

NOTICE OF LISTED EVENT – TENDER OFFER

\$23,080,000

Wisconsin Health and Educational Facilities Authority  
Revenue Bonds, Series 2016 (Beloit College) (the “Bonds”)

This notice is being filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system pursuant to Section 5(a) of the Continuing Disclosure Agreement, dated as of September 14, 2016, by and between the Board of Trustees of Beloit College (the “College”) and The Bank of New York Mellon Trust Company, N.A., as dissemination agent.

Attached is the Offer to Purchase for Cash by the College of any and all of the above-referenced Bonds, dated December 17, 2018.

BOARD OF TRUSTEES OF BELOIT COLLEGE

Date of this Notice: December 17, 2018



December 17, 2018

RE: Tender Offer for Wisconsin Health and Educational Facilities Authority Revenue Bonds (Beloit College), Series 2016

Dear Bondowner:

Thank you for supporting the Beloit College through your investment in Wisconsin Health and Educational Facilities Authority Revenue Bonds (Beloit College), Series 2016 (collectively, the “**Bonds**”) issued for the benefit of Beloit College in the original aggregate principal amount of \$23,080,000.

The Board of Trustees of Beloit College is making a tender offer to owners of the Bonds (the “**Tender Offer**”) with the intent to purchase any and all of the outstanding Bonds at the applicable purchase price(s) disclosed in the Offer to Purchase, dated the date of this letter (the “**Offer to Purchase**”) and attached hereto. As of the date of this letter, the outstanding aggregate principal amount of the Bonds is \$23,080,000 (of which \$2,175,000 is held by the College). The purchase by Beloit College of any Bonds tendered pursuant to the Tender Offer is subject to the terms and conditions set forth in the Offer to Purchase.

Certain information concerning Beloit College can be found in Appendix A to the Offer to Purchase and through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“**EMMA**”), including Beloit College’s most recent audited financial statements, which can be found on EMMA at <https://emma.msrb.org/ES1218268-ES951378-ES1352240.pdf>.

Subject to the terms of the Offer to Purchase, Beloit College hereby offers to purchase at the applicable purchase price(s) any and all of the outstanding Bonds validly tendered by 5:00 p.m. New York City time on January 16, 2019 and accepted for purchase by Beloit College. The Bonds tendered by bondowners and accepted for purchase by Beloit College are expected to be purchased on January 18, 2019, subject to the right of Beloit College to purchase Bonds tendered and accepted for purchase on an earlier date, as described in the Offer to Purchase.

**TENDERS OF BONDS MAY NOT BE WITHDRAWN. A DECISION TO TENDER BONDS SHALL BE IRREVOCABLE IMMEDIATELY UPON TENDER.**

***You have three options, as further explained in the Offer to Purchase:***

1. *Instruct your bank or broker to tender all or a portion of your Bonds by 5:00 p.m. New York City Time on December 28, 2018 to be eligible to be paid the applicable purchase price(s) on December 31, 2018 if Beloit College exercises its right to purchase Bonds earlier than January 18, 2019;*

2. *Instruct your bank or broker to tender all or a portion of your Bonds by 5:00 p.m. New York City Time on January 16, 2019, to be eligible to be paid the applicable purchase price(s) on January 18, 2019; or*

3. *Do nothing and continue to hold your Bonds under their current terms.*

To assist you in considering the Tender Offer, please read the Offer to Purchase. Beloit College also invites you to contact your broker, account executive, financial advisor and/or other professional to discuss the Tender Offer. Investors with questions about the Tender Offer should contact the Dealer Manager or the Information and Tender Agent at:

*The Dealer Manager for the Tender Offer is:*

**J.P. Morgan Securities LLC**

Attn: Debt Capital Markets

383 Madison Avenue, Floor 3

New York, New York 10179

Tel: (212) 834-3261

Fax: (917) 464-6175

Email: public\_finance\_dcm@jpmorgan.com

*The Information Agent for the Tender Offer is:*

**Global Bondholder Services Corporation**

65 Broadway – Suite 404

New York, New York 10006

Attn: Corporate Actions

contact@gbsc-usa.com

Banks and Brokers call: (212) 430-3774

Toll free (866)-470-4200

*The Tender Agent for the Tender Offer is:*

**Global Bondholder Services Corporation**

By facsimile:

(For Eligible Institutions only):

(212) 430-3775/3779

Confirmation:

(212) 430-3774

***By Mail:***

65 Broadway – Suite 404  
New York, NY 10006

***By Overnight Courier:***

65 Broadway – Suite 404  
New York, NY 10006

***By Hand:***

65 Broadway – Suite 404  
New York, NY 10006

Please note that Beloit College retains the right to modify or withdraw the Tender Offer at any time through and including the Expiration Date (January 16, 2019) (unless earlier terminated or extended), as more fully described in the Offer to Purchase.

Thank you for taking the time to consider the Tender Offer.

BOARD OF TRUSTEES OF BELOIT COLLEGE

By: /s/ Scott Bierman  
President

And by: /s/ Stacie T. Scott  
Vice President for Finance & Planning/  
Treasurer



**OFFER TO PURCHASE FOR CASH  
BY  
BOARD OF TRUSTEES OF BELOIT COLLEGE  
OF  
Any and All Outstanding Wisconsin Health and Educational Facilities Authority  
Revenue Bonds, Series 2016 (Beloit College)  
At the applicable Purchase Price(s) set forth on the inside cover page (plus accrued interest)**

**THE TENDER OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON JANUARY 16, 2019 UNLESS EARLIER TERMINATED OR EXTENDED AS DESCRIBED IN THIS OFFER TO PURCHASE (THE “EXPIRATION DATE”).**

The Board of Trustees of Beloit College (the “**College**”) hereby offers to purchase for cash (the “**Tender Offer**”), upon the terms and subject to the conditions set forth in this Offer to Purchase (the “**Offer to Purchase**”), as it may be amended or supplemented, any and all of the outstanding Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2016 (Beloit College) (the “**Bonds**”) at the applicable purchase price(s) set forth on the inside cover page of the Offer to Purchase, plus accrued interest to the applicable settlement date. In connection with the Tender Offer, the College invites owners of the Bonds (the “**Bondowners**”) to tender any or all of the outstanding Bonds for purchase as described in the Offer to Purchase.

The College reserves the right, but is under no obligation, at any time after 5:00 p.m. on December 28, 2018 (the “**Early Tender Date**”) and prior to the Expiration Date (the “**Early Settlement Date**”), to accept for purchase any Bonds validly tendered at or prior to the Early Tender Date. The Early Settlement Date will be determined at the College’s option and is currently expected to occur on December 31, 2018, subject to all conditions to the Tender Offer having been satisfied or waived by the College. Irrespective of whether the College chooses to exercise its option to have an Early Settlement Date, the College will, subject to the terms and conditions of the Tender Offer, purchase any remaining Bonds (or if the College has not exercised its option to have an Early Settlement Date, all Bonds) that have been validly tendered by the Expiration Date, on a date promptly following the Expiration Date (the “**Final Settlement Date**”; each of the Early Settlement Date and Final Settlement Date being referred to herein as a “**Settlement Date**”). The Final Settlement Date will occur promptly following the Expiration Date, subject to all conditions to the Tender Offer having been satisfied or waived by the College. The expected Final Settlement Date is January 18, 2019, unless extended by the College, assuming all conditions to the Tender Offer has been satisfied or waived by the College. Bondowners whose Bonds are accepted for purchase on the Early Settlement Date will receive accrued interest to the Early Settlement Date. Bondowners whose Bonds are accepted for purchase on the Final Settlement Date will receive accrued interest to the Final Settlement Date.

To make an informed decision as to whether, and how, to tender their Bonds for purchase pursuant to the Tender Offer, Bondowners must read the Offer to Purchase carefully and consult with their broker, account executive, financial advisor and/or other professionals. For more information about risks concerning the Tender Offer please see the section titled “Additional Considerations”.

**Key Dates and Times**

*All of these dates and times are subject to change. All times are New York City time. Notices of changes will be sent in the manner provided for in the Offer to Purchase.*

Early Tender Date.....	December 28, 2018, 5:00 p.m.
Early Settlement Date .....	December 31, 2018
Expiration Date .....	January 16, 2019, 5:00 p.m.
Final Settlement Date.....	January 18, 2019

*The Dealer Manager for the Tender Offer is:*

**J.P. Morgan**

Date of this Offer to Purchase: December 17, 2018

**BONDS SUBJECT TO THIS TENDER OFFER:**

**Any and All Outstanding Wisconsin Health and Educational Facilities Authority  
Revenue Bonds, Series 2016 (Beloit College)**

<b><u>CUSIP</u></b>	<b><u>Maturity (July 1)</u></b>	<b><u>Interest Rate</u></b>	<b><u>Original Principal Amount</u></b>	<b><u>Principal Amount Outstanding</u></b>	<b><u>Purchase Price as a Percentage of Par<sup>(1)</sup></u></b>
97712DRW8	2022	3.00%	\$ 645,000	\$ 645,000	100.00%
97712DRX6	2023	3.00	660,000	660,000	100.00
97712DRY4	2024	4.00	690,000	690,000	102.25
97712DRZ1	2025	4.00	720,000	720,000	102.00
97712DSA5	2026	4.00	755,000	755,000	101.50
97712DSB3	2027	5.00	795,000	795,000	106.50
97712DSC1	2028	5.00	840,000	840,000	105.75
97712DSD9	2029	5.00	885,000	885,000	105.25
97712DSE7	2030	5.00	940,000	940,000	104.75
97712DSF4	2031	5.00	990,000	990,000	104.25
97712DSG2	2032	5.00	1,045,000	1,045,000	104.00
97712DSH0	2033	5.00	1,105,000	1,105,000	103.50
97712DSJ6	2036	5.00	3,730,000	3,730,000 <sup>(2)</sup>	105.50
97712DSK3	2039	5.00	9,280,000	9,280,000 <sup>(3)</sup>	105.50

(1) The Purchase Price excludes earned but unpaid interest thereon, which interest will be paid to the applicable Settlement Date in addition to the Purchase Price.

(2) The College holds \$625,000 aggregate principal amount of the Bonds of this maturity.

(3) The College holds \$1,550,000 aggregate principal amount of the Bonds of this maturity.

## IMPORTANT INFORMATION

*This Offer to Purchase (as defined herein) and other information with respect to the Tender Offer are and will be available from the Dealer Manager and the Information and Tender Agent at <http://www.gbsc-usa.com/Beloit/>. Bondowners wishing to tender their Bonds for purchase pursuant to the Tender Offer should follow the procedures more fully described in the Offer to Purchase.*

This Offer to Purchase has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the fairness or merits of the Offer to Purchase or upon the accuracy or adequacy of the information contained in the Offer to Purchase. Any representation to the contrary is a criminal offense.

