

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018) and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



\$117,885,000
STATE OF OHIO
HIGHER EDUCATIONAL FACILITY
REVENUE BONDS
(UNIVERSITY OF DAYTON 2018 PROJECT)
 consisting of

\$69,110,000
STATE OF OHIO
HIGHER EDUCATIONAL
FACILITY REVENUE BONDS
(UNIVERSITY OF DAYTON
2018 PROJECT),
SERIES A

and

\$48,775,000
STATE OF OHIO
HIGHER EDUCATIONAL
FACILITY REVENUE BONDS
(UNIVERSITY OF DAYTON
2018 PROJECT),
SERIES B

Dated: Date of Delivery

Due: As Shown On Inside Cover

The \$69,110,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series A (the "Series A Bonds") and the \$48,775,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds"), when, as and if issued, will be special obligations of the State of Ohio issued by the Ohio Higher Educational Facility Commission (the "Commission"). The Series A Bonds will be issued pursuant to a Trust Agreement, dated as of April 1, 2018 (the "Series A Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Series A Bonds will be used by the University of Dayton (the "University") (i) to pay costs of constructing, furnishing, equipping, renovating, upgrading and acquiring certain educational facilities at the University as more fully described in this Offering Circular, (ii) to pay costs associated with the issuance of the Series A Bonds, and (iii) for such other uses as are permitted under the Series A Lease (as defined herein) and Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code (collectively, the "Act"). The Series B Bonds will be issued pursuant to a Trust Agreement, dated as of September 1, 2018 (the "Series B Trust Agreement", and together with the Series A Trust Agreement, the "Trust Agreements"), between the Commission and the Trustee. The proceeds of the Series B Bonds will be used by the University (i) to refund the State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2009 Project) maturing on and after December 1, 2019, (ii) to pay costs associated with the issuance of the Series B Bonds, and (iii) for such other uses as are permitted under the Series B Lease (as defined herein) and the Act. The Bonds will be payable from the revenues and other money pledged by the related Trust Agreement, which include the payments required to be made by the University under the related Lease between the Commission and the University.

UNIVERSITY OF DAYTON

The Bonds are issuable, as registered bonds, without coupons, under a book entry system, and initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. The Bonds will be issuable, in denominations of \$5,000 and multiples thereof only under the book-entry system maintained by DTC. Purchasers of the Bonds will not receive physical delivery of bond certificates. Principal of and premium, if any, on the Bonds will be payable to the registered owner (DTC), upon presentation and surrender at the designated corporate trust office of the Trustee. Interest on the Bonds will be transmitted by the Trustee on each interest payment date beginning June 1, 2018, with respect to the Series A Bonds, and December 1, 2018 with respect to the Series B Bonds, and semiannually on each June 1 and December 1 thereafter, to the registered owner (DTC) or its nominee as of the close of business on the 15th day of the calendar month preceding that interest payment date, all as more fully described in this Offering Circular.

The Series A Bonds are subject to mandatory, optional and extraordinary optional redemption and purchase in lieu of redemption as described in this Offering Circular.

The Series B Bonds are subject to optional and extraordinary optional redemption and purchase in lieu of redemption as described in this Offering Circular.

The Bonds do not represent or constitute a debt or pledge of the faith and credit of the Commission or the State of Ohio and will not be secured by an obligation or pledge of any money raised by taxation, and do not grant to the Holders any rights to have the State of Ohio levy any taxes or appropriate funds for the payment of the principal of or interest on the Bonds.

This cover page includes certain information for reference only and is not a summary of matters set forth in this Offering Circular. Investors should read the entire Offering Circular to obtain information essential to the making of an informed investment decision.

The Bonds of each Series are offered, subject to prior sale, when, as and if issued by the Commission and accepted by Wells Fargo Bank, National Association (the "Underwriter"), subject to, among other things, the legal opinions of Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the University by its counsel, Porter, Wright, Morris & Arthur LLP, and for the Underwriter by its counsel, Thompson Hine LLP. The Yuba Group LLC is serving as financial advisor to the University. It is expected that the Series A Bonds will be available for delivery through DTC or its agent in New York, New York, on or about April 25, 2018. It is expected that the Series B Bonds will be available for delivery through DTC or its agent in New York, New York, on or about September 4, 2018.

WELLS FARGO SECURITIES

The date of this Offering Circular is April 18, 2018

\$117,885,000
STATE OF OHIO
(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(UNIVERSITY OF DAYTON 2018 PROJECT)

MATURITY SCHEDULE

\$69,110,000
STATE OF OHIO
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(UNIVERSITY OF DAYTON 2018 PROJECT), SERIES A

<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
2018	\$ 1,015,000	5.00%	1.710%	101.953%	67756DPE0
2019	1,065,000	5.00	1.870	104.909	67756DPF7
2020	1,120,000	5.00	1.990	107.588	67756DPG5
2021	1,180,000	5.00	2.110	109.966	67756DPH3
2022	1,240,000	5.00	2.230	112.044	67756DPJ9
2023	1,300,000	5.00	2.360	113.770	67756DPK6
2024	1,370,000	5.00	2.460	115.384	67756DPL4
2025	1,440,000	5.00	2.600	116.451	67756DPM2
2026	1,515,000	5.00	2.680	117.711	67756DPN0
2027	1,590,000	5.00	2.760	118.775	67756DPP5
2028	1,670,000	5.00	2.850 ^C	118.751	67756DPQ3
2029	1,755,000	5.00	2.920 ^C	118.077	67756DPR1
2030	1,845,000	5.00	2.970 ^C	117.598	67756DPS9
2031	1,920,000	3.00	3.220	97.590	67756DPT7
2032	2,000,000	5.00	3.040 ^C	116.932	67756DPU4
2033	2,095,000	4.00	3.440 ^C	104.741	67756DPV2
2034	2,190,000	5.00	3.160 ^C	115.801	67756DPW0
2035	2,290,000	4.00	3.540 ^C	103.874	67756DPX8
2036	2,395,000	5.00	3.250 ^C	114.961	67756DPY6
2037	2,505,000	4.00	3.600 ^C	103.359	67756DPZ3
2038	2,595,000	3.50	3.720	96.851	67756DQA7

\$14,650,000 4.00% Term Bond Due December 1, 2043 – Yield 3.810%^C Price 101.577% (CUSIP 67756DQB5)†

\$18,365,000 5.00% Term Bond Due December 1, 2048 – Yield 3.460%^C Price 113.029% (CUSIP 67756DQC3)†

\$48,775,000
STATE OF OHIO
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(UNIVERSITY OF DAYTON 2018 PROJECT), SERIES B

<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
2019	\$1,000,000	5.00%	2.220%	103.382%	67756DQD1
2020	1,655,000	5.00	2.320	105.817	67756DQE9
2021	1,750,000	5.00	2.480	107.799	67756DQF6
2022	1,830,000	5.00	2.590	109.618	67756DQG4
2023	1,930,000	5.00	2.690	111.219	67756DQH2
2024	2,025,000	5.00	2.760	112.758	67756DQJ8
2025	2,125,000	5.00	2.840	114.044	67756DQK5
2026	2,240,000	5.00	2.920	115.133	67756DQL3
2027	2,355,000	5.00	3.000	116.033	67756DQM1
2028	2,475,000	5.00	3.070 ^C	116.139	67756DQN9
2029	2,610,000	5.00	3.150 ^C	115.411	67756DQP4
2030	2,735,000	5.00	3.200 ^C	114.958	67756DQQ2
2031	3,390,000	5.00	3.240 ^C	114.597	67756DQR0
2032	3,560,000	5.00	3.270 ^C	114.328	67756DQS8
2033	3,470,000	4.00	3.630 ^C	103.008	67756DQT6
2034	3,650,000	5.00	3.390 ^C	113.257	67756DQU3
2035	4,860,000	5.00	3.430 ^C	112.903	67756DQV1
2036	5,115,000	5.00	3.460 ^C	112.638	67756DQW9

^C Priced to optional redemption at par on June 1, 2028.

† Copyright © 2018; American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP data herein is provided by CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the University and are included solely for the convenience of the holders of the Bonds. Neither the Commission nor the University is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions

REGARDING THIS OFFERING CIRCULAR

This Offering Circular does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized to give any information or to make any representations other than those contained in this Offering Circular and, if given or made, such information or representations must not be relied upon as having been authorized by the University, the Commission, the Underwriter or any other person or entity. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

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

The Underwriter is under no obligation to make a secondary market for the Bonds and no assurance can be given that a secondary market for the Bonds will develop.

The Underwriter has provided the following sentence for inclusion in this Offering Circular. The Underwriter has reviewed the information in this Offering Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Offering Circular for purposes of, and as that term is defined in Securities and Exchange Commission Rule 15c2-12 (the "Rule").

PORTIONS OF THIS OFFERING CIRCULAR CONTAIN "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. AS A GENERAL MATTER, FORWARD-LOOKING STATEMENTS ARE THOSE FOCUSED UPON FUTURE PLANS, OBJECTIVES OR PERFORMANCE AS OPPOSED TO HISTORICAL ITEMS AND INCLUDE STATEMENTS OF ANTICIPATED EVENTS OR TRENDS AND EXPECTATIONS AND BELIEFS RELATING TO MATTERS NOT HISTORICAL IN NATURE. SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO UNCERTAINTIES AND FACTORS, INCLUDING THOSE RELATING TO THE UNIVERSITY'S OPERATIONS AND ITS ABILITY TO REPAY ITS DEBT, ALL

OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND THE UNIVERSITY'S CONTROL. SUCH UNCERTAINTIES AND FACTORS COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE MATTERS EXPRESSED IN OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THOSE UNCERTAINTIES AND FACTORS INCLUDE, IN ADDITION TO THOSE MENTIONED ELSEWHERE HEREIN, INTEREST RATES, THE UNIVERSITY'S ENROLLMENT AND TUITION INCREASES AND GIFTS, GRANTS AND BEQUESTS MADE TO THE UNIVERSITY.

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\$117,885,000
STATE OF OHIO
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(UNIVERSITY OF DAYTON 2018 PROJECT)

consisting of

\$69,110,000
STATE OF OHIO
HIGHER EDUCATIONAL
FACILITY
REVENUE BONDS
(UNIVERSITY OF DAYTON
2018 PROJECT),
SERIES A

and

\$48,775,000
STATE OF OHIO
HIGHER EDUCATIONAL
FACILITY
REVENUE BONDS
(UNIVERSITY OF DAYTON
2018 PROJECT),
SERIES B

INTRODUCTION

This Offering Circular, including the cover page, the inside cover page, the table of contents and the Appendices, is provided to furnish information in connection with the issuance by the Ohio Higher Educational Facility Commission (the “Commission”) of \$69,110,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series A (the “Series A Bonds”), and the \$48,775,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series B (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”). The Series A Bonds will be special obligations of the State of Ohio (the “State”) issued by the Commission pursuant to a Trust Agreement, dated as of April 1, 2018 (the “Series A Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The proceeds of the Series A Bonds will be used by the University of Dayton (the “University”) (i) to pay costs of constructing, furnishing, equipping, renovating, upgrading and acquiring certain educational facilities at the University as more fully described in this Offering Circular, (ii) to pay costs associated with the issuance of the Series A Bonds and (iii) for such other uses as are permitted under the Series A Lease (as defined herein) and Chapter 3377 and Sections 9.98 through 9.983 of the Revised Code (collectively, the “Act”). The Series B Bonds will be special obligations of the State issued by the Commission pursuant to a Trust Agreement, dated as of September 1, 2018 (the “Series B Trust Agreement”, and together with the Series A Trust Agreement, the “Trust Agreements”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The proceeds of the Series B Bonds will be used by the University (i) to refund the State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2009 Project) (the “2009 Bonds”) maturing on and after December 1, 2019, (ii) to pay costs associated with the issuance of the Series B Bonds and (iii) for such other uses as are permitted under the Series B Lease (as defined herein) and the Act. The Bonds of each Series will be payable from the revenues and other money pledged by the related Trust Agreement, which include the payments required to be made by the University under the related Lease (as defined herein) between the Commission and the University.

The Series A Bonds will be dated their date of issuance (expected to be April 25, 2018) and the Series B Bonds will be dated their date of issuance (expected to be September 4, 2018). The Bonds will mature as set forth on the inside cover page. The Bonds will be subject to redemption and purchase in lieu of redemption prior to maturity as described herein under “THE SERIES A BONDS – Redemption Provisions” and “THE SERIES B BONDS – Redemption Provisions”.

The proceeds of the Series A Bonds will be used by the University to pay project costs as defined in Section 3377.01 of the Revised Code, including (i) costs of and relating to constructing, furnishing, equipping, acquiring and improving academic, research, dining, athletic, student residence, parking, administrative, technology, HVAC, library, theater, safety and security and utility facilities, and all other related facilities and site acquisitions and improvements, including those relating to the renovation and upgrade of UD Arena, the construction of Adele Hall (a 96-bed apartment style facility) and other housing in the student neighborhood, the renovation of facilities in

the John F. Kennedy Student Union, the Roesch Library and the Science Center, and the construction of offices and teaching space in the Miriam Cybersecurity Lab (the “Series A Project”), and (ii) costs incidental thereto and the costs of financing thereof and paying certain issuance costs related to the Series A Bonds and to pay costs related to such other uses as are permitted by the Act.

The proceeds of the Series B Bonds will be used by the University (i) to refund the 2009 Bonds maturing on and after December 1, 2019 (such 2009 Bonds to be refunded, the “Refunded 2009 Bonds”) issued to pay costs of and relating to (a) renovating Stuart Hall student residence facility to provide new and upgraded HVAC facilities, plumbing and restroom facilities, windows, ceiling and lighting fixtures and common areas, renovating Marycrest Hall to provide upgraded student residence and dining facilities, renovating Kettering Laboratory Building to provide new and upgraded classroom and laboratory facilities, windows and administrative offices and improvements to the building exterior, renovating the Virginia W. Kettering Residence Hall to provide new and upgraded residence facilities, common areas and a fire suppression system, acquiring and installing a fire alarm system for University-owned houses to be connected to the central security and safety monitoring system for the University’s Public Safety Department, renovating St. Joseph’s and Zehler Halls to provide new and upgraded classroom and administrative facilities and common areas, providing for new and relocated laboratory and photography facilities that were in the former mechanical engineering building and the creation of green space on the former building site, renovating administrative facilities in St. Mary’s Hall and the expansion of laboratory facilities in College Park Center, together as to all of the foregoing with the acquisition, installation and improvement of all related fixtures, furnishings and equipment, building and site improvements and site acquisitions, and (b) refunding all or a portion of each of the State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 1997 Project), State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 1998 Project) and a bank loan issued to refund State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2002 Project) Series A, and (ii) costs incidental thereto and the costs of financing and refinancing thereof and paying certain issuance costs related to the Series B Bonds, and costs related to such other uses as are permitted by the Act.

Brief descriptions of the Commission, the University, the Bonds, the Projects, the Leases, the Trust Agreements, the Tax Agreement, the Escrow Agreement and the Guaranties (all defined herein) are included in this Offering Circular. The descriptions of the Bonds, the Leases, the Trust Agreements, the Tax Agreement, the Escrow Agreement and the Guaranties and references and excerpts of all other documents to which this Offering Circular refers do not purport to be complete statements of the provisions of such documents and are qualified in their entirety by reference to each such document. Reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and remedies of Bondholders. All descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors’ rights. Copies of the above described documents are available for inspection during the initial offering period at the office of Wells Fargo Bank, National Association, 150 E. 42nd Street, 25th Floor, New York, NY 10017, Attention: Harper Watters (the “Underwriter”) and thereafter at the designated corporate trust office of the Trustee.

Capitalized terms used herein shall have the meanings set forth in APPENDIX C unless otherwise defined herein or where the context would clearly indicate otherwise.

The Series A Bonds and the Series B Bonds are separate Series of the Bonds and will be issued under separate Trust Agreements although each Trust Agreement contains substantially the same terms and provisions. Redemption of one Series of the Bonds may be made in the manner described below without the redemption of the Bonds of the other Series. In the following summary of terms of the Bonds, references to the Bonds, the Trust Agreements, the Base Leases, the Leases, the Guaranties, the Escrow Agreement, the Projects and other defined terms should be read as separately referring to each Series of the Bonds and the related Base Lease, Lease, Guaranty, Project and other defined terms, except as otherwise noted.

The Series A Bonds

The Series A Bonds will be issued (i) to pay costs of and relating to the Series A Project, (ii) to pay costs associated with the issuance of the Series A Bonds and (iii) for such other uses as are permitted under the Series A Lease and the Act. The Series A Bonds will be dated and mature as set forth on the cover page and inside front

cover page, and will be subject to redemption and purchase in lieu of redemption prior to maturity as described herein under “THE SERIES A BONDS – Redemption Provisions.”

All of the educational facilities described above constituting the Series A Project are located on the University’s campus in Dayton, Ohio or on land adjacent and otherwise in close proximity thereto. The Series A Project will be leased by the University to the Commission under the Base Lease, dated as of April 1, 2018, between the University and the Commission (the “Series A Base Lease”). The Series A Project will be leased by the Commission to the University pursuant to the Lease, dated as of April 1, 2018, between the Commission and the University (the “Series A Lease”). The University is required by the Series A Lease to make payments equal to the principal of and premium, if any, and interest on the Series A Bonds when due, whether on an Interest Payment Date, at maturity, upon acceleration or upon redemption (the “Bond Service Charges”). An amount equal to the Bond Service Charges due on the Series A Bonds less the balance then in the Bond Fund established under the Series A Trust Agreement available to pay Bond Service Charges due on the Series A Bonds will be required to be made by the University as rental payments (the “Rental Payments”) under the Series A Lease on each Rental Payment Date. In the Series A Lease, the University has agreed to purchase the Commission’s interest in the Series A Project after all of the Series A Bonds are no longer outstanding.

The Series A Bonds are special obligations of the State and the debt service on the Series A Bonds will be payable solely from the revenues to be derived by the Commission from its lease of the Series A Project, all as provided in the Series A Lease and the Series A Trust Agreement, including the Rental Payments and certain other amounts, as described under “SECURITY AND SOURCES OF PAYMENT FOR BONDS.”

The Series A Bonds are secured by the Series A Trust Agreement, in which the Commission assigns to the Trustee all of the Commission’s rights with respect to the Revenues (including Rental Payments) and the money and investments in the Special Funds and certain other rights of the Commission under the Series A Lease, as described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Series A Bonds are further secured by the Guaranty Agreement, dated as of April 1, 2018 (the “Series A Guaranty”), between the University and the Trustee by which the University unconditionally guarantees the payment of the Bond Service Charges on the Series A Bonds as described herein under “THE GUARANTY AGREEMENTS.”

The Series B Bonds

The Series B Bonds will be issued (i) to refund the Refunded 2009 Bonds, (ii) to pay costs associated with the issuance of the Bonds, and (iii) for such other uses as are permitted under the Lease and the Act. The Series B Bonds will be dated and mature as set forth on the cover page and inside front cover page, and will be subject to redemption and purchase in lieu of redemption prior to maturity as described herein under “THE SERIES B BONDS – Redemption Provisions.”

All of the educational facilities financed or refinanced by the 2009 Bonds (the “2009 Project” or the “Series B Project”) are located on the University’s campus in Dayton, Ohio or on land adjacent and otherwise in close proximity thereto. The Series B Project will be leased by the University to the Commission under the Base Lease, dated as of September 1, 2018, between the University and the Commission (the “Series B Base Lease”). The Series B Project will be leased by the Commission to the University pursuant to the Lease, dated as of September 1, 2018, between the Commission and the University (the “Series B Lease”). The University is required by the Series B Lease to make payments equal to the Bond Service Charges on the Series B Bonds when due. An amount equal to the Bond Service Charges due on the Series B Bonds less the balance then in the Bond Fund established under the Series B Trust Agreement available to pay Bond Service Charges due on the Series B Bonds will be required to be made by the University as Rental Payments under the Series B Lease on each Rental Payment Date. In the Series B Lease, the University has agreed to purchase the Commission’s interest in the Series B Project after all of the Series B Bonds are no longer outstanding.

The Series B Bonds are special obligations of the State and the debt service on the Series B Bonds will be payable solely from the revenues to be derived by the Commission from its lease of the Series B Project, all as provided in the Series B Lease and the Series B Trust Agreement, including the Rental Payments and certain other amounts, as described under “SECURITY AND SOURCES OF PAYMENT FOR BONDS.”

The Series B Bonds are secured by the Series B Trust Agreement, in which the Commission assigns to the Trustee all of the Commission's rights with respect to the Revenues (including Rental Payments) and the money and investments in the Special Funds and certain other rights of the Commission under the Series B Lease, as described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The Series B Bonds are further secured by the Guaranty Agreement, dated as of September 1, 2018 (the "Series B Guaranty"), between the University and the Trustee by which the University unconditionally guarantees the payment of the Bond Service Charges on the Series B Bonds as described herein under "THE GUARANTY AGREEMENTS."

CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES B BONDS

The Commission and the University will enter into a forward delivery bond purchase agreement (the "Forward Delivery Bond Purchase Agreement") for the Series B Bonds with Wells Fargo Bank, National Association (the "Underwriter"), the form of which is attached as APPENDIX G to this Offering Circular. Subject to the terms of the Forward Delivery Bond Purchase Agreement, the Commission expects to issue and deliver the Series B Bonds on September 4, 2018 or on such later date as is mutually agreed upon by the Commission, the University and the Underwriter (the "Series B Settlement Date").

Pursuant to the Forward Delivery Bond Purchase Agreement, the Underwriter will agree to purchase the Series B Bonds on the Series B Settlement Date. A preliminary closing (the "Preliminary Closing") will be held with respect to the Series B Bonds on or about April 25, 2018 (the "Preliminary Closing Date"). At such time, the conditions for issuance and delayed delivery of the Series B Bonds and payment therefor by the Underwriter are expected to be met, except for the confirmation of certain facts and the delivery of certain documents, certificates and opinions, including the opinion of the Bond Counsel substantially in the form and to the effect as set forth in APPENDIX D-2 hereto (the "Settlement Conditions"), which are to be delivered or otherwise satisfied on or before the Series B Settlement Date (receipt of which is a condition to the issuance of the Series B Bonds).

Upon satisfaction of the conditions of the Preliminary Closing, and subject to compliance with the Settlement Conditions described below and in the Forward Delivery Bond Purchase Agreement, the Underwriter will be obligated to take delivery of and pay for the Series B Bonds on the Series B Settlement Date. Pursuant to the Forward Delivery Bond Purchase Agreement, the University will agree to use its best efforts and to act in good faith to cause the Series B Bonds to be issued and sold to the Underwriter. There will be no delivery of the Series B Bonds or any payment therefor on the Preliminary Closing Date.

Series B Bonds Settlement

The following is a brief description of certain provisions of the Forward Delivery Bond Purchase Agreement. The following description is not to be considered a full statement of the terms of the Forward Delivery and accordingly is qualified by reference thereto and is subject to the full text thereof.

The issuance of the Series B Bonds and the obligation of the Underwriter under the Forward Delivery Bond Purchase Agreement to purchase, accept delivery of and pay for the Series B Bonds on the Series B Settlement Date are conditioned upon the performance by the Commission and the University of their respective obligations thereunder, including, without limitation, the delivery of an opinion, dated the Series B Settlement Date, of Bond Counsel, substantially in the form set forth in APPENDIX D-2. The purchase and delivery of the Series B Bonds is further contingent upon (i) the delivery of certain certificates and legal opinions, and (ii) evidence that as of the Series B Settlement Date:

(A) the Series B Bonds have been assigned an investment grade rating by at least one of Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings (collectively, the "Rating Agencies");

(B) the Series B Bonds have not been rated below investment grade by any Rating Agency then rating the Series B Bonds; and

(C) the satisfaction of other conditions set forth in the Forward Delivery Bond Purchase Agreement as of the Series B Settlement Date (see APPENDIX G).

The Underwriter has the right to terminate its obligations under the Forward Delivery Bond Purchase Agreement to purchase and pay for the Series B Bonds upon written notice to the Commission and the University of its election to do so under the circumstances set forth in the Forward Delivery Bond Purchase Agreement (see APPENDIX G).

During the period of time between the date of this Offering Circular and the Series B Settlement Date (the “Forward Delivery Period”), certain information contained in this Offering Circular could change in a material respect. Except as described above, the Underwriter may not refuse to purchase the Series B Bonds, and the purchasers may not refuse to purchase the Series B Bonds pursuant to the hereinafter referred to Delayed Delivery Contracts, by reason of “general market or credit changes,” including, but not limited to, (a) changes in the ratings assigned to the Series B Bonds, so long as the Series B Bonds are rated investment grade by at least one of the Rating Agencies and the Series B Bonds are not rated below investment grade by any Rating Agency rating the Series B Bonds as of the Series B Settlement Date, or (b) changes in the financial condition, operations, performance, properties or prospects of the University prior to the Series B Settlement Date.

ADDITIONAL RISKS RELATED TO THE FORWARD DELIVERY PERIOD

During the Forward Delivery Period, certain information contained in this Offering Circular could change in a material respect. Except as described under “Series B Bonds Settlement” above, any changes in such information will not permit the Underwriter to terminate the Forward Delivery Bond Purchase Agreement or release the purchasers from their obligation to purchase the Series B Bonds. Purchasers of the Series B Bonds will be subject to the risks (including changes in the financial condition and business operations of the University prior to the Series B Settlement Date), some of which are described below, and none of which will constitute grounds for purchasers to refuse to accept delivery of and pay for the Series B Bonds unless the Underwriter determine that such material changes give rise to their right to termination under the Forward Delivery Bond Purchase Agreement, as described under “Series B Bonds Settlement” above.

The Underwriter has advised the Commission and the University that the Series B Bonds will be sold only to investors who execute a Delayed Delivery Contract in substantially the form set forth as APPENDIX G (each, a “Delayed Delivery Contract”) at the request and for the convenience of the Underwriter. Neither the Commission nor the University will be a party to any Delayed Delivery Contract, and neither the Commission nor the University is in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations of the parties under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent on the performance of any Delayed Delivery Contract.

In addition to the risks set forth above, purchasers of the Series B Bonds are subject to certain additional risks, some of which are described below:

Ratings Risk. No assurances can be given that the ratings assigned to the Series B Bonds on the Series B Settlement Date will not be different from those currently assigned to the Series B Bonds. Except as described under “Series B Bonds Settlement” above, issuance of the Series B Bonds and the obligations of the Underwriter under the Forward Delivery Bond Purchase Agreement are not conditioned upon the assignment of any particular ratings to the Series B Bonds or the maintenance of the initial ratings assigned to the Series B Bonds. If a Rating Agency is no longer in business or no longer provides ratings for municipal debt obligations as of the Series B Settlement Date, there is no requirement under the Forward Delivery Bond Purchase Agreement to obtain a rating from such Rating Agency. So long as the Series B Bonds are rated investment grade by at least one of the Rating Agencies and the Series B Bonds are not rated below investment grade by any Rating Agency rating the Series B Bonds as of the Series B Settlement Date, the condition precedent concerning the rating of the Series B Bonds under the Forward Delivery Bond Purchase Agreement shall have been satisfied.

Secondary Market Risk. The Underwriter is not obligated to make a secondary market in the Series B Bonds, and no assurances can be given that a secondary market will exist for the Series B Bonds during the Forward Delivery Period. Purchasers of the Series B Bonds should assume that the Series B Bonds will be illiquid throughout

the Forward Delivery Period. Should events occur before the Series B Bonds are issued and delivered by the Commission on the Series B Settlement Date that affect the market value of the Series B Bonds and if a secondary market in the Series B Bonds does not exist, a beneficial owner of Series B Bonds may be unable to re-sell all or a portion of the Series B Bonds held by or on behalf of that beneficial owner.

Market Value Risk. The market value of the Series B Bonds as of the Series B Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the ratings then assigned to the Series B Bonds, the financial condition of the University and federal income tax and other laws. The market value of the Series B Bonds as of the Series B Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series B Bonds and that difference could be substantial. Neither the Commission, the University nor the Underwriter make any representation as to the expected market prices of the Series B Bonds as of the Series B Settlement Date, and the Commission, the Underwriter, and the University may not refuse to deliver and purchase, respectively, the Series B Bonds by reason of general market or credit changes, except as set forth in the Forward Delivery Bond Purchase Agreement. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market prices for the Series B Bonds as of the Series B Settlement Date or thereafter or not have a materially adverse effect on any secondary market for the Series B Bonds.

Tax Treatment Risk. Subject to the additional conditions of settlement described under “Series B Bonds Settlement” above, a condition to the Underwriter’s obligation to purchase the Series B Bonds under the Forward Delivery Bond Purchase Agreement is the delivery of an opinion of Bond Counsel with respect to the Series B Bonds substantially in the form set forth as APPENDIX D-2 to this Offering Circular. During the Forward Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, delivered or promulgated, or existing law, including regulations adopted pursuant thereto, may be interpreted in a manner that might prevent Bond Counsel from rendering its opinion in the form set forth as APPENDIX D-2 to this Offering Circular, in which case the Underwriter would not be obligated to pay for and take delivery of the Series B Bonds. Notwithstanding that the enactment of new legislation, new court decisions, the promulgation of new regulations or rulings or reinterpretations or existing law might diminish the value of, or otherwise affect, the exclusion of interest on the Series B Bonds for purposes of federal income taxation, Bond Counsel may still be able to satisfy the opinion requirements for the delivery of the Series B Bonds. In such event, the purchasers would be required to accept delivery of the Series B Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

THE COMMISSION

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

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

The Commission may lease projects to private, nonprofit institutions of higher education that hold effective certificates of authorization issued by the Ohio Chancellor of Higher Education, but not to institutions whose principal educational activity is preparing students for religious or ecclesiastical fields. The Commission may

acquire and lease any facility that is academic, administrative, or auxiliary thereto, other than facilities used exclusively as places for devotional activities.

The Commission consists of nine members, including the Ohio Chancellor of Higher Education or a designee of the Chancellor, an *ex officio* member. The other eight members are appointed to overlapping eight-year terms by the Governor with the advice and consent of the Ohio Senate. The Chair is designated by the Governor, and the other officers, including the Vice Chair and the Secretary, are elected by the members from their own number. The members of the Commission receive no compensation for their services, but are entitled to reimbursement for their actual and necessary expenses. The Commission's office is located in Columbus, Ohio. The Commission does not have any employees. The Ohio Department of Higher Education provides staffing assistance to the Commission when necessary.

UNIVERSITY OF DAYTON

The University, an Ohio non-profit corporation, is a private coeducational institution of higher education located in Dayton, Ohio. The University was founded in 1850 as St. Mary's Institute and assumed its present form and name in 1920 and thereafter incorporated as the University of Dayton in 1952. The mission of the University is to be a comprehensive Catholic university maintaining a diverse community committed, in the Marianist tradition, to educating the whole person and to linking learning and scholarship with leadership and service. The University is one of the largest private universities in Ohio and one of the ten largest Catholic universities in the nation, as well as being a major engineering research university.

See APPENDIX A – "CERTAIN INFORMATION ABOUT THE UNIVERSITY OF DAYTON" for a more complete description of the University.

THE SERIES A BONDS

General

The Series A Bonds will be dated their date of issuance and delivery and will bear interest as described herein. The Series A Bonds will mature, subject to prior redemption and purchase in lieu of redemption as hereinafter described, in the amounts and on the dates and will bear interest at the respective rates all as shown on the inside front cover page. The Series A Bonds will be authorized and issued by the State acting by and through the Commission under the provisions of the Act and pursuant to a resolution adopted by the Commission (see "THE COMMISSION").

Denomination; Payment

The Series A Bonds are being issued as fully registered bonds in the denomination of \$5,000 or integral multiples thereof. Interest is to be paid by wire transfer to the person in whose name that Series A Bond is registered (the "Holder" or "Bondholder") on the registration books (the "Register") maintained by the Trustee as registrar (the "Registrar") at the close of business on the Record Date. Principal of and premium, if any, on the Series A Bonds will be payable when due upon presentation and surrender of the Series A Bonds at the designated corporate trust office of the Trustee.

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

Interest on the Series A Bonds

Interest on the Series A Bonds will be payable semiannually on June 1 and December 1 of each year commencing June 1, 2018 and, so long as the book-entry-only system remains in effect, in the manner described below under APPENDIX E - "BOOK-ENTRY SYSTEM." Interest on each Series A Bond will initially be computed from the date of issuance and delivery of the Series A Bonds and thereafter from the most recent date to which interest has been paid or duly provided for or if no interest has been paid or duly provided for, then from the date of the Series A Bonds and shall bear interest from their date at the rate shown on the inside cover page of this Offering Circular.

Redemption Provisions

Optional Redemption. The Series A Bonds maturing prior to December 1, 2028 are not subject to optional redemption. The Series A Bonds maturing on or after December 1, 2028 (except for those maturing on December 1, 2031 and December 1, 2038) are subject to prior redemption, by and at the option of the Commission, at the direction of the University at any time on or after June 1, 2028 in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus interest accrued to the redemption date. The Series A Bonds maturing on December 1, 2031 and December 1, 2038 are subject to prior redemption, by and at the option of the Commission, at the direction of the University at any time on or after June 1, 2025 in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus interest accrued to the redemption date.

Mandatory Redemption. The Series A Bonds maturing on December 1, 2043 are subject to mandatory redemption prior to maturity at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in the following principal amounts in the years specified:

Redemption Date (December 1)	<u>Amount</u>
2039	\$2,700,000
2040	2,810,000
2041	2,925,000
2042	3,045,000

The remaining balance of the Series A Bonds maturing on December 1, 2043 (\$3,170,000) will be payable at the maturity thereof.

The Series A Bonds maturing on December 1, 2048 are subject to mandatory redemption prior to maturity at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in the following principal amounts in the years specified:

Redemption Date (December 1)	<u>Amount</u>
2044	\$3,315,000
2045	3,485,000
2046	3,665,000
2047	3,850,000

The remaining balance of the Series A Bonds maturing on December 1, 2048 (\$4,050,000) will be payable at the maturity thereof. The Series A Bonds maturing on December 1, 2043 and December 1, 2048 are herein referred to as the "Series A Term Bonds."

Extraordinary Optional Redemption. The Series A Bonds are subject to extraordinary redemption prior to maturity on any date, by and at the option of the Commission, at the direction of the University, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date: (i) in part (in accordance with the Series A Trust Agreement for partial redemption described below) in the event of condemnation of the Series A Project or any part thereof to the extent provided in Section 6.3 of the Series A Lease or (ii) in whole upon the occurrence of any of the events described in Section 12.2 of the Series A Lease and the

exercise by the University of its option to terminate the Series A Lease as provided in that Section (see “THE LEASES – University’s Options to Terminate Lease”).

Partial Redemption. If fewer than all of the outstanding Series A Bonds that are stated to mature on different dates are called for redemption at one time, the principal maturities of the Series A Bonds to be called will be designated by the University. If less than all of an Outstanding Series A Bond of one maturity in a book-entry system is called for redemption, the selection of the beneficial interests in that Series A Bond to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, will be determined by DTC following receipt of notice of redemption from the Trustee (see “THE SERIES A BONDS - Redemption Provisions - Notice of Redemption”). For purposes of the Series A Trust Agreement, Series A Bonds maturing on the same dates at different interest rates will be considered separate maturities. In the event of a redemption of a Series A Term Bond, the Trustee will allocate the principal amount of the Series A Term Bond redeemed against the mandatory sinking fund redemption requirements as designated by the University.

Notice of Redemption. The Trustee will mail by first class mail, postage prepaid, to the registered owners of all Series A Bonds to be redeemed, at the address shown on the registration books on the 15th day preceding that mailing, notice of redemption at least 30 days prior to the redemption date. Each notice of redemption of the Series A Bonds will identify the Series A Bonds or portions thereof to be redeemed and will state, among other things, the redemption price, the redemption date, the place or places where the redemption price is payable, that on the redemption date such Series A Bonds called for redemption (provided funds for the redemption of such Series A Bonds are on deposit at the place of payment) will cease to bear interest, and any conditions to the redemption. The failure of a Holder to receive notice by mailing or any defect in that notice regarding any Series A Bond will not affect the validity of the proceedings for the redemption of any Series A Bonds.

On the date designated for redemption, Series A Bonds or portions of Series A Bonds called for redemption will become due and payable. If the Trustee or any paying agent then holds sufficient money for payment of debt service and any applicable premium payable on that redemption date, interest on each Series A Bond (or portion of a Series A Bond) so called for redemption will cease to accrue on that date.

So long as all Series A Bonds are held under a book-entry system by a securities Depository (such as DTC), call notice will be sent by the Trustee only to the Depository or its nominee. Selection of book-entry interests in the Series A Bonds called, and giving notice of the call to the owners of those interests called, is the responsibility of the Depository and of its Participants and Indirect Participants. Any failure of the Depository to advise any Participant, or of any Participant or any Indirect Participant (as such terms are defined in APPENDIX E) to notify the book entry interest owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of any Series A Bonds or portions of Series A Bonds (see APPENDIX E - “BOOK-ENTRY SYSTEM”).

Purchase in Lieu of Redemption. In lieu of redeeming Series A Bonds as described in “THE SERIES A BONDS - Redemption Provisions - Optional Redemption” herein, the University may purchase Series A Bonds maturing on and after December 1, 2028 (except for those maturing on December 1, 2031 and December 1, 2038) at any time on or after June 1, 2028, and the University may purchase the Series A Bonds maturing on December 1, 2031 and December 1, 2038 at any time on or after June 1, 2025, in each case, at a purchase price equal to 100% of the principal amount purchased plus interest accrued to the purchase date. The purchase of the Series A Bonds is mandatory and enforceable against the Holders of the Series A Bonds to be purchased and such Holders have no right to retain their Series A Bonds. Following any such purchase, the purchased Series A Bonds will be registered in the name of the University or its nominee or as otherwise directed by the University. In the case of the purchase of less than all of the Series A Bonds, the particular Series A Bonds to be purchased shall be selected as described in “THE SERIES A BONDS - Redemption Provisions - Partial Redemption”. No purchase of Series A Bonds will operate to extinguish purchased Series A Bonds, which will remain Outstanding under the Series A Trust Agreement. Notwithstanding the foregoing, no such purchase will be made unless the University has delivered to the Trustee and the Commission concurrently with such purchase an opinion of Bond Counsel to the effect such purchase will not adversely affect the tax-exempt status of the Series A Bonds. Notice of a purchase as described herein, including notice of any conditions that such purchase may be subject to, will be given to the Trustee and the Holders at the times and in the manner set forth in “THE SERIES A BONDS - Redemption Provisions - Notice of Redemption”.

Nonpresentment of Series A Bonds. If any Series A Bonds are not presented for payment at the date fixed for their redemption or when due, or if a check or draft for interest is uncashed, and if funds sufficient for such redemption or payment are held by the Trustee, then the Trustee will thereafter hold such funds without liability for interest and the registered owners of such Series A Bonds will thereafter be restricted exclusively to such funds for the satisfaction of any claim relating to such Series A Bonds. Any such funds remaining unclaimed for four years after becoming due and payable will be paid to the University upon its written request, and the registered owner entitled thereto will thereafter be entitled to look only to the University for payment of unclaimed funds not yet escheated by the University. The University may from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the University in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the escheat authority. In the absence of any such written request, the Trustee will from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery will be in accordance with the customary practices and procedures of the Trustee and the escheat authority.

Book-Entry System. The Series A Bonds are originally issued in book entry form to The Depository Trust Company to be held in a book entry system. See APPENDIX E - "BOOK-ENTRY SYSTEM."

THE SERIES B BONDS

General

The Series B Bonds will be dated their date of issuance and delivery and will bear interest as described herein. The Series B Bonds will mature, subject to prior redemption and purchase in lieu of redemption as hereinafter described, in the amounts and on the dates and will bear interest at the respective rates all as shown on the inside front cover page. The Series B Bonds will be authorized and issued by the State acting by and through the Commission under the provisions of the Act and pursuant to a resolution adopted by the Commission (see "THE COMMISSION").

Denomination; Payment

The Series B Bonds are being issued as fully registered bonds in the denomination of \$5,000 or integral multiples thereof. Interest is to be paid by wire transfer to the person in whose name that Series B Bond is registered (the "Holder" or "Bondholder") on the registration books (the "Register") maintained by the Trustee as registrar (the "Registrar") at the close of business on the Record Date. Principal of and premium, if any, on the Series B Bonds will be payable when due upon presentation and surrender of the Series B Bonds at the designated corporate trust office of the Trustee.

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

Interest on the Series B Bonds

Interest on the Series B Bonds will be payable semiannually on June 1 and December 1 of each year commencing December 1, 2018 and, so long as the book-entry-only system remains in effect, in the manner described below under APPENDIX E - "BOOK-ENTRY SYSTEM." Interest on each Series B Bond will initially be computed from the date of issuance and delivery of the Series B Bonds and thereafter from the most recent date

to which interest has been paid or duly provided for or if no interest has been paid or duly provided for, then from the date of the Series B Bonds and shall bear interest from their date at the rate shown on the inside cover page of this Offering Circular.

Redemption Provisions

Optional Redemption. The Series B Bonds maturing prior to December 1, 2028 are not subject to optional redemption. The Series B Bonds maturing on or after December 1, 2028 are subject to prior redemption, by and at the option of the Commission, at the direction of the University at any time on or after June 1, 2028 in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus interest accrued to the redemption date.

Extraordinary Optional Redemption. The Series B Bonds are subject to extraordinary redemption prior to maturity on any date, by and at the option of the Commission, at the direction of the University, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date: (i) in part (in accordance with the Series B Trust Agreement for partial redemption described below) in the event of condemnation of the Series B Project or any part thereof to the extent provided in Section 6.3 of the Series B Lease or (ii) in whole upon the occurrence of any of the events described in Section 12.2 of the Series B Lease and the exercise by the University of its option to terminate the Series B Lease as provided in that Section (see “THE LEASES - University’s Options to Terminate Lease”).

Partial Redemption. If fewer than all of the outstanding Series B Bonds that are stated to mature on different dates are called for redemption at one time, the principal maturities of the Series B Bonds to be called will be designated by the University. If less than all of an Outstanding Series B Bond of one maturity in a book-entry system is called for redemption, the selection of the beneficial interests in that Series B Bond to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, will be determined by DTC following receipt of notice of redemption from the Trustee (see “THE SERIES B BONDS - Redemption Provisions - Notice of Redemption”). For purposes of the Series B Trust Agreement, Series B Bonds maturing on the same dates at different interest rates will be considered separate maturities.

Notice of Redemption. The Trustee will mail by first class mail, postage prepaid, to the registered owners of all Series B Bonds to be redeemed, at the address shown on the registration books on the 15th day preceding that mailing, notice of redemption at least 30 days prior to the redemption date. Each notice of redemption of the Series B Bonds will identify the Series B Bonds or portions thereof to be redeemed and will state, among other things, the redemption price, the redemption date, the place or places where the redemption price is payable, that on the redemption date such Series B Bonds called for redemption (provided funds for the redemption of such Series B Bonds are on deposit at the place of payment) will cease to bear interest, and the conditions to the redemption. The failure of a Holder to receive notice by mailing or any defect in that notice regarding any Series B Bond will not affect the validity of the proceedings for the redemption of any Series B Bonds.

On the date designated for redemption, Series B Bonds or portions of Series B Bonds called for redemption will become due and payable. If the Trustee or any paying agent then holds sufficient money for payment of debt service and any applicable premium payable on that redemption date, interest on each Series B Bond (or portion of a Series B Bond) so called for redemption will cease to accrue on that date.

So long as all Series B Bonds are held under a book-entry system by a securities Depository (such as DTC), call notice will be sent by the Trustee only to the Depository or its nominee. Selection of book-entry interests in the Series B Bonds called, and giving notice of the call to the owners of those interests called, is the responsibility of the Depository and of its Participants and Indirect Participants. Any failure of the Depository to advise any Participant, or of any Participant or any Indirect Participant to notify the book entry interest owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of any Series B Bonds or portions of Series B Bonds (see APPENDIX E - “BOOK-ENTRY SYSTEM”).

Purchase in Lieu of Redemption. In lieu of redeeming Series B Bonds as described in “THE SERIES B BONDS - Redemption Provisions - Optional Redemption” herein, the University may purchase Series B Bonds maturing on or after December 1, 2028 at any time and from time to time on or after June 1, 2028, at a purchase

price equal to 100% of the principal amount purchased plus interest accrued to the purchase date. The purchase of the Series B Bonds is mandatory and enforceable against the Holders of the Series B Bonds to be purchased and such Holders have no right to retain their Series B Bonds. Following any such purchase, the purchased Series B Bonds will be registered in the name of the University or its nominee or as otherwise directed by the University. In the case of the purchase of less than all of the Series B Bonds, the particular Series B Bonds to be purchased shall be selected as described in “THE SERIES B BONDS - Redemption Provisions - Partial Redemption”. No purchase of Series B Bonds will operate to extinguish purchased Series B Bonds, which will remain Outstanding under the Trust Agreement. Notwithstanding the foregoing, no such purchase will be made unless the University has delivered to the Trustee and the Commission concurrently with such purchase an opinion of Bond Counsel to the effect such purchase will not adversely affect the tax-exempt status of the Series B Bonds. Notice of a purchase as described herein, including notice of any conditions that such purchase may be subject to, will be given to the Trustee and the Holders at the times and in the manner set forth in “THE SERIES B BONDS - Redemption Provisions - Notice of Redemption”.

Nonpresentment of Series B Bonds. If any Series B Bonds are not presented for payment at the date fixed for their redemption or when due, or if a check or draft for interest is uncashed, and if funds sufficient for such redemption or payment are held by the Trustee, then the Trustee will thereafter hold such funds without liability for interest and the registered owners of such Series B Bonds will thereafter be restricted exclusively to such funds for the satisfaction of any claim relating to such Series B Bonds. Any such funds remaining unclaimed for four years after becoming due and payable will be paid to the University upon its written request, and the registered owner entitled thereto will thereafter be entitled to look only to the University for payment of unclaimed funds not yet escheated by the University. The University may from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the University in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the escheat authority. In the absence of any such written request, the Trustee will from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery will be in accordance with the customary practices and procedures of the Trustee and the escheat authority.

Book-Entry System. The Series B Bonds are originally issued in book entry form to The Depository Trust Company to be held in a book entry system. See APPENDIX E - “BOOK-ENTRY SYSTEM.”

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bond Service Charges due on a Series of the Bonds are payable from the Revenues related to that Series, including primarily (a) the Rental Payments to be derived by the Commission under the related Lease, (b) amounts held in, or for the credit of, the Bond Fund that relates to that Series and, in the case of the Series A Bonds, the Improvement Fund, and any other funds or accounts permitted by, established under or identified in the related Trust Agreement or the Bond Legislation, except the Escrow Fund, the Rebate Fund and the Issuance Expenses Fund, (c) all other rentals, revenue, income, charges and money received or to be received by the Commission (except Additional Payments), or the Trustee for the account of the Commission, from the lease, sale or other disposition of the Projects, and (d) all income and profit from the investment of the Rental Payments and the Special Funds and such other money, and the money, securities and funds and accounts to be held by the Trustee (including investment earnings) available for that purpose under the respective Trust Agreement. The Bonds of a Series are secured by the Commission’s assignment to the Trustee of all of the Commission’s right, title and interest in and to the related Revenues, the related Lease (except for the Unassigned Rights), all money and investments in the Special Funds, and the proceeds of the Bonds of that Series to the extent included in the Revenues and the related Guaranty. The Commission will also assign to the Trustee all of its right, title and interest in the respective Base Lease, except for the Unassigned Rights, and effective only upon an Event of Default under the related Lease and for so long as an Event of Default under the related Lease continues to exist. There is no debt service reserve fund or mortgage additionally securing the Bonds.

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

The facilities comprising the Series B Project were, and with respect to the Series A Project will be, specifically constructed, equipped and improved for the benefit of the University for use in its educational programs, and by reason of their location may be subject to practical restrictions that may limit the use thereof by others. Therefore, in the event of a default, the Trustee's ability to lease or sell the Projects or portions thereof to third parties may be limited. The rentals or sale price, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the sale, lease or other disposition of the Projects would be sufficient to allow payment in full of the Bonds.

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

The enforceability of the liens of the Leases and the Trust Agreements may be subject to subordination or prior claims in certain instances in addition to that arising from bankruptcy proceedings. For a discussion of examples of possible limitations on enforceability and of possible subordination or prior claims, see "ENFORCEABILITY OF REMEDIES" herein.

The Bonds do not represent or constitute a debt or pledge of the faith and credit of the Commission or the State, will not be secured by an obligation or pledge of any money raised by taxation and do not grant to the Holders any rights to have the General Assembly of the State levy any taxes or appropriate any funds for the payment of the debt service on the Bonds. The Commission has no taxing power.

INVESTMENT CONSIDERATIONS

An investment in the Bonds is subject to a number of significant risk factors. The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Offering Circular and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Offering Circular, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Offering Circular.

Nature of Obligations and Remedies

The Bonds of each Series are special, limited obligations of the Commission and are payable solely from and secured by a pledge of the related Rental Payments received from the University, and certain other revenues pursuant to the related Trust Agreement. The realization of such revenues is dependent upon, among other things, the capabilities of the University to make such payments. That capability depends on the University's success in attracting and keeping students enrolled at the University and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. **The Bonds are special, limited obligations and do not constitute a general obligation of the Commission or the State and do not constitute an indebtedness of the Commission or the State or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation. Neither the full faith and credit nor the taxing power of the Commission, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Neither the Commission, the State nor any political subdivision thereof shall be obligated to levy a tax or to make any appropriation from moneys raised by taxation to pay debt service on the Bonds.**

Payment of principal of and interest on each Series of the Bonds is intended to be made from the University's Rental Payments under the related Lease. The University's ability to make Rental Payments will be dependent on its ability to generate sufficient unrestricted revenues in excess of expenditures. Such revenues and expenditures are subject to many conditions and factors, some of which may be beyond the control of the University and may change in the future to an extent that cannot be presently determined.

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on the University's facilities or any portion thereof. Under the Bond Documents, the payment of debt service on each Series of the Bonds is secured by and payable solely from payments made by the University under the respective Lease and Guaranty. The obligation of the University to perform under the Guaranties is strictly a financial obligation. The likelihood of the University's performance under the Guaranties in the event of a default under the other Bond Documents should be evaluated in the same manner as the University's performance of its other obligations under the Bond Documents is evaluated and is subject to the same risks described herein.

The practical realization of any rights upon any default under the Leases or under the Trust Agreements will depend upon the exercise of various remedies specified in such instruments, as restricted by federal and state laws. The remedies available upon an Event of Default under the Leases or the Trust Agreements will, in many respects, be dependent upon judicial action, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code or in the Leases and the Trust Agreements may not be readily available or may be limited. The various legal opinions to be delivered relating to the Leases, the Trust Agreements and the Bonds will be qualified as to the enforceability of the various legal instruments by reference to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the right of creditors.

Also, as noted in "THE LEASES - Events of Default," the Trustee as assignee has the right, upon default under the Leases to sublease the Projects. The Leases cover only a portion of the campus of the University, and college buildings are generally special-use buildings, so that it may be difficult to obtain rentals on subleasing adequate to pay debt service on the Bonds. The University has not granted a mortgage on the Projects to secure the Bonds.

If the University were to file a petition for relief under the federal bankruptcy laws, the filing would cause an automatic stay of virtually all creditor collection activities against the University and its property. Subject to orders of the bankruptcy court, the University's property could be used in the operations of the University, despite the claims of its creditors (including the Trustee). In a bankruptcy case, the University could seek to confirm a plan of reorganization that modifies the rights of its creditors, secured or unsecured. The plan, if confirmed by the bankruptcy court, would bind all creditors and discharge all claims against the debtor except as provided for in the plan. In order to be confirmed, among other conditions, a plan must provide each impaired creditor with more than they would receive through a liquidation of the debtor. A plan must also be feasible and must be accepted by each class of claims impaired thereunder. A class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if a plan is not so accepted, it may be confirmed if the court finds that the plan is "fair and equitable" with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

University Investments

The University's policy provides for an annual distribution from the endowment to support operations of the University. See APPENDIX A under the caption "Long-Term Investments, Endowment and Liquidity." Market conditions that negatively affect the University's investments may adversely affect debt service coverage and endowment spending.

Competition

The University is subject to changes in the demand for higher education in general and for programs offered by the University in particular. The University is also subject to the same competitive pressures that affect other private colleges and universities. Changing demographics may mean a smaller pool of college-bound persons from which to draw entering classes. Various political and legal developments, including U.S. governmental policy regarding international relations and trade and immigration, may affect the demand among foreign students for education at U.S. universities and colleges, including the University. Greater competition for students together with rising tuition may mean that the University will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified administrators and faculty may mean higher expenditures for salaries and administrative costs. Each of these factors can have an impact on the revenues of the University.

The University competes for students generally with universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition rates than the University. Other educational institutions may in the future expand their programs in competition with the programs offered by the University. Increased competition from other educational institutions (including the availability of online courses and programs) or a decrease in the student population interested in pursuing higher education could have a material adverse economic impact on the University. In addition, future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time.

Other Risk Factors

Other factors that may also adversely affect the operations of the University, although the extent cannot be presently determined, include, among others: (1) changes in the demand for higher education in general or for programs offered by the University in particular; (2) a decrease in availability of student loan funds or other student financial aid; (3) reductions in funding support from donors or other external sources; (4) a decline in research funding, including research funding from the U.S. government; (5) risks relating to expansions or construction projects undertaken by the University, including risks relating to construction and operation; (6) an increase in the costs of health care benefits, retirement plan or other benefit packages offered by the University to its employees and retirees; (7) a significant decline in the University's investments based on market or other external factors; (8) cost and availability of energy; (9) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (10) an increase in the cost of outstanding variable rate debt or short-term borrowings the University periodically uses to fund operations; (11) risks associated with interest rate hedges, including basis risk, obligations to post collateral or counterparty risk; (12) increased costs and decreased availability of public liability insurance; (13) litigation; (14) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; (15) natural disasters, which might damage the University's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities; and (16) changes in the legal or political environment that could impact international students attending the University. Neither the Underwriter nor the Commission has made any independent investigation of the extent to which any such factors will have an adverse impact on the revenues of the University.

For risk factors relating to the forward delivery of the Series B Bonds, see "ADDITIONAL RISKS RELATED TO THE FORWARD DELIVERY PERIOD."

THE PROJECTS, PLAN OF REFUNDING AND USE OF PROCEEDS OF THE BONDS

The Bonds will be issued (i) to pay costs of the Series A Project, in the case of the Series A Bonds, (ii) to refund the Refunded 2009 Bonds, in the case of the Series B Bonds, (iii) to pay costs associated with the issuance of the Bonds, and (iv) for such other uses as are permitted under the Leases and the Act. The Bonds will be dated and mature as set forth on the cover page and inside front cover page, and will be subject to redemption and purchase in lieu of redemption prior to maturity as described herein under "THE SERIES A BONDS – Redemption Provisions", "THE SERIES B BONDS – Redemption Provisions."

The following are the estimated sources and uses of funds to be derived from the sale of the Bonds, as provided by the University.

	<u>Series A Bonds</u>	<u>Series B Bonds</u>
Sources of Funds		
Par Amount of Bonds	\$69,110,000.00	\$48,775,000.00
Net premium on Bonds	6,383,616.45	6,009,912.15
Funds provided by the University	<u>-</u>	<u>757,677.14</u>
Total	<u>\$75,493,616.45</u>	<u>\$55,542,589.29</u>
Uses of Funds		
Deposit to Improvement Fund	\$75,000,000.00	-
Deposit to Escrow Fund	-	55,186,471.88
Costs of issuance (including deposit to Issuance Expenses Fund)*	<u>493,616.45</u>	<u>356,117.41</u>
Total	<u>\$75,493,616.45</u>	<u>\$55,542,589.29</u>

*Includes Underwriter's discount, legal fees, trustee fees, printing and other costs of issuance.

Pursuant to the Escrow Agreement, a portion of the proceeds of the sale of the Series B Bonds will be used, together with other available funds applied for such purpose, for the purpose of currently refunding the Refunded 2009 Bonds and will be deposited in the Escrow Fund. The Escrow Fund and the money and investments therein will be used solely and exclusively for, and are irrevocably committed to the payment of the outstanding principal of and interest due on the Refunded 2009 Bonds on December 1, 2018. Money and investments in the Escrow Fund will be used solely for the purposes described in the Escrow Agreement. Upon the above-mentioned deposit to the Escrow Fund, the Refunded 2009 Bonds will be deemed to have been paid and discharged. Any amounts remaining in the Escrow Fund will be applied to the payment of debt service on the Series B Bonds.

BOND DOCUMENT DESCRIPTIONS

The following descriptions of provisions of the Bond Documents are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. The descriptions are subject to the provisions of, and are qualified in their entirety by, reference to the Leases, the Trust Agreements, the Tax Agreement, the Guaranties, the Escrow Agreement and the Continuing Disclosure Agreement.

THE LEASES

Each Lease is separate from and will operate independently of the other Lease, and the occurrence of an event of default under one Lease will not, in and of itself, constitute an event of default under the other Lease. The Leases contain substantially the same terms and provisions. All references in this summary to the Bonds, the Trust Agreement, the Base Lease, the Lease, the Guaranties, the Projects and other defined terms should be read as referring separately to each Series of the Bonds and to the related Trust Agreement, Base Lease, Lease, Guaranty, Project and other defined terms except as otherwise noted. Reference is made to each Lease for the detailed provisions thereof.

Term of Lease

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

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

Commencement and Completion of the Project

Pursuant to the Series A Lease, the University agrees to undertake and continue with due diligence the acquisition, construction, improvement and equipping of the Series A Project and to complete the Series A Project as promptly as feasible in accordance with all Legal Requirements. The University has agreed to supply any funds required for completion of the Series A Project that are not available from the proceeds of the Series A Bonds. Any such payments by the University will not affect or serve to reduce the Rental Payments to be made by it under the Series A Lease.

The 2009 Project was completed prior to the date hereof. Pursuant to the Series B Lease, the University agrees to