of the Lease by the University pursuant to the provisions of the Lease or (b) the termination of the Lease by the Commission, subject to reinstatement, both pursuant to the provisions of the Lease.

"**Trust Agreement**" means the Trust Agreement dated as of February 1, 2016, securing the Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

"**Trustee**" means the Trustee under the Trust Agreement, originally The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, and any successor Trustee, as determined or designated under the Trust Agreement.

"**Unassigned Rights**" means the rights of the Commission under the Base Lease and the Lease that are not assigned to the Trustee, consisting of the rights of the Commission (i) to receive Additional Payments, (ii) to be held harmless and to be indemnified, (iii) to be reimbursed for attorney's fees and expenses, to the extent permitted by law, (iv) to give or withhold consent to amendments of the Base Lease or the Lease, (v) to enter into subsequent leases of the Project as and to the extent provided for in the Lease, and (vi) to enforce those rights.

"**University**" means John Carroll University, an Ohio nonprofit corporation and an educational institution, as defined in the Act, and its lawful successors and assigns, including without limitation any surviving, resulting or transferee corporation or entity, as permitted under the Lease.

DOCUMENT DESCRIPTIONS

The following descriptions of provisions of the documents are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Reference is made to the Lease, the Trust Agreement and the Guaranty relating to the Bonds.

THE LEASE

Term of Lease

The Commission will lease the Project from the University under the Base Lease. The Commission, in turn, will lease the Project back to the University under the Lease. The term of the Lease and Base Lease will begin on the date of the delivery of the Bonds and terminate upon the payment or provision for payment of the Bonds. The Lease may be terminated earlier in connection with the exercise by the Trustee of remedies upon the occurrence of an Event of Default (see "**The Lease – Events of Default"**).

During the term of the Lease, the University will have sole and exclusive charge of the operation of the Project so long as it complies with the terms of the Lease.

Rentals

The University is obligated in the Lease to pay Rental Payments and to pay other expenses and disbursements of the Trustee and the Commission, defined in the Lease as "Additional Payments."

Rental Payments are payable to the Trustee for the account of the Commission on or before each Rental Payment Date during the term of the Lease in an amount equal to the amount that, with the balance then in the Bond Fund and available therefor, will be sufficient to pay the debt service on the Bonds on the next Interest Payment Date.

In any event, the amount of the Rental Payments made under the Lease must be sufficient to pay the total amount of the debt service on the Bonds as and when due, whether on an Interest Payment Date, at stated maturity, by redemption or upon acceleration. The Lease serves the purpose of securing the debt service on the Bonds, while satisfying the requirements of the Act pursuant to which Bonds are issued. If on any date on which that debt service is due the balance in the Bond Fund is insufficient to make required payments of the debt service on such date, the

University will forthwith pay to the Trustee for the account of the Commission any amount necessary to cure such deficiency. Any amount, however, held at any time by the Trustee in the Bond Fund will, unless otherwise provided in the Lease, be credited against the Rental Payment next required to be paid by the University, to the extent such amount is in excess of the amount required (1) for payment of Bonds theretofore matured or called for redemption, (2) for payment of past due interest in all cases where such Bonds have not been presented for payment, and (3) to be deposited in the Bond Fund for use other than for payment of the principal of and interest on the Bonds (whether at maturity or by redemption) on the next succeeding Interest Payment Date.

Absolute Obligation to Pay Rental Payments

The obligations of the University to make Rental Payments and Additional Payments pursuant to the Lease are absolute and unconditional general contractual obligations of the University and will survive any termination of the Lease until such time as all of the Bonds and interest and any premium thereon and any Additional Payments have been paid in full or provision therefor is made. The University agrees to pay such obligations from its general funds or any other money legally available to it in the manner and at the time provided in the Lease. The University will make Rental Payments and Additional Payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever, including but not limited to, any defense, set-off, recoupment or counterclaims that the University may have or assert against the State, the Commission, the Trustee or any other person, or any change in the tax or other laws or administrative rulings of or administrative actions by or under authority of the United States of America or of the State, or any damage to, destruction of or exercise of eminent domain with regard to the Project.

Maintenance of Ownership

Except as permitted by the Lease, the University covenants and agrees in the Lease that it will not sell or otherwise dispose of all or any part of the Project, of the University's or the Commission's leasehold interest therein or directly or indirectly create or suffer to be created or to remain any mortgage, lien, encumbrance or charge upon, pledge of, security interest in or conditional sale or other title retention agreement with respect to the Project, or the interests of the Commission or of the Trustee in the Trust Agreement, the Special Funds or the Revenues, Rental Payments, Additional Payments, or any part thereof, other than Permitted Encumbrances. The Commission and the University may enter into one or more leases of the Project or portions thereof in connection with the issuance of bonds by the Commission to provide additional improvements to the Project or in order to refund all or a portion of the Bonds or subsequent issues of bonds issued for those purposes. The Base Lease and the Lease are required to be permitted encumbrances under those subsequent leases and those subsequent leases will be Permitted Encumbrances under the Lease.

Maintenance of Tuition, Fees and Charges

So long as any Bonds are outstanding the University covenants and agrees to operate all of its educational facilities, including the Project, on a revenue-producing basis. The University also covenants during such period to fix, revise as often as necessary (but not necessarily more often than annually), charge and collect such reasonable tuition fees, other student fees, rates, other fees, rentals and charges for the use and occupancy of its educational facilities, including the Project or any part thereof, in amounts so that the University will receive gross cash receipts in each fiscal year that, together with other money legally available to it, are sufficient (as determined in accordance with generally accepted accounting principles then in effect and applicable to nonprofit educational institutions) to pay the following costs (without priority of any one clause over another): (i) currently all of the University's expenses, payable during that fiscal year, for its operation, including those expenses incurred in carrying out its educational purposes, and for the operation, maintenance and repair of all its educational facilities, including the Project, and any other facilities operated by the University; (ii) all Rental Payments and Additional Payments under the Lease due in that fiscal year; (iii) all other obligations imposed by the Bond Documents upon the University payable during such fiscal year; and (iv) all indebtedness and other obligations of the University due in that fiscal year as the same become due and payable.

Maintenance and Insurance

The University agrees that, during the term of the Lease, it will occupy, use, keep and maintain the Project, including all appurtenances thereto and any personal property necessary to the operation thereof, in good repair and good operating condition at its own cost. The University will obtain and maintain within the Project all movable furnishings, equipment and other personal property (in addition to that purchased with the proceeds of the Bonds) as are essential for the faithful and efficient administration, operation, and maintenance of the Project. The University has no obligation, however, to repair, renew or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary portions of the Project Facilities unless provision is made therefor in the Lease. The University may from time to time make modifications to the Project (including removal of portions of the Project without substitution) so long as it is not in default under the Lease and such modifications will not be in violation of the Act or impair the character or significance of the Project as furthering the purposes of the Act.

The University will pay, as they become due, all lawful taxes and assessments and governmental charges of any kind that may be levied or assessed against the Project. The University will not create or permit to remain with respect to the Project any lien or encumbrance, except for Permitted Encumbrances.

So long as any Bonds are outstanding, the University will obtain and at all times maintain in force at its expense (or cause to be kept and maintained) insurance coverage with respect to the educational facilities, including the Project, and other properties of the University and the operation and maintenance thereof of such type and in such amounts as is normally carried on educational facilities and other properties of similar type and size, and against such risks as are customarily insured against in connection with educational facilities and other properties of similar type and size. The University will carry and maintain, and will pay timely the premiums for, at least the following types of insurance coverage:

(a) Property insurance in an amount equal to the then replacement value of the Project Facilities excluding such values as are not insured by standard fire insurance policies, such as excavations, underground foundations, piping, underground utilities, footings below ground level and architects' fees related to repair or restoration resulting from damage covered by such insurance but in no event shall the amount of such insurance be less than that required to avoid coinsurance, insuring the Project Facilities against loss or damage by fire, lightning, such perils as are at any time covered by the uniform standard extended coverage insurance endorsements, vandalism, malicious mischief and the "all risk" form approved for issuance in the State and such other risks as are ordinarily insured against by educational institutions carrying on operations similar to that of the University and containing loss deductible provisions as are customarily maintained by educational institutions conducting operations similar to the University;

(b) Comprehensive general liability insurance, including landlord's liability, with reference to the Project, and motor vehicle insurance, in such amounts and with such deductible provisions as are customarily maintained by educational institutions conducting operations similar to the University;

(c) Workers' compensation (or the election to self-insure as permitted by the State) and employer's liability coverage as required by the laws of the State; and

(d) Fidelity bonds on all officers and employees of the University who have access to or custody of revenues, receipts or income or any funds of the University in amounts customarily carried by like organizations.

The Lease provides that, under certain circumstances, the insurance requirements may be funded by self- insurance programs of the University, or by umbrella policies if such policies in the aggregate provide the same coverage as the insurance coverage enumerated above.

Annual Statement

The University agrees to have an annual audit of its financial statements made by an independent auditor and to provide that audit report to the Commission, the Trustee and the Underwriter within 180 days after the end of each fiscal year. See also "Continuing Disclosure Agreement".

Merger, Consolidation or Transfer of Assets

During the term of the Lease, the University is to maintain its existence as an educational institution not for profit and will not dissolve or otherwise dispose of all or a substantial part of its assets or merge into another corporation or entity or permit one or more other corporations to consolidate with or merge into it, unless the corporation or entity surviving such merger (i) holds a certificate of authorization from the Chancellor of the Ohio Department of Higher Education pursuant to Section 1713.02 of the Ohio Revised Code, (ii) is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code or is a governmental unit, (iii) expressly assumes all agreements of the University under the Bond Documents, (iv) has an aggregate unrestricted net asset balance equal to at least 90% of that balance of the University, and (v) has not assumed, incurred, guaranteed or otherwise become liable for any indebtedness or liabilities that the University would not have been permitted to incur, assume, guarantee or become liable for under the provisions of the Lease.

The University will be deemed to have disposed of a substantial part of its assets if during any fiscal year it disposes of 25% or more of its assets, whether or not shown as assets on the balance sheets of the University. However, the sale or exchange of securities or real estate held for investment purposes in order to obtain other securities or real estate to be held for investment purposes will not be deemed to be a disposal of assets.

Indemnification of the Commission

The University will hold the Commission harmless against any loss or costs arising from any loss of or damage to property, or any injury to or death of any person, that may be occasioned by any cause whatsoever pertaining to the Project or its use. In addition, the University will indemnify and hold harmless the Commission against all costs, liabilities, penalties, fines, damages, expenses, losses or claims arising from any breach or default by the University under the Bond Documents, the acquisition, construction, reconstruction, improvement, equipping, maintenance, operation or use of the Project, and any act or a failure to act by the University, its agents, contractors, servants, employees or licensees.

The University also agrees to indemnify and save harmless the Commission against any and all costs, liabilities, expenses, losses or claims to which the Commission may become subject in connection with the Commission's authorization, issuance and sale of the Bonds and certain information or certification in connection therewith.

University's Options to Terminate Lease

The University has the option to terminate the Lease and Base Lease at any time when the Trust Agreement has been released pursuant to its provisions and all payments thereunder have been made or provided for.

The University also has the option to terminate the Lease and Base Lease if any of the following occurs:

(a) All or a substantial part of the Project is damaged or destroyed to such extent that (i) it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the University is thereby prevented from carrying on its normal operation of the Project for a period of six months;

(b) Title to, or the temporary use of, all or a substantial part of the Project is taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority, to such extent that (i) the Project cannot be reasonably restored within a period of six months to a condition comparable to its condition prior to such taking or (ii) the University is thereby prevented from carrying on its normal operation of the Project for a period of six months;

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether State or federal) or by final decree, judgment or order of any court or administrative body (whether State or federal) entered after the contest thereof by the

Commission or the University in good faith, the Lease becomes void or unenforceable or impossible of performance, or if unreasonable burdens or excessive liabilities are imposed upon the Commission or the University with respect to the Project or operation thereof as described in the Lease; or

(d) The University loses its status as a federally tax-exempt organization but only if such loss results in the interest on the Bonds becoming included in gross income for federal income tax purposes.

For purposes of this paragraph, the term "substantial part" when used with reference to the Project means any part of the Project, the total cost of which (as determined by the University) equals or exceeds the lesser of (i) 25% of the aggregate principal amount of the Bonds originally issued or (ii) the aggregate principal amount of the Bonds then outstanding.

Upon the exercise of such option, the University is required to make arrangements satisfactory to the Trustee for the redemption of all outstanding Bonds and will pay as the redemption price for the Bonds the following:

(a) To the Trustee, an amount of money that, together with the money and investments held to the credit of the Special Funds, will be sufficient pursuant to the provisions of the Trust Agreement to pay the principal amount of the outstanding Bonds and interest accrued on the Bonds to the redemption date, and to discharge all then outstanding Bonds; and

(b) To the Trustee or to the persons to whom Additional Payments are or will be due, an amount of money (or provision therefor satisfactory to the Trustee and the Commission) equal to the Additional Payments accrued and to accrue.

Pursuant to the Lease, upon the expiration of the term of the Lease, the University will purchase all interests of the Commission in the Project for a nominal amount.

Assignment and Subleasing

The Lease may be assigned in whole or in part, and the Project may be subleased in whole or in part, by the University without the necessity of obtaining the consent of the Commission and the Trustee, provided that certain conditions are met, including (i) no such assignment (other than assignments pursuant to the consolidation, merger, sale or other transfer as described in **The Lease – Merger, Consolidation or Transfer of Assets**) will relieve the University from primary liability for any of its obligations under the Lease and the University will continue to remain primarily liable for the payment of Rental Payments and Additional Payments, (ii) any such assignment or sublease will retain for the University such rights as will permit it to perform its obligations under the Lease, (iii) the University furnishes a copy of such assignment, sublease or grant of use to the Commission and the Trustee, and (iv) any such assignment or sublease shall be subject to the terms of the Lease and will not materially impair fulfillment of the purposes of the Act in providing educational facilities or adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or cause the interest on the Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code (whether by noncompliance with the covenants of the University in the Tax Agreement or otherwise).

Events of Default

The following are defined as Events of Default under the Lease.

(a) The University fails to pay any Rental Payment on or prior to the date on which such Rental Payment is due and payable.

(b) The University fails to administer, maintain or operate the Project as educational facilities in accordance with the Act.

(c) The University fails to observe or perform any other covenant, agreement or obligation contained in the Lease, if such failure continues for a period of 60 days after written notice of the failure is given to the University by the Commission or the Trustee, or for such longer period as the Commission and the Trustee may agree to in writing; provided that if the failure is of such nature that it can be corrected but not within the applicable period, such failure will not constitute an event of default so long as the University institutes curative action and diligently pursues such action to completion.

(d) Certain events of dissolution, liquidation, insolvency, bankruptcy, reorganization or other similar events with respect to the University occur.

(e) The University shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as in effect from time to time; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or have such proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property.

(f) The University fails to make any payment due under a lease or lease agreement entered into between the University and the Commission in connection with any issue of State of Ohio Higher Educational Facility Bonds issued to fund or refinance a project at the University, provided that such failure constitutes an event of default under such lease or lease agreement.

The provisions described in (c) above are subject to the following limitations: if by reason of any cause, circumstance or event not reasonably within the control of the University, it is unable in whole or in part to perform or observe its agreements under the Lease other than its obligation to make payments or to carry insurance required thereunder, the University will not be deemed in default during the continuance of such inability.

The declaration of an Event of Default under the Lease and the exercise of remedies upon any such declaration are subject to any applicable limitations of federal bankruptcy law affecting or precluding such declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Remedies on Default

If any Event of Default described above happens and is continuing, any one or more of the following actions may be taken:

(a) The Trustee, if acceleration is declared pursuant to the Trust Agreement, will, and otherwise the Trustee may, declare all Rental Payments, Additional Payments and other amounts payable under the Lease to be immediately due and payable, whereupon the same will become immediately due and payable.

(b) The Trustee may enter and take possession of the Project without terminating the Lease, complete the Project Facilities if not then completed, sublease the Project or any part thereof for the account of the University, holding the University liable for completion costs, if any, not reimbursed to the Commission from the proceeds of the Bonds or otherwise, collect rentals and enforce all other remedies of the University under any leases of, or assignments or grants of rights to use or occupy, the Project, terminate the Lease and enter into new leases, assignments and grants on any terms that the Commission or the Trustee may deem to be suitable for the Project, remove the University, all other persons and all property from the Project, operate and manage the Project, and receive all earnings, income or other sums accruing with respect thereto. Rentals and other amounts received by the Trustee in accordance with the preceding sentence may be applied by the Trustee to any costs of administration, operation, repair or maintenance of the Project, as the Trustee may deem reasonably useful, and the remaining balance shall be applied to the Rental Payments, Additional Payments and other amounts payable, or to become payable, under the Lease, in the order of priority to be determined by the Trustee.

(c) The Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the University.

(d) The Trustee may exercise any and all and any combination of rights, remedies and powers available to it under the Trust Agreement and Lease to collect all amounts due or to become due thereunder or to enforce the performance of any other obligation or agreement of the University under those instruments, including the right to appointment of a receiver for the Project.

(e) The Trustee may appoint a receiver for the Project.

Any amounts collected as, or applicable to, Rental Payments pursuant to any such action taken shall be paid into the Bond Fund and applied in accordance with the provisions of the Trust Agreement if the Bonds have not been paid and discharged in accordance with the Trust Agreement.

In the event that the Project or any portion thereof shall also be leased pursuant to any future lease between the Commission and the University in connection with an issue of revenue bonds or notes of the Commission ("Commission Obligations") for the benefit of the University ("Future Overlapping Portion"), the Trustee prior to exercising remedies upon an Event of Default described in paragraph (b) or (e) above is required to cooperate with the holders of any such Commission Obligations (or the trustee representing their interests) so that the interest of those holders and the holders of the Bonds shall be protected equally and ratably with respect to the Future Overlapping Portions of the Project and any disposition thereof. In this regard, any future lease relating to Commission Obligations is required to contain provisions to the effect that, prior to exercising any remedies upon a default under such lease relating to such Commission Obligations that are analogous to those described in paragraph (b) or (e) above, the future holders of those Commission Obligations (or the trustee representing their interests) are required to cooperate with the Trustee so that the interests of the holders of the Bonds and the holders of those future Commission Obligations will be protected equally and ratably with respect to any Future Overlapping Portion of the Project and any disposition thereof. In the event that the Project or any portion thereof also is leased pursuant to any existing lease entered into between the Commission and the University in connection with a prior issue of Commission Obligations for the benefit of the University ("Existing Overlapping Portion"), the Trustee prior to exercising remedies the Trustee prior to exercising remedies upon an Event of Default described in paragraph (b) or (e) above is required to cooperate with the holders of any such existing Commission Obligations (or the trustee representing their interests) so that the interest of those existing holders and the holders of the Bonds will be protected equally and ratably with respect to the Existing Overlapping Portions of the Project and any disposition thereof. In the event the Trustee receives or expects to receive funds from insurance proceeds or proceeds of eminent domain and such funds relate to any Existing Overlapping Portion or Future Overlapping Portion, the Trustee is required to pursue an application of such funds so as to facilitate the equal and ratable treatment of other holders and trustees in the same fashion as contemplated in this paragraph. Determinations of "equal and ratable" hereunder will be made on a pro rata basis according to the then outstanding principal amount of the applicable Commission Obligations.

In the event of any Event of Default, the University is required to certify to the Trustee the amount of Commission Obligations, including the amount of Commission Obligations relating to each of the Existing Overlapping Portion and the Future Overlapping Portion, outstanding and to the best of its knowledge the identity of the Holders of such Commission Obligations. The Trustee may rely conclusively on such certificate. In exercising remedies under (b) or (e) above, the Holders of a majority in aggregate principal amount of all Commission Obligations that are subject to related Existing Overlapping Portions and Future Overlapping Portions will have the right by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting all remedial proceedings to be taken by the Trustee with respect thereto and provided such direction shall otherwise be subject to and in accordance with applicable law or the provisions of the Lease and the Trust Agreement, including those relating to the rights and immunities of the Trustee, including its right to be indemnified to its satisfaction. The Trustee will have the right to decline to follow such direction which in the sole opinion of the Trustee (which may rely upon an opinion of counsel with respect to such matters) would be unjustly prejudicial either to the Holders of any Commission Obligations or the Holders of Bonds who are not parties to such direction.

Subject to the Trust Agreement, notwithstanding any termination of the Lease or the exercise of any other remedy, and prior to the entry of a judgment in a court of law or equity for enforcement of the Lease after an opportunity for the University to be heard, the University may (a) at any time pay, or provide for, (i) all accrued and unpaid Rental Payments, including all interest required to be paid in accordance with the Trust Agreement on overdue principal of any Bonds and on the principal of any Bonds required to be redeemed in accordance with the Trust Agreement, but not redeemed by reason of any Event of Default under the Lease by the University in the payment of Rental Payments, Additional Payments and other amounts payable under the Lease (except Rental Payments, Additional Payments and other amounts accelerated), (ii) all costs and expenses of the Commission and the Trustee occasioned by the Event of Default under the Lease, and (b) cure to the satisfaction of the Trustee all other Events of Default then capable of being cured.

Upon that payment, deposit and cure, (a) the Lease will be reinstated fully, (b) the University will be restored to the possession of the Project and (c) that payment, deposit and cure will constitute *ipso facto* a waiver of the Event of Default and its consequences and an automatic rescission of any declaration of acceleration. No waiver will extend to any subsequent Event of Default. If, by reason of any Event of Default under the Lease in the payment of Rental Payments, the payment of any principal of or interest on any Bond is not made when due (whether at maturity or by mandatory redemption), the Lease will not be reinstated if the Trustee, within ten days of such payment, deposit and cure, notifies the University in writing of its objection, based on a reasonable determination that the University will be subject to a subsequent Event of Default under the Lease, to such reinstatement.

Amendments of the Lease

The Trust Agreement provides that the Commission and the Trustee may consent to any amendment of the Lease without the consent of or notice to the Holders only as may be required (i) by the provisions of the Lease or the Trust Agreement, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Lease, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of the Trust Agreement without the consent of the Holders or (iv) in connection with any other change therein that does not materially, adversely affect the Trustee or the Holders. Any amendment to the Lease that would change the amount of Rental Payments, or time as of which they are required to be paid, may only be made with the consent of all Holders. Any other amendments to the Lease may only be made with the written consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding.

THE TRUST AGREEMENT

Security

In order to secure the payment of the debt service on the Bonds and the performance of the obligations contained in the Trust Agreement and the Bonds, the Commission will assign to the Trustee for the benefit of the Holders any and all of its right, title and interest in and to (i) the Revenues, (ii) the Lease, except Unassigned Rights, (iii) the Base Lease, except for Unassigned Rights and effective solely upon the occurrence of an Event of Default under the Lease and for so long as such Event of Default continues to exist, and (iv) the proceeds of the Bonds to the extent included in the Revenues and the Guaranty and any other property or agreements that may be given to the Trustee or to the Commission as security for the Bonds.

Use of Bond Proceeds

The proceeds of the sale of the Bonds will be deposited by the Trustee as follows: to the Escrow Fund, the amount necessary to refund the Refunded Bonds; and to the Issuance Expense Fund, the balance of the proceeds (see "**Sources and Uses of Funds"**).

Bond Fund

The Trust Agreement establishes the Bond Fund that is to be maintained by the Trustee. Deposits into the Bond Fund will consist of Revenues and any other amounts that may be applied to the payments of Bond Service Charges.

Money in the Bond Fund is to be used for the payment of Bond Service Charges on the Bonds, as they become due, (i) in the first instance from the Rental Payments to be made directly by the University to the Trustee for the account of the Commission pursuant to the terms of the Lease and to be deposited in the Bond Fund and (ii) if those Rental Payments are not made or if money then on deposit in the Bond Fund and available for that purpose is not sufficient to pay the Bond Service Charges, from other Revenues to the extent then available and from any other source lawfully available to the Trustee, including payments made under the Guaranty.

Amounts remaining in the Bond Fund after payment or provision for payment of all Bond Service Charges are to be paid to the University.

Issuance Expenses Fund

Bond proceeds will be deposited into the Issuance Expenses Fund maintained by the Trustee as provided in the Trust Agreement and will be disbursed by the Trustee in accordance with the Lease to pay, or to reimburse the University for payment of, the fees and expenses incurred in connection with the issuance of the Bonds including the fees of the Commission.

The money and Eligible Investments held in and to the credit of the Issuance Expenses Fund will, pending application thereof as above set forth will not constitute part of the Revenues assigned to the Trustee as security for the payment of Bond Service Charges.

Either (i) on August 1, 2016 or (ii) when all fees, charges and expenses relating to the Bonds have been paid or provision for their payment have been made, whichever shall occur first, the Trustee will transfer any balance remaining in the Issuance Expenses Fund to the Bond Fund.

Rebate Fund

The Trust Agreement establishes the Rebate Fund that is to be maintained by the Trustee. The Trustee is required to use the money in the Rebate Fund to make payments to the United States in accordance with provisions of the Code, as provided in the Tax Agreement. The amounts on deposit in the Rebate Fund will not be part of the Revenues assigned under the Trust Agreement to the Trustee.

Investment of Funds

Any money held in the Issuance Expense Fund, the Rebate Fund or the Bond Fund will, at the direction of the University, be invested or reinvested by the Trustee in Eligible Investments.

An investment made from money credited to the Bond Fund or the Rebate Fund will constitute part of that respective Fund and such respective Fund will be credited with all proceeds of sale and income from such investment.

Defeasance

When all debt service on the Bonds has been paid or provision has been made for such payment of all amounts and provision has been made for payment of all amounts due under the Lease and the Trust Agreement, then and in that event the Trust Agreement (except for certain provisions thereof that need to remain operative such as those relating to the holding of funds for the benefit of particular Holders or for the University) will cease, determine and become null and void, and the covenants, agreements and other obligations of the Commission thereunder will be released, discharged and satisfied. Thereupon the Trustee will release the Trust Agreement, and sign and deliver to the Commission such instruments or documents in writing as will be required to evidence such release and discharge or as may be reasonably requested by the Commission.

All or any part of the Bonds will be deemed to have been paid and discharged within the meaning of the Trust Agreement if:

(a) the Trustee and any other paying agent has received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee has received, in trust for and irrevocably committed thereto, Defeasance Obligations that are verified or certified by an independent firm experienced in the preparation of verification reports and acceptable to the Trustee to be of such maturities or redemption dates and interest payment dates and to bear such interest as will be sufficient together with money to which reference is made in subparagraph (a) above without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein),

for the payment of all Bond Service Charges on those Bonds at their maturity or redemption dates, as the case may be, or if default in such payment has occurred on such date, then to the date of the tender of such payment; provided that if any of those Bonds are to be redeemed prior to their maturity thereof, notice of such redemption has been duly given or irrevocable provision satisfactory to the Trustee has been duly made for the giving of such notice.

Events of Default

The following are "Events of Default" under the Trust Agreement:

(a) The Commission fails to pay any interest on any Bond when and as that interest becomes due and payable;

(b) The Commission fails to pay the principal of or any premium on any Bond when and as that principal becomes due and payable, whether at stated maturity or by acceleration or redemption, pursuant to any mandatory sinking fund requirements;

(c) The Commission or the University fails to perform or observe any covenant or agreement or obligation under the Trust Agreement, the Lease or the Tax Agreement that results in the interest on the Bonds no longer being excluded from gross income for federal income tax purposes;

(d) The Commission fails to perform or observe any other covenant, agreement or obligation on the part of the Commission contained in this Trust Agreement or in the Bonds, which failure or default shall have continued for a period of 60 days after written notice, by registered or certified mail, to the Commission and the University specifying the failure or default and requiring the same to be remedied, which notice may be given by the Trustee in its discretion and which notice must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding;

(e) The occurrence of an Event of Default as defined in the Lease subject to applicable waivers and cure periods as provided therein; or

(f) The University fails to perform or observe any covenant, agreement or obligation on the part of the University contained in the Guaranty, giving effect to any notices and grace periods therein.

Acceleration

Upon the occurrence of any Event of Default as described in (a), (b) or (c) above, the Trustee may (but is not obligated to), and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding the Trustee shall, by notice in writing delivered to the Commission, declare the principal of and any premium on all Bonds then outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately.

The provisions of acceleration are subject, however, to the condition that if at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Trust Agreement or the appointment or confirmation of a receiver (after an opportunity for hearing by the Commission and the University), all amounts payable under the Trust Agreement (except the principal of and interest on Bonds that have not reached their stated maturity dates but that are due and payable solely by reason of that declaration of acceleration), have been duly paid or provision has been duly made therefor by deposit with the Trustee or any paying agents, and all existing Defaults have been made good, then and in every case, the Trustee is required to waive the Event of Default and its consequences and to rescind and annul the declaration of acceleration. No waiver or rescission and annulment will extend to or affect any subsequent Event of Default or impair any rights consequent thereon.

Other Remedies

Upon the happening and continuance of an Event of Default under the Trust Agreement, the Commission, upon the demand of the Trustee, is required to surrender the possession of the Project, subject to the University's rights under the Lease to the Trustee to hold, operate and manage the same.

Upon the occurrence and continuance of an Event of Default under the Trust Agreement, the Trustee may pursue any available remedies to enforce the payment of the debt service on the Bonds and the Trustee may pursue any available remedy to enforce the observance and performance of any other covenant, agreement or obligation under the Trust Agreement, the Lease, the Guaranty or any other instrument providing security, directly or indirectly, for the Bonds. If requested to do so by Holders of at least 25% in aggregate principal amount of Bonds outstanding and if indemnified as provided in the Trust Agreement, the Trustee is required to exercise such of the rights and powers conferred upon it under the Trust Agreement as the Trustee.

All money collected pursuant to any remedy, right or power exercised under the Trust Agreement by the Trustee prior to the payments in full of all outstanding Bonds and the interest accrued thereon will be held by the Trustee.

Right of Bondholders to Direct Proceedings

The Holders of a majority in aggregate principal amount of Outstanding Bonds will have the right at any time to direct, by instruments or documents in writing signed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement, or any other proceedings under the Trust Agreement; provided that such direction is in accordance with the provisions of law and the Trust Agreement, that the Trustee is indemnified to its satisfaction and that the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

Rights and Remedies of Holders

The Holder of any Bond will not have any right to institute any suit, action or proceeding for the enforcement of the Trust Agreement, for the execution of any trust under the Trust Agreement or for the exercise of any other remedy under the Trust Agreement, unless (i) an Event of Default under the Trust Agreement has occurred and is continuing, of which the Trustee has been notified or is deemed to have notice, (ii) the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding have made a written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers provided in the Trust Agreement or to institute such action, suit or proceeding in its own name and have offered to the Trustee indemnity as provided in the Trust Agreement and (iii) the

Trustee thereafter has failed or refused to exercise its remedies, rights and powers under the Trust Agreement or to institute such action, suit or proceeding in its own name.

Waivers of Events of Default

Except as hereinafter provided or as described above, at any time, the Trustee may waive any Event of Default under the Trust Agreement and its consequences and may rescind and annul any declaration of maturity of principal of the Bonds. The Trustee will do so upon the written request of the Holders of either (i) at least a majority in aggregate principal amount of all Bonds then outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or (ii) at least 25% in aggregate principal amount of all Bonds then outstanding, in the case of any other Event of Default. Such written request shall take priority over other actions requested or authorized by the Holders.

There will not be so waived, however, any Event of Default described in (a) or (b) under "Events of Default" above or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment payments of the amounts provided in the Trust Agreement for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any event of default under the Trust Agreement has been discontinued, abandoned or determined adversely to it, the Commission, the Trustee and the Holders of Bonds will be restored to their former positions and rights under the Trust Agreement. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Application of Money

All money received by the Trustee pursuant to any remedial action will be applied first to the payment of the costs and expenses of the proceedings resulting in the collection of the money and to any required deposits to the Rebate Fund and the balance of such money will be deposited in the Bond Fund and applied to the payment of principal of and interest on the Bonds, in the order of priority set forth in the Trust Agreement.

Supplemental Trust Agreements

The Commission and the Trustee may enter into supplemental trust agreements not inconsistent with the Trust Agreement, without the consent of or notice to any of the Holders, for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;

(b) to grant to or confer upon the Trustee for the benefit of the Holders additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(c) to assign additional revenues under the Trust Agreement;

(d) to accept additional security with respect to the Project;

(e) to add to the covenants, agreements and obligations of the Commission contained in the Trust Agreement, other covenants, agreements and obligations thereafter to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Commission in the Trust Agreement;

(f) to evidence any succession to the Commission and the assumption by such successor of the covenants, obligations and agreements of the Commission contained in the Trust Agreement, the Lease and the Bonds;

(g) to permit the Trustee or the Commission to comply with any obligations imposed upon it by law, including the Code, so long as such change would not be to the prejudice of the Trustee or the Holders;

(h) to specify further the duties and responsibilities of the Trustee, Registrar, authenticating agents and paying agents;

(i) to achieve compliance of the Trust Agreement with any applicable federal securities or tax law if in the opinion of Independent Counsel (Bond Counsel if related to federal tax law) such supplemental trust agreement does not adversely affect the validity or security for the Bonds;

(j) to obtain or maintain a rating on the Bonds from a Rating Service or to obtain or maintain insurance on the Bonds;

(k) to adopt procedures for the disclosure of information to Holders and others with respect to the Bonds, the University and the Commission in accordance with applicable federal securities laws or with any guidelines for such purpose promulgated by any appropriate national organization;

(l) to facilitate (i) the transfer of Bonds from one Depository to another, and the succession of Depositories, or (ii) the withdrawal of Bonds issued to a Depository for use in a book entry system and the issuance of replacement Bonds in fully registered form to others than a Depository; and

(m) to permit any other amendment that is not to the material prejudice of the Trustee or the Holders.

Exclusive of supplemental trust agreements for the purposes stated above, the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding will be required to approve any trust agreement supplementing the Trust Agreement, provided that no supplemental trust agreement may permit: (i) an extension of the maturity of the principal of or the interest on any Bond, or a reduction in the principal amount of any Bond, or the rate of interest on any Bond, or a reduction in the amount or extension of the time of any payment of mandatory sinking fund requirements, without the consent of the Holder of each Bond so affected, or (ii) the creation of a privilege or priority of any Bond over any other Bond, or a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement, without the consent of the Holders of all of the Bonds then outstanding. In addition, the University must consent to any supplemental trust agreements.

The Trustee

The Trustee, The Bank of New York Mellon Trust Company, N.A., is a national banking association organized and existing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State of Ohio, with a place of business in Cleveland, Ohio.

The Trustee, prior to the occurrence of an Event of Default under the Trust Agreement, and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement and for which it has been indemnified by the Holders. In case an Event of Default under the Trust Agreement has occurred and is continuing, the Trustee will exercise the rights and powers vested in it by the Trust Agreement as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Trust Agreement provides that the Trustee is entitled to act upon opinions of counsel and will not be responsible for any loss or damage resulting from reliance thereon in good faith. In addition, the Trust Agreement provides that the Trustee is entitled to rely on certain other instruments, and it will not be liable for any action reasonably taken or omitted to be taken by it in good faith or be responsible other than for its own negligence or willful misconduct.

As provided in the Trust Agreement, the Trustee may resign or, under certain circumstances, be removed at any time. No such resignation or removal shall take effect until the appointment of a successor Trustee and the acceptance of such appointment by that successor Trustee.

Extent of Commission's Covenants – No Personal Liability

All covenants, stipulations, obligations and agreements of the Commission to be contained in the Trust Agreement will be effective to the extent authorized and permitted by applicable law. No such covenant, stipulation, obligation or agreement will be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Commission in his or her individual capacity. Neither the members of the Commission nor any official of the Commission signing the Bonds, the Trust Agreement, the Lease, any supplement or amendment to those documents, or any related documents will be liable personally on the Bonds or other related documents or be subject to any personal liability or accountability by reason of the issuance thereof.

THE GUARANTY AGREEMENT

In the Guaranty entered into by the University and the Trustee, the University unconditionally guarantees to the Trustee for the benefit of the Holders of the Bonds (a) the full and prompt payment of the principal of the Bonds when and as the same becomes due, whether at the stated maturity thereof, by acceleration, by call for redemption or otherwise, (b) the full and prompt payment of any interest on all Bonds when and as the same becomes due, and (c) the full and prompt payment of all fees and expenses paid or incurred in enforcing the Guaranty.

The Trustee will proceed against the University under the Guaranty if requested by the Holders of at least 25% in aggregate principal amount of the Bonds outstanding and provided with adequate indemnity.

No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind that the University has or may have against the State, the Commission, the Trustee or any Holder will be available to the University against the Trustee under the Guaranty. The University has entered into a similar guaranty agreement in connection with each of its prior obligations to the Commission (see **Appendix A – "John Carroll University – Outstanding Indebtedness"**).

THE TAX AGREEMENT

University Not to Adversely Affect Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

The University represents in the Tax Agreement that it has taken and caused to be taken and covenants that it will take and cause to be taken all actions that may be required of it, alone or in conjunction with the Commission, for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. The University also represents in the Tax Agreement that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect those exclusions under the provisions of the Code. Unless the University receives and provides to the Commission and the Trustee a written opinion of nationally recognized bond counsel acceptable to the Commission that such action will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, the University will not take any action or fail to take any action the result of which if it had occurred prior to or at the time of issuance of the Bonds, or at any time thereafter, would be to cause the Bonds not to be considered qualified 501(c)(3) bonds under the Code.

Rebate Fund

Within 30 days after the fifth Bond Year and every fifth Bond Year thereafter and within 30 days after the payment in full of all outstanding Bonds, the Trustee is required to furnish information to the University and the University will engage an independent certified public accounting firm, law firm or other firm with experience in preparing rebate reports, which firm is acceptable to the Trustee, to calculate the Rebate Amount determined as provided in Section 148 of the Code as of the end of the applicable period. The Trustee is also to notify the University of any amount on deposit in the Rebate Fund created in the Trust Agreement and maintained by the Trustee. If the amount on deposit in the Rebate Fund is less than the Rebate Amount, the University is required to pay the amount of the deficiency to the Trustee for deposit in the Rebate Fund. If the amount on deposit in the Rebate Fund is in excess of the Rebate Amount, the excess will be paid to the University. The Trustee is required to use the money in the Rebate Fund to make payment of the Rebate Amount to the United States in accordance with provisions of the Code.

ENFORCEABILITY OF REMEDIES

Enforcement of the security interest in the Revenues and the remedies specified by the Trust Agreement, Lease and Guaranty may be limited by the application of federal bankruptcy laws or other laws relating to creditors' rights. A court may decide not to order the specific performance of the covenants contained in these documents.

Under the United States Bankruptcy Code, allowable claims in a bankruptcy case for future rents under a lease of real property are limited to rentals during the greater of (i) one year or (ii) 15% (but not exceeding three years) of the lease term remaining after the date of the filing of the bankruptcy proceedings or the removal of the lessee from possession. There is no dispositive court decision that decides whether the Bankruptcy Code's limitation on claims for rentals may apply to a bond trustee's claim against a bankrupt obligor under a guaranty of the obligation to make payments on tax-exempt bonds. In light, however, of (i) the weight of the case law regarding claims in bankruptcy by bond trustees under lease agreements similar to the Lease and (ii) the economic realities of this tax-exempt bond financing, a claim by the Trustee under the Guaranty in a bankruptcy proceeding should not be subject to limitations imposed on amounts allowed for claims arising under the leases of real property. The degree to which such a claim is satisfied will be dependent upon amounts that are available for and ordered to be distributed in the bankruptcy proceeding.

The enforceability of the liens of the Lease and the Trust Agreement may be subject to subordination or prior claims in certain instances other than bankruptcy proceedings. Examples of possible limitations on enforceability and of possible subordination or prior claims include (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof; (iii) present or future prohibitions against assignment in any federal statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (v) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Ohio Uniform Commercial Code from time to time in effect or as a result of that code's not providing for perfection of a security interest therein, (vi) inability of the Trustee to perfect a security interest in those elements of the Revenues that can be perfected only by taking possession of such collateral, (vii) federal bankruptcy laws affecting, among other matters, payments made within 90 days prior to any institution of bankruptcy proceedings by the University or the Commission, (viii) state or federal fraudulent conveyance laws and (ix) the rights of holders of prior perfected security interests or of perfected purchase money security interests in equipment or other goods owned by the University and in the proceeds of the sale of such property and the rights of other parties secured by liens permitted under the Bond Documents.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights.

ABSENCE OF MATERIAL LITIGATION

To the knowledge of the appropriate officials of the Commission and the University, there is no litigation or administrative action or proceeding pending or threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the Trust Agreement, the Lease or the Guaranty, or contesting or questioning the validity of the Bonds or the proceedings and authority under which the Bonds have been authorized and are to be issued or delivered, or the pledge or application of any money or security provided for the payment of the Bonds under the Trust Agreement, the Lease or the Guaranty. A no-litigation certificate to such effect with respect to the Bonds will be delivered to the Underwriter at the time of the original delivery of the Bonds.

From time to time, various claims, charges and litigation are and have been asserted or commenced against the University arising out of the operations of the University and its affiliated support entities. In certain instances, the amounts claimed are substantial or are unspecified, and may not be covered by the University's insurance policies. The damages claimed may not bear any reasonable relationship to the merits of the litigation.

The University is at present a party to various legal proceedings and aware of claims seeking damages or injunctive relief and generally incidental to its operations, unrelated to the Bonds, the security for the Bonds, or the Project. In the opinion of the administration of the University, the University has meritorious defenses to the claims and in the pending litigation against it and final judgments that might be rendered against the University in such litigation or related to such claims are covered by insurance or are not expected to have a material adverse effect on the financial position or operations of the University.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement relating to Bonds among George K. Baum & Company (the "Underwriter"), the Commission and the University, the Underwriter has agreed to purchase the Bonds at an aggregate price equal to $22,438,176.70 (representing the principal amount of the Bonds plus net original issue premium of $229,776.70 and less underwriter's discount of $111,600.00). The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will purchase all Bonds, if any are purchased. The University has agreed to indemnify the Underwriter and the Commission against certain civil liabilities, including liabilities under federal securities laws. The Bonds will be offered to the public initially at the offering prices set forth on the cover page of this Offering Circular. Those offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

George K. Baum & Company and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation ("Pershing"), have a distribution agreement enabling Pershing LLC to obtain and distribute certain municipal securities underwritten by or allocated to George K. Baum & Company. Under the distribution agreement, George K. Baum & Company will allocate a portion of received takedowns, fees or commissions to Pershing for bonds sold under the agreement.

ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT AND AS SECURITY FOR THE DEPOSIT OF PUBLIC FUNDS

Under the authority of Section 3377.11 of the Ohio Revised Code and to the extent investments of the following are subject to Ohio law, the Bonds are lawful investments of banks, societies for savings, savings and loan associations, deposit guarantee associations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other special funds of political subdivisions and taxing districts of the State, the commissioners of the sinking fund of the State, the administrator of workers' compensation, the State teachers retirement system, the public employees retirement system, the school employees retirement system, and the Ohio police and fire pension fund, and are also acceptable as security for the deposit of public money.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Commission and the University contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Bond Counsel has relied on, among other things, the opinion of McDonald Hopkins LLC, counsel to the University, regarding, among other matters, the current status of the University as an organization described in Section 501(c)(3) of the Code, which opinion is subject to a number of qualifications and limitations. Bond Counsel also has relied upon representations of the University concerning the University's "unrelated trade or business" activities as defined in Section 513(a) of the Code. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Bonds in a manner that is substantially related to the University's exempt purpose under Section 513(a) of the Code, may cause interest on the Bonds to be included in gross income retroactively to the date of the issuance of the Bonds. Bond Counsel will not independently verify the accuracy of the Commission's and the University's certifications and representations or the continuing compliance with the Commission's and the University's covenants and will not independently verify the accuracy of the opinion of the University's counsel.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Commission or the University may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The University and, subject to certain limitations, the Commission have each covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

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 Commission, the University or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Commission as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. 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 other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Offering Circular, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the cover of this Offering Circular were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Offering Circular who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") as indicated on the cover of this Offering Circular were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Offering Circular who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon (see "**Tax Matters"**) are subject to the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of the original delivery of the Bonds, will be delivered to the Underwriter.

The proposed text of the legal opinion is set forth as Appendix C hereto. The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Offering Circular or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

While Bond Counsel has participated in the preparation of portions of this Offering Circular, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Offering Circular, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the University or the Bonds that may be prepared or made available by the University, the Underwriter, or others to the bidders for or holders of the Bonds or others.

In addition to rendering the legal opinion, Bond Counsel will assist in the preparation of and advise the Commission and the University concerning documents for the bond transcript.

Certain legal matters in connection with the Bonds will be passed upon for the University by McDonald Hopkins LLC, counsel to the University, and for the Underwriter by Ballard Spahr LLP, counsel to the Underwriter.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein and speak only as of the dates of such opinions. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL STATEMENTS

The audited consolidated financial statements of the University as of and for the years ended May 31, 2015 and 2014 are attached as Appendix B hereto. These financial statements have been audited by BKD LLP, independent auditors, as stated in their report appearing in Appendix B. BKD LLP, the University's independent auditor, 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. BKD LLP also has not performed any procedures related to this Offering Circular.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a certificate (described under "**Litigation"**) relating to litigation will be delivered by the University when the Bonds are delivered by the University to the Underwriter. The University at that time will also provide to the Underwriter a certificate, signed by the University officials who sign this Offering Circular and addressed to the Underwriter, relating to the accuracy and completeness of the Offering Circular and to its being a “final offering circular” in the judgment of the University for purposes of SEC Rule 15c2-12.

RATING

As noted on the cover page, the University has received a rating of “A3”, with a negative outlook, on the Bonds from Moody’s Investors Service, Inc. The University has furnished to the Rating Service certain information and materials, some of which have not been included in this Offering Circular. Generally, Rating Services base their ratings on such information and materials and on investigations, studies, and assumptions furnished to, obtained and made by the Rating Services. There is no assurance that such rating when assigned will continue for any given period of time or that it may not be changed or withdrawn entirely by the Rating Service, if in its judgment circumstances so warrant. None of the Commission, the University or the Underwriter has undertaken any responsibility either to bring to the attention of the Holders of the Bonds any proposed revision or withdrawal of the rating or outlook or to oppose any such revision or withdrawal. Any downward change in or withdrawal of the rating may have an adverse effect on the marketability and/or market price of the Bonds.

CONTINUING DISCLOSURE AGREEMENT

Agreement with Respect to the Bonds

The University has agreed, for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, in accordance with SEC Rule 15c2-12 (the “Rule”), to provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of the Rule (the “Continuing Disclosure Agreement”). See **Appendix E** hereto for the proposed form of the Continuing Disclosure Agreement.

The Continuing Disclosure Agreement will remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the University remains an obligated person with respect to the Bonds within the meaning of the Rule.

The University may from time to time appoint or engage an agent to act on its behalf in performing its obligations under the Continuing Disclosure Agreement and may discharge any such agent, with or without appointing a successor; provided that the University shall not be relieved in any respect by appointment of an agent from primary liability for the performance of its obligations under the Continuing Disclosure Agreement. An agent may resign by providing 30 days’ written notice to the University and the Trustee. The University has initially appointed The Bank of New York Mellon Trust Company, N.A., as its dissemination agent in accordance with the provisions of the Continuing Disclosure Agreement described in this paragraph.

CONCLUDING STATEMENT

The references herein to and summaries or descriptions of provisions of the Bonds, the Lease, the Trust Agreement and the Guaranty and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Copies of the Bonds, the Lease, the Trust Agreement and the Guaranty, are available during the initial offering period for inspection at the offices of George K. Baum & Company. in Pittsburgh, Pennsylvania, and thereafter at the designated corporate trust office of the Trustee.

To the extent that any statements made in this Offering Circular involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Offering Circular has been derived by the University from official and other sources and is believed by the University to be accurate and reliable. Information other than that obtained from official records of the University has not been independently confirmed or verified by the University and its accuracy is not guaranteed.

Neither this Offering Circular nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent holders of the Bonds.

The University and the Commission have authorized distribution of this Offering Circular; it has been prepared and delivered by the University and signed for and on behalf of the University by the officials identified below.

JOHN CARROLL UNIVERSITY

By: /s/ Robert L. Niehoff, S.J.
President

By: /s/ Richard F. Mausser
Vice President for Administration

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APPENDIX A

JOHN CARROLL UNIVERSITY

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APPENDIX A

JOHN CARROLL UNIVERSITY

Description of the University

John Carroll University (the "University") is a Catholic, Jesuit University dedicated to developing women and men with the knowledge and character to lead and to serve. Founded in 1886, the University is one of 28 Jesuit universities in the United States and has been listed in ***U.S. News & World Report's*** top 10 rankings of Midwest regional universities for more than 25 consecutive years. Degree programs through the College of Arts and Sciences and the Boler School of Business are offered in nearly 60 major fields in the arts, social sciences, natural sciences, and business at the undergraduate level, and in selected areas at the master's level. The University has been determined by the Internal Revenue Service to be an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The University offers undergraduate and master's degree programs and full- or part-time scheduling opportunities for the convenience of its students. In addition to the full-time undergraduate enrollment of 2,988, in the fall semester of the 2015-16 academic year, the University enrolled 149 part-time undergraduate students and 536 graduate students, most of whom were enrolled on a part-time basis. Total undergraduate and graduate enrollment at the University was 3,673 students in the fall of 2015.

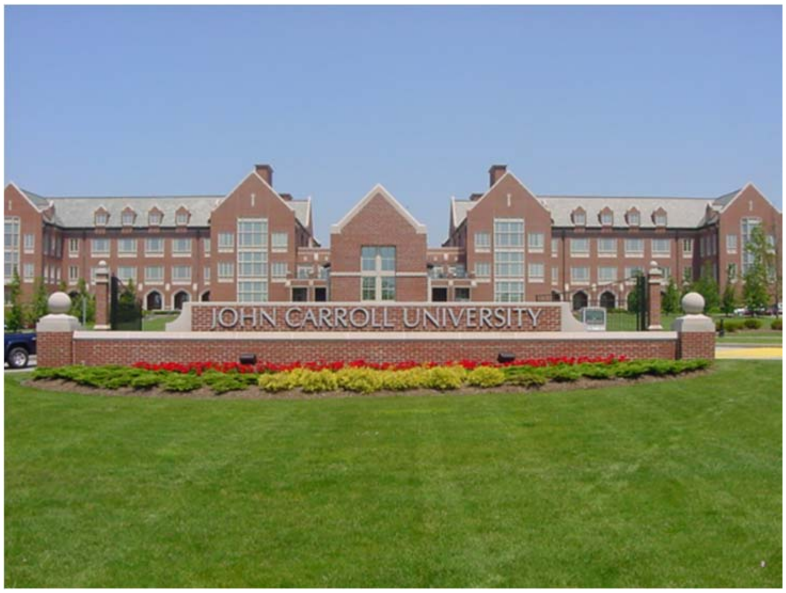
There are 27 buildings on approximately 65 landscaped acres that make up the University Heights campus located approximately 10 miles east of downtown Cleveland, Ohio. As its primary mission, the University provides rigorous academic programs with a solid liberal arts foundation. The University is committed to instructional excellence, faculty research and community service. The University is recognized for excellent retention and graduation rates with 87% of freshmen returning as sophomores and 71% of undergraduate students receiving their bachelor's degrees in four years, compared with 53% for other four-year private schools nationwide, and 33% for four-year public schools (*Source: National Center for Education Statistics*).

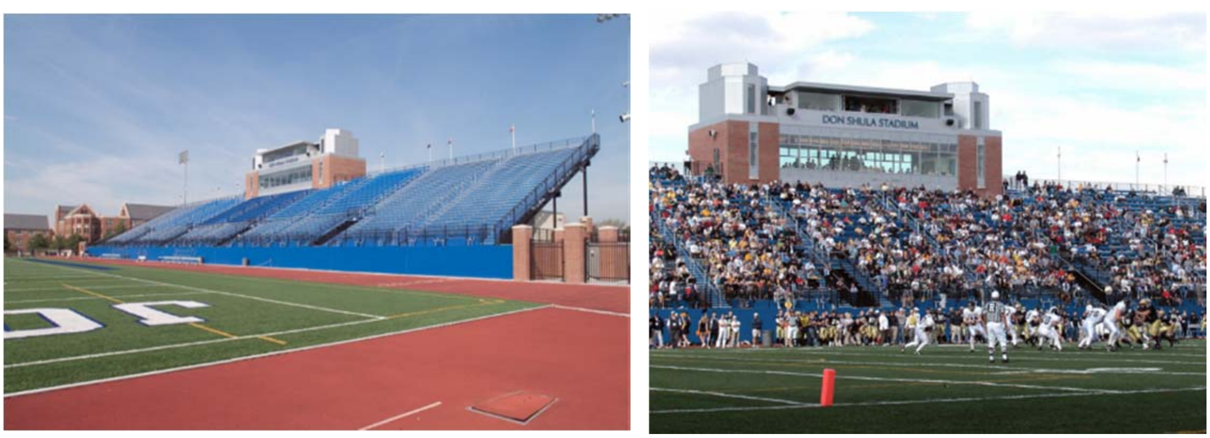
The University's accreditation by the Higher Learning Commission of the North Central Association was affirmed on February 25, 2015, with Notice, as described herein under "Accreditation."

Campus Facilities

The University's buildings are predominantly Gothic in architecture. Three original structures were constructed in 1935, consisting of the Administration Building (with Grasselli Tower), Rodman Hall and Bernet Hall. Other buildings include seven additional student residence facilities, the library, the student activities center, recreation complex, gymnasium, natatorium, Saint Francis Chapel, business school addition and the communication and language arts building. The three original structures, as well as Pacelli Hall, Dolan Hall and Murphy Hall, are listed on the National Register of Historic Places as part of the John Carroll University North Quad District. Both the $67 million Dolan Center for Scientific Technology and the $11 million Don Shula Stadium (shown in the following images) were opened in the fall of 2003. The Dolan

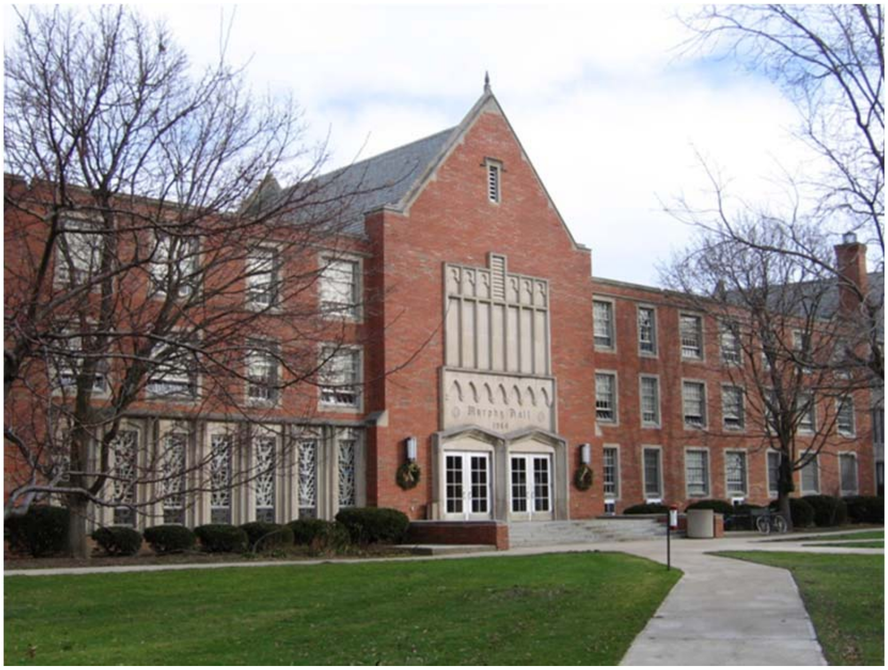
Center was financed in part with proceeds of the Series 2006 Bonds, which will be refunded with proceeds of the Series 2016 Bonds.



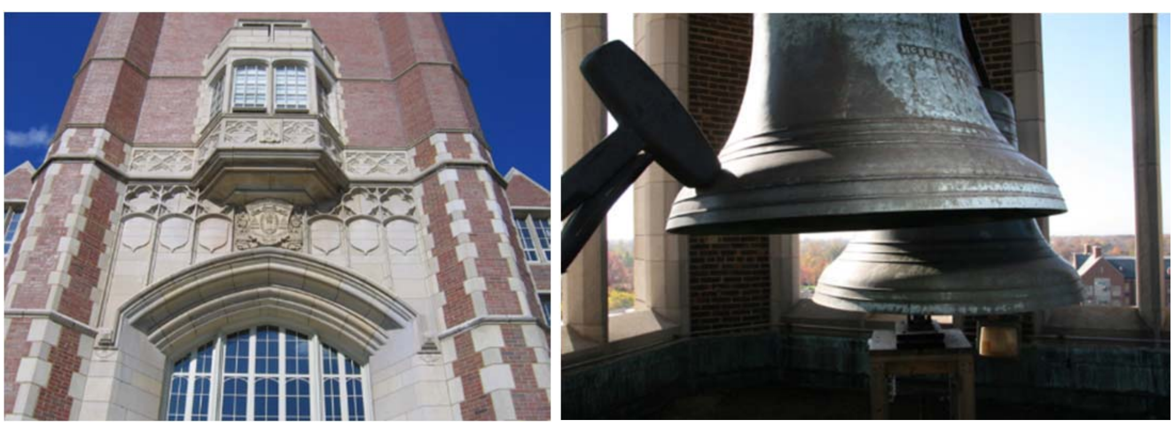


Don Shula Stadium

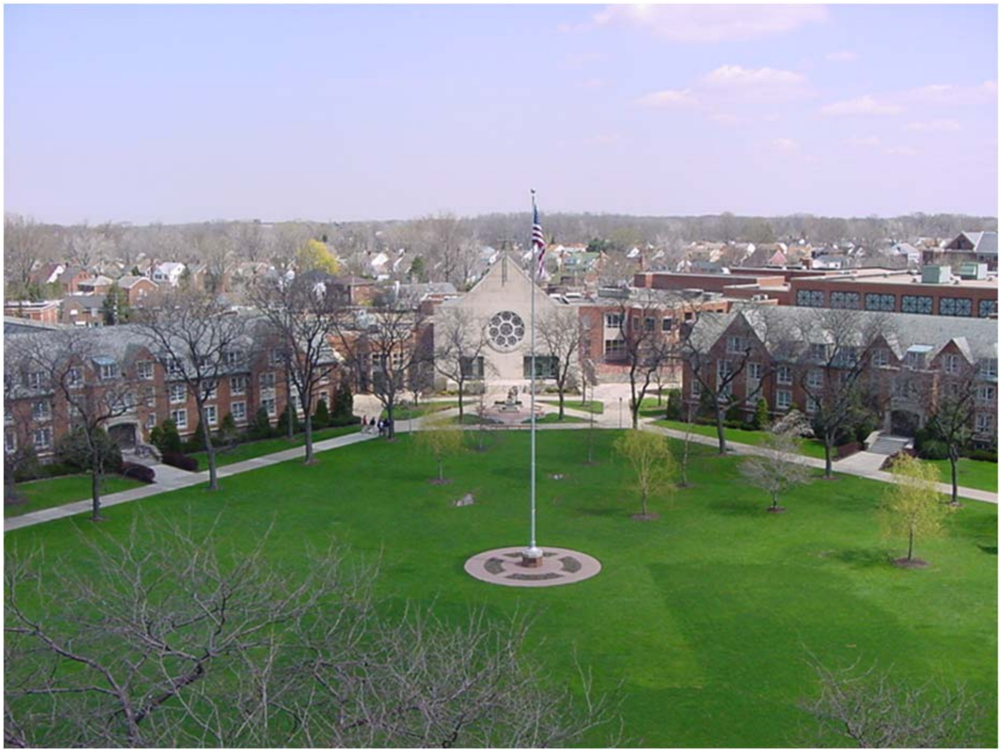
The Murphy Residence Hall, originally constructed in 1963, was substantially renovated in 2014 with a combination of a taxable loan, gifts and historic tax credit proceeds.



Murphy Hall



The Administration Building and Grasselli Tower, constructed in 1935, were renovated in 2001.



Main Quad, with Dolan Hall on the left and Pacelli Hall on the right, all part of the John Carroll North Quad Historic District listed on the National Register of Historic Places.

Bernet Hall, constructed in 1935 and renovated in 1998.

In 2001, the University began acquiring commercial properties that border the main entrance of campus. The Fairmount Circle Shopping Center was purchased to assure that high-quality commercial retailers would continue to serve the University's constituents and the surrounding communities. Between 2003 and 2009, the University purchased seven apartment complexes with a total of 364 bedrooms in Shaker Heights and University Heights near campus. Owning these properties ensures that attractive, well-maintained housing continues to complement the front entrance to the campus.

Additional office and parking space was acquired with the 2008 purchase of a former temple near campus. This complex was renamed the Green Road Annex and houses various auxiliary departments and provides additional meeting and student activity space.

Other recent projects include resurfacing the synthetic turf and the track in Shula Stadium, renovating the Hamlin Quad and significant upgrades to multiple other campus buildings. The Bohannon Science Building, which was vacated for the Dolan Center for Science and Technology in 2003, was demolished in 2011 and replaced by a 337-space parking lot. Virtually all campus projects since 2004 have been internally funded, with the exception of the 2014 renovation of Murphy Hall.

Governance Structure

The University is governed by a Board of Directors (the "Board"), which has responsibility for the policies and overall governance of the University. The elected directors may not number fewer than 25 nor more than 50. A minimum of 15% of the total number of directors, including ex officio directors, must be members of The Society of Jesus (Jesuits). The President of the University and a representative of the University's Alumni Association are ex officio members of the Board, with full voting rights. Directors do not receive compensation for their services. The Corporate Governance and Nominating Committee of the Board recommends candidates to serve as directors. Directors are elected for three-year terms by the full Board of Directors and are confirmed by the Members of the University. Directors are eligible for a maximum of three full consecutive terms and are eligible for re-election following a one-year hiatus. The Members of the University consist of the President of the University, the Rector of the John Carroll Jesuit Community, one Jesuit appointed by the Provincial of the province under whose jurisdiction the John Carroll Jesuit Community falls, and two Jesuits assigned to the John Carroll Jesuit Community who are employed by or have retired from employment at the University.

The Board holds at least three regular meetings during the University's fiscal year and such special meetings as may be called. The presence of a majority of voting directors at a meeting is necessary for a quorum. In general, actions of the Board require the vote of a majority of directors present at a meeting. Some actions require an additional vote of the Members of the University. Between Board meetings, the Board's Executive Committee has full power and authority to take most actions that the Board may take. The Executive Committee consists of the Board Chair, Vice Chair, chairs of the Board's standing committees, and the University President. Current Board standing committees include: Academic Affairs; Advancement; Audit; Corporate Governance and Nominating; Human Resources; Mission and Identity; Properties, Facilities & Technology; Finance; Investments; and Student Affairs.

The following list sets forth the current members of the Board, each member's principal business or professional affiliation and the year in which each member's term expires.

Name	Affiliation	Year Term Expires
Michael J. Merriman '78 (Chair)	Operations Advisor Resilience Capital Partners LLC Cleveland, Ohio	2018
Michael R. Anderson, M.D. '86	Vice President and Chief Medical Officer University Hospitals and UH Case Medical Center Cleveland, Ohio	2017
Nancy Cunningham Benacci '77	Managing Director of Equity Research KeyBanc Capital Markets Cleveland, Ohio	2016
Barbara Brown '82	Principal & Co-Owner Brown-Flynn Cleveland, Ohio	2018
James E. Buckley '80G	Retired Partner KPMG Rye, New York	2017
Most Reverend Neal J. Buckon '75	Auxiliary Bishop Archdiocese for Military Services, USA (Western USA) San Diego, California	2017
Gerald F. Cavanagh, S.J.	Chair of Business Ethics & Professor of Management University of Detroit Mercy Detroit, Michigan	2017
James A. Coyne '82	Vice Chairman, Director, & CFO Stoneleigh Capital LLC Westport, Connecticut	2017
Joan Crockett '72	Retired Senior VP of Human Resources Allstate Barrington, Illinois	2017
Rev. Thomas B. Curran, S.J.	President Rockhurst University Kansas City, Missouri	2017
William Donnelly '83	Vice President & CFO Mettler Toledo Columbus, Ohio	2017
Kevin J. Embach, S.J., M.D.	Jesuit Scholastic Society of Jesus, Chicago/Detroit Province Oak Park, Illinois	2016
Terrence Fergus '76	Principal FSM Capital Management, LLC Beachwood, Ohio	2017

Name	Affiliation	Year Term Expires
Daniel J. Frate ‘83	Executive Vice President ACI Worldwide Cleveland, Ohio	2017
Carter F. Ham ‘76	Retired United States Army General Arlington, Virginia	2016
Michael L. Hardy ‘69	Partner Thompson Hine, LLP Cleveland, Ohio	2018
Hal F. Hawk, Jr. ‘81	President & CEO Crown Battery Mfg. Co. Fremont, Ohio	2017
Robert E. Heltzel, Jr. ‘70	President, Retired Kenilworth Steel Company Pepper Pike, Ohio	2018
Rev. Mark G. Henninger, S.J.	Assistant Director, Graduate Admissions Edward Martin Chair of Medieval Philosophy Georgetown University Washington, D.C.	2018
Mary Jo Hogan ‘76	Deputy Director US Department of Labor Washington, D.C.	2018
Dr. Robert Hostoffer ‘81	President Allergy & Immunology Associates South Euclid, Ohio	2017
William E. Kahl ‘86	Executive Vice President Marketing Shurtech Brands, LLC Avon, Ohio	2016
Richard J. Kramer ‘86	Chairman, President, & CEO The Goodyear Tire & Rubber Company Akron, Ohio	2016
Jane E. Lambesis ‘83	Vice President, Sales Federated Investors, Inc. Pittsburgh, Pennsylvania	2018
Teresa Lewandowski ‘78	Director Journal Production American Chemical Society Columbus, Ohio	2016
Dr. Thomas B. Lewis ‘60, ‘62G	Retired, President & CEO Chiral Technologies Inc. Madison, New Jersey	2017
L. Thomas Marchlen	Senior Tax Attorney Alcoa, Inc. Pittsburgh, Pennsylvania	2018

Name	Affiliation	Year Term Expires
Stephen Todd ‘69	Retired Global Vice Chair – Professional Practice Ernst & Young LLP Chagrin Falls, Ohio	2017
James E. Winchester, Jr. ‘65	Chief Executive officer The QUIKRETE Companies Atlanta, Georgia	2018

Note: ‘G’ – Graduate Degree

Certain members of the Board (now or in the future) may be partners, officers, directors or stockholders of, or may have other financial interests or business relationships with, financial institutions, brokerage firms or law firms that may serve the University’s financial and/or legal needs. The Board’s conflict of interest policy requires members to acknowledge the existence of such relationships. No such institution or firm, however, will be disqualified from acting as an underwriter, lender, trustee or legal counsel because of the existence of such a relationship. In addition, the University may otherwise do business with firms with which a Board member is affiliated. Such transactions are permitted only if they are on terms no less favorable to the University than could be obtained from unrelated parties. The firms serving as bond counsel, university counsel, underwriter counsel, and underwriter for the Series of 2016 Bonds do not have a board relationship with the University.

Administration

The University is currently administered on a daily basis by its President and six Vice Presidents. The President serves at the pleasure of the Board of Directors, and the major administrative officers serve at the pleasure of the President. The following is a listing of certain University officers and administrators, and a brief biography of each.

Rev. Robert L. Niehoff, S.J., President. Father Niehoff became the University’s 24th President in 2005. Before joining the University, Father Niehoff served as Vice President for Planning and Budget and Associate Provost for Academic Affairs at the University of San Francisco. Prior to joining the University of San Francisco in 1996, Father Niehoff worked in higher education, nonprofit organizations, and church and Jesuit community administration.

Father Niehoff joined The Society of Jesus in 1972 and completed a B.A. degree in philosophy, two master’s degrees in theology and an MBA at the University of Washington, and a Ph.D. at Gonzaga University. Since ordination in 1982, he has served as: Treasurer of the Jesuit School of Theology at Berkeley; Associate Treasurer of the Oregon Province of the Society of Jesus; Financial Officer of the Archdiocese of Nassau, in the Bahamas; and Financial Analyst, Co-Director for Mission and Identity, and Assistant to the Vice President for Student Life at Gonzaga University. Joining the University of San Francisco in 1996 as Associate Dean in the School of Education, he became Associate Provost of the university in fall 2000. In January of 2002, he was given the additional title and duties of Vice President, Planning and Budget.

Mr. Richard F. Mausser, Vice President for Administration/CFO. Mr. Mausser joined the University as Controller in 1995. In 2007, Mr. Mausser was promoted to Associate Vice President, in 2008 was named Vice President for Finance and Treasurer, and in 2015 assumed additional administrative responsibilities following the departure of the Executive Vice President. He currently holds the title of Vice President for Administration and is the Chief Financial Officer. The University is currently conducting a search process for a Vice President for Finance. After such appointment, Mr. Mausser's title will be Vice President for Administration. Before coming to the University, he worked in a variety of financial administrative positions at a Fortune 500 company for 13 years and with a national public accounting firm for five years. He is a Certified Public Accountant. Mr. Mausser is a graduate of Case Western Reserve University and a graduate of John Carroll University's MBA Program.

Dr. Jeanne Colleran, Provost and Academic Vice President. Dr. Colleran was named Provost and Academic Vice President effective August 4, 2014. Dr. Colleran began her time at the University as a visiting instructor of English in 1987. She went on to serve both as chair of the English department and most recently as Dean of the College of Arts and Sciences. She is a 1976 graduate of the University and earned a Ph.D. degree from The Ohio State University.

Mr. Brian G. Williams, Vice President for Enrollment and Institutional Analytics. Mr. Williams joined the University in summer 2006. Prior to joining the University, he worked at Providence College since 1998, most recently serving as Dean of Enrollment Services. Additionally, Mr. Williams has prior work experience in admission and financial aid at La Salle University in Philadelphia, Pennsylvania, and Saint Louis University in St. Louis, Missouri. Mr. Williams holds an M.A. degree in Higher Education Administration from Boston College and a B.A. in English from the University of New Hampshire.

Ms. Doreen K. Riley, Vice President for University Advancement. Ms. Riley was named Vice President for University Advancement in June 2007. She served as Director of Foundation Programs at the Association of Governing Boards of Universities and Colleges in Washington, D.C., from 2000-07. Prior to that, she worked for three years at the Aspen Institute as its Vice President of Development. She has served as Deputy Director of the 1996 Olympic Village in Atlanta, Director of Management for the World Cup USA Soccer Tournament in 1994, Director of Development for Special Gifts at Kent State University, and Special Assistant to the Vice President of Advancement at the University of Georgia. Ms. Riley holds an M.S. degree from the University of Georgia and a B.S. degree from The Ohio State University.

Dr. Mark D. McCarthy, Vice President for Student Affairs. Dr. McCarthy was named Vice President for Student Affairs in June 2008. With nearly 30 years of administrative experience in student affairs at both public and private institutions, Dr. McCarthy previously was the Assistant Vice President for Student Affairs and Dean of Student Development at Marquette University. He also served as an adjunct assistant professor in the School of Education. He holds a Ph.D. in educational policy and leadership from Marquette University, an M.A. in student personnel administration from the University of Maryland, and a B.A. from Pennsylvania State University.

Dr. Edward Peck, Vice President for University Mission and Identity. Dr. Peck joined the University in 2002. From 2002 to 2008, Dr. Peck served as the Associate Dean of the

Graduate School and taught ethics in the MBA and Nonprofit Administration programs and in the Department of Theology and Religious Studies. Dr. Peck also served as the founding Executive Director of the Ignatian Colleagues Program housed at John Carroll, for the Association of Jesuit Colleges and Universities. Prior to his arrival at the University, Dr. Peck was an assistant professor of religious studies at Neumann College. He holds a Ph.D. in Christian ethics from Loyola University Chicago.

Academic Programs

The University offers a wide range of programs in both Liberal Arts and Business leading to the following degrees: Bachelor of Arts; Bachelor of Arts in Classics; Bachelor of Science; Bachelor of Science in Business Administration or Economics; Master of Arts; Master of Business Administration; Master of Science in Accountancy; Master of Education; Master of Science; Post-Master's Certification in Education; and Certification of Advanced (Religious) Studies.

Undergraduate students may choose from among 57 majors and may augment their major area with additional studies in one or more of 51 minors and interdisciplinary concentrations or participation in the University's Honors Program.

The University directly sponsors six study abroad programs: one in Rome; one in Madrid; one in Costa Rica; one in Ireland; and two in London. It has exchange or similar agreements with the following institutions: Sophia University (Japan); Kansai-Gaidai University and Nanzan University (Japan); the University of Dortmund (Germany); the University of Hull (United Kingdom); Fatih University, Istanbul (Turkey); Rouen Business School (France); Australian Catholic University; Rhodes University (South Africa); the National University of Ireland, Maynooth (Republic of Ireland); and the Irish American Scholars Program (Northern Ireland). The University also participates in the International Student Exchange Program (ISEP), which allows students to study at any one of about 200 universities worldwide.

The University further maintains special consortium agreements with Loyola University Chicago's Rome and Beijing centers and with Santa Clara University's Casa de la Solidaridad program in El Salvador. The University also has affiliation agreements with: John Cabot University in Rome; AustraLearn (Australia); and DIS in Copenhagen (Denmark).

The University also regularly sponsors spring break excursions to Germany, France, Italy, and Costa Rica, as well as summer institutes in Ghana, Northern Ireland, South Africa, Mexico, Italy, and Japan, and winter institutes in India and Rwanda. Through an agreement with CAPA The Global Education Network, students have internship opportunities in London (UK) during the summer as well. The University also sends students to the Washington Center and the Washington Semester programs in Washington, D.C.

Internships arranged by the University's Center for Career Services and academic departments help students gain increasingly important on-the-job experience while receiving credit. Summer and evening course availability meets the part-time needs of interning students as well as those enrolled on a part-time basis. As required by the Education and Allied Studies

Department, the training of education majors is enhanced by a professional semester of student teaching and other off-campus field experience.

Accreditation

The University is accredited by the Higher Learning Commission ("HLC") of the North Central Association of Colleges and Schools, with Notice, (230 South LaSalle Street, Suite 7-500, Chicago, Illinois 60604; telephone: (800) 621-7440; (www.ncahlc.org)), which accreditation was affirmed on February 25, 2015. In its Notice to the University, HLC indicated that the University currently meets the criteria for accreditation, however it had concerns about the University's risk of being out of compliance with certain criteria if corrective action was not taken. It noted that the University had not evenly developed or published student learning outcomes; had not consistently completed program reviews for its academic programs; did not have sustained attention to assessment of student learning; had communication issues across its governance structures; had not appropriately linked strategic planning, budgeting, assessment of student learning and academic program review; and lacked adequate documentation of systematic evaluation of institutional performance and improvement. Since receiving this Notice, the University has worked diligently in collaboration with HLC to address these concerns and to prepare for a focused visit by HLC in September 2016. Among the actions taken by the University are the establishment of an Office of Academic Assessment, a repositioning of the Office of Institutional Effectiveness, the formation of a Task Force on Strategic Budgeting, and the University-wide development and endorsement of a new strategic plan - *Promise and Prominence: John Carroll University's Strategic Vision 2015-2020.*

The University is authorized by the State of Ohio to grant degrees and is also approved by the Ohio State Department of Education and accredited by the National Council for Accreditation of Teacher Education for the preparation of elementary and secondary school teachers, counselors, school psychologists, principals and supervisors with the master's degree as the highest degree approved. The Boler School of Business and its Accountancy programs are separately accredited by AACSB International – The Association to Advance Collegiate Schools of Business. The Counseling program is approved by the State of Ohio Counselor, Social Worker, and Marriage and Family Therapist Board and accredited by the Council on Accreditation of Counseling and Related Educational Programs.

In addition to other affiliations in specialized areas and disciplines, the University holds memberships in many other educational organizations and associations, including the Council of Graduate Schools in the United States, the Midwest Association of Graduate Schools, the Association of Graduate Schools in Catholic Colleges and Universities, the Association of American Colleges and Universities, the Association of Jesuit Colleges and Universities, the National Catholic Educational Association, AACSB International – The Association to Advance Collegiate Schools of Business, the American Council on Education, the Association of Independent Colleges and Universities of Ohio, the American Association of Collegiate Registrars and Admissions Officers, the Association of College Admissions Counselors, the American Schools of Oriental Research, and the National Association of School Psychologists (NASP).

Faculty and Employees

The University has approximately 193 full-time faculty members; 74% have tenure, and 96% (excluding librarians and administrators who hold faculty rank) hold doctoral or terminal degrees. The University employs 225 part-time faculty members and 80 graduate assistants. The University believes that it provides a competitive regional compensation program for faculty and it is able to attract and retain persons with outstanding qualifications. According to the most recent American Association of University Professors (AAUP) survey on Category IIA Comprehensive Institutions as reported in *Academe*, the University's faculty salaries rank in the following national percentile ranges: professor 60% to 80%, associate professor 30% to 50%, and assistant professor 60% to 80%.

The rate of faculty turnover averaged 4% over the last five years; approximately 54% of the turnover was the direct result of retirements. The student-faculty ratio is currently 14 to 1. The average age of the tenured faculty is 58 years and the average age of the full-time faculty is 57 years; 43% of the faculty is female.

As of September 2015, the University had approximately 548 full-time and 276 part-time employees, including faculty. The employees of the University are not represented by a union. The University believes that its employee relations are good. The total number of employees has decreased during the past five years as a result of normal attrition and cost-cutting measures, but is expected to remain stable in the foreseeable future.

Retirement Plans

The University has a defined contribution retirement plan. Retirement investment options are provided to employees through Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF), a national organization used by numerous educational institutions and certain other not-for-profit organizations. Full-time faculty, administration and support staff are required to participate in the defined contribution plan after reaching age 21. The University also provides for voluntary participation in supplemental retirement savings pursuant to Section 403(b) of the Internal Revenue Code of 1986, as amended. Effective July 1, 2008, the University adopted a nontrusteed private 457(b) deferred compensation plan for certain employees with any employer contributions to be made on a discretionary basis. The University has made no contributions to the 457 Plan since its inception.

The University contributes to the defined contribution retirement plan on behalf of all eligible employees an amount between 6.0% and 7.0% of each employee's eligible wages based on years of service. University contributions to the retirement plan amounted to approximately $2,400,000 in fiscal year 2015. Plan participants also are required to make contributions of 4.5% of each employee's eligible wages. Participants in the University's retirement programs are fully vested immediately. The University has no unfunded retirement obligations.

Insurance

The University purchases insurance on a replacement cost basis on real and personal assets. For the current policy year, campus properties are insured for a blanket, agreed upon amount of over $435 million. The University also maintains business interruption insurance, privacy protection (cyber) insurance, employee dishonesty insurance, bodily injury and property damage liability insurance, umbrella liability insurance and liability insurance for officers and directors. Each policy is maintained with a financially responsible carrier and at levels that the University believes to be reasonable and adequate to protect the University.

Enrollment

Total undergraduate and graduate enrollment at the University was 3,673 students in the fall of 2015. As depicted in the next table, full-time equivalent enrollment at the University (a combination of full-time, part-time, undergraduate and graduate student enrollments, related to full-time equivalent credit hour load) has declined during the past 10 years from 3,679 during the 2006-07 academic year to 3,525 for 2015-16. For academic year 2015-16, the University enrolled 149 part-time undergraduate students and 536 graduate students, most of whom were enrolled on a part-time basis. The fall 2015 freshman class size is 761 students.

The University's primary commitment is to the education of full-time undergraduate students. Approximately 90% of the University's tuition revenue is derived from undergraduate full-time students. On average, 76% of the University's entering freshmen graduate from the University within five years.

The following table shows full-time (FT) undergraduate enrollment and full-time equivalent (FTE) enrollment for the past ten academic years.

Academic Year	FT Undergraduate Enrollment	FTE Total Enrollment
2006-07	2,995	3,679
2007-08	2,940	3,651
2008-09	3,017	3,703
2009-10	2,895	3,604
2010-11	2,868	3,556
2011-12	2,913	3,621
2012-13	2,859	3,501
2013-14	2,962	3,635
2014-15	3,020	3,648
2015-16	2,988	3,525

The University's projected full-time undergraduate enrollment for the next five academic years is approximately 3,000 for each of those years. The enrollment division has implemented recruitment strategies locally and nationally and is working to better target the University's merit- and need-based financial aid budget to students more likely to enroll. Further, new admission recruitment strategies are being developed, focusing on transfer students and international students. Moreover, new majors such as East Asian Studies, Interdisciplinary

Program in Peace, Justice and Human Rights, Human Resources Management, Sports Studies, International Business with Language and Culture and Forensic Behavioral Sciences are being offered.

Outside of the academic programs, the University's renewed focus on internship placements for its students is timely for the focus on careers and outcomes that families expect. Renovation to the University's largest residence hall and the addition of men's and women's lacrosse are also new initiatives that are the foundation of new messaging and opportunities for students for fall 2016 recruitment efforts and beyond.

The University attracts qualified applicants from a wide geographic area. Major metropolitan area representation is shown in the following table.

Academic Year	Northeast Ohio	Other Ohio Cities	Pittsburgh/ Erie Area	Chicago Area	Buffalo/ Rochester/ Syracuse Area	Philadelphia/ Baltimore/ Washington, D.C.	Other Areas
2011-12	51%	9%	11%	3%	10%	1%	15%
2012-13	56	10	11	3	11	1	8
2013-14	55	11	11	3	13	1	6
2014-15	52	9	11	4	13	1	10
2015-16	50	11	13	3	11	1	11

The University strives to meet enrollment goals through a strong recruitment program that includes an extensive direct mail program, ongoing market research, segmented marketing and personalized recruitment strategies, as well as a well-organized Alumni-in-Admissions and Parent Volunteer Program. Based on the success of one regional director of admission in the Chicago market, the University added a regional director in Philadelphia with recruiting responsibilities from Washington, D.C. to Boston.

The following table shows the number of applications received, the number accepted for admission, the size of the entering freshman class, and the enrollment yield percentage of the accepted applicants.

Academic	Applications		Percent	Entering	Percent
Year	Received	Accepted	Accepted	Class Size	Enrolled
2009-10	3,411	2,763	81%	661	24%
2010-11	3,216	2,613	81	702	27
2011-12	3,319	2,781	84	744	27
2012-13	3,490	2,843	81	681	24
2013-14	3,721	3,101	83	792	26
2014-15	3,876	3,212	83	798	25
2015-16	4,098	3,358	82	761	23

As of January 6, 2016, the University had received 3,222 undergraduate applications, out of which 2,221 or 68.9% had been notified of their acceptance, as compared with 3,310 applications and 2,343 acceptances on a comparable date in 2015. In keeping with prior year admissions activity, additional applications for the Fall of 2016 are anticipated.

The University participates in *The Common Application*, allowing prospective students to submit an on-line admission application to the University as well as any one of the over 500 member institutions.

The academic profile of entering freshman students remains consistently higher than the national average on the Scholastic Aptitude Test and the American College Test as shown on the following table.

	John Carroll University				National			
Academic Year	**SAT Critical Reading**	**SAT Math**	**SAT Writing**	**ACT**	**SAT Critical Reading**	**SAT Math**	**SAT Writing**	**ACT**
2011-12	545	548	543	24.8	497	514	489	21.1
2012-13	552	561	544	24.3	501	516	492	21.1
2013-14	545	552	544	24.5	496	514	488	20.9
2014-15	546	556	538	24.5	497	513	487	21.0
2015-16	541	547	538	24.9	495	511	484	21.0

Recent entering freshman classes have been consistent in academic quality with an average entering grade point average of 3.5 on a 4.0 scale for the entering fall 2015 class.

As with most Midwest private colleges and universities, the University is likely to continue to face increasing competition for students. Therefore, the University cannot provide any assurances that the existing demand for its educational program will continue. Significant decreases in the enrollment could adversely affect the University's financial position.

Tuition, Fees and Room and Board

The University meets the costs of its operations primarily through tuition, room and board fees, gifts and grants, and endowment income. Over 90% of the University's annual operating costs, including amounts paid with University funds in the form of financial assistance (see "**Financial Aid"** below), are met through tuition and room and board fees.

The tuition and fee charges of the University are set at levels that typically provide less than what is required to fully fund the actual costs of operation. A portion of unrestricted gifts and grants received from businesses, friends and alumni of the University is used to offset the difference between operating revenues and operating expenses.

The following table sets forth the tuition and room and board charges per student by the University and the total revenue from tuition and room and board (before scholarships and grants) for the University for the most recent five fiscal years.

Fiscal Year	Tuition	Room & Board	Total Tuition, Room & Board	Fees	Total Revenue from Tuition, Room & Board & Fees (in thousands)
2010-11	$29,250	$8,750	$38,000	$1,000	$110,120
2011-12	30,660	9,150	39,810	1,050	117,088
2012-13	32,130	9,610	41,740	1,050	118,690
2013-14	33,330	10,040	43,370	1,150	126,386
2014-15	34,600	10,500	45,100	1,200	133,437
2015-16	35,930	10,920	46,850	1,250	140,000 (projected)

The University believes that it will be necessary to modestly increase tuition and fees each year during the foreseeable future. Increases in tuition and fees may diminish the University's ability to maintain its specific enrollment objectives.

The following table compares the tuition and fees charged by the University for the 2015-16 academic year to fees charged by other private universities and colleges with full-time undergraduate enrollment of over 1,000 students, with which the University competes for students.

Name	2015-16 Tuition and Fees	Name	2015-16 Tuition and Fees
Oberlin College	$50,586	Xavier University	$35,080
Kenyon College	49,140	Marietta College	34,300
University of Notre Dame	47,929	Capital University	32,830
Denison University	47,290	Otterbein University	31,624
College of Wooster	44,950	Hiram College	31,530
Case Western Reserve Univ.	44,560	University of Findlay	31,508
Ohio Wesleyan University	43,230	Baldwin Wallace University	29,908
St. Louis University	39,226	Ohio Northern University	28,810
Loyola University of Chicago	39,179	University of Mount Union	28,550
University of Dayton	39,090	Heidelberg University	28,500
University of Detroit Mercy	38,626	Wheeling Jesuit University	28,030
Wittenberg University	38,030	Mount St. Joseph University	27,500
John Carroll University	**37,180**	Muskingum University	25,932
Marquette University	37,170	Wilmington College	24,500
Creighton University	36,422	Ashland University	20,242

Source: *U.S. News & World Report and CollegeBoard*

The following table sets forth the residence hall occupancy rate of the University in the fall of each of the last five academic years.

Year	Occupancy Rate %
2011-12	90%
2012-13	89
2013-14	97
2014-15	89
2015-16	88

University policy requires that students live on campus through their sophomore year. The remodeling and temporary closing of the University's largest residence hall inflated the occupancy rate in fiscal 2013-14 as fewer rooms were available.

Financial Aid

All socioeconomic groups are represented in the student population of the University. Thus, the University's financial aid policy seeks to address the financial need of all students, utilizing the Free Application for Federal Student Aid (FAFSA). The University also maintains a portion of its own scholarship funds for those students demonstrating strong academic potential. Beginning in 2007, the University's Access Initiative program enables a limited number of qualified families with annual incomes below $40,000 to enroll their incoming freshman tuition-free.

Financial aid for students is provided in the form of scholarships, grants, loans, gifts and on-campus employment. More than 75% of students received some financial aid based on need or academic merit. The total amount of aid received by students in 2014-15 was $89,471,000. The following table lists the sources for this aid.

Source of Aid	Amount of Aid	% of Total
University scholarships/grants	$58,672,000	65.6%
Federally funded loans:		
Stafford-subsidized	6,848,000	7.7
Stafford-unsubsidized	10,578,000	11.8
Plus	5,932,000	6.6
Perkins	544,000	0.6
Federal/state grants	3,518,000	3.9
Student employment	1,540,000	1.7
Outside scholarships	1,839,000	2.1

There is no assurance that the current level of federal, state or University assistance will be maintained in future years. Any change in the availability of financial aid from these sources could affect the University's ability to attract students from all socioeconomic groups.

Because federal and state funding is subject to outside control, the University continues to increase its commitment to providing financial aid support for students. Funding from both the annual unrestricted current and endowed budgets has markedly increased over the last several years. The University intends to stabilize the amount of aid it offers in the foreseeable future.

Budget Procedures

The University's annual operating budget is prepared by the Director of Budget & Financial Analysis under the direction of the Vice President for Administration/CFO and the University Budget Advisory Committee (UBAC). The UBAC, which is comprised of faculty, administrators and staff, provides input into the budgeting process and makes recommendations to the President based on initiatives identified through the University's strategic planning process and from information collected from constituents across the campus. Generally, the major budget assumptions, including enrollment projections; rates for tuition, student fees, and room and board; changes in payroll and employee benefits; and any other necessary operating expense adjustments, are subject to preliminary approval by the Finance Committee and the full Board in December. Using the approved assumptions, a detailed revenue and expense budget is then prepared in collaboration with the area vice presidents and then reviewed by the UBAC, the Vice President for Administration/CFO and the President. This detailed budget is then submitted to the Finance Committee and to the full Board for final approval in March.

General fiscal control is exercised on a daily basis by the vice presidents, the various deans and department heads. Follow-up and corrective action is taken as needed by the Vice President for Administration/CFO and the Director of Budget and Financial Analysis.

Certain Financial Information

The University's financial statements are maintained according to accounting principles generally accepted in the United States and traditional concepts employed among institutions of higher education. The fiscal year ends on May 31. The University's annual financial statements are audited by independent auditors.

The audited financial statements of the University as of and for the fiscal years ended May 31, 2015 and 2014 are attached as **Appendix B** to this Offering Circular. Such financial statements have been audited by BKD, LLP, independent auditors, as stated in their report appearing in Appendix B. No bring-down procedures have been undertaken by the auditors since the date of the report. Appendix B should be read in its entirety for more complete information concerning the University's financial position and results of operations.

In order to provide historical comparisons, the following table sets forth the University's Consolidated Statements of Financial Position, as derived from audited financial statements, for each of the past five fiscal years as of May 31.

	($ in thousands)				
	2011	**2012**	**2013**	**2014**	**2015**
Assets					
Cash and cash equivalents	$11,134	$8,351	$8,486	$8,736	$6,233
Accounts receivable, net	612	521	539	465	643
Grants receivable	165	299	147	192	56
Contributions receivable, net	2,025	3,772	3,725	3,641	2,917
Prepaid expenses & other assets	1,376	1,423	1,376	1,634	1,826
Student notes receivable, net	5,731	5,467	5,255	5,092	4,827
Investments, at fair market value	194,187	186,041	198,573	208,540	222,968
Land, buildings and equipment, net	173,286	177,596	179,137	196,751	199,561
Funds held in trust by others	3,783	3,385	3,816	4,088	4,020
Total assets	392,299	386,855	401,054	429,140	443,051
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	6,514	7,415	6,931	10,134	7,030
Accrued salaries and wages	5,437	5,442	5,472	5,318	5,382
Construction line of credit	-	-	-	12,500	-
Deposits and advance payments	2,420	2,565	2,249	2,357	2,562
Deferred income	161	774	1,057	1,114	1,085
Asset retirement obligations	3,399	3,483	3,322	3,067	3,164
Long-term debt	67,010	65,528	59,599	57,523	76,966
Refundable federal student loans	1,945	1,906	1,809	1,780	1,759
Total liabilities	86,886	87,113	80,439	93,793	97,949
Net Assets:					
Unrestricted	190,498	185,749	193,369	197,848	196,572
Temporarily restricted	37,293	31,176	39,863	47,080	48,376
Permanently restricted	77,622	82,817	87,383	90,418	94,087
Total University net assets	305,413	299,742	320,615	335,346	339,035
Noncontrolling interest - unrestricted	-	-	-	-	6,068
Total net assets	305,413	299,742	320,615	335,346	345,102
Total liabilities and net assets	$392,299	$386,855	$401,054	$429,140	$443,051

The following table sets forth the University's Consolidated Statements of Activities, as derived from audited financial statements for each of the past five fiscal years as of May 31.

	($ in thousands)				
	2011	**2012**	**2013**	**2014**	**2015**
Revenues, gains and other support					
Tuition and fees	$94,849	$99,996	$101,275	$109,568	$114,429
Funded scholarships	(9,472)	(8,978)	(8,564)	(8,912)	(9,159)
Unfunded scholarships and grants-in-aid	(40,807)	(45,411)	(47,952)	(54,237)	(57,051)
Residence and dining fees	15,508	17,092	17,415	16,818	19,008
	60,078	62,699	62,174	63,237	67,226
Contributions and private grants	6,499	12,747	10,989	8,467	8,855
Governmental grants and contracts	6,282	5,619	4,847	4,533	3,863
Investment return designated for operations	8,170	8,722	9,355	9,852	10,315
Interest income	137	165	170	127	135
Rental Income	3,202	3,375	3,646	3,605	3,662
Other	1,399	1,376	1,347	1,668	2,017
Total operating revenues, gains and other support	85,767	94,703	92,528	91,489	96,073
Expenses					
Instructional	31,562	32,445	33,208	33,503	34,137
Sponsored programs	5,218	5,608	6,505	6,023	5,006
Academic support	10,677	11,173	11,709	12,143	12,695
Student services	11,694	12,378	11,800	12,593	13,394
Institutional support	10,129	10,370	10,697	11,687	12,112
Auxiliary enterprises	11,210	11,614	11,809	11,514	13,658
Rental expense	3,168	3,400	3,201	3,307	3,398
Total operating expenses	83,658	86,988	88,929	90,770	94,400
Increase in operating net assets	2,109	7,715	3,599	719	1,673
Nonoperating revenues and expenses					
Change in value of split-interest agreements	569	(442)	441	281	(70)
Investment return (less than) in excess of amounts designated for operations	19,754	(12,635)	16,722	14,123	2,981
Change in fair value of interest rate swap agreement	184	(309)	111	(392)	(896)
Increase (decrease) in nonoperating revenues and expenses	20,507	(13,386)	17,274	14,012	2,016
Increase (decrease) in net assets	22,616	(5,671)	20,873	14,731	3,689
Net assets at beginning of year	282,797	305,413	299,742	320,615	335,346
Net assets at end of year	$305,413	$299,742	$320,615	$335,346	$339,035

Alumni

The University has approximately 42,431 alumni throughout the United States and around the world. The alumni support the University not only with monetary contributions, but also with time and energy in the areas of placement, athletics, admissions and academic programs.

The University operates a successful Alumni-in-Admissions program throughout the United States and involves volunteers. The program enhances student recruitment through alumni telephone calls to prospective students (and their parents), attendance at college fairs, the sending of letters and the selection of recipients of alumni club scholarships in key cities. The University's marketing research studies show that the activities of this program are some of the most effective influences on students enrolling in the University. Typically, approximately 80% of incoming freshmen had been contacted in some way through this program.

During the 2014-15 fiscal year, the University received approximately $7.1 million in contributions from its alumni. The alumni contributions for that year and the preceding year include gifts to the University's Capital Campaign. See "**Gifts, Grants and Bequests"** below. Approximately 13% of the University's alumni contribute annually to the University.

The table below sets forth the total amount of the University's alumni contributions in the past five fiscal years, including corporate matching gifts and amounts contributed as part of fund-raising campaigns.

Fiscal Year	Amount Contributed	Percentage of Alumni Participation
2010-11	$4,920,000	17%
2011-12	5,448,000	16
2012-13	6,256,000	17
2013-14	5,681,000	14
2014-15	7,126,000	13

Gifts, Grants and Bequests

The University annually solicits gifts, grants and bequests for both current operating purposes and other needs. Sources of support include alumni, parents, friends, agencies of the federal government, private foundations and corporations. The following table sets forth the value of gifts, grants and bequests collected by the University for the last five fiscal years.

Fiscal Year	Unrestricted	Restricted (including Capital Campaign)	Total
2010-11	$1,965,000	$4,970,000	$ 6,935,000
2011-12	1,830,000	8,925,000	10,755,000
2012-13	1,801,000	7,824,000	9,625,000
2013-14	1,982,000	6,027,000	8,009,000
2014-15	1,852,000	7,965,000	9,817,000

In 2013, the University announced the $100 million ***Forever Carroll*** campaign to fund enhancements to both programs and endowment. Total campaign cash and pledge gifts through May 31, 2015 approximated $88 million (approximately $95 million as of December 15, 2015).

The University has been the beneficiary of substantial gifts and grants from national and local foundations and from corporate donors in support of capital projects, current operations and new programs. The following is a representative list of those major organizations that have made significant grants or contributions to the University:

Ayco Charitable Foundation

Elizabeth C. Smith Charitable Foundation

Ernst & Young Foundation

FirstEnergy Foundation

Frank and Helen Williams Vecchio Foundation

John Carroll Jesuit Community Corporation

John Huntington Fund for Education

Kulas Foundation

McDonough J & J Foundation

Meuse Family Foundation

PNC Foundation

PricewaterhouseCoopers LLP

Rosenfeld Family Charitable Foundation

Samuel H. and Maria Miller Foundation

Smiley Family Charitable Foundation

Tetlak Foundation

The Albert B. & Audrey G. Ratner Family Foundation

The New York Community Bank Foundation

The QUIKRETE Companies

The Walsh Foundation

The following table provides a five-year review of total cash received in gifts and grants from these sources.

Fiscal Year	Total Gifts & Grants from Foundations & Corporations
2010-11	$1,688,000
2011-12	2,322,000
2012-13	1,978,000
2013-14	1,616,000
2014-15	2,545,000

There is no assurance that the amount of gifts, grants and bequests received by the University will remain stable or increase in the future. Future economic and other conditions, and actions by the federal government, including changes in regulations affecting the tax treatment of such contributions, may affect the level of giving in the future.

Endowment Funds

Effective June 1, 2009, Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted to update and replace Ohio's previous law, the Uniform Management of Institutional Funds Act. The University adopted the application of UPMIFA as of June 1, 2009. See, also, Notes to the audited financial statements included within **Appendix B**.

The University's Endowment Funds and other similar funds include:

(1) Endowment Funds, which are restricted by the donor as to the use of principal and income.

(2) Quasi-Endowment Funds, which are unrestricted as to use, but designated as such by the University (a) to fulfill the donor's wishes, implied but not stipulated as a condition of the gift, or (b) to hold for a time, using only the income currently.

(3) Annuity and Life Income Funds, which include annuities and life income funds that are subject to the conditions of gift instruments. Those funds include assets donated to the University through deferred gift agreements (annuity and life income contracts). The assets received under these agreements pass to the University at the time of the death of the annuitant or life-income beneficiary.

(4) Undistributed net profit from transactions in pooled securities.

Investments in the endowment and quasi-endowment funds are pooled into one professionally managed investment portfolio. Realized gains from transactions in that pooled portfolio are not distributed to the individual funds, but remain in the fund called "Undistributed Net Profit from Transactions in Pooled Securities." Assets resulting from these gains remain in the pooled portfolio and contribute to the amount of income earned. Income available for use in the individual funds is limited to the University's board-approved spending rate, which in fiscal year 2014-15 was 4.50% of the most recent three years' average market value. In addition, the Board authorizes additional appropriations to fund certain strategic initiatives. The income that is available is distributed to the particular restricted endowment and unrestricted quasi-endowment funds on the basis of units, which are assigned to the individual funds when principal is received. Income not used as designated is added back to the principal.

As of May 31, 2015, the market value of the restricted endowment funds was $127,770,000, and the market value of the quasi-endowment funds was $77,427,000. The total endowment fund was $205,197,000.

The endowment funds of the University are managed by various professional investment management firms selected by the Investment Committee of the Board. The table below sets forth the market value of the University's endowment fund assets as of the close of the last five fiscal years and the income generated from investment thereof and distributed in support of the University's operations. Income not used in operations is added back to the principal.

Fiscal Year	**Market Value**	**Income Distributed**
2010-11	$169,294,000	$ 8,170,000
2011-12	159,892,000	8,722,000
2012-13	181,004,000	9,355,000
2013-14	198,277,000	9,852,000
2014-15	205,197,000	10,315,000

Outstanding Indebtedness

The following schedule sets forth the total outstanding indebtedness of the University as of May 31, 2015 and May 31, 2014:

	2015	**2014**
2001 State of Ohio Higher Educational Facility Revenue Bonds Series A original issue $17,700,000, interest is based upon the USD-SIFMA Municipal Swap Index rate that was 0.01% at January 6, 2016 (1) (2)	$ 10,700,000	$ 10,700,000
2003 State of Ohio Higher Educational Facility Revenue Bonds original issue $24,110,000, interest at fixed rates ranging from 5.25% to 5.50% (3)	---	13,720,000
2006 State of Ohio Higher Educational Facility Refunding Revenue Bonds original issue $38,790,000, interest at fixed rates ranging from 4.50% to 5.00%	21,710,000	23,925,000

	2015	2014
2014 State of Ohio higher Education Facility Refunding Revenue Bonds original issue $14,120,000, interest at fixed rates ranging from 2.25% to 3.00%	14,120,000	---
Note payable, secured by property, interest rate of 5.19%, payable monthly, due in full in June 2018 (6)	2,628,771	2,730,825
Note payable, secured by property, interest rate of 3.55%, payable monthly, due in full in December 2018 (7)	2,635,349	2,749,303
Note payable, secured by property, interest rate of 3.61%, payable monthly, due in full in March 2021 (8)	2,878,019	2,982,887
Note payable, secured by property, interest rate of 3.79%, payable monthly, due in full in April 2023 (4) (5)	21,624,279	---
	76,296,418	56,808,015
Plus unamortized premium	669,364	714,748
	$ 76,965,782	$ 57,522,763

(1) The University has a letter of credit totaling $10,700,000 related to the financing of the 2001 Variable Rate Series A Bonds.

(2) On June 1, 2012, the University entered into a five-year interest rate swap agreement with the intent of reducing the impact of changes in interest rates on its 2001 Variable Rate Series A Bonds. The agreement provides for the University to receive interest from the counterparty at the USD-SIFMA Municipal Swap Index rate and to pay interest to the counterparty at a fixed rate of 0.94% on a notional amount of $5,700,000. The difference between the variable and fixed interest rate is settled monthly and is included in interest expense.

(3) The entire balance was called on July 28, 2014, when the 2014 Revenue Bonds were issued.

(4) On April 1, 2013, The University entered into a 10-year convertible construction line of credit with a maximum draw amount of $30 million to renovate an existing residence hall (Murphy Hall). The line of credit was converted to a 99-month term loan, with principal payments based upon an assumed 25-year amortization. As of February 9, 2016, $21,220,714 will be outstanding.

(5) On May 15, 2013, the University entered into an eight-year interest rate swap agreement that is effective January 2, 2015, with the intent of reducing the impact of changes in interest rates on its convertible construction line of credit. The agreement provides for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index rate and to pay interest to the counterparty at a fixed rate of 3.79% on a notional amount of $21,624,279 at May 31, 2015. The difference between the variable and fixed interest rate will be settled monthly and commenced on February 1, 2015.

(6) On June 1, 2011, the University entered into a 20-year interest rate swap agreement with an early termination option in the seventh year for its variable rate debt related to a $3,000,000 term note. The agreement provided for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index and to pay interest to the counterparty at a fixed rate of 5.19% on a notional amount of $2,628,771 at May 31, 2015. The difference between the variable and fixed interest rate is settled monthly and is included in interest expense.

(7) On December 19, 2011, the University entered into a 10-year interest rate swap agreement with an early termination option in the seventh year for its variable rate debt related to a $3,000,000 term note. The agreement provided for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index and to pay interest to the counterparty at a fixed rate of 3.55% on a notional amount of $2,635,349 at May 31, 2015. The difference between the variable and fixed interest rate is settled monthly and is included in interest expense.

(8) On March 3, 2014, the University entered into a seven-year interest rate swap agreement for its variable rate debt related to a $3,000,000 term note. The agreement provided for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index and to pay interest to the counterparty at a fixed rate of 3.61% on a notional amount of $2,878,019 at May 31, 2015. The difference between the variable and fixed interest rate is settled monthly and is included in interest expense.

Contingent Liabilities; Litigation

The University has no known material contingent liabilities or unrecorded commitments. See "**ABSENCE OF MATERIAL LITIGATION**" in the forepart of this Offering Circular.

Management Discussion

Investment in Maintenance of Historic Campus. Located in the University Heights suburb of Cleveland, the University is situated on a beautiful 65 acre campus with most buildings constructed or substantially renovated within the last 15 years. Between 2005 and 2015, the University spent approximately $37 million of internally generated funds on building-related capital improvements and various information technology related projects. In 2013, the University commenced with its first major renovation project since 2003, the historical renovation of Murphy Hall. This 311-bed project was completed in 2014, and was funded principally through a combination of taxable bank debt, gifts, and the proceeds of an equity investment made by a third-party in a non-controlling interest in the Murphy Hall property in connection with federal and state historic preservation tax credits generated by the building renovation. With the exception of this project and $4 million in capital improvements made in

2012 which were funded by gifts, virtually all post-2004 campus capital projects have been internally funded.

Notable Alumni. The University has educated a number of notable individuals who have contributed to many impressive professional fields. The University's alumni include:

- the late Tim Russert, of NBC's *Meet the Press*, after which a John Carroll University – Meet the Press annual internship has been dedicated;
- *NFL* legend Don Shula, after whom the University's stadium is named;
- Charles Dolan, the billionaire founder of *Cablevision and HBO*;
- Carter Ham, recently retired 4-star *United States Army General*;
- Richard Kramer, CEO of The *Goodyear Tire and Rubber Company*;
- Bob Gunn, President of *Gunn Financial Incorporated*; and
- Timothy Donahue, former President & CEO of *Nextel Communications Inc*.

Strength of Niche Programs and Recent Academic Enhancements. The University continues to expand its presence in the area of health and wellness by forging partnerships with the local and regional medical communities. These partnerships have led to new programs and internships relating to studies in autism, eating disorders, health communications, healthcare information systems and lab administration.

Successful Fundraising. The University launched the public phase of its current campaign in May of 2013, at which time $57 million had been raised. Total gifts as of December 15, 2015 were approximately $95 million.

Balance Sheet Strength. The University's endowment value at May 31, 2015 was at an all-time high of $205 million. In addition, the University typically maintains a cash position of $8-$10 million. Cash & Investments cover the University's indebtedness more than 3 times and approximately $100 million of investments have liquidity of 31 days or less.

Energy Conservation. Equipment replacement and energy efficiency projects totaling $3.9 million since 2006, combined with strategic rate contracts, have resulted in utility savings of over $3.7 million over the past 9 years. Gas usage has decreased by 8% from 2006 through 2015, including two polar-vortex winters. Electricity usage decreased by 22.8% from 2006 through 2015.

APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEARS ENDED MAY 31, 2015 AND 2014

John Carroll University

Independent Auditor's Report and Consolidated Financial Statements

May 31, 2015 and 2014

BKD LLP
CPAs & Advisors

John Carroll University
May 31, 2015 and 2014

Contents

BKD LLP
CPAs & Advisors
200 E. Main Street, Suite 700 // Fort Wayne, IN 46802-1900
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Independent Auditor's Report

Board of Directors
John Carroll University
University Heights, Ohio

We have audited the accompanying consolidated financial statements of John Carroll University (University), which comprise the statements of financial position as of May 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditor's 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 University'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 University'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 financial position of John Carroll University as of May 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Fort Wayne, Indiana
September 4, 2015

John Carroll University

Consolidated Statements of Financial Position

May 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 6,232,892	$ 8,735,798
Student accounts receivable, net of allowance of $361,000 in 2015; $346,000 in 2014	643,431	464,865
Grants receivable	56,092	191,877
Contributions receivable, net	2,917,236	3,641,252
Prepaid expenses and other assets	1,825,890	1,633,944
Investments	222,967,751	208,540,385
Student notes receivable, net of allowance of $536,000 in 2015 and $566,000 in 2014	4,827,101	5,091,725
Property and equipment, net	199,560,946	196,751,460
Beneficial interests in perpetual trusts	4,019,642	4,088,286
Total assets	$ 443,050,981	$ 429,139,592
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 7,030,082	$ 10,134,442
Accrued salaries and wages	5,382,346	5,318,099
Construction line of credit	—	12,500,000
Deposits and advance payments	2,562,369	2,357,076
Deferred revenue	1,085,143	1,114,359
Asset retirement obligations	3,163,863	3,066,691
Debt	76,965,782	57,522,763
U.S. Government refundable advances	1,758,921	1,779,988
Total liabilities	$ 97,948,506	$ 93,793,418
Net Assets		
Unrestricted	$ 196,571,696	$ 197,847,940
Temporarily restricted	48,376,169	47,080,102
Permanently restricted	94,086,860	90,418,132
Total University net assets	339,034,725	335,346,174
Noncontrolling interest – unrestricted	6,067,750	—
Total net assets	345,102,475	—
Total liabilities and net assets	$ 443,050,981	$ 429,139,592

John Carroll University

Consolidated Statements of Activities
Years Ended May 31, 2015 and 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Tuition and fees	$ 114,429,217	$ —	$ —	$ 114,429,217
Funded scholarships	(9,159,459)	—	—	(9,159,459)
Unfunded scholarships and grants-in-aid	(57,051,278)	—	—	(57,051,278)
Residence and dining fees	19,007,760	—	—	19,007,760
Net student fees	67,226,240	—	—	67,226,240
Contributions and private grants	3,373,245	2,363,036	3,118,545	8,854,826
Governmental grants and contracts	3,863,133	—	—	3,863,133
Investment return designated for operations	10,315,156	—	—	10,315,156
Interest income	134,811	—	—	134,811
Rental income	3,661,861	—	—	3,661,861
Other	2,016,993	—	—	2,016,993
Net assets released from restrictions	2,441,633	(2,441,633)	—	—
Total revenue, gains and other support	93,033,072	(78,597)	3,118,545	96,073,020
Expenses				
Instruction	34,137,304	—	—	34,137,304
Sponsored programs	5,006,210	—	—	5,006,210
Academic support	12,694,920	—	—	12,694,920
Student services	13,394,056	—	—	13,394,056
Institutional support	12,111,536	—	—	12,111,536
Auxiliary enterprises	13,657,925	—	—	13,657,925
Rental expense	3,398,293	—	—	3,398,293
Total expenses	94,400,244	—	—	94,400,244
Increase (Decrease) Before Nonoperating Revenue and Expenses	(1,367,172)	(78,597)	3,118,545	1,672,776
Nonoperating Revenue and Expenses				
Change in value of split-interest agreements	—	(1,457)	(68,644)	(70,101)
Investment return in excess of amounts designated for operations	984,309	1,378,306	618,827	2,981,442
Change in fair value of interest rate swap agreements	(895,566)	—	—	(895,566)
Reclassification of net assets related to underwater endowment funds	2,185	(2,185)	—	—
Total nonoperating revenue and expenses	90,928	1,374,664	550,183	2,015,775
Change in Net Assets Attributable to University	(1,276,244)	1,296,067	3,668,728	3,688,551
University Net Assets, Beginning of Year	197,847,940	47,080,102	90,418,132	335,346,174
University Net Assets, End of Year	$ 196,571,696	$ 48,376,169	$ 94,086,860	$ 339,034,725

See Notes to Consolidated Financial Statements

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	$ 109,568,081	$ —	$ —	$ 109,568,081
	(8,912,051)	—	—	(8,912,051)
	(54,236,504)	—	—	(54,236,504)
	16,817,655	—	—	16,817,655
	63,237,181	—	—	63,237,181
	4,461,905	1,905,594	2,099,713	8,467,212
	4,533,387	—	—	4,533,387
	9,851,545	—	—	9,851,545
	126,766	—	—	126,766
	3,604,911	—	—	3,604,911
	1,668,280	—	—	1,668,280
	2,812,467	(2,812,467)	—	—
	90,296,442	(906,873)	2,099,713	91,489,282
	33,502,561	—	—	33,502,561
	6,023,414	—	—	6,023,414
	12,142,680	—	—	12,142,680
	12,593,284	—	—	12,593,284
	11,687,248	—	—	11,687,248
	11,514,291	—	—	11,514,291
	3,306,975	—	—	3,306,975
	90,770,453	—	—	90,770,453
	(474,011)	(906,873)	2,099,713	718,829
	—	8,584	272,405	280,989
	5,196,505	8,263,372	663,505	14,123,382
	(391,931)	—	—	(391,931)
	148,485	(148,485)	—	—
	4,953,059	8,123,471	935,910	14,012,440
	4,479,048	7,216,598	3,035,623	14,731,269
	193,368,892	39,863,504	87,382,509	320,614,905
	$ 197,847,940	$ 47,080,102	$ 90,418,132	$ 335,346,174

John Carroll University

Statements of Cash Flows

Years Ended May 31, 2015 and 2014

	2015	2014
Operating Activities		
Change in net assets attributable to the University	$ 3,688,551	$ 14,731,269
Items not requiring (providing) operating activities cash flows:		
Depreciation and amortization	8,182,017	7,634,071
Net realized and unrealized gains on investments	(9,289,932)	(19,077,243)
Change in fair value of interest rate swap agreements	895,566	391,931
Loss (gain) on beneficial interest in perpetual trusts	68,644	(272,405)
Contributions restricted to endowed funds and acquisition of capital assets	(3,761,778)	(2,734,939)
Changes in:		
Student accounts receivable	(178,566)	74,143
Contributions receivable	724,016	83,795
Other receivables	400,409	118,243
Prepaid expenses and other assets	(132,270)	(325,652)
Accounts payable and accrued expenses	(1,176,600)	(341,756)
Deferred revenue and deposits	176,077	165,402
Other liabilities	76,105	(284,256)
Net cash (used) provided by operating activities	(327,761)	162,603
Investing Activities		
Purchase of property and equipment	(13,855,641)	(22,274,080)
Purchases of investments	(35,807,624)	(55,948,201)
Proceeds from sale of investments	30,670,190	65,058,325
Net cash used in investing activities	(18,993,075)	(13,163,956)
Financing Activities		
Proceeds from issuance of new debt	23,420,000	15,500,000
Principal payments on debt	(16,431,598)	(4,984,001)
Proceeds from contributions restricted to endowed funds and acquisition of capital assets	3,761,778	2,734,939
Noncontrolling interest capital contribution	6,067,750	—
Net cash provided by financing activities	16,817,930	13,250,938
(Decrease) Increase in Cash and Cash Equivalents	(2,502,906)	249,585
Cash and Cash Equivalents, Beginning of Year	8,735,798	8,486,213
Cash and Cash Equivalents, End of Year	$ 6,232,892	$ 8,735,798
Supplemental Cash Flows Information		
Interest paid, net of capitalized interest	$ 2,895,450	$ 2,804,147

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

John Carroll University (University) is a privately controlled, coeducational, Catholic and Jesuit university located in University Heights, Ohio, a suburb of Cleveland. Founded in 1886, it provides programs in the liberal arts, sciences and business at the undergraduate level, and in selected areas at the master's level. The University's primary sources of revenue and support are tuition and fees, residence and dining fees, contributions and investment income.

Principles of Consolidation

The consolidated financial statements are comprised of the University's operations and seven wholly owned subsidiaries. These include: 1886 Company, Ltd., Ignatius, LLC, Loyola, LLC, Manresa, LLC, Inigo, LLC and Cura Personalis, LLC; which were each formed to hold title to and lease certain real property; and Murphy Hall Holdings, Inc. (Holdings).

Holdings is a C-Corporation organized in 2014 to facilitate the renovation of Murphy Hall which is a 309-bed on-campus building included in the John Carroll University North Quad Historic District that is listed in the National Register of Historic Places, which makes it eligible for Federal and State (Ohio) Historic Tax Credits (Tax Credits) on qualified building renovation expenditures. Holdings has a 98.8% ownership interest in Murphy Hall Manager, LLC (Manager) and a 1.0% ownership interest in Murphy Hall Master Tenant, LLC (Master Tenant). Murphy Hall, LLC holds title to the Murphy Hall building and land, and is 90% owned by Manager and 10% owned by Master Tenant. Collectively, these Murphy Hall-related entities and their non-controlling interests, served as conduits for the receipt of the Tax Credits in 2014.

All significant interorganizational accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At May 31, 2015 and 2014, cash equivalents consisted primarily of money market funds.

Cash and cash equivalents related to uninvested cash are considered part of investments in the accompanying consolidated financial statements.

At May 31, 2015, the University's cash accounts including uninvested cash included in investments exceeded federally insured limits by approximately $22,769,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at fair value. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The University maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowment accounts based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Student Accounts and Notes Receivable

Student accounts receivable are stated at the amount billed to students less applied scholarships and loan proceeds. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Tuition is generally due at the beginning of the term unless the student has a payment plan. Charges that are past due without payments for three consecutive months, and have had no response to the collection process, are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Notes receivable consist primarily of amounts due under the Federal Perkins Loan Program and are stated at their outstanding principal amounts, net of allowance for doubtful accounts. The federal government guarantees all or a significant portion of loans issued under the Program. Loans are made based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for doubtful notes which is based on a review of outstanding loans, historical collection information and existing economic conditions. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. Delinquent loans are written off based on individual credit evaluations and specific circumstances of the borrower. Loans with a delinquent balance and still accruing interest amounted to approximately $1,251,000 and $1,101,000 at May 31, 2015 and 2014, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets. The cost of repairs and maintenance is generally charged to expense in the year incurred.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	30-70 years
Land improvements	12 years
Equipment, furniture, fixtures and vehicles	3-12 years
Library books	20 years

Long-Lived Assets

The University evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may have been impaired. No asset impairment was recognized during the years ended May 31, 2015 and 2014.

Bond Origination Costs and Debt Premium

Costs incurred in obtaining long-term financing are deferred and amortized over the term of the related borrowing. Premiums related to the University's issuance of long-term debt are accreted over the term of the related debt.

Asset Retirement Obligations

Asset Retirement Obligations (ARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value, and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are depreciated over the useful lives of the related assets. Subsequent to initial recognition, the University records year-to-year changes in the ARO liability resulting from the passage of time $49,373 and $70,021 in fiscal years 2015 and 2014, respectively. Also during fiscal 2015, the change in the ARO liability reflects settlement of liabilities of $4,201 ($325,583 in fiscal 2014).

Deferred Revenue

Deferred revenue consists primarily of student tuition, housing and other fees received prior to the beginning of an academic term.

Government Grants

Support funded by grants is recognized as the University performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Net Assets

The University's consolidated financial statements have been prepared with a focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as unrestricted, temporarily restricted and permanently restricted as follows:

- *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed restrictions. The unrestricted net asset class includes general and board-designated assets and liabilities of the University and may be used at the discretion of management to support the University's purposes and operations.
- *Temporarily Restricted Net Assets* – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets.
- *Permanently Restricted Net Assets* – Net assets that are subject to donor-imposed restrictions to be maintained in perpetuity by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service. Contributions of cash or other assets to be used to acquire land, building and equipment with donor-imposed use are considered to be released at the time of acquisition of such long-lived assets.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected over multiple years are reported at the present value of future cash flows using a discount rate adjusted for market conditions to arrive at fair value. Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Income Taxes

The University is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income. The 1886 Company, Ltd., Ignatius, LLC, Loyola, LLC, Manresa, LLC, Inigo, LLC, and Cura Personalis, LLC are wholly owned limited liability companies that have elected to be treated as disregarded entities for U.S. tax purposes. Murphy Hall Holdings, Inc. has elected to be treated as a C-Corp. The potential amount of income taxes for Murphy Hall Holdings, Inc. is immaterial and there are no significant differences between the tax bases of assets and liabilities and their amounts for financial reporting that would create deferred tax assets and liabilities.

The University files tax returns in the U.S. federal jurisdiction. With a few exceptions, the University is no longer subject to U.S. federal examinations by tax authorities for years before 2012.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period beginning date.

Self Insurance

The University has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The University has purchased insurance that limits its exposure for individual claims and that limits its aggregate health claim exposure to approximately $6,100,000, or 125% of expected claims.

Functional Allocation of Expenses

The costs of supporting various programs and other activities have been summarized on a functional basis in the footnotes to the consolidated financial statements. Certain costs have been allocated among the educational programs, management and general and fundraising categories based on estimates of time spent by University personnel.

Note 2: Contributions Receivable

Contributions receivable at May 31 consisted of the following:

	2015	2014
Due within one year	$ 1,025,851	$ 1,432,505
Due in one to five years	2,153,334	2,472,630
Due after five years	—	—
	3,179,185	3,905,135
Less present value discount (3.50%) and allowance for uncollectible pledges	(261,949)	(263,883)
	$ 2,917,236	$ 3,641,252

Note 3: Investments and Investment Return

Investments at May 31 consisted of the following:

	2015	2014
Cash and cash equivalents	$ 19,291,001	$ 13,204,971
Mutual funds and pooled investment funds:		
Fixed income	665,397	662,462
Large capitalization blend and growth*	81,291,908	58,792,038
International and emerging markets*	25,051,355	25,383,707
Small and mid capitalization funds*	12,989,985	13,643,891
Common stocks:		
Consumer goods	—	5,365,079
Energy	—	836,127
Health care	—	4,036,511
Industrials	—	1,359,473
Information technology	—	2,667,110
Other industries	—	2,254,200
Fixed income securities:		
Corporate bonds	5,300,420	5,108,725
US Treasury & agency bonds	626,518	1,056,560
Mortgage-backed securities	3,723,449	4,597,440
Asset-backed securities	1,274,549	—
Alternative investments:		
Multi-strategy hedge funds	39,904,107	40,057,836
Hedged equity funds	28,385,881	25,579,079
Private equity funds	4,463,181	3,935,176
	$ 222,967,751	$ 208,540,385

Total investment return is comprised of the following:

	2015	2014
Interest and dividend income	$ 4,006,666	$ 4,897,684
Net realized and unrealized gains	9,289,932	19,077,243
Total return on investments	13,296,598	23,974,927
Investment return designated for current operations	(10,315,156)	(9,851,545)
Net investment return in excess of amounts designated for current operations	$ 2,981,442	$ 14,123,382

Alternative Investments

The fair value of alternative investments has been estimated using the net asset value per share (or its equivalent) of the investments. Alternative investments held at May 31 consisted of the following:

	May 31, 2015			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency (if Eligible)**	**Redemption Notice Period**
Multi-strategy hedge funds (A)	$ 39,904,107	$ —	quarterly/annually	30 - 90 days
Hedged equity funds (B)	28,385,881	—	quarterly/annually	30 - 90 days
Private equity funds (C)	4,463,181	5,102,245	N/A	N/A

	May 31, 2014			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency (if Eligible)**	**Redemption Notice Period**
Multi-strategy hedge funds (A)	$ 40,057,836	$ —	quarterly/annually	30 - 90 days
Hedged equity funds (B)	25,579,079	—	quarterly/annually	30 - 90 days
Private equity funds (C)	3,935,176	4,557,761	N/A	N/A

(A) This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolio includes investments in various U.S. common, international common stock, debt securities and private investment funds that employ various long/short, macro-driven, absolute return, arbitrage and event-driven strategies. These investments can be redeemed on the normal terms of the investment agreements.

(B) This category includes investments in hedge funds that invest primarily in U.S. international common stocks and private securities. Management of these funds can employ a variety of strategies; however, the funds generally are designed to track certain broad market indices with reduced volatility. There are certain withdrawal or redemption restrictions in place for five of the funds into the amount and timing of redemptions.

(C) This category includes several private equity funds that invest in early stage, high-growth private companies, growth equity financing, leverage buyouts, securities and other obligations of distressed businesses and financially troubled companies. These investments are not eligible for elective redemptions. Instead, the nature of the investments in this category is that distributions are received through liquidation of the underlying assets of the fund. It is estimated the underlying assets of the funds will be liquidated over the next 1 – 7 years.

* These categories include investments in private fund trusts or partnerships that invest primarily in publicly traded U.S. Common stocks and bonds and international common stocks. The University does not have any unfunded commitments to fund these trusts and partnerships and the investments can be redeemed at any time.

Note 4: Property and Equipment

Property and equipment is comprised of the following at May 31:

	2015	2014
Land and land improvements	$ 17,576,704	$ 15,701,104
Buildings	247,195,194	218,585,092
Furniture, fixtures, equipment and vehicles	42,806,983	39,275,896
Library books	20,936,192	20,596,612
Construction in progress	428,764	23,688,572
	328,943,837	317,847,276
Less accumulated depreciation	(129,382,891)	(121,095,816)
	$ 199,560,946	$ 196,751,460

The University has entered into contracts for the construction and renovation of certain facilities. Remaining contract payments total approximately $1,998,000 at May 31, 2015.

Note 5: Beneficial Interests in Perpetual Trusts

The University is the beneficiary under various perpetual trusts administered by outside parties. Under the terms of the trusts, the University has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is $4,019,642 and $4,088,286, which represents the fair value of the trust assets at May 31, 2015 and 2014, respectively. The income from these trusts was $178,436 and $157,069 for 2015 and 2014, respectively.

Note 6: Line of Credit

The University has a $7,500,000 unsecured revolving bank line of credit expiring in October 2015. During the fiscal years 2015 and 2014, there were no borrowings against this line. Interest on advances is payable monthly and varies with the one-month LIBOR rate plus 1%. The one-month LIBOR rate was 0.18% on May 31, 2015.

On April 1, 2013, the University entered into a convertible construction line of credit for $30,000,000 with a conversion date (date equal to the earliest of: 1) January 1, 2015; 2) the date the University notifies the lender that the University does not intend to request further advances; or 3) such later date as designated by the lender). The purpose of this line was to fund the Murphy Hall renovation. Interest on advances were payable monthly and varied with the one-month LIBOR rate plus 1.15%. As of May 31, 2014, there was $12,500,000 borrowed against this line, respectively.

At the conversion date of January 1, 2015, principal and interest became due and payable in consecutive equal monthly installments in accordance with a twenty-five year mortgage-style amortization schedule.

Note 7: Debt

Debt consisted of the following at May 31:

	2015	2014
2001 State of Ohio Higher Educational Facility Revenue Bonds Series A original issue $17,700,000, interest is determined weekly by the USD-SIFMA Municipal Swap Index rate and was 0.11% at May 31, 2015; principal due in annual installments beginning in November 1, 2019, ranging from $400,000 in 2019 to $1,700,000 in 2031	$ 10,700,000	$ 10,700,000
2003 State of Ohio Higher Educational Facility Revenue Bonds original issue $24,110,000, interest at fixed rates ranging from 5.25% to 5.50% depending on term of bonds, the entire principal balance was called on July 28, 2014, when the 2014 revenue bonds were issued	—	13,720,000
2006 State of Ohio Higher Educational Facility Refunding Revenue Bonds original issue $38,790,000, interest at fixed rates ranging from 4.50% to 5.00%, depending on term of bonds, principal due in annual installments on April 1 from $2,315,000 in 2016 to $2,550,000 in 2018 and term bonds of $4,480,000 due April 1, 2026 and $6,015,000 due April 1, 2032	21,710,000	23,925,000
2014 State of Ohio Higher Education Facility Refunding Revenue Bonds original issue $14,120,000, interest at fixed rates ranging from 2.25% to 3.00%, depending on term of bonds, principal due in annual installments on September 1 from $2,000,000 in 2015 to $2,000,000 in 2018 and term bonds of $3,000,000 due September 1, 2032, and $3,120,000 due September 1, 2033	14,120,000	—
Note payable, secured by property, interest rate of 3.79%, payable monthly, due April 2023	21,624,279	—
Note payable, secured by property, interest rate of 3.61%, payable monthly, due March 2021	2,878,019	2,982,887
Note payable, secured by property, interest rate of 5.19%, payable monthly, due June 2018	2,628,771	2,730,825
Note payable, secured by property, interest rate of 3.55%, payable monthly, due December 2018	2,635,349	2,749,303
	76,296,418	56,808,015
Plus unamortized premium	669,364	714,748
	$ 76,965,782	$ 57,522,763

In connection with the issuance of the 2003, 2006, and 2014 bonds, the trustee, as lessor, and the University, as lessee, have entered into a lease for various facilities. Under the terms of the lease, the University is required to make rental payments in amounts sufficient to pay the principal, interest and any premium on the bonds whether at maturity, upon accelerations or upon redemption. In order to secure the University's commitment to pay the trustee the lease payments, the trustee has a security interest in the various facilities.

The University has a letter of credit totaling $10,700,000 related to the financing of the 2001 Series A bonds. The bonds are subject to a remarketing agreement and are remarketed weekly. In the event the remarketing of the bonds fails, the letter of credit will be drawn to redeem all or a portion of the outstanding obligations from the holder(s). If such a draw occurs, the draw will be payable in various installments as set forth in the reimbursement agreement. Interest on the drawings shall be at a rate equal to the base rate which is defined as the higher of the financial institution's prime rate, adjusted one-month LIBOR rate or 6.50% during the period of 120 days following the drawing and thereafter at a rate equal to the base rate plus 1.00%. The letter of credit expires February 1, 2017.

Aggregate annual principal payments required on debt as of May 31 are as follows by fiscal year:

2016	$ 5,189,910
2017	5,344,707
2018	5,495,910
2019	9,193,835
2020	3,159,504
Thereafter	47,912,552
	$ 76,296,418

The bond agreements contain certain financial and nonfinancial covenants, including continuation of use of University facilities for educational purposes, maintenance of insurance policies and availability of certain financial records. As of May 31, 2015 and 2014, the University believes it is in compliance with these covenants.

The University capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred each year was:

	2015	2014
Interest costs capitalized	$ 89,866	$ 375,282
Interest costs charged to expense	2,866,351	2,424,257
Total interest incurred	$ 2,956,217	$ 2,799,539

Note 8: Derivative Financial Instruments — Interest Rate Swap Agreements

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the University has entered into various interest rate swap agreements for its variable rate debt. The agreements are recorded at fair value with subsequent changes in fair value included in nonoperating revenue and expenses.

On June 1, 2011, the University entered into a 20-year interest rate swap agreement with an early termination option in the seventh year for its variable rate debt related to a $3,000,000 term note. The agreement provided for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index and to pay interest to the counterparty at a fixed rate of 5.19% on a notional amount of $2,628,771 at May 31, 2015. The difference between the variable and fixed interest rate is settled monthly and is included in interest expense.

On December 19, 2011, the University entered into a 10-year interest rate swap agreement with an early termination option in the seventh year for its variable rate debt related to a $3,000,000 term note. The agreement provided for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index and to pay interest to the counterparty at a fixed rate of 3.55% on a notional amount of $2,635,349 at May 31, 2015. The difference between the variable and fixed interest rate is settled monthly and is included in interest expense.

On June 1, 2012, the University entered into a five-year interest rate swap agreement with the intent of reducing the impact of changes in interest rates on its 2001 series A variable rate demand tax-exempt bonds. The agreement provides for the University to receive interest from the counterparty at the USD-SIFMA Municipal Swap Index rate and to pay interest to the counterparty at a fixed rate of 0.94% on a notional amount of $5,700,000. The difference between the variable and the fixed interest rate is settled monthly and is included in interest expense.

On May 15, 2013, the University entered into an eight-year interest rate swap agreement that is effective January 2, 2015, with the intent of reducing the impact of changes in interest rates on its convertible construction line of credit and its subject conversion into a term note in 2015. The agreement provides for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index rate and to pay interest to the counterparty at a fixed rate of 3.79% on a notional amount of $21,624,279 at May 31, 2015. The difference between the variable and fixed interest rate will be settled monthly and commenced on February 1, 2015.

On March 3, 2014, the University entered into a seven-year interest rate swap agreement for its variable rate debt related to a $3,000,000 term note. The agreement provided for the University to receive interest from the counterparty at the USD-LIBOR-BBA-Bloomberg Index and to pay interest to the counterparty at a fixed rate of 3.61% on a notional amount of $2,878,019 at May 31, 2015. The difference between the variable and fixed interest rate is settled monthly and is included in interest expense.

The table below presents certain information regarding the University's interest rate swap agreements.

	2015	2014
Fair value of interest rate swap agreements	$ (1,622,565)	$ (726,999)
Statement of financial position location of fair value amount	Accounts payable	Accounts payable
Loss recognized in change in net assets	$ (895,566)	$ (391,931)
Location of loss recognized in change in net assets	Change in value of interest rate swap agreement	Change in value of interest rate swap agreement

Note 9: Functional Expenses

Expenses by functional classification are as follows:

	2015	2014
Educational programs	$ 85,320,720	$ 82,552,969
Management and general	4,869,252	4,148,757
Fundraising	4,210,272	4,068,727
Total expenses	$ 94,400,244	$ 90,770,453

Note 10: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2015	2014
Scholarships	$ 1,922,540	$ 1,408,525
Instruction	497,642	353,950
Unexpended property and equipment funds	226,669	1,000,985
Academic support, research and other	4,829,319	4,338,118
Accumulated earnings on endowed funds	40,682,608	39,306,487
Contributions receivable	217,391	672,037
Total temporarily restricted net assets	$ 48,376,169	$ 47,080,102

Permanently Restricted Net Assets

Permanently restricted net assets at May 31 are restricted to:

	2015	2014
Investment in perpetuity, the income of which is expendable to support:		
Scholarships	$ 50,790,263	$ 47,957,440
Instruction and academic support	30,852,173	30,077,430
Other	5,459,799	5,117,514
Beneficial interest in perpetual trusts	4,019,642	4,088,286
Contributions receivable, net	2,662,162	2,881,871
Other	302,821	295,591
Total permanently restricted net assets	$ 94,086,860	$ 90,418,132

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2015	2014
Purpose restrictions accomplished:		
Scholarship and instruction	$ 340,569	$ 802,621
Academic support, research and other	809,805	1,597,859
Property and equipment acquired and placed in service	1,291,259	411,987
Total net assets released from restriction	$ 2,441,633	$ 2,812,467

Net Asset Transactions with Noncontrolling Interest

The following shows the effects of any changes in the University's ownership interest in its subsidiaries on the University's net assets:

	2015
Change in unrestricted net assets attributable to University	$ (1,276,244)
University unrestricted net assets, beginning of year	197,847,940
Total University unrestricted net assets, end of year	196,571,696
Increase in noncontrolling interest for capital contributions in Murphy Hall Master Tenant and Murphy Hall Manager	6,067,750
Total unrestricted net assets	$ 202,639,446

Note 11: Endowed Funds

The University's endowed funds consist of approximately 320 individual funds established for a variety of purposes. The endowed funds include both donor-restricted endowed funds and funds designated by the governing body to function as endowed funds (Board-designated endowed funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowed funds, including Board-designated endowed funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's governing body has interpreted the State of Ohio Uniform Prudent Management of Institutional Funds Act (Ohio UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowed 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 gifts donated to the permanent endowed funds, (b) the original value of subsequent gifts to the permanent endowed funds and (c) accumulations to the permanent endowed funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowed funds is classified as temporarily restricted net assets until those amounts appropriated for expenditure by the University in a manner consistent with the standards prescribed by Ohio UPMIFA. In accordance with Ohio UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowed funds:

- Duration and preservation of the fund
- Purposes of the University and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of the University
- Investment policies of the University

The composition of net assets by type of endowed fund at May 31, 2015 and 2014, was:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ (14,851)	$ 40,682,608	$ 87,102,235	$ 127,769,992
Board-designated	77,426,996	—	—	77,426,996
Total	$ 77,412,145	$ 40,682,608	$ 87,102,235	$ 205,196,988

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ (17,036)	$ 39,306,487	$ 83,152,384	$ 122,441,835
Board-designated	75,834,943	—	—	75,834,943
Total	$ 75,817,907	$ 39,306,487	$ 83,152,384	$ 198,276,778

Changes in endowed net assets for the years ended May 31, 2015 and 2014, were:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 75,817,907	$ 39,306,487	$ 83,152,384	$ 198,276,778
Reclassifications	(166,667)	—	(67,810)	(234,477)
Investment return				
Investment income	4,006,666	—	—	4,006,666
Net appreciation (realized and unrealized)	7,292,799	1,378,306	618,827	9,289,932
Total investment return	11,299,465	1,378,306	618,827	13,296,598
Contributions	774,411	—	3,398,834	4,173,245
Appropriation of endowment assets for expenditure	(10,315,156)	—	—	(10,315,156)
Net transfer for underwater endowed funds	2,185	(2,185)	—	—
Endowment net assets, end of year	$ 77,412,145	$ 40,682,608	$ 87,102,235	$ 205,196,988

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 69,249,466	$ 31,191,600	$ 80,562,589	$ 181,003,655
Investment return				
Investment income	4,897,685	—	—	4,897,685
Net appreciation (realized and unrealized)	10,150,365	8,263,372	663,505	19,077,242
Total investment return	15,048,050	8,263,372	663,505	23,974,927
Contributions	1,223,451	—	1,926,290	3,149,741
Appropriation of endowment assets for expenditure	(9,851,545)	—	—	(9,851,545)
Net transfer for underwater endowment	148,485	(148,485)	—	—
Endowment net assets, end of year	$ 75,817,907	$ 39,306,487	$ 83,152,384	$ 198,276,778

Amounts of donor-restricted endowed funds classified as permanently and temporarily restricted net assets at May 31 consisted of:

	2015	2014
Permanently restricted net assets, portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or Ohio UPMIFA	$ 87,102,235	$ 83,152,384
Temporarily restricted net assets, portion of perpetual endowment funds subject to a time restriction under Ohio UPMIFA, with purpose restrictions	$ 40,682,660	$ 39,306,487

From time to time, the fair value of assets associated with individual donor-restricted endowed funds may fall below the level the University is required to retain as a fund of perpetual duration pursuant to donor stipulation or Ohio UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated $14,851 and $17,036 at May 31, 2015 and 2014, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

The University has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowed funds. Endowed assets include those assets of donor-restricted endowed funds the University must hold in perpetuity or for donor-specified periods, as well as those of Board-designated endowed funds. Under the University's policies, endowed assets are invested in a manner that is intended to produce results that exceeds inflation by 5.0% annually. Actual returns in any given year may vary from this amount.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The University has a policy (the spending policy) of appropriating for expenditure 4.50% and 4.25% for 2015 and 2014, respectively, of its endowed fund's average fair value over the prior three years. In establishing this policy, the University considered the long-term expected return on its endowed funds. Accordingly, over the long term, the University expects the current spending policy to allow its endowed funds to grow at an average of 0.75% above inflation annually. This is consistent with the University's objective to maintain the purchasing power of endowed assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. In addition, for fiscal 2015 and 2014, the Board authorized the appropriation of an additional $2,500,000 and $3,000,000, respectively, to fund certain strategic initiatives.

Note 12: Employee Retirement Benefits

The University has a defined contribution plan. Retirement benefits are provided for employees through Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF), a national organization used to fund retirement benefits for educational institutions and certain other not-for-profit organizations. The University's contributions are based on eligible compensation. The University's contributions to the plan were $2,376,869 and $2,176,167 for the years ended May 31, 2015 and 2014, respectively. The University also has a nontrusteed private 457(b) deferred compensation plan (457 Plan) for certain employees with any employer contributions to be made on a discretionary basis. The University made no contributions to the 457 Plan for the years ended 2015 and 2014.

Note 13: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2015 and 2014:

		2015		
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Investments:				
Cash equivalents				
Money market funds	$ 1,765,194	$ 1,765,194	$ —	$ —
Mutual funds and pooled investment funds:				
Fixed income	665,397	665,397	—	—
Large capitalization blend and growth	81,291,908	30,535,214	50,756,694	—
International and emerging markets	25,051,355	9,605,575	15,445,780	—
Small and mid capitalization funds	12,989,985	7,807,925	5,182,060	—
Total mutual funds and pooled investment funds	119,998,645	48,614,111	71,384,534	—
Fixed income securities				
Corporate bonds	5,300,420	—	5,300,420	—
US Treasury & agency bonds	626,518	—	626,518	—
Mortgage-backed securities	3,723,449	—	3,723,449	—
Asset-backed securities	1,274,549	—	1,274,549	—
Total fixed income securities	10,924,936	—	10,924,936	—
Alternative investments:				
Multi-strategy hedge funds	39,904,107	—	39,904,107	—
Hedged equity funds	28,385,881	—	19,539,225	8,846,656
Private equity funds	4,463,181	—	—	4,463,181
Total alternative investments	72,753,169	—	59,443,332	13,309,837
Beneficial interest in perpetual trusts	4,019,642	—	—	4,019,642
Total financial assets	$ 209,461,586	$ 50,379,305	$ 141,752,802	$ 17,329,479
Financial Liabilities				
Interest rate swap agreements	$ (1,622,565)	$ 0	$ (1,622,565)	$ 0

		2014		
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Investments:				
Cash equivalents:				
Money market funds	$ 2,673,832	$ 2,673,832	$ —	$ —
Mutual funds and pooled investment funds:				
Fixed income	662,462	662,462	—	—
Large capitalization				—
blend and growth	58,792,038	28,769,119	30,022,919	—
International and emerging markets	25,383,707	11,241,612	14,142,095	—
Small and mid capitalization funds	13,643,891	8,399,859	5,244,032	—
Total mutual funds and pooled investment funds	98,482,098	49,073,052	49,409,046	—
Common stocks				
Consumer goods	5,365,079	5,365,079	—	—
Energy	836,127	836,127	—	—
Health care	4,036,511	4,036,511	—	—
Industrials	1,359,473	1,359,473	—	—
Information technology	2,667,110	2,667,110	—	—
Other industries	2,254,200	2,254,200	—	—
Total common stocks	16,518,500	16,518,500	—	—
Fixed income securities				
Corporate bonds	5,108,725	—	5,108,725	—
US Treasury & agency bonds	1,056,560	—	1,056,560	—
Mortgage-backed securities	4,597,440	—	4,597,440	—
Total fixed income securities	10,762,725	—	10,762,725	—
Alternative investments:				
Multi-strategy hedge funds	40,057,836	—	40,057,836	—
Hedged equity funds	25,579,079	—	9,814,944	15,764,135
Private equity funds	3,935,176	—	—	3,935,176
Total alternative investments	69,572,091	—	49,872,780	19,699,311
Beneficial interest in perpetual trusts	4,088,286	—	—	4,088,286
Total financial assets	$ 202,097,532	$ 68,265,384	$ 110,044,551	$ 23,787,597
Financial Liabilities				
Interest rate swap agreements	$ (726,999)	$ 0	$ (726,999)	$ 0

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended May 31, 2015. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below. The University has no assets or liabilities measured at fair value on a nonrecurring basis.

Cash Equivalents and Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which the University expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. Investments for which the University does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3.

Beneficial Interest in Perpetual Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Level 3 Valuation Process

Fair value determinations for Level 3 measurements of securities and trusts are the responsibility of the Finance Office. The Finance Office contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The Finance Office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Transfers Between Levels

Transfers between Levels 2 and 3 and the reasons for those transfers are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reason for Transfer
Transfers from level Hedged Equity Funds	$ —	$ —	$ 7,162,851	Lock-up period expired
Transfers to level Hedged Equity Funds		7,162,851	—	Lock-up period expired

Level 3 Reconciliations

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Hedged Equity Funds	Private Equity Funds	Multi-Strategy Funds	Beneficial Interest in Perpetual Trusts
Balance, June 1, 2013	$ 13,613,237	$ 3,407,633	$ 3,200,289	$ 3,815,881
Total realized and unrealized gains included in change in net assets	2,150,898	664,772	—	272,405
Purchases	—	345,171	—	—
Sales	—	(482,400)	—	—
Transfers out of Level 3	—	—	(3,200,289)	—
Balance, May 31, 2014	15,764,135	3,935,176	—	4,088,286
Total realized and unrealized gains (losses) included in change in net assets	245,372	970,461	—	(68,644)
Purchases	—	602,500	—	—
Sales	—	(1,044,956)	—	—
Transfers out of Level 3	(7,162,851)	—	—	—
Balance, May 31, 2015	$ 8,846,656	$ 4,463,181	$ —	$ 4,019,642

The total realized and unrealized gains and losses noted above are all attributable to the change in unrealized gains or losses related to assets still held at the reporting date.

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	Fair Value at May 31, 2015	Valuation Technique	Unobservable Inputs	Range
Hedged Equity Funds	$ 8,846,656	Net asset value or equivalent	NAV	N/A
Private Equity Funds	4,463,181	Net asset value or equivalent	NAV	N/A
Beneficial Interest in Perpetual Trusts	4,019,642	Fair value of trust assets	Discount rates Market return rates	N/A

	Fair Value at May 31, 2014	Valuation Technique	Unobservable Inputs	Range
Hedged Equity Funds	$ 15,764,135	Net asset value or equivalent	NAV	N/A
Private Equity Funds	3,935,176	Net asset value or equivalent	NAV	N/A
Beneficial Interest in Perpetual Trusts	4,088,286	Fair value of trust assets	Discount rates Market return rates	N/A

Sensitivity of Significant Unobservable Inputs

The following is a discussion of the sensitivity of significant unobservable inputs, the interrelationships between those inputs and other unobservable inputs used in recurring fair value measurement and of how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

Hedged Equity Funds, Private Equity Funds and Multi-Strategy Funds

The significant unobservable inputs used in the fair value measurement of the University's hedged equity funds, private equity funds and multi-strategy funds is net asset value. Net asset value is the value of a fund's assets less liabilities. Significant increases (decreases) in the value of the fund's assets would result in a significantly higher (lower) fair value measurement.

Beneficial Interest in Perpetual Trusts

The significant unobservable inputs used in the fair value measurement of the University's beneficial interest in perpetual trusts are discount rates and market return rates. The discount rate of the trust is the interest rate utilized to discount future cash flows in a present value cash flow calculation. The discount rate used often represents the return market participants' would demand on similar assets. Therefore, significant increases (decreases) in the discount rate used would result in (lower) higher fair value measurement.

Fair Value of Financial Instruments

The following table presents estimated fair values of the University's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2015 and 2014.

		Fair Value Measurements Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
May 31, 2015				
Financial assets:				
Cash and cash equivalents	$ 6,232,892	$ 6,232,892	$ —	$ —
Contributions receivable	2,917,236	—	—	2,917,236
Investments	222,967,751	67,905,112	141,752,802	13,309,837
Notes receivable	4,827,101	—	—	4,827,101
Beneficial interest in perpetual trust	4,019,642	—	—	4,019,642
Financial liabilities:				
Debt	76,965,782	—	—	76,965,782
U.S. Government refundable advances	1,758,921	—	—	1,758,921

	Carrying Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
May 31, 2014				
Financial assets:				
Cash and cash equivalents	$ 8,735,798	$ 8,735,798	$ —	$ —
Contributions receivable	3,641,252	—	—	3,641,252
Investments	208,540,385	78,796,523	110,044,551	19,699,311
Notes receivable	5,091,725	—	—	5,091,725
Beneficial interest in perpetual trust	4,088,286	—	—	4,088,286
Financial liabilities:				
Debt	57,522,763	—	—	57,522,763
U.S. Government refundable advances	1,779,988	—	—	1,779,988
Construction line of credit	12,500,000	—	—	12,500,000

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated statements of financial position at amounts other than fair value.

Cash and Cash Equivalents

The carrying amount approximates fair value.

Contributions Receivable

Fair value is estimated by discounting the cash flows of the future payments expected to be received using rates of return on assets with similar cash flows.

Student Notes Receivable

Fair value is estimated by discounting the future cash flows using the rates at which similar notes would be written for the same remaining maturities.

Debt

Fair value is estimated based on the borrowing rates available to the University for debt arrangements with similar terms and maturities.

U.S. Government Refundable Advances

The carrying amount approximates fair value.

Note 14: Related Party Transactions

Members of the Jesuit Community of John Carroll University (Community) serve on the University's faculty and administration under individual employment agreements. Salaries related to these employment agreements are paid in total to the Community. In the opinion of University's management, such employment agreements are comparable to those of other employees. Members of the Community do not participate in the University's employee benefits programs. However, the University does pay to the Community an amount approximating the cost of such benefits as if they had been provided for each Community member employed by the University.

Note 15: Significant Estimates, Concentrations and Contingencies

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations.

Investment Risks and Uncertainties

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment amounts reported in the consolidated statements of financial position.

Concentrations

Approximately 71% and 69% of pledges receivable were due from one and two donors for the years ended May 31, 2015 and 2014, respectively.

Note 16: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were issued.

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

We have served as bond counsel to our client the Ohio Higher Educational Facility Commission (the "Commission") and not as counsel to any other person in connection with the issuance by the Commission of $22,320,000 State of Ohio Higher Educational Facility Revenue Bonds (John Carroll University 2016 Project) (the "Bonds") of the State of Ohio (the "State"), dated the date of this letter.

The Bonds are issued pursuant to Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code and the Trust Agreement, dated as of February 1, 2016 (the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The Bonds are being issued for the purpose of providing funds to pay "project costs" of "educational facilities" as those terms are defined in Section 3377.01 of the Ohio Revised Code, and for refunding obligations issued for that purpose. The educational facilities refinanced by the Bonds constitute the "Project." The Project has been leased by John Carroll University (the "University"), as lessor, to the Commission, as lessee, under the Base Lease dated as of February 1, 2016 (the "Base Lease"), and has been leased back to the University under the Lease dated as of February 1, 2016 (the "Lease"), between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease dated as of February 1, 2016 (the "Assignment"), between the Commission and the Trustee, the Commission has assigned to the Trustee for the benefit of the Holders of the Bonds substantially all rights under the Lease, including the Rental Payments to be made by the University. Pursuant to the Assignment, the Commission, effective solely upon an event of default under the Lease, also has assigned to the Trustee for the benefit of the Holders of the Bonds, substantially all of its rights in the Base Lease. Capitalized terms not otherwise defined in this letter are used as defined in the Lease.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, the Trust Agreement, the Base Lease, the Lease, the Assignment, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Trust Agreement, the Base Lease, the Lease, and the Assignment are valid and binding obligations of the Commission, enforceable in accordance with their respective terms. The Bonds are valid and binding obligations of the State, enforceable in accordance with their terms.

2. The Bonds constitute special obligations of the State, and the principal of and interest and any premium on (collectively, "debt service") the Bonds are payable solely from the revenues and other money assigned by the Trust Agreement and the Assignment to pay debt

service. Those revenues and other money include the payments required to be made by the University under the Lease. The Bonds and the payment of debt service on the Bonds are not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a debt or a pledge of the faith and credit of the Commission, the State, or any of its political subdivisions.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Commission, and (iii) the correctness of the legal conclusions contained in the legal opinion letter of McDonald Hopkins LLC, counsel to the University, delivered in connection with this matter.

In rendering those opinions with respect to the treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Commission and the University. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

In addition, in rendering those opinions with respect to the treatment of the interest on the Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinion of counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code, which opinion is subject to a number of qualifications and limitations. We also assume the correctness of, and reply upon the accuracy of, representations of the University concerning the use of the facilities financed with the Bonds in activities that are considered "unrelated trade or business" activities of the University, as defined in Section 513(a) of the Code. Failure of the University to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Bonds in a manner that is substantially related to the University's exempt purpose under Section 513(a) of the Code, may cause interest on the Bonds to be included in gross income retroactively to the date of the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Trust Agreement, the Base Lease, the Lease, and the Assignment are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Bonds, the Trust Agreement, the Base Lease, the Lease, or the Assignment. Furthermore, we express no opinion with respect to the status or quality of title to, or interest in, any of the real, personal or intangible property and other assets described in, or subject to, the pledge or lien granted in the Trust Agreement, the Base Lease, the Lease, or the Assignment, or the accuracy or sufficiency of the description contained therein of, or the priority of, or the remedies available to enforce, any pledge or lien on any such assets.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

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APPENDIX D

BOOK-ENTRY SYSTEM; DTC

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BOOK-ENTRY SYSTEM; DTC

Book-Entry System

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company. As such, the University believes it to be reliable, but the University and the Commission take no responsibility for the accuracy or completeness of that information. See also the additional information following the numbered paragraphs

1. The Depository Trust Company ("DTC"), New York, NY, 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 of the Bonds, each in the principal amount of such maturity, and will be deposited with DTC.

2. 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. (This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Offering Circular.)

3. 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.

4. 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 affect 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.

5. 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 tune. 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 Bond Registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

7. 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 Commission 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and debt service 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 Commission or the Bond Registrar, on the 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 Registrar, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and debt service payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Registrar, 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.

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

10. The Commission (at the request of the University) 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 (or otherwise produced) and delivered to DTC. (See also **Revision of Book-Entry System; Replacement Bonds**.)

11. The information (above) in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University and the Commission believe to be reliable, but the University and the Commission take no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The University, the Commission and the Registrar have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with then legal advisors the manner of transferring or pledging their book-entry interests.

The University, the Commission and the Registrar have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The University, the Commission and the Registrar cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Offering Circular.

For all purposes under the Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Bonds, see **Appendix E - Proposed Form of Continuing Disclosure Agreement**), DTC will be and will be considered by the University, the Commission and the Registrar to be the owner or holder of the Bonds.

Beneficial Owners will not receive or have the right to receive physical delivery of Bonds, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the University, the Commission and the Registrar to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

Revision of Book-Entry System; Replacement Bonds

In the event that DTC determines not to continue to act as securities depository for the Bonds or the Commission at the request of the University determines to terminate the services of DTC (after determining that the continuation of such book entry system service by DTC is not in the best interests of the Commission, the University or the beneficial owners of the Bonds), the Commission at the request of the University may in its discretion attempt to have established a securities depository book entry relationship with another securities depository. If the Commission does not do so, or is unable to do so, and after the Registrar has made provisions for notification of the owners of book entry interests in the Bonds by appropriate notice to DTC, the Commission and the Registrar will authenticate and deliver replacement Bonds in authorized denominations to, or at the direction of, and if the event is not the result of University action or inaction, at the expense (including printing costs) of, any persons requesting such issuance.

Debt service on replacement Bonds will be payable when due without deduction for the services of the paying agent. Principal of the Bonds will be payable to the registered owner upon presentation and surrender of the Bonds at the principal corporate trust office of the Registrar. Interest on the Bonds will be payable by the Registrar by check, mailed to the owner of record on the Register as of the Regular Record Date.

Replacement Bonds will be exchangeable for Bonds of the same maturity and in authorized denominations, and replacement Bonds will be transferable, at the office of the Registrar without charge (except taxes or excises required to be paid). Exchange or transfer of then redeemable replacement Bonds is not required to be made (i) between the fifteenth day preceding the mailing of notice of replacement Bonds to be redeemed and the date of that mailing, or (ii) of a particular replacement Bond selected for redemption (in whole or in part).

The ownership of a Bond will be transferable only by presentation and surrender of such Bond at the office of the Registrar, together with an assignment duly signed by the Holder of that Bond or by his duly authorized attorney in a form satisfactory to the Registrar. Upon any such transfer, the Registrar will deliver, in exchange for that Bond, a new Bond registered in the name of the transferee, in the aggregate principal amount equal to the unmatured and unredeemed principal amount of the Bond presented.

As a condition to the exchange or transfer of any Bond, the Commission or the Registrar may charge the Holder for any tax or excise fee required to be paid with respect to the exchange or transfer.

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of February 1, 2016 (the "Agreement"), is made by and between John Carroll University, a nonprofit corporation duly organized and validly existing under the laws of the State of Ohio and qualified to do business in the State of Ohio (together with its lawful successors and permitted assigns, the "University"), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, with its place of business located in Cleveland, Ohio, as Trustee (the "Trustee"), for the benefit of the Holders and Beneficial Owners from time to time of the $22,320,000 State of Ohio Higher Educational Facility Revenue Bonds (John Carroll University 2016 Project) (the "Bonds") authorized by Resolution No. 2015-24 adopted by the Ohio Higher Educational Facility Commission (the "Commission") on December 16, 2015 (the "Bond Resolution"), under the circumstances set forth in the following recitals (with each capitalized term used but not otherwise defined herein having the meaning assigned to it in Section 1).

A. The Commission has determined to issue and sell the Bonds to finance educational facilities to be leased to the University under the Lease.

B. The Bonds will be issued pursuant to and secured by the Trust Agreement under which the Commission will assign to the Trustee any rights it may have under the Lease to receive rental payments from the University for payment of principal of and interest and any premium on the Bonds.

C. The University will agree to make rental payments under the Lease directly to the Trustee to pay principal of and interest and any premium on the Bonds, and the University has represented that it is the only Obligated Person with respect to the Bonds and that there will not be any other such Obligated Person at the time the Bonds are issued.

D. The Underwriter is required as the Participating Underwriter under the Rule not to purchase or sell the Bonds in a primary offering unless the Underwriter has reasonably determined that the University has undertaken in this Agreement to provide certain information in accordance with the provisions of the Rule.

NOW, THEREFORE, in consideration of the recitals and the mutual representations and agreements hereinafter contained, the University and the Trustee agree, in accordance with the provisions of the Rule, for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, as set forth in this Agreement.

Section 1. Definitions and Interpretation. In addition to the words and terms defined elsewhere in this Agreement or in the Master List of Definitions for Documents Relating to the Bonds, which is Exhibit C of the Lease referenced in the Offering Circular, the following capitalized terms shall have the following meanings unless the context or use clearly indicates otherwise.

"Annual Filing" means any Annual Information Filing provided by the University pursuant to, and as described in, Sections 3 and 4.

"Audited Financial Statements" means the audited financial statements of the University, prepared in conformity with generally accepted accounting principles applicable to institutions of higher education such as the University.

"Authorized Disclosure Representative" means the Vice President for Finance of the University or an alternate or alternates, each of whom shall be designated by the University in a certificate to the Trustee, substantially in the form of Exhibit D, and have the same authority, duties and powers as such Authorized Disclosure Representative.

"Beneficial Owner" means any person that (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.

"EMMA" means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at http://emma.msrb.org.

"Filing Date" means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding Business Day if that day is not a Business Day), beginning February 28, 2017.

"Fiscal Year" means the fiscal year of the University, presently a 12-month period ending May 31, which may be changed by the University from time to time.

"Holder" means, with respect to the Bonds, the person in whose name a Bond is registered in accordance with the Trust Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Notice Address" means:

(a)	as to the Trustee:	The Bank of New York Mellon Trust Company, N.A. 1660 West Second Street, Suite 830 Cleveland, Ohio 44113
(b)	as to the University:	John Carroll University 1 John Carroll Boulevard University Heights, Ohio 44118 Attention: President with a copy to the Vice President for Finance (at the same address)

or a different address as to which notice is given pursuant to Section 14.3 of the Lease or Section 13.03 of the Trust Agreement.

"Obligated Person" means any person, including the issuer of municipal securities (such as the Bonds), who is generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Offering Circular); the University is the only Obligated Person for the Bonds.

"Offering Circular" means the Offering Circular for the Bonds dated January 20, 2016.

"Rule" means Rule 15c2-12 prescribed by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Specified Events" means any of the events with respect to the Bonds as set forth in Section 6.

"Underwriter" means George K. Baum & Company, as the Original Purchaser of the Bonds and a "Participating Underwriter" with respect to the Bonds under the Rule.

The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a Section means a section of this Agreement and to an Exhibit means an exhibit to this Agreement, unless otherwise indicated.

Section 2. Purpose of this Continuing Disclosure Agreement. Pursuant to the Lease, this Agreement is being signed and delivered by the University and the Trustee, for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule. The University and the Trustee acknowledge that the Commission has undertaken no responsibility with respect to any Annual Filings, 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 3. Provision of Annual Information; Audited Financial Statements.

(a) The University shall provide (or cause to be provided) not later than the Filing Date to the MSRB and to the Trustee an Annual Filing that is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format and contain such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4; provided that the Audited Financial Statements of the University may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the University's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 6.

(b) If the University is unable to provide to the MSRB an Annual Filing by the Filing Date, the University shall, in a timely manner, send a notice to the MSRB in an electronic format as prescribed by the MSRB.

Section 4. Content of Annual Filing. The University's Annual Filing shall contain or include by reference the following:

(a) Financial information and operating data of the type included in the Offering Circular in APPENDIX A - JOHN CARROLL UNIVERSITY under the captions "Faculty and

Employees," "Enrollment," "Tuition, Fees and Room and Board," "Financial Aid," "Gifts, Grants and Bequests," "Endowment Funds" and (to the extent not presented in the University's financial statements) "Outstanding Indebtedness."

(b) The Audited Financial Statements of the University prepared in accordance with generally accepted accounting principles applicable to institutions of higher education as described in the Offering Circular, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the University to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the University, which have been submitted to the MSRB or the Securities and Exchange Commission. The University shall clearly identify each such other document so included by reference.

Section 5. <u>Role of Trustee</u>.

(a) Upon receipt of the Annual Filing, including Audited Financial Statements, from the University, the Trustee shall be entitled to assume that the University has provided the Annual Filing to the MSRB. The Trustee shall have no responsibility for providing the Annual Filing unless directed to do so by the University.

(b) If the Trustee has not received the Annual Filing for a Fiscal Year by its close of business on the fifteenth Business Day preceding the Filing Date for that Fiscal Year, the Trustee shall provide a notice to the Authorized Disclosure Representative, not later than its close of business on the next Business Day, substantially in the form of Exhibit A, by facsimile transmission (or other means similarly prompt) and by certified or registered mail, postage prepaid, return receipt requested. If the Trustee has not received that Annual Filing by its close of business on the Filing Date, the Trustee shall provide a notice to the Authorized Disclosure Representative, not later than its close of business on the next Business Day, substantially in the form of Exhibit B, by facsimile transmission (or other means similarly prompt). The University shall be entitled to provide written evidence of the submission of the Annual Filing in accordance with Section 3, including a certificate of the Authorized Disclosure Representative as to the relevant facts, and, if applicable, a written statement in an electronic format and containing such identifying information as prescribed by the MSRB regarding any failure to comply with Section 3. The Trustee shall be entitled to rely conclusively upon any written evidence provided by the University regarding the provision of that information to the MSRB. If, in any instance, the required information was not timely filed or the University fails to provide evidence, by 4:00 p.m., Ohio time, on the second Business Day following the Filing Date, of its timely filing with MSRB, the Trustee shall send or cause to be sent promptly, but in any event not later than its close of business on the third Business Day following the Filing Date, a notice substantially in the form of Exhibit C, modified to reflect the pertinent facts, to the MSRB in an electronic format and containing such identifying information as prescribed by the MSRB. The Trustee shall promptly provide a copy of such notice to the University.

Section 6. Reporting of Specified Events.

(a) The University shall provide (or cause to be provided) to the MSRB and to the Trustee in an electronic format and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, as specified by the Rule:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties; (a)

(4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)

(5) Substitution of credit or liquidity providers, or their failure to perform; (a)

(6) Issuance of an adverse tax opinion, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers; (b)

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material; (c)

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the University; Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University 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 University, 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 University.

(13) The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, 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, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Note:

(a) The University has not obtained or provided, and does not currently expect that it will obtain or provide, any debt service reserves, credit enhancements or credit or liquidity facilities for the Bonds.
(b) Any scheduled redemption of Bonds pursuant to mandatory redemption requirements does not constitute a specified event within the meaning of the Rule.
(c) Repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.

For the Specified Events described in Section 6(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13) and (14), the University, as the Obligated Person with respect to the Bonds, acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

(b) The Trustee shall promptly notify the Authorized Disclosure Representative upon obtaining actual knowledge of the occurrence of any Specified Event (other than a nonpayment related default, the giving of a notice of optional redemption of any Bonds or defeasance of the Bonds or any provision thereof). The Trustee shall have no responsibility to file any notice of such Specified Events unless directed to do so by the University.

Section 7. Additional Information. Nothing in this Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the University chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the University shall have no obligation under this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

Section 8. Transmission of Information and Notices. Unless otherwise required by law, all documents provided to the MSRB in compliance with this Agreement shall be provided to the MSRB in an electronic format and shall be accompanied by identifying information, in each case as prescribed by the MSRB. As of the date of this Agreement, the MSRB has established EMMA as its continuing disclosure service for purposes of the Rule, and unless and until otherwise prescribed by the MSRB, all documents provided to the MSRB in compliance with this Agreement shall be submitted through EMMA in the format prescribed by the MSRB.

Section 9. Amendments. The University reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the University or type of business conducted by the University. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the University shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the University that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the University shall provide notice of such change in the same manner as for a Specified Event under Section 6 and (B) the Annual Filing 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 or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Termination. The obligations of the University under this Agreement shall remain in effect only for such period that (a) the Bonds are outstanding in accordance with their terms and (b) the University remains an Obligated Person with respect to the Bonds within the meaning of the Rule, subject to the survival of certain provisions to the extent expressly provided in Section 13. The obligation of the University to provide the Annual Filing and notices of Specified Events set forth in Section 6 shall terminate, if and when the University no longer remains an Obligated Person with respect to the Bonds. If any person, other than the University, becomes an Obligated Person relating to the Bonds, the University shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Section 11. University; Dissemination Agent. The University represents that it will be the only Obligated Person with respect to the Bonds at the time the Bonds are delivered by the Commission to the Underwriter. Either the University or the Trustee may, from time to time, appoint or engage an agent to act on its behalf in performing its obligations under this Agreement and may discharge any such agent, with or without appointing a successor; provided that neither the University nor the Trustee shall be relieved in any respect by appointment of an agent from primary liability for the performance of its obligations under this Agreement. An agent may resign by providing 30 days' written notice to the University and the Trustee.

Section 12. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the University shall be limited, to the extent permitted by law and as hereinafter provided, to a right of Holders and Beneficial Owners, or the Trustee, to institute and maintain, or cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the University of its obligations under this Agreement in a court in Cuyahoga County, Ohio. Any individual Holder or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the University to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require the University to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) may be instituted and maintained only by the Trustee, which may institute and maintain any such proceedings in its discretion and shall do so, subject to the same conditions, protections, limitations and procedures that would apply under the Trust Agreement if the breach were an Event of Default under the Trust Agreement, at the direction of Holders of at least 25% in aggregate principal amount of the Bonds then outstanding. Any failure of the University to comply with the provisions of this Agreement shall not be a default or failure, or an Event of Default, under the Lease, the Guaranty Agreement or the Trust Agreement. No Person or entity shall be entitled to recover monetary damages under this Agreement.

Section 13. Performance by the Trustee; Compensation.

(a) Solely for the purpose of (i) defining the standards of care and performance applicable to the Trustee in the performance of its obligations under this Agreement, (ii) the manner of execution by the Trustee of those obligations, (iii) defining the manner in which, and the conditions under which, the Trustee may be required to take any action at the direction of Holders, including the condition that indemnification be provided, and (iv) matters of removal, resignation and succession of the Trustee under this Agreement, Article VI of the Trust Agreement is hereby made applicable to this Agreement as if this Agreement were contained in the Trust Agreement; provided that the Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement, and the University agrees to indemnify and hold harmless the Trustee, its officers, directors, employees and agents, from and against any loss, cost, expense or liability that it may incur arising out of or in the exercise or performance of its obligations under this Agreement, including any costs and expenses (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons regularly in its employ) of defending any claim of liability, but excluding liabilities due to the negligence or bad faith of the Trustee. For purposes of this Agreement, the Trustee shall not be deemed to have actual knowledge of any event or occurrence unless an officer or other authorized person in the Trustee's corporate trust group shall have actual knowledge of that event or occurrence.

(b) The University agrees to pay to the Trustee from time to time reasonable compensation for services provided by the Trustee under this Agreement and to pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made in accordance with this Agreement or as a result of the University's failure to perform its obligations hereunder (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons regularly in its employ), except to the extent that any such expense, disbursement or advance is due to the negligence or bad faith of the Trustee.

(c) The obligations of the University under this Section shall survive resignation or removal of the Trustee and termination of other provisions of this Agreement pursuant to Section 10.

(d) The Trustee is a party to this Agreement for and on behalf of the Holders and Beneficial Owners of the Bonds and shall not be considered to be the agent of the University when performing any actions required to be taken by the Trustee under this Agreement.

(e) The Trustee shall not have any obligation under this Agreement to investigate or determine whether any filing or notice made under this Agreement complies with federal securities laws or rules.

Section 14. Notices. Except as otherwise expressly provided in this Agreement, it shall be sufficient service or giving of any notice to the parties hereto, if that notice is either mailed by first class mail, postage prepaid, addressed to the relevant party at its Notice Address, or transmitted by facsimile transmission addressed to the relevant party at its number for receipt of facsimile transmissions set forth in its Notice Address. The University and the Trustee may designate from time to time, by notice given hereunder, any further or different addresses (including facsimile transmission numbers) to which any subsequent notice shall be sent.

Section 15. Recordkeeping. The University shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

Section 16. Assignment. The University may assign its obligations under this Agreement only in connection with the assignment of its obligations under and in accordance with the provisions of any contractual commitment or other arrangement to support payment of all or any part of the Bonds, including without limitation the Lease; provided that the University shall not assign its obligations under this Agreement so long as it remains an Obligated Person with respect to the Bonds and except to the assignee of its obligations under any such contractual commitment or other arrangement to support payment of the Bonds. The University may assign its obligations under any such contractual commitment or other arrangement, without remaining primarily liable for the performance of those obligations, only if the assignee of the University assumes its obligations under this Agreement. Any assignment by the University of its obligations under this Agreement shall not be effective unless and until the assignee of the University shall have expressly assumed in writing, for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, by an instrument in form and substance satisfactory to the Trustee, the obligations of the University under this Agreement or enters into a new agreement for purposes of the Rule that is substantially similar to the undertaking of the University under this Agreement.

Section 17. Beneficiaries. This Agreement shall inure solely to the benefit of the Commission, the University, the Trustee and the Holders and Beneficial Owners from time to time of the Bonds, and any official, employee or agent thereof acting for and on its behalf, and shall not create any rights in any other person or entity.

Section 18. Severability. In case any section or provision of this Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 19. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 20. Governing Law. This Agreement shall be deemed to be an agreement made under the laws of the State of Ohio and for all purposes shall be governed by and construed in accordance with the laws of the State of Ohio.

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IN WITNESS WHEREOF, the University and the Trustee have caused this Agreement to be duly signed in their respective names, all as of the date set forth above.

JOHN CARROLL UNIVERSITY

By:______________________________________
Vice President for Administration

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____________________________________
Vice President

EXHIBIT A

$22,320,000
State of Ohio
Higher Educational Facility Revenue Bonds
(John Carroll University 2016 Project)

NOTICE TO UNIVERSITY OF FAILURE
TO FILE ANNUAL INFORMATION

TO: Vice President for Finance
John Carroll University

The undersigned, as the trustee under the Trust Agreement, dated as of February 1, 2016, securing the captioned bonds (the "Bonds"), and as a party to the Continuing Disclosure Agreement, dated as of February 1, 2016 (the "Agreement"), between the undersigned and John Carroll University, an Ohio nonprofit corporation (the "University"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that the University, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Filing that is required under the Agreement to be so provided not later than ____________________. The Annual Filing is required under the Agreement to be provided or caused to be provided both to the undersigned and to the MSRB not later than that date.

Dated: ______________________________

By:___________________________________
Title:_________________________________

EXHIBIT B

$22,320,000
State of Ohio
Higher Educational Facility Revenue Bonds
(John Carroll University 2016 Project)

SECOND NOTICE TO UNIVERSITY OF FAILURE
TO FILE ANNUAL INFORMATION

TO: Vice President for Finance
John Carroll University

The undersigned, as the trustee under the Trust Agreement, dated as of February 1, 2016, securing the captioned bonds (the "Bonds"), and as a party to the Continuing Disclosure Agreement dated as of February 1, 2016 (the "Agreement"), between the undersigned and John Carroll University, an Ohio nonprofit corporation (the "University"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that the University, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Information that is required under the Agreement to be so provided not later than ____________________.

Please provide the required Annual Filing to the undersigned, together with written evidence as to whether that information has been provided to the MSRB and, if so, when it was provided. If, in any instance, the Annual Filing will not be timely provided to the MSRB in accordance with Section 3 of the Agreement, you may submit a written statement in an electronic format and containing such identifying information as prescribed by the MSRB regarding the University's failure to comply that would be provided to the MSRB with the notice that the undersigned must give of that failure to comply under Section 4 of the Agreement. Any such written evidence or statement must be received by the undersigned not later than 4:00 p.m., Cleveland, Ohio time, on _______________, 20___. If the undersigned has not received written evidence by that time that a timely filing was made, a notice will be filed promptly thereafter with the MSRB, substantially in the form attached as Exhibit C to the Agreement.

Dated: ______________________________

By:____________________________________
Title:__________________________________

EXHIBIT C

$22,320,000
State of Ohio
Higher Educational Facility Revenue Bonds
(John Carroll University 2016 Project)

NOTICE TO MSRB OF FAILURE
TO TIMELY FILE ANNUAL INFORMATION

TO: MSRB

The undersigned, as the trustee under the Trust Agreement, dated as of February 1, 2016, securing the captioned bonds (the "Bonds"), and as a party to the Continuing Disclosure Agreement, dated as of February 1, 2016 (the "Agreement"), between the undersigned and John Carroll University, an Ohio nonprofit corporation (the "University"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that:

[1. The University, as of the date of this notice, has not provided or caused to be provided to the Trustee the Annual Filing for its Fiscal Year that ended May 31, 20__ and has not provided any written evidence to the Trustee concerning the timeliness of its Annual Filing with the MSRB. That Annual Filing was required under the Agreement to be provided to the Trustee and the MSRB not later than ________________**]**

[1. The University provided or caused to be provided the Annual Filing that was required to be provided to the MSRB not later than ________________, 20__, to the MSRB on _______________, 20__.**]**

[2. The University has provided the attached statement concerning its failure to provide or cause to be provided the Annual Filing in accordance with the Agreement. The Trustee does not assume any responsibility for the accuracy or completeness of that statement and has not undertaken, and will not undertake, any investigation to determine its accuracy or completeness.**]**

Dated: ________________________________

By: ______________________________________
Title: ____________________________________

cc:

EXHIBIT D

$22,320,000
State of Ohio
Higher Educational Facility Revenue Bonds
(John Carroll University 2016 Project)

DESIGNATION OF AUTHORIZED DISCLOSURE REPRESENTATIVE

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

The undersigned hereby designates, pursuant to the Continuing Disclosure Agreement between John Carroll University and The Bank of New York Mellon Trust Company, N.A., dated as of February 1, 2016, the individuals listed below as Authorized Disclosure Representative and Alternate**[**s**]**, respectively, and certifies that the signatures opposite the name of each individual is the true signature of that individual.

Authorized Disclosure Representative	Signature
______________________ Name and Title	______________________
Alternate	
______________________ Name and Title	______________________
Alternate	
______________________ Name and Title	______________________

Dated:______________________ By:______________________

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John Carroll
UNIVERSITY