The Tender Offer is not being made to, and offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which the Tender Offer, the making of offers to sell Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Tender Offer to be made through a licensed or registered broker or dealer, the Tender Offer is being made on behalf of the College by the Dealer Manager.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in the Offer to Purchase and, if given or made, such information or representation may not be relied upon as having been authorized by the College.

The delivery of the Offer to Purchase shall not under any circumstances create any implication that the information contained herein and therein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein and therein or in any attachments hereto and thereto or materials delivered herewith and therewith or in the affairs of the College since the date hereof.

Affiliates of the Dealer Manager hold other bonds of the College and have provided other credit facilities to the College. See “INTRODUCTION – Dealer Manager and Information and Tender Agent”, “DEALER MANAGER”, and APPENDIX A – “CERTAIN INFORMATION CONCERNING BELOIT COLLEGE – INDEBTEDNESS.”

## FORWARD-LOOKING STATEMENTS

This Offer to Purchase contains statements relating to future results that are “forward-looking statements”. When used in the Offer to Purchase, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements, including those risks described under “Additional Considerations.” Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All forward-looking statements included in the Offer to Purchase are based on information available to the College on the date of the Offer to Purchase. The College does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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## INTRODUCTION

### General

The Board of Trustees of Beloit College (the “**College**”) operates Beloit College, an independent, fully accredited, coeducational four-year liberal arts college located in Beloit, Wisconsin. The College is a Wisconsin nonstock corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), and is exempt from federal income taxation under Section 501(a) of the Code. For certain information concerning the College, see Appendix A to the Offer to Purchase.

The bonds listed on the inside cover page of the Offer to Purchase (collectively, the “**Bonds**”) were issued by the Wisconsin Health and Educational Facilities Authority (the “**Authority**”) pursuant to a Bond Trust Indenture, dated as of September 1, 2016 (the “**Bond Indenture**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “**Trustee**”). The Authority loaned the proceeds of the Bonds to the College pursuant to the Loan Agreement, dated as of September 1, 2016, by and between the College and the Authority. As of the date of the Offer to Purchase, the outstanding aggregate principal amount of the Bonds is \$23,080,000 (of which \$2,175,000 is held by the College).

The College hereby offers to purchase for cash, upon the terms and subject to the conditions set forth in the Offer to Purchase (the “**Offer to Purchase**”), as it may be amended or supplemented, any and all of the outstanding Bonds (the “**Tender Offer**”) at the applicable purchase price(s) set forth on the inside cover page of the Offer to Purchase. In connection with the Tender Offer the College invites owners of the Bonds (the “**Bondowners**”) to tender any or all of the Bonds for purchase as described in the Offer to Purchase.

Bonds may be tendered and accepted for payment only in principal amounts equal to minimum denominations of \$5,000 (the “**Minimum Authorized Denomination**”) and integral multiples of \$5,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. Holders who tender less than all of their Bonds must continue to hold their Bonds in at least the Minimum Authorized Denomination of \$5,000 principal amount and integral multiples of \$5,000 in excess thereof. **All tenders from Bondowners must be made through DTC’s Automated Tender Offer Program (“ATOP”). There is no Letter of Transmittal for this Tender Offer. The College will not accept any tenders from Bondowners that are not made through its DTC ATOP account.** See “TERMS OF THE TENDER OFFER - Provisions Applicable to all Tenders” below for more information on how Bondowners can tender their Bonds for purchase by the College.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER THEIR BONDS, BONDOWNERS MUST READ THE OFFER TO PURCHASE AND ALL DOCUMENTS INCORPORATED BY REFERENCE INTO THE OFFER TO PURCHASE.

**None of the College, the Dealer Manager (as defined herein) or the Information and Tender Agent (as defined herein) make any recommendation that any Bondowner tender or refrain from tendering all or any portion of such Bondowner’s Bonds. Bondowners must make these decisions and should read the Offer to Purchase and consult with their broker, account executive, financial advisor and/or other appropriate professional in making these decisions.**

The College reserves the right, but is under no obligation, at any time after 5:00 p.m. on December 28, 2018 (the “**Early Tender Date**”) and prior to the Expiration Date (the “**Early Settlement Date**”), to accept for purchase any Bonds validly tendered at or prior to the Early Tender Date. The Early Settlement Date will be determined at the College’s option and is currently expected to occur on December 31, 2018, subject to all conditions to the Tender Offer having been satisfied or waived by the College. Irrespective of whether the College chooses to exercise its option to have an Early Settlement Date, the College will, subject to the terms and conditions of the Tender Offer, purchase any remaining Bonds (or if the College has not exercised its option to have an Early Settlement Date, all Bonds) that have been validly tendered by the Expiration Date, on a date promptly following the Expiration Date (the “**Final Settlement Date**”; and each of the Early Settlement Date and Final Settlement Date being referred to herein as a “**Settlement Date**”). The Final Settlement Date will occur promptly following the Expiration Date, subject to all conditions to the Tender Offer having been satisfied or waived by the College. The

expected Final Settlement Date is January 18, 2019, unless extended by the College, assuming all conditions to the Tender Offer has been satisfied or waived by the College.

Bondowners whose Bonds are accepted for purchase on the Early Settlement Date will receive accrued interest to the Early Settlement Date. Bondowners whose Bonds are accepted for purchase on the Final Settlement Date will receive accrued interest to the Final Settlement Date.

**This is an offer by the College to purchase any and all outstanding Bonds tendered pursuant to the Tender Offer, in accordance with the terms and subject to the conditions set forth in the Offer to Purchase.**

### **Purchase Prices**

The prices to be paid by the College for each CUSIP for the Bonds are set forth on the inside cover page of the Offer to Purchase.

### **Source of Funds to Purchase Bonds**

The source of funds to purchase Bonds validly tendered and accepted for purchase and Accrued Interest thereon will be from cash on hand of the College and funds held in the College's endowment.

### **Brokerage Commissions and Solicitation Fees**

Bondowners will not be obligated to pay any brokerage commissions or solicitation fees to the College, the Dealer Manager, or the Information and Tender Agent in connection with the Tender Offer. However, Bondowners should check with their broker, bank, account executive or other financial institution which maintains the account in which their Bonds are held (their "**Financial Representative**") to determine whether it will charge any commissions or fees.

### **Bonds not Purchased**

Any Bonds not purchased in the Tender Offer will continue to be outstanding, and payable and secured, pursuant to the terms of the Bond Indenture.

The purchase by the College of Bonds of any CUSIP number may have certain potential adverse effects on owners of Bonds not purchased pursuant to the Tender Offer, including the following:

- the principal amount of the Bonds of that CUSIP number available to trade publicly will be reduced, which could adversely affect the liquidity and market value of the Bonds of that CUSIP number that remain outstanding; and
- if less than all of the Bonds of that CUSIP number for which sinking fund installments have been established shall be purchased by the College pursuant to the Offer to Purchase, the average life of the remaining Bonds of this CUSIP number may change.

### **Purchased Bonds to be Held by College**

The College may deliver some or all of the Bonds purchased pursuant to the Tender Offer to the Trustee for cancellation, but is not obligated to do so.

### **Dealer Manager and Information and Tender Agent**

J.P. Morgan Securities LLC is the Dealer Manager for the Tender Offer (the "**Dealer Manager**"). Investors with questions about the Tender Offer should contact the Dealer Manager or Global Bondholder Services Corporation, which serves as information and tender agent (the "**Information and Tender Agent**") for the Tender Offer, at the addresses and telephone numbers set forth on the back cover of the Offer to Purchase.

The Dealer Manager and JPMorgan Chase Bank, N.A. are affiliates. JPMorgan Chase Bank, N.A., acts as a swap counterparty and line of credit provider to the College and, as described further herein, owns all of the Series 2014 Bonds (as defined in APPENDIX A – “CERTAIN INFORMATION CONCERNING BELOIT COLLEGE – INDEBTEDNESS”) issued on behalf of the College. The Series 2014 Bonds are subject to mandatory purchase by the College at the end of the current rate period, on November 30, 2020, unless the rate period is extended at the option of the bondowner. The bondowner has notified the College that it does not intend to extend the rate period. See “DEALER MANAGER”, and APPENDIX A – “CERTAIN INFORMATION CONCERNING BELOIT COLLEGE – INDEBTEDNESS”.

The Dealer Manager and its affiliates together comprise a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the College for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the College, including the Bonds.

The Dealer Manager is not acting as a financial or municipal advisor to the College in connection with the Tender Offer.

#### **Prevailing Time**

All times in the Offer to Purchase are New York City time.

## TERMS OF THE TENDER OFFER

### Expiration Date

The Tender Offer will expire at 5:00 p.m., New York City time, on January 16, 2019, unless earlier terminated or extended (the “**Expiration Date**”) as described in the Offer to Purchase. In the sole discretion of the College, Bonds tendered after 5:00 p.m., New York City time, on the Expiration Date and prior to the acceptance of tenders by the College as described below under the heading “Acceptance of Tenders Constitutes Irrevocable Agreement: Notice of Results” may be accepted by the College for purchase. See “TERMS OF THE TENDER OFFER - Extension, Termination and Amendment of Tender Offer; Changes to Terms” below for a discussion of the College’s ability to extend the Expiration Date and to terminate or amend the Tender Offer.

### Offers Only Through the College’s ATOP Account

The Bonds are held in book-entry-only form through the facilities of The Depository Trust Company (“DTC”). The College, through the Information and Tender Agent, will establish an Automated Tender Offer Program (“ATOP”) account at DTC. **All tenders must be made through the College’s ATOP account. The College will not accept any tenders that are not made through its ATOP account. Letters of Transmittal are not being used in connection with the Tender Offer.** Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the College’s ATOP Account in accordance with DTC’s procedures for such transfer. Bondowners who are not DTC participants can only tender Bonds pursuant to the Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondowner’s Bonds through the College’s ATOP account. To ensure a Bondowner’s Bonds are tendered to the College’s ATOP account by 5:00 p.m., New York City time, on the Expiration Date, the Bondowner must provide instructions to the Bondowner’s Financial Representative in sufficient time for the Financial Representative to tender the Bonds to the College’s ATOP account by this deadline. A Bondowner should contact its Financial Representative for information as to when the Financial Representative needs the Bondowner’s instructions in order to tender the Bondowner’s Bonds to the College’s ATOP account by 5:00 p.m., New York City time, on the Expiration Date. See “TERMS OF THE TENDER OFFER - Tender of Bonds by Financial Institutions; College’s ATOP Account.”

The College, the Dealer Manager, and the Information and Tender Agent are not responsible for the transfer of any tendered Bonds to the College’s ATOP account or for any mistakes, errors or omissions in the transfer of any tendered Bonds.

### Information to Bondowners

The College may give information about the Tender Offer to the market and Bondowners by delivery of the information to the following institutions: Bloomberg Financial Market Systems, the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website (“EMMA”), currently located at <http://emma.msrb.org>, and DTC and by posting information to the Information and Tender Agent’s website at <http://www.gbsc-usa.com/Beloit/>. These institutions and the Information and Tender Agent’s website are collectively referred to herein as the “**Information Services.**” Delivery by the College of information to the Information Services will be deemed to constitute delivery of this information to each Bondowner.

**The College, the Dealer Manager, and the Information and Tender Agent have no obligation to ensure that a Bondowner actually receives any information given to the Information Services.**

Bondowners who would like to receive information transmitted by or on behalf of the College to the Information Services may receive such information from the Dealer Manager or the Information and Tender Agent by contacting them using the contact information on the back cover page of the Offer to Purchase or by making appropriate arrangements with its account executive or directly with the Information Services.

### Purchase Price

A Bondowner may tender Bonds of a particular CUSIP number that it owns in a par amount of its choosing (in at least the Minimum Authorized Denomination of \$5,000 principal amount and integral multiples of \$5,000 in

excess thereof only). The purchase price for each particular CUSIP is set forth on the inside cover page of the Offer to Purchase (each a “**Purchase Price**”, and together the “**Purchase Prices**”).

### **Accrued Interest**

The Purchase Price of the Bonds will not be deemed to include any amount representing the interest which will have accrued on a tendered Bond of a particular CUSIP number from the last payment of interest thereon to the Settlement Date (“**Accrued Interest**”). In addition to the Purchase Prices of the Bonds accepted for purchase by the College, Accrued Interest on such Bonds will be paid by, or on behalf of, the College to the Bondowners on the Settlement Date.

### **Provisions Applicable to all Tenders**

***Need for Advice.*** A Bondowner should ask its Financial Representative or financial advisor for help in determining: (a) whether to tender Bonds of a particular CUSIP number, and (b) the principal amount of Bonds of such CUSIP number to be tendered. A Bondowner also should inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting tenders if the College purchases the Bondowner’s tendered Bonds. The College, the Dealer Manager, and the Information and Tender Agent will not charge any Bondowner for tendering Bonds.

***Need for Specificity of Tender.*** A tender must include the following information: (1) the CUSIP number(s) of the Bond(s) being tendered, and (2) the principal amount of each CUSIP number being tendered (such principal amount must be stated in integral multiples of \$5,000 and if not so stated such principal amount will be reduced to the greatest integral multiple of \$5,000).

Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. Holders who tender less than all of their Bonds must continue to hold their Bonds in at least the Minimum Authorized Denomination of \$5,000 principal amount and integral multiples of \$5,000 in excess thereof. **All tenders from Bondowners must be made through DTC’s ATOP. There is no Letter of Transmittal for this Tender Offer. The College will not accept any tenders from Bondowners that are not made through its DTC ATOP account.** See “TERMS OF THE TENDER OFFER - Tender of Bonds by Financial Institutions; College’s ATOP account.”

***General.*** A Bondowner may only tender Bonds it owns or controls. By tendering Bonds pursuant to the Tender Offer, a Bondowner will be deemed to have represented and agreed with the College as set forth below under “TERMS OF THE TENDER OFFER — Representations by Tendering Bondowners to the College.” All tenders shall survive the death or incapacity of the tendering Bondowner.

Bondowners who would like to receive information furnished by the College to the Information Services must make appropriate arrangements with their Financial Representatives or financial advisors, the Information and Tender Agent, or the Information Services. All information furnished by the College to the Information Services may be retrieved at <http://www.gbcs-usa.com/Beloit/>.

### **Representations by Tendering Bondowners to the College**

By tendering Bonds, each tendering Bondowner will be deemed to have represented to and agreed with the College that:

(a) the Bondowner has received the Offer to Purchase, and agrees if the purchase of any tendered Bonds is consummated, the purchase of such Bonds shall be on the terms and conditions set forth in the Offer to Purchase;

(b) the Bondowner has full power and authority to tender, sell, assign and transfer the tendered Bonds, and on the Settlement Date the College will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondowner of the applicable Purchase Price(s), plus Accrued Interest;

(c) the Bondowner has made its own independent decision to tender its Bonds for purchase pursuant to the Tender Offer, as to the terms thereof, and such decisions are based upon the Bondowner's own judgment and upon advice from such advisors with whom the Bondowner has determined to consult;

(d) the Bondowner is not relying on any communication from the College or the Dealer Manager as investment advice or as a recommendation to tender the Bondowner's Bonds at the applicable Purchase Price, it being understood that the information from the College and the Dealer Manager related to the terms and conditions of the Tender Offer shall not be considered investment advice or a recommendation to tender Bonds; and

(e) the Bondowner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of the Tender Offer.

### **Tender of Bonds by Financial Institutions; College's ATOP Account**

The College, through the Information and Tender Agent, will establish the College's ATOP account at DTC for purposes of the Tender Offer promptly after the date of the Offer to Purchase. Tenders of Bonds pursuant to the Tender Offer may only be made to the College through the College's ATOP account. Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the College's ATOP account in accordance with DTC's procedures. Concurrently with the delivery of Bonds through book-entry transfer into the College's ATOP account, an Agent's Message (as described below) in connection with such book-entry transfer must be transmitted to and received at the College's ATOP account by not later than 5:00 p.m., New York City time, on the Expiration Date, *provided, however*, a tender of Bonds related to an Agent's Message transmitted to the College's ATOP account after such time may be accepted by the College for purchase if the College, in its sole discretion, waives the defect in the timing of the delivery of such message. The confirmation of a book-entry transfer to the College's ATOP account as described above is referred to herein as a **"Book-Entry Confirmation."** The term **"Agent's Message"** means a message transmitted by DTC to, and received by, the Information and Tender Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Bonds that have been tendered by such participant pursuant to the Tender Offer, and to the effect that such participant agrees to be bound by the terms of the Tender Offer and the Offer to Purchase. By causing DTC to transfer Bonds into the College's ATOP account, a financial institution warrants to the College that it has full authority, and has received from the Bondowner(s) of such Bonds all direction necessary, to tender, transfer and sell such Bonds as set forth in the Offer to Purchase.

**All tenders must be made through the College's ATOP account. There is no Letter of Transmittal for this Tender Offer. The College will not accept any tenders that are not made through its ATOP account.** Bondowners who are not DTC participants can only tender Bonds pursuant to the Tender Offer by making arrangements with and instructing their Financial Representative, to tender the Bondowner's Bonds through the College's ATOP account. To ensure a Bondowner's Bonds are tendered to the College's ATOP account by 5:00 p.m., New York City time, on the Expiration Date, a Bondowner must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondowner's Bonds to the College's ATOP account by this deadline. A Bondowner should contact its Financial Representative for information as to when the Financial Representative needs the Bondowner's instructions in order to tender the Bondowner's Bonds to the College's ATOP account by 5:00 p.m., New York City time, on the Expiration Date.

### **Determinations as to Form and Validity of Offers; Right of Waiver and Rejection**

All questions as to the validity (including the time of receipt at the College's ATOP account), form, eligibility and acceptance of any Bonds tendered for purchase pursuant to the Tender Offer will be determined by the College in its sole discretion and such determinations will be final, conclusive and binding.

The College reserves the right to waive any irregularities or defects in any tender. The College, the Dealer Manager, and the Information and Tender Agent are not obligated to give notice of any defects or irregularities in tenders and they will have no liability for failing to give such notice.

## **No Withdrawals of Tenders**

Tenders of Bonds may not be withdrawn. Tendered Bonds will be irrevocable immediately upon tender.

## **Acceptance of Tenders**

Upon the terms and subject to the conditions of the Tender Offer, as set forth in the Offer to Purchase, the College will accept for purchase any and all outstanding Bonds validly tendered pursuant to the Offer to Purchase (or defectively tendered, if such defect has been waived by the College), upon the satisfaction or waiver by the College of the conditions to the purchase of tendered Bonds. See “TERMS OF THE TENDER OFFER - Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results” and “- Conditions to Purchase.”

## **Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results**

Acceptance by the College of Bonds tendered for purchase will constitute an irrevocable agreement between the offering Bondowner and the College to sell and purchase these Bonds, subject to satisfaction of all conditions to the College’s obligation to purchase tendered Bonds and the other terms of the Tender Offer and the Offer to Purchase. See “TERMS OF THE TENDER OFFER - Purchase Price” and “- Conditions to Purchase.”

The acceptance of Bonds tendered for purchase is expected to be made by notification to the Information Services (including by posting such information to the Information and Tender Agent’s website at <http://www.gbsc-usa.com/Beloit/>) by 5:00 p.m., New York City time, on the second business day after the Expiration Date. This notification will state the principal amount of the Bonds of each CUSIP number that the College has agreed to purchase in accordance with the Offer to Purchase, which may be zero for a particular CUSIP number.

## **Settlement Date; Purchase of Bonds**

Subject to satisfaction of all conditions to the College’s obligation to purchase tendered Bonds, as described herein, the Settlement Date is the day on which Bonds accepted for purchase will be purchased at the applicable Purchase Price together with Accrued Interest thereon. The College reserves the right, but is under no obligation, at any time after 5:00 p.m. on the Early Tender Date and prior to the Expiration Date, to accept for purchase any Bonds validly tendered at or prior to the Early Tender Date. The Early Settlement Date will be determined at the College’s option and is currently expected to occur on December 31, 2018, subject to all conditions to the Tender Offer having been satisfied or waived by the College. Irrespective of whether the College chooses to exercise its option to have an Early Settlement Date, the College will, subject to the terms and conditions of the Tender Offer, purchase any remaining Bonds (or if the College has not exercised its option to have an Early Settlement Date, all Bonds) that have been validly tendered by the Expiration Date, on a date promptly following the Expiration Date. The Final Settlement Date will occur promptly following the Expiration Date, subject to all conditions to the Tender Offer having been satisfied or waived by the College. The expected Final Settlement Date is January 18, 2019, unless extended by the College, assuming all conditions to the Tender Offer has been satisfied or waived by the College.

Bondowners whose Bonds are accepted for purchase on the Early Settlement Date will receive accrued interest to the Early Settlement Date. Bondowners whose Bonds are accepted for purchase on the Final Settlement Date will receive accrued interest to the Final Settlement Date.

The College may, in its sole discretion, change the Settlement Date by giving notice to the Information Services (including by posting such information to the Information and Tender Agent’s website at <http://www.gbsc-usa.com/Beloit/>) prior to the change. See “TERMS OF THE TENDER OFFER -Conditions to Purchase.”

Subject to satisfaction of all conditions to the College’s obligation to purchase tendered Bonds, as described herein, payment by the College, or on the College’s behalf, will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Price of and Accrued Interest on the Bonds accepted for purchase. The College expects that, in accordance with DTC’s standard procedures, DTC will transmit the aggregate Purchase Price (plus Accrued Interest) in immediately available funds to each of its participant financial institutions holding the Bonds accepted for purchase on behalf of Bondowners for delivery to the

**Bondowners. The College, the Dealer Manager, and the Information and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondowners.**

### **Purchase Funds**

The source of funds to purchase Bonds validly tendered and accepted for purchase and Accrued Interest thereon will be from cash on hand of the College and funds held in the College's endowment.

### **Conditions to Purchase**

The College will not be required to purchase any Bonds it has decided to purchase, and will incur no liability as a result, if, before payment for these Bonds:

- Litigation or another proceeding is pending or threatened which the College reasonably believes may, directly or indirectly, have an adverse impact on the Tender Offer or the expected benefits of the Tender Offer to the College or the Bondowners;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the College reasonably believes this fact makes it inadvisable to proceed with the purchase of Bonds;
- A material change in the business or affairs of the College has occurred which the College reasonably believes makes it inadvisable to proceed with the purchase of Bonds; or
- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the College reasonably believes makes it inadvisable to proceed with the purchase of Bonds.

These conditions are for the sole benefit of the College and may be asserted by the College, prior to the time of payment of the Bonds it has agreed to purchase, regardless of the circumstances giving rise to any of these conditions or may be waived by the College in whole or in part at any time and from time to time in its discretion. The failure by the College at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the College which may be asserted at any time and from time to time prior to the time of payment of the Bonds it has agreed to purchase. Any determination by the College concerning the events described in this section will be final and binding upon all parties. If, prior to the Expiration Date any of the events described happens, the College will have the absolute right to cancel its obligations to purchase Bonds without any liability to any Bondowner.

### **Extension, Termination and Amendment of Tender Offer; Changes to Terms**

Through and including the Expiration Date, the College has the right to extend the Tender Offer, as to any or all of the Bonds, to any date in its sole discretion, provided that a notice of any extension of the Expiration Date is given to the Information Services (including by posting such notice to the Information and Tender Agent's website at <http://www.gbsc-usa.com/Beloit/>) on or about 9:00 a.m., New York City time, on the first business day after the Expiration Date.

The College also has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading "Acceptance of Tenders Constitutes Irrevocable Agreement: Notice of Results," to terminate the Tender Offer at any time by giving notice to the Information Services (including by posting such notice to the Information and Tender Agent's website at <http://www.gbsc-usa.com/Beloit/>) of such termination. The termination will be effective at the time specified in such notice.



The College also has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading “Acceptance of Tenders Constitutes Irrevocable Agreement: Notice of Results,” to amend or waive the terms of the Tender Offer in any respect and at any time by giving notice to the Information Services (including by posting such notice to the Information and Tender Agent’s website at <http://www.gbsc-usa.com/Beloit/>) of this amendment or waiver. This amendment or waiver will be effective at the time specified in such notice.

If the College extends the Tender Offer, or amends the terms of the Tender Offer (including a waiver of any term) in any material respect, the College may (but is not required to) disseminate additional Tender Offer material and extend the Tender Offer to the extent required to allow reasonable time for dissemination to Bondowners and for Bondowners to respond.

No extension, termination or amendment of the Tender Offer (or waiver of any terms of the Tender Offer or the Offer to Purchase) will change the College’s right to decline to purchase any Bonds without liability. See “TERMS OF THE TENDER OFFER - Conditions to Purchase.”

The College, the Dealer Manager and the Information and Tender Agent have no obligation to insure that a Bondowner actually receives any information given to the Information Services.

### AVAILABLE INFORMATION

Certain information relating to the Bonds and the College may be obtained by contacting the Information and Tender Agent at the contact information set forth on the last page of the Offer to Purchase. Such information is limited to (i) the Offer to Purchase, including the information set forth in Appendix A to the Offer to Purchase, (ii) all information available through EMMA, and (iii) information available through the Information and Tender Agent’s website (<http://www.gbsc-usa.com/Beloit/>).

### BACKGROUND OF THE TENDER OFFER

The College is engaged in a broad effort to increase revenue and decrease expenses. Part of that effort is an evaluation of the College’s overall debt structure, including both the Bonds and the Series 2014 Bonds, which were directly purchased by JPMorgan Chase Bank, N.A. (“**Chase**”). The College is undertaking this evaluation due to several factors, including (i) the recent downgrade of the College from Baa2 to Ba1 by Moody’s Investors Service, Inc. (which downgrade is not a default under the Bond Indenture or the Bonds, but is a default under the terms of the College’s Continuing Covenants Agreement (“**CCA**”) with Chase, pursuant to which Chase holds the Series 2014 Bonds), (ii) the likelihood, based upon current projections, that the College’s debt service coverage ratio as of June 30, 2019, calculated in accordance with the Master Trust Indenture, dated as of April 1, 2010, between the College and The Bank of New York Mellon, N.A., as Master Trustee (as supplemented and amended to date, the “**Master Indenture**”), pursuant to which the College secured the Bonds, will be below the minimum level required by the Master Indenture, and (iii) the likelihood, based upon current projections, that the College’s debt service coverage ratio as of June 30, 2019, will be below the minimum level required by the CCA. Because the Series 2014 Bonds are subject to a hedging arrangement, among other factors, the College has determined that the best way to manage its debt service obligations is to acquire through a tender offer as many of the Bonds as possible and to cancel some or all of the Bonds so acquired. See Appendix A – “Certain Information Concerning Beloit College – Indebtedness.”

### ADDITIONAL CONSIDERATIONS

In deciding whether to participate in the Tender Offer, each Bondowner should consider carefully, in addition to the other information contained in the Offer to Purchase, the following:

**Market for Bonds.** The Bonds are not listed on any national or regional securities exchange. To the extent that the Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondowners may be able to effect a sale of the Bonds at a price higher than the Purchase Price(s) established through the auction process in connection with the Tender Offer.

**Treatment of Bonds Not Tendered Pursuant to Tender Offer.** Bonds not tendered pursuant to the Tender Offer will remain outstanding. If Bonds are purchased in the Tender Offer, the principal amount of Bonds

for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Bonds of that CUSIP that remain outstanding. The terms and conditions of the Bonds that remain outstanding will continue to be governed by the terms of the Bond Indenture and will remain unchanged.

**The College May Later Purchase Bonds At More Favorable Prices Than Those Purchased in the Tender Offer.** The College reserves the right to, and may in the future decide to, acquire some or all of the Bonds not purchased pursuant to the Tender Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the Purchase Price(s) paid pursuant to the Tender Offer and could be for cash or other consideration. Any future purchase may be on the same terms or on terms that are more or less favorable to Bondowners than the terms of the Tender Offer. The decision to make future purchases by the College and the terms of such future purchases will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the College will ultimately choose to pursue in the future.

**Timeliness of Offers and Availability of Bondowner.** The Tender Offer will expire at 5:00 p.m., New York City time, on the Expiration Date (currently scheduled for January 16, 2019), unless extended or terminated. Bonds tendered for purchase as described in the Offer to Purchase after 5:00 p.m., New York City time, on the Expiration Date will not be considered.

### **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The College has been advised that sales by Bondowners pursuant to the Tender Offer will be taxable transactions for federal income tax purposes. As a result, each Bondowner who tenders Bonds will have taxable gain or loss in an amount equal to the difference between the Purchase Price received by the Bondowner and the Bondowners' adjusted basis in the tendered Bonds. The character of a Bondowners' gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors which vary depending on the particular circumstances of the tendering Bondowner. Bondowners should consult their tax advisor with respect to the proper tax treatment of a sale pursuant to the Tender Offer, in light of their individual tax situation.

Amounts paid to Bondowners tendering their Bonds for purchase may be subject to "backup withholding" ("**Backup Withholding**") by reason of the events specified by Section 3406 of the Code, which include failure of a Bondowner to supply the Financial Representative with such Bondowner's taxpayer identification number certified under penalty of perjury. Backup Withholding may also apply to Bondowners who are otherwise exempt from such Backup Withholding if such Bondowners fail to properly document their status as exempt recipients.

To comply with Circular 230 of the Internal Revenue Service, Bondowners are hereby notified that any discussion of federal income tax issues contained or referred to herein is not intended or written to be used, and cannot be used by Bondowners, for the purposes of avoiding penalties that may be imposed on them under the Code. This federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the College or any of its advisors or agents to Bondowners. Such discussion does not purport to deal with all aspects of federal income taxation that may be relevant to particular Bondowners (e.g., a foreign person, bank, thrift institution, personal holding company, tax-exempt organization, regulated investment company, insurance company, or other broker or dealer in securities or currencies). In addition to federal tax consequences, the sale or exchange of the Bonds may be treated as a taxable event for other state and local and foreign tax purposes. Bondowners should not rely upon such discussion and are urged to consult their own tax advisors to determine the particular federal, state or local tax consequences of offer of sales made by them pursuant to the Tender Offer, including the effect of possible changes in the tax laws.

### **SOLICITATION FEES; ELIGIBLE INSTITUTIONS ARE NOT AGENTS**

The College agrees to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (an "**Eligible Institution**"), a solicitation fee of \$1.25 per \$1,000 on the principal amount of Bonds purchased from each of its Retail Customers by the College pursuant to the Tender Offer. A "**Retail Customer**" is an individual who owns less than \$250,000 principal amount of Bonds and manages his or her own investments or an individual who owns less than \$250,000 principal amount of Bonds whose

investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

Eligible Institutions must submit a Solicitation Fee Payment Request online at <http://www.gbsc-usa.com/Beloit/> no later than 5:00 p.m., New York City time, on or before the first business day following the Expiration Date, unless earlier terminated or extended. No payment of a solicitation fee will be made on requests received after this time. No solicitation fee will be paid on requests improperly submitted or for Bonds not purchased by the College. See Appendix B attached hereto for the form of the Solicitation Fee Payment Request Notice.

Eligible Institutions are not agents of the College for the Tender Offer.

## **REIMBURSEMENT OF FINANCIAL INSTITUTION EXPENSES**

The College agrees to reimburse financial institutions their reasonable out-of-pocket expenses incurred in forwarding the Offer to Purchase to the Bondowners whose Bonds they hold (and to the Bondowners' account executives), and in handling and forwarding offers to purchase these Bonds. **Requests for reimbursement of out-of-pocket expenses must be made to the Information and Tender Agent at the address given below no later than 5:00 p.m., New York City time, on the third business day following the Expiration Date. No reimbursement will be made on requests received after this time.**

## **DEALER MANAGER**

The College has retained J.P. Morgan Securities LLC (“**J.P. Morgan**”) to act on its behalf as Dealer Manager for the Tender Offer. The College has agreed to pay the Dealer Manager customary fees for its services and to reimburse the Dealer Manager for its reasonable out-of-pocket costs and expenses relating to the Tender Offer. References in the Offer to Purchase to the Dealer Manager are to J.P. Morgan only in its capacity as the Dealer Manager.

The Dealer Manager may contact Bondowners of the Bonds regarding the Tender Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward the Offer to Purchase to beneficial owners of the Bonds.

The Dealer Manager and JPMorgan Chase Bank, N.A. are affiliates. JPMorgan Chase Bank, N.A., acts as a swap counterparty and line of credit provider to the College and owns all of the Series 2014 Bonds in the approximate aggregate principal amount of \$27.7 million. The Series 2014 Bonds are subject to mandatory purchase by the College at the end of the current rate period, on November 30, 2020, unless the rate period is extended at the option of the bondowner. The bondowner has notified the College that it does not intend to extend the rate period. See APPENDIX A – “CERTAIN INFORMATION CONCERNING BELOIT COLLEGE – INDEBTEDNESS”.

The Dealer Manager and its affiliates together comprise a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the College for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the College, including the Bonds. As of the date of the Offer to Purchase, the Dealer Manager does not hold any Bonds.

The Dealer Manager is not acting as a financial or municipal advisor to the College in connection with the Tender Offer.

On October 25, 2018, the College entered into a Market Outreach Agreement with the Dealer Manager (the “**Outreach Agreement**”). Pursuant to the Outreach Agreement, the Dealer Manager is authorized to contact

Bondowners solely to gather market color about whether certain Bondowners would be interested in participating in a purchase or exchange of Bonds or consent solicitation relating to the Bonds for cash, newly issued debt securities or a combination thereof. No fees are payable to the Dealer Manager pursuant to the Outreach Agreement.

On December 6, 2018, the College entered into an Open Market Repurchase Agreement with the Dealer Manager (the “Repurchase Agreement”). Pursuant to the Repurchase Agreement, the Dealer Manager agreed to use its reasonable efforts to purchase in the open market, from time to time, on behalf of the College up to \$2.5 million aggregate principal amount of the College’s outstanding debt securities. Pursuant to the Repurchase Agreement, on December 6, 2018, the Dealer Manager purchased, on behalf of the College, \$625,000 and \$1,550,000 aggregate principal amount of the outstanding Bonds maturing in 2036 and 2039, each for a purchase price of 101%, for which the Dealer Manager received customary fees.

### **INFORMATION AND TENDER AGENT**

The College has retained Global Bondholder Services Corporation to serve as Information and Tender Agent for the Tender Offer. The College has agreed to pay the Information and Tender Agent customary fees for its services and to reimburse the Information and Tender Agent for its reasonable out-of-pocket costs and expenses relating to the Tender Offer.

### **MISCELLANEOUS**

No one has been authorized by the College, the Dealer Manager, or the Information and Tender Agent to recommend to any Bondowner whether to tender Bonds pursuant to the Tender Offer or the amount of Bonds to tender. No one has been authorized to give any information or to make any representation in connection with the Tender Offer other than those contained in the Offer to Purchase. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the College, the Dealer Manager or the Information and Tender Agent.

None of the College, the Dealer Manager, or the Information and Tender Agent make any recommendation that any Bondowner tender or refrain from tendering all or any portion of the principal amount of such Bondowner’s Bonds. Bondowners must make these decisions and should read the Offer to Purchase and consult with their broker, account executive, financial advisor and/or other professional in making these decisions.

### **BOARD OF TRUSTEES OF BELOIT COLLEGE**

By: /s/ Scott Bierman  
President

And by: /s/ Stacie T. Scott  
Vice President for Finance & Planning/  
Treasurer

Investors with questions about the Tender Offer should contact the Dealer Manager or the Information and Tender Agent. The contact information for the Dealer Manager and the Information and Tender Agent is as follows:

***The Dealer Manager for the Tender Offer is:***

**J.P. Morgan Securities LLC**  
Attn: Debt Capital Markets  
383 Madison Avenue, Floor 3  
New York, New York 10179  
Tel: (212) 834-3261  
Fax: (917) 464-6175  
Email: public\_finance\_dcm@jpmorgan.com

***The Information Agent for the Tender Offer is:***

**Global Bondholder Services Corporation**  
65 Broadway – Suite 404  
New York, New York 10006  
Attn: Corporate Actions  
contact@gbsc-usa.com

Banks and Brokers call: (212) 430-3774  
Toll free (866)-470-4200

***The Tender Agent for the Tender Offer is:***

**Global Bondholder Services Corporation**

By facsimile:  
(For Eligible Institutions only):  
(212) 430-3775/3779

Confirmation:  
(212) 430-3774

***By Mail:***  
65 Broadway – Suite 404  
New York, NY 10006

***By Overnight Courier:***  
65 Broadway – Suite 404  
New York, NY 10006

***By Hand:***  
65 Broadway – Suite 404  
New York, NY 10006

**CERTAIN INFORMATION CONCERNING BELOIT COLLEGE**

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## CERTAIN INFORMATION CONCERNING BELOIT COLLEGE

## GENERAL

The Board of Trustees of Beloit College (“Beloit” or the “College”) is providing the following information in connection with the Offer to Purchase the Bonds, as described in the forepart of the Offer to Purchase, to which this Appendix A is attached. Terms used in this Appendix A and not otherwise defined herein have the same meanings assigned to them in the Offer to Purchase.

## ACCREDITATION

The College is a charter member of and has been accredited by the Higher Learning Commission of North Central Association of Colleges and Schools since 1913. The College’s most recent comprehensive evaluation was conducted in the 2016-2017 academic year and the College’s accreditation was renewed for a 10-year period ending in 2027. The College is a member of the Associated Colleges of the Midwest (the “ACM”).

## ADMINISTRATION

The following individuals have been appointed by the College to the positions indicated since August 18, 2016, the date of the Official Statement relating to the Bonds.

Stacie Scott, *Vice President for Finance and Planning and Treasurer*  
 Yaffa Grossman, Ph.D., *Acting Provost and Dean of the College*  
 Timothy Jones, *Communications and Integrated Marketing Officer*  
 Pamela McQuesten, *Chief Information Officer*  
 Amy Wilson, *Vice President for Development and Alumni Relations*  
 Cecil Youngblood, *Interim Dean of Students*

The position of Vice President for Enrollment Services is currently vacant.

## ENROLLMENT

*Enrollment*

The following table highlights the College’s Fall, degree-seeking enrollment, as well as six-year graduation rates for the academic years shown.

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Undergraduate FTE	1,210	1,321	1,312	1,267	1,221
Full-time undergraduates	1,204	1,320	1,310	1,264	1,219
Part-time undergraduates	4	4	5	7	6
Freshman to Sophomore Retention	78%	85%	86%	88%	85%
Sophomore to Junior Retention	74%	78%	82%	78%	85%
Junior to Senior Retention	72%	79%	74%	80%	86%
Graduation Rates	79%	86%	73%	82%	80%

[Remainder of this page intentionally left blank.]



## APPENDIX A

### *Student Admissions*

The following table sets forth applications, admissions and enrollments of freshmen and transfer applicants for the academic years shown.

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Total Applicants	4,335	5,509	3,939	3,676	2,384
Total Acceptances	2,426	2,977	2,747	2,503	1,628
Total Acceptance Rate	55.96%	54.04%	69.74%	68.09%	68.29%
Total Matriculates	296	356	407	416	323
Total Matriculation Rate	12.20%	11.96%	14.82%	16.62%	19.84%
Freshman Applicants	4,200	5,400	3,855	3,552	2,281
Freshman Acceptances	2,369	2,915	2,693	2,443	1,581
Freshman Acceptance Rate	56.40%	53.98%	69.86%	68.78%	69.31%
Freshman Matriculates	266	323	382	392	299
Freshman Matriculation Rate	11.23%	11.08%	14.18%	16.05%	18.91%
Transfer Applicants	135	109	84	124	103
Transfer Acceptances	57	62	54	60	47
Transfer Acceptance Rate	42.22%	56.88%	64.29%	48.39%	45.63%
Transfer Matriculates	30	33	25	24	24
Transfer Matriculation Rate	52.63%	53.23%	46.30%	40.00%	51.06%

### *Mean SAT and ACT Scores by Entering Class*

The following table shows the average SAT and ACT scores for entering freshmen for the academic years shown.

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Mean SAT Scores	1230	1240	1220	1210	1229
National SAT Average*	1067	1060	1002	1006	1010
Mean ACT Scores	25	27	27	27	27
National ACT Average^	21	21	21	21	21

\* National Center for Education Statistics, a function of the Department of Education.

^ ACT.org, *The Condition of College & Career Readiness* reports for each period.

### *Tuition and Fees*

The following table shows annual tuition, average room and board charges, and various other annual fees that were set by the College's Board of Trustees for a full-time student for the academic years shown. In 2015-16, the College added a mandatory fee for health and wellness programs.

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Tuition	\$49,564	\$48,236	\$46,596	\$44,590	\$42,220
Room & Board	8,830	8,436	8,146	7,890	7,470
Other Fees & Charges	476	470	464	460	280
Total	<u>\$58,870</u>	<u>\$57,142</u>	<u>\$55,206</u>	<u>\$52,940</u>	<u>\$49,970</u>

***Financial Aid and Discount***

The College attempts to meet 100% of demonstrated need for all admitted students, using a combination of institutional, state, and federal resources. In concert with need-based aid, Beloit offers merit scholarships to help meet the strategic enrollment goals of the College. Approximately 99% of students who entered in Fall 2018 received financial assistance.

The first-year discount rate for Fall 2018 is expected to be 72%, with an overall discount rate of 64.5%.

<u>Academic Year</u>	<u>Unfunded Discount</u>	<u>Unfunded Discount Rate</u>	<u>Endow/Gifts/ Other Funding</u>	<u>Total Discount Rate</u>	<u>Total Additional Federal Grant Aid</u>
2018-19 (Budget)	\$36,901,820	61.6%	\$1,765,777	64.5%	\$2,429,525
2017-18	34,341,383	56.0	2,214,570	59.7	2,230,098
2016-17	32,074,000	53.2	2,228,136	56.9	2,038,053
2015-16	28,430,633	50.8	2,186,195	54.7	2,020,807
2014-15	25,348,535	49.9	1,741,262	53.3	1,988,632

***Tuition and Fees of Colleges of the ACM***

The following table shows Fall 2018 tuition and fees for the colleges of the ACM, most of which are competitor institutions. The data was obtained by the College from the individual websites of the listed institutions.

<u>Institution</u>	<u>2018-19</u>		
	<u>Tuition and Fees</u>	<u>Room and Board</u>	<u>Total</u>
Colorado College	\$55,470	\$12,512	\$67,982
Carleton College	54,759	14,085	68,844
Macalester College	54,344	12,156	66,500
Grinnell College	52,392	12,810	65,202
<b>Beloit College</b>	<b>50,040</b>	<b>8,830</b>	<b>58,870</b>
St. Olaf College	47,840	10,850	58,690
Lawrence University	47,475	10,341	57,816
Lake Forest College	47,064	10,390	57,454
Knox College	46,554	9,870	56,424
Coe College	44,050	9,480	53,530
Ripon College	43,808	8,401	52,209
Cornell College	42,299	9,384	51,683
Luther College	42,290	9,460	51,750
Monmouth College	37,869	8,966	46,835

*[Remainder of this page intentionally left blank.]*

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### *Competitor Institutions*

The following is a list of colleges and universities that the College routinely competes with for students, and the number of students who were admitted for Fall 2018 to both Beloit and the listed institution and who matriculated to Beloit.

<u>Institution</u>	<u>Number of Cross Admits Enrolled (Fall 2018)</u>
University of Illinois-Urbana	64
University of Illinois-Chicago	38
University of Minnesota-Twin Cities	37
Lawrence University*	36
Loyola University Chicago	28
St. Olaf College*	27
Knox College*	25
University of Wisconsin-Madison	22
Grinnell College*	22
College of Wooster^	21
Kalamazoo College^	20
Lake Forest College*	19
DePauw University^	18
University of Wisconsin-Oshkosh	17
Oberlin College^	16
City of Chicago - Harold Washington College	16
Cornell College*	16
DePaul University	15
Dickinson College	15
Illinois Wesleyan University	14
Augustana College	14
Macalester College*	14
Denison University^	14

\* Denotes Associated Colleges of the Midwest (ACM) Institutions.

^ Denotes Great Lakes College Association (GLCA) Institutions.

Enrollment Data Source: National Student Clearinghouse  
Students Admitted to Beloit College

## POWERHOUSE PROJECT

In December 2017, the College purchased the nearby Blackhawk Generating Station from Alliant Energy/WPL. The riverfront power plant, referred to as The Powerhouse, is being repurposed as a state-of-the-art student union and activity and recreation center, with construction expected to be completed for a Fall 2019 opening of the facility (the “Powerhouse Project”). The projected construction cost is \$38 million. The project is being funded through a combination of fundraising received by the College, new market tax credits and historic tax credits. In connection with the tax-credit financing structure, the property was conveyed to a limited liability company, Beloit Powerhouse, LLC, in which the College holds, directly or indirectly, 100% of the ownership interest. Beloit Powerhouse, LLC, is not a member of the Obligated Group under the Master Indenture. See “INDEBTEDNESS” and Note 17 to the College’s audited financial statements for the fiscal year ending June 30, 2018, which have been filed with EMMA and can be found at <https://emma.msrb.org/ES1218268-ES951378-ES1352240.pdf> (the “FY 2018 Financial Statements”).

## FINANCIAL OPERATIONS

The College's financial statements are prepared and maintained in accordance with accounting principles generally accepted in the United States of America. Complete financial statements are prepared annually and are subject to audit. In 2015, the College changed its fiscal year from one ending May 31 to one ending June 30. As a result, the College had a 13-month fiscal year ending June 30, 2016 ("fiscal year 2016").

## Statement of Financial Position (000's)

	Fiscal Year End June 30,			Fiscal Year End May 31,	
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
<b>Assets</b>					
Cash & Cash Equivalents	\$27,123	\$2,746	\$2,473	\$8,962	\$5,596
Accounts Receivable (net)	1,469	1,071	972	419	383
Contributions Receivable (net)	8,157	5,903	2,003	2,960	3,043
Student Loans Receivable (net)	5,372	5,208	5,205	5,349	5,803
Investments	145,464	161,365	148,635	154,751	144,300
Inventories	-	-	-	-	29
Prepaid Expenses and Other Assets	745	616	215	330	340
Cash Surrender Value of Life Insurance	-	-	-	-	5
Bond Issuance Costs, Net	-	-	467	551	574
Original Bond Issue Discount	-	-	-	-	311
Land, Buildings and Equipment (net)	69,093	68,291	70,277	71,789	73,594
Beneficial Interest in Perpetual Trusts	3,063	2,949	2,699	2,900	2,858
Funds Held in Trust by Others	642	595	612	669	652
<b>Total Assets</b>	<b>\$261,128</b>	<b>\$248,744</b>	<b>\$233,558</b>	<b>\$248,680</b>	<b>\$237,487</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$3,009	\$3,591	\$3,401	\$3,959	\$3,930
Deferred Tuition and Fees	1,526	1,773	2,171	1,962	1,953
Student Deposits and Deferred Grant Revenue	491	568	483	478	597
Assets Held for Others Under Agency Agreements	-	201	175	311	374
Other Liabilities	156	160	160	171	0
Beneficiary Payable	-	-	-	-	50
Annuities Payable	3,650	3,819	3,780	3,881	2,789
Deferred Support Under Split Interest Agreements	-	-	-	-	49
Long Term Debt	53,587	54,719	53,366	57,383	57,736
Refundable Advance from Henry Strong Foundation	-	-	-	-	90
Refundable Advance from U.S. Government	1,773	1,957	1,932	2,280	1,552
Bond Issue Premium	-	-	-	-	100
Derivative Liability	5,057	6,816	9,554	8,196	6,811
Historic Tax Credit Obligation	1,623	-	-	-	-
New Market Tax Credit Obligation	4,863	-	-	-	-
<b>Total Liabilities</b>	<b>\$75,736</b>	<b>\$73,603</b>	<b>\$75,022</b>	<b>\$78,621</b>	<b>\$76,031</b>
<b>Net Assets</b>					
Unrestricted	\$41,478	\$46,029	\$47,481	\$56,916	\$54,069
Temporarily Restricted	53,204	38,937	24,646	28,871	26,633
Permanently Restricted	91,372	90,175	86,409	84,271	80,756
Non-controlling interest in unrestricted net assets	(662)	-	-	-	-
<b>Total Net Assets</b>	<b>\$185,392</b>	<b>\$175,142</b>	<b>\$158,536</b>	<b>\$170,058</b>	<b>\$161,458</b>
<b>Total Liabilities and Net Assets</b>	<b>\$261,128</b>	<b>\$248,744</b>	<b>\$233,558</b>	<b>\$248,679</b>	<b>\$237,489</b>

## Statement of Activities (000's)

	Fiscal Year End June 30,	Fiscal Year End May 31,
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	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
<b>Revenues:</b>					
Tuition & fees	\$61,085	\$60,285	\$55,956	\$50,807	\$49,707
Funded student financial assistance	(2,215)	(2,228)	(2,186)	(1,742)	(1,886)
Unfunded student financial assistance	(34,431)	(32,074)	(28,431)	(25,349)	(24,420)
<b>Net tuition &amp; fees</b>	<u>24,439</u>	<u>25,983</u>	<u>25,339</u>	<u>23,717</u>	<u>23,401</u>
Auxiliary enterprises	9,469	9,302	8,871	8,016	7,687
Contributions	2,941	3,828	4,010	4,734	4,330
Return on investments	39	11	81	39	0
Government contracts and grants	1,610	1,478	1,490	1,440	1,418
Long-term investment income & gains allocated for operations	7,442	7,465	7,350	6,627	8,177
Capital gifts allocated	-	-	-	791	522
Other income	1,364	1,376	1,543	1,193	1,099
<b>Total Revenue</b>	<u>\$47,304</u>	<u>\$49,443</u>	<u>\$48,685</u>	<u>\$46,555</u>	<u>\$46,633</u>
<b>Expenses:</b>					
Instruction	\$19,165	\$20,674	\$19,710	\$18,871	\$20,136
Institutional support	9,559	10,996	11,029	9,234	10,307
Auxiliary enterprises	8,146	8,183	8,678	8,294	7,474
Student services	9,389	8,662	8,985	8,074	7,244
Academic support	5,581	5,668	4,789	4,937	4,928
Other operating expenses	3,038	657	717	607	720
<b>Total Expenses</b>	<u>\$54,877</u>	<u>\$54,841</u>	<u>\$53,908</u>	<u>\$50,018</u>	<u>\$50,809</u>
Change in Operations	<u>(\$7,574)</u>	<u>(\$5,397)</u>	<u>(\$5,223)</u>	<u>(\$3,463)</u>	<u>(\$4,176)</u>
Total Non-Operating Activities	\$17,823	\$22,002	(\$6,299)	\$12,063	\$11,769
Change in Net Assets	<u>\$10,249</u>	<u>\$16,605</u>	<u>(\$11,522)</u>	<u>\$8,600</u>	<u>\$7,593</u>
Net Assets at Beginning of Year	\$175,142	\$158,536	\$170,058	\$161,458	\$153,865
Contributions from non-controlling interests	\$1	-	-	-	-
Net Assets at End of Year	<u>\$185,392</u>	<u>\$175,142</u>	<u>\$158,536</u>	<u>\$170,058</u>	<u>\$161,458</u>

	Statement of Cash Flows (000's)				
	Fiscal Year End June 30,			Fiscal Year End May 31,	
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Net Cash Provided (Used) By:					
Operating Activities	\$(8,937)	\$(6,153)	\$(3,150)	\$(13,164)	\$(6,413)
Investing Activities	17,149	782	(5,747)	(174)	(2,990)
Financing Activities	16,165	5,644	2,408	16,704	9,675
Net Change in Cash and Cash Equivalents	24,377	273	(6,489)	3,366	273
Cash/Equivalents, Beginning of Year	\$2,746	\$2,473	\$8,961	\$5,595	\$5,322
Cash/Equivalents, End of Year	<u>\$27,123</u>	<u>\$2,746</u>	<u>\$2,473</u>	<u>\$8,961</u>	<u>\$5,595</u>

### ***Management's Discussion of Financial Operations***

#### ***Fiscal Year 2018***

In the fiscal year ended June 30, 2018 ("fiscal year 2018"), total assets increased by 5% or \$12.4 million to \$261.1 million, from \$248.7 million in the fiscal year ended June 30, 2017 ("fiscal year 2017"). This increase is primarily due to an increase in contributions receivable of \$2.3 million and cash gifts received for the Powerhouse Project, offset by investments, representing prior gifts received, liquidated to fund Powerhouse Project costs.

Liabilities increased in fiscal year 2018 by 3% or \$2.1 million to \$75.7 million, from \$73.6 million in fiscal year 2017. The increase was primarily due to the addition of the historic tax credit and new market tax credit related liabilities of \$6.5 million that were consolidated as a part of the Powerhouse Project subsidiaries and variable interest entities described in detail in Notes 1 and 17 to the FY 2018 Financial Statements, which increase was offset by a decrease of \$2.9 million in long-term debt and derivative liabilities.

Net assets increased by 6% or \$10.3 million to \$185.4 million in fiscal year 2018, from \$175.1 million in fiscal year 2017. The increase is primarily in temporarily restricted net assets and is due to Powerhouse Project contributions.

In fiscal year 2018, total revenues decreased by \$2.1 million or 4% to \$47.3 million, from \$49.4 in fiscal year 2017. This is mostly due to a decrease in net tuition and fee revenue of \$1.5 million and a decrease in contributions of \$887,000.

Total expenses for fiscal year 2018 were \$54.9 million, as compared to \$54.8 million in fiscal year 2017. Included in other operating expenses for fiscal year 2018 is \$2.2 million of newly reported expenses consolidated into the College's FY 2018 Financial Statements related to the Powerhouse Project subsidiaries and the variable interest entities as described in detail in the Consolidating Financial Statements by entity set forth at pages 34 – 37 of the FY 2018 Financial Statements.

As of the end of fiscal year 2018, the College was in compliance with the Master Indenture provision that requires the College to maintain a debt service coverage ratio ("DSCR") of not less than 1.10:1.00 as of the end of each fiscal year. Under the Master Indenture, the "debt service coverage ratio" is defined as the ratio of net income available for debt service to maximum annual debt service on all outstanding long-term debt. At the end of fiscal year 2018, the DSCR was 1.22:1.00.

#### ***Fiscal Year 2019 Projections***

For fiscal year 2019, the College's Board of Trustees approved a fiscal year budget with total unrestricted operating revenues of \$43.7 million and expenses of \$48.6 million, resulting in an unrestricted operating deficit of \$4.9 million. The enrollment numbers used in the fiscal year 2019 budget included a Fall 2018 enrollment of 1,246,

## APPENDIX A

including 260 first-year students and 28 transfer students. Total tuition and fees were budgeted at \$60.1 million. Financial aid was budgeted at \$38.7 million, resulting in a net tuition budget of \$21.4 million.

Fall 2018 enrollment for full-time undergraduate students was budgeted to decrease from 1,321 in Fall 2017 to 1,246 in Fall 2018. Actual Fall 2018 enrollment was less than budgeted by 36 students. The main reason for the decrease in the actual Fall 2018 enrollment from the budgeted enrollment was a lower retention rate for junior and senior students. See “ENROLLMENT” above.

Total unrestricted operating revenues for fiscal year 2019 are budgeted to be \$43.7 million. Due to the shortfall in the Fall 2018 enrollment, total fiscal year 2019 revenue currently is forecasted to be \$43.2 million, or \$500,000 less than budgeted. Total expenses for fiscal year 2019 are budgeted to be \$48.6 million.

As set forth in the table below, net tuition and net tuition per student experienced a decline in fiscal year 2018 and is budgeted to decline further in fiscal year 2019. The number of first-year students enrolled in Fall 2018 as compared to Fall 2017 declined from 323 to 266. Net tuition per student is budgeted to be \$17,701 in Fall 2018, with a total discount rate of 64.5%.

**Net Tuition Data Table  
Fiscal Years 2014 - 2018**

<b><u>Fiscal Year</u></b>	<b><u>Total Tuition/ Fee Revenue</u></b>	<b><u>Total Institutional Aid</u></b>	<b><u>Discount Rate</u></b>	<b><u>Net Tuition Revenue</u></b>	<b><u>Net Tuition Per Student (Fall FTE)</u></b>
2019 (Budget)	\$60,085,588	\$38,667,597	64.5%	\$21,417,991	\$17,701
2018	61,084,974	36,645,953	60.0	24,439,021	18,500
2017	60,285,435	34,302,136	53.6	25,983,299	19,804
2016	55,956,065	30,616,828	54.9	25,339,237	19,999
2015	50,806,669	27,089,797	53.3	23,716,872	19,424
2014	49,706,833	26,305,673	52.5	23,401,160	18,857

In fiscal year 2019, giving to contributed income is budgeted to provide \$2.8 million or 6.4% of the College’s revenue.

Auxiliary revenue comes from facilities or programs on campus that charge a fee. The College’s auxiliary revenues include student dining fees, residence hall fees and summer program fees. In fiscal year 2019, auxiliary revenues are budgeted to provide \$9 million or 20.5% of the College’s revenue.

In fiscal year 2019, the endowment’s financial assets are budgeted to provide \$7.8 million, or 17.6% of the resources in the budget (excluding supplemental drawings). See “ENDOWMENT”.

Compensation expenses for fiscal year 2019 are budgeted to be 8.7% lower than fiscal year 2018 due to the cost restructuring measures the College implemented beginning in fiscal year 2018. Total expenses are projected to be 0.4% lower than fiscal year 2018, mainly due to the cost restructuring. Debt service costs are comparable to the previous year and are fully funded from the operating budget.

The fiscal year 2019 budget was approved with an unrestricted operating deficit of \$4.9 million and an estimated DSCR of 0.38:1.00. Accordingly, the College does not expect to meet the required DSCR under the Master Indenture of 1.10:1.00 as of June 30, 2019. Under the Master Indenture, the failure of the College to maintain a DSCR of at least 1.00:1.00 for two consecutive years or at least 1.10:1.00 for three consecutive years constitutes an event of default. See “Long Term Financial Operations,” below.

### ***Long-Term Financial Operations***

The College has experienced a structural deficit for several years. The College attempted to address the structural deficit through a combination of efforts to increase enrollment and to cut costs. For the first two years, this approach proved successful in moving the College toward a balanced budget. The entering class in Fall 2017, however, was significantly smaller than projected (323 versus 360), resulting in net tuition revenue (“NTR”) per student in the incoming class of \$15,500, compared to a projection of \$17,000. This decrease in enrollment coupled with a reduced retention rate and unanticipated increases in certain costs (medical, tuition remission, and mold remediation in one of the dormitories) resulted in a \$3.0 million deficit. As a result, the College commenced to develop a three-year cost restructuring plan to eliminate the deficit.

The College’s revenues were further impacted in fiscal year 2019 due to another significant decline in first year enrollment for Fall 2018 to 266, as compared to a goal of 360, and a discount rate for the incoming freshman class of 72%. A significant drop in the College’s retention rate for Fall 2018, not only from freshmen to sophomore year, but also in the upper classes as well, has had a further negative impact on revenues, resulting in an additional \$1.0 million loss in total projected NTR. As a result of the combined \$3.0 million structural deficit plus the additional \$5.4 million deficit projected for fiscal year 2019, the College anticipated upwards of a \$12 million deficit by the end of fiscal year 2022. This deficit amount was confirmed by a report issued by an independent financial consultant engaged by the College as a result of failing to meet certain covenant requirements, as described below under the heading “INDEBTEDNESS”.

In response to the current fiscal situation, the College has developed and is in the process of implementing a multi-year financial plan intended to eliminate the deficit by increasing revenue, decreasing expenses, and eliminating a portion of its long-term debt. This deficit reduction plan is expected to be implemented during fiscal years 2019 through 2021. The ability of the College to restructure a portion of its debt through the Offer is integral to the College achieving success under the deficit reduction plan; without the debt restructuring, the College anticipates that the DSCR will fall below 1.00:1.00 for the two consecutive fiscal years 2021 and 2022, which would result in an event of default under the Master Indenture. See “INDEBTEDNESS”.

### **ENDOWMENT**

The following table indicates the market value of the endowment and its allocation among permanently restricted, temporarily restricted and unrestricted as of the dates shown. As of October 31, 2018, the unaudited market value of the endowment was approximately \$156.4 million, as compared to \$160.9 million as of June 30, 2018. The decline in the market value of the endowment is due to the annual endowment withdrawals, as well as recent capital market fluctuations.

(\$ rounded)	<b><u>As of 6/30/2018</u></b>	<b><u>As of 6/30/2017</u></b>	<b><u>As of 6/30/2016</u></b>	<b><u>As of 5/31/2015</u></b>	<b><u>As of 5/31/2014</u></b>
<b>Total Endowment</b>	<b>\$160,932,873</b>	<b>\$159,514,047</b>	<b>\$145,155,229</b>	<b>\$145,348,605</b>	<b>\$130,761,615</b>
Permanently Restricted	86,173,713	84,989,164	81,735,093	79,787,091	76,128,860
Temporarily Restricted	23,216,411	20,397,711	14,450,705	20,489,413	18,368,404
Unrestricted	51,542,749	54,127,172	48,969,431	45,072,101	36,264,351

Certain of the information presented above for fiscal years prior to fiscal year 2018 differs from that presented in prior Annual Reports filed with EMMA pursuant to the Continuing Disclosure Agreement applicable to the Bonds, primarily in the amount of the Unrestricted endowment. Prior Annual Reports had been prepared using the College’s internal records; the information presented above has been revised based on the College’s audited financial statements for the fiscal years indicated.

### ***Withdrawals from the Endowment***

The College periodically withdraws funds from the earnings from the unrestricted and temporarily restricted portions of the endowment to comply with donor directions. The College’s endowment spending policy is



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that the total withdrawals from the restricted, temporarily restricted and unrestricted portions of the endowment for donor-directed or operating purposes (other than debt service) shall not exceed 4.5% of the average 12-quarter trailing market value. In fiscal years 2014 and 2017, the College took, and in fiscal year 2019 the College is expected to take, supplemental drawings aggregating \$9.7 million, which it is repaying from its annual operating budget over a 10-year period. The principal balance of the outstanding loans due to the endowment, as of December 1, 2018, is \$11.5 million (which includes loans from the endowment incurred prior to fiscal year 2014). The College also expects to pay the price of Bonds tendered in connection with the Offer through a supplemental drawing from the endowment in fiscal year 2019.

The College does not anticipate increasing the amount of the annual withdrawal above 4.5% of the 12-quarter trailing average (measured annually on December 31). According to the spending policy, the draw for fiscal year 2018 was \$7.6 million from the earnings from the endowment. The draw for fiscal year 2019, exclusive of the supplemental drawings described above, is budgeted to be \$7.8 million from the earnings from the endowment. Of this amount, the College has budgeted to allocate \$6.4 million to operating purposes, including debt service. The remaining portion of \$1.4 million is expected to be distributed in fiscal year 2019 per donor intent.

### *Investment Objectives and Policies*

**Spending Policy.** The allocation of investment income from the endowment fund is based on the total return concept. Under the total return concept, the College utilizes a spending rate based on the three-year rolling average investment balance determined on a market value basis valued on December 31. The current spending rate for the endowment is 4.5% and an additional allocation is made from investment income to fund development activities at the College. The additional allocation is for \$1,150,000 and it is distributed between the unrestricted and restricted investment income based on the proportion of each pool to the entire endowment pool.

**Investment Management Structure.** The majority of the endowment is managed by an external investment advisor, J.P. Morgan Investment Management Inc., who manages the endowment, reports on performance, and recommends changes to the asset allocation of the endowment to the Financial Asset Management Committee. The College also invests in real estate and another private equity fund outside of J.P. Morgan Investment Management Inc.

**Portfolio Composition and Asset Allocation.** The endowment's asset allocation at June 30, 2018 was as follows:

<b><u>Strategy:</u></b>	<b><u>Allocation as of 6/30/18</u></b>
US Equity	30.1%
REITS	2.3
International Equity	14.5
Emerging Markets Equity	6.9
<b>Total Equities</b>	<b>53.8</b>
Fixed Income	16.8
Investment Grade Corp. Credit	0.6
Non-Agency Mortgages	3.6
Agency Mortgages	2.8
High Yield	6.0
Other Fixed Income	1.4
<b>Total Fixed Income</b>	<b>31.2</b>
Multi-Strategy Fund	6.2
Private Equity	2.7
Private Equity-Real Estate	3.8
<b>Total Alternatives</b>	<b>12.7</b>
Cash/Cash Alternatives	2.3
<b>Total</b>	<b>100.0%</b>

## FUNDRAISING

The Beloit College Annual Fund goal for fiscal year 2019 is \$2.8 million, an increase from \$2.6 million for fiscal year 2018.

Total Fundraising Fiscal Years 2014-2018					
	Fiscal Year				
	2018 <sup>†</sup>	2017 <sup>†</sup>	2016 <sup>†</sup>	2015	2014
Unrestricted Fundraising	\$ 2,640,233	\$ 3,272,083	\$ 3,118,714	\$ 4,439,014	\$3,269,390
Restricted Fundraising	12,670,713	9,944,059	4,901,732	2,616,657	1,359,785
Endowed Fundraising	<u>1,065,930</u>	<u>3,658,287</u>	<u>2,796,545</u>	<u>7,047,554</u>	<u>4,177,129</u>
<b>Total</b>	<b>\$16,376,876</b>	<b>\$16,874,429</b>	<b>\$10,816,991</b>	<b>\$14,103,225</b>	<b>\$8,806,304</b>
Number of Donors*	3,644	3,403	3,794	4,114	4,088

\* These totals include repeat donors in the donor count.

<sup>†</sup> Reflects a new fiscal year (July 1 – June 30) versus previous years (June 1 – May 31).

Certain of the information presented above for fiscal years prior to fiscal year 2018 differs from that presented in prior Annual Reports filed with EMMA pursuant to the Continuing Disclosure Agreement applicable to the Bonds. Prior Annual Reports had been prepared using the College's internal records which recorded both the pledge of a multi-year gift in the fiscal year in which the pledge was made, as well as the cash gift received in each applicable fiscal year. The information presented above has been revised based on the College's audited financial statements for the fiscal years indicated and reflects only the pledge of a multi-year gift in the fiscal year in which the pledge was made.

## INDEBTEDNESS

As of December 1, 2018, the College had \$50,788,838 in outstanding long-term indebtedness as shown in the table below.

Obligation	Amount Outstanding
Authority's Revenue Refunding Bonds, Series 2014 ("Series 2014 Bonds") <sup>1</sup>	\$27,708,838
Authority's Revenue Bonds, Series 2016 (the "Bonds") <sup>2</sup>	<u>\$23,080,000</u>
<b>Total Outstanding Long-Term Debt</b>	<b><u>\$50,788,838</u></b>

<sup>1</sup> The Series 2014 Bonds were directly purchased and are held by JPMorgan Chase Bank, National Association, an affiliate of the Dealer Manager.

<sup>2</sup> The Bonds are the subject of the Offer.

**Guarantees.** In addition to the indebtedness described above, the College has guaranteed certain loans made to Beloit Powerhouse, LLC relating to the Powerhouse Project, including a fundraising bridge loan, which is in the stated principal amount of \$9,376,708, and a historic tax credit bridge loan, which is in the stated principal amount of \$11,840,950. There currently are no amounts disbursed and outstanding under the bridge loans, which are to be used to fund construction and other costs of the Powerhouse Project. Both bridge loans are expected to be fully repaid from restricted pledges and historic tax credit receipts, and not from the College's operations or unrestricted cash. Both bridge loans are secured by a lien upon and pledge of The Powerhouse property. The College's guarantees of each obligation of Beloit Powerhouse, LLC are permitted subordinated debt under the terms of the Master Indenture, and are subordinated to the Series 2014 Bonds and the Bonds.

The historic tax credits used in the financing structure for the Powerhouse Project were purchased by JPMorgan Chase Bank, National Association ("Chase"), an affiliate of the Dealer Manager.

## APPENDIX A

**Series 2014 Bonds.** The Series 2014 Bonds are governed by a Continuing Covenants Agreement (the “CCA”), between the College and Chase. Under the terms of the CCA, the following defaults have occurred:

- The College failed to maintain a DSCR of at least 1.0:1.0 for each quarter ending June 30, 2017, September 30, 2017, and December 31, 2017. The College received a waiver of these defaults in the Fourth Amendment to the CCA.
- The College formed a subsidiary, Beloit Powerhouse LLC. The College received a waiver of this default in the Fourth Amendment to the CCA.
- The College failed to maintain a rating on its long-term debt by Moody’s Investors Service, Inc. (“Moody’s”) of Baa3 or better at all times, when the College’s credit rating was downgraded by Moody’s in August 2018 to Ba1 with a negative outlook. The College requested a waiver of this default, and received a letter from Chase that did not waive the default and reserved all of Chase’s rights under the CCA as a result of the default. The College is in discussions with Chase as a result of the default.

The default under the CCA does not constitute a default under the Master Indenture unless and until the Series 2014 Bonds are accelerated and the College fails to pay the debt service due on the Series 2014 Bonds upon such acceleration. A default under the Master Indenture does constitute a default on the Bonds.

The Series 2014 Bonds are subject to mandatory purchase by the College at the end of the current rate period, on November 30, 2020, unless the rate period is extended at the option of the bondowner. The bondowner has notified the College that it does not intend to extend the rate period.

**The Bonds.** The College did not meet the minimum DSCR requirement contained in the Master Indenture as of June 30, 2017 of 1.10:1.00; the DSCR as of June 30, 2017 was 0.40:1.00. As required by the Master Indenture, the College engaged an independent financial consultant that provided the College with a report and recommendations.

With the recent decline in enrollment and net tuition revenue, and the increase in the discount rate, the College has prepared a five-year financial forecast to determine the fiscal impact to the College. The financial forecast indicates that the College will incur a \$12 million deficit over the next four fiscal years. The financial forecast projects the College’s DSCR for fiscal years 2021 and 2022 will be less than 1.00:1.00 for the two consecutive fiscal years, which will constitute an event of default under the Master Indenture and therefore, under the Bond Indenture. The College’s strategy to remedy this situation is to purchase through the Offer and cancel a sufficient amount of Bonds to be able to obtain the required DSCR for fiscal years 2021 and 2022, and thereafter.

**Swap Agreement.** The College has entered into an interest rate swap with Chase to manage its exposure with respect to the variable rate of interest on the Series 2014 Bonds. The swap is further described in Note 8 to the FY 2018 Financial Statements. The College has been required to post collateral under the documents governing the swap, in the amount of \$5.5 million as of December 4, 2018 (which amount fluctuates based on market conditions), which was funded from a loan from the College’s restricted endowment.

**Line of Credit.** The College currently has a \$750,000 line of credit from Chase, established as a general source of funds. As of June 30, 2018, there was no outstanding balance on the line of credit and the line of credit has never been utilized. The line of credit is secured *pari passu* with the Series 2014 Bonds and the Bonds under the Master Indenture. The line of credit expires on December 31, 2018, and the College expects to seek a similar line of credit from another financial institution.

## LITIGATION

The College is not presently party to any litigation wherein a negative outcome would have a material adverse effect on the College’s financial or other operations.

**FORM OF SOLICITATION FEE PAYMENT REQUEST NOTICE****with respect to the****TENDER OFFER****made by****BOARD OF TRUSTEES OF BELOIT COLLEGE**

to purchase for cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 17, 2018 (the “**Offer to Purchase**”), any and all of the bonds identified in the Offer to Purchase (the “**Bonds**”) (the “**Tender Offer**”). In connection with the Tender Offer the College invited owners of the Bonds to tender any or all of the Bonds for purchase as described in the Offer to Purchase.

I, the undersigned, understand that the Board of Trustees of Beloit College (the “**College**”) has agreed to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm that is a member of the Financial Industry Regulatory Authority (“**FINRA**”) or a registered national securities exchange (collectively, an “**Eligible Institution**”), a solicitation fee of \$1.25 per \$1,000 on the principal amount of the Bonds that are tendered and accepted for purchase from each of its Retail Customers by the College pursuant to the Tender Offer. A “**Retail Customer**” is an individual who owns less than \$250,000 principal amount of Bonds and manages his or her own investments or an individual who owns less than \$250,000 principal amount of Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

I represent that I am a registered employee of my firm, which is an Eligible Institution, described in the prior paragraph. I personally solicited the transaction described herein from my firm’s Retail Customer, and with respect to the Tender Offer, I have reviewed this transaction with my customer. On behalf of my firm, I request payment of the resulting solicitation fee.

This solicitation fee request constitutes a representation that (i) in making solicitations, I and my firm did not use any materials other than the Offer to Purchase (as defined in the Offer to Purchase), (ii) I undertook the steps described in the foregoing paragraph, (iii) my firm is entitled to this solicitation fee under the terms and conditions described above, and (iv) if my firm is a foreign broker or dealer not eligible for membership in FINRA, but is a member of a registered national securities exchange, it has agreed to conform to FINRA’s Rules of Fair Practice in making a solicitation outside the United States as if it were a FINRA member.

**FAILURE TO COMPLETE ALL SECTIONS ONLINE WILL  
RESULT IN NON-PAYMENT.**

## APPENDIX B

### THIS REQUEST MUST BE ELECTRONICALLY SIGNED BY A REGISTERED REPRESENTATIVE.

Complete the request online at <http://www.gbhc-usa.com/Beloit/> no later than 5:00 p.m. New York City time on the first business day following the Expiration Date of the Tender Offer (presently set for January 16, 2019). No payment of a solicitation fee will be made on requests received after this time. Facsimile copies and spreadsheets received via email will not be accepted for payment.

#### *The Information Agent for the Tender Offer is:*

##### **Global Bondholder Services Corporation**

65 Broadway – Suite 404  
New York, New York 10006  
Attn: Corporate Actions  
[contact@gbhc-usa.com](mailto:contact@gbhc-usa.com)

Banks and Brokers call: (212) 430-3774  
Toll free (866)-470-4200

#### *The Tender Agent for the Tender Offer is:*

##### **Global Bondholder Services Corporation**

By facsimile:  
(For Eligible Institutions only):  
(212) 430-3775/3779

Confirmation:  
(212) 430-3774

##### ***By Mail:***

65 Broadway – Suite 404  
New York, NY 10006

##### ***By Overnight Courier:***

65 Broadway – Suite 404  
New York, NY 10006

##### ***By Hand:***

65 Broadway – Suite 404  
New York, NY 10006

All questions as to the validity, form and eligibility (including the time of receipt) of Solicitation Fee Payment Requests will be determined by the College, in its sole discretion, which determination will be final, conclusive and binding. None of the College, J.P. Morgan, as the Dealer Manager, Global Bondholder Services Corporation, as the Information and Tender Agent, or any other person is under any duty to give notification of any defects or irregularities in any Solicitation Fee Payment Request or incur any liability for failure to give this notification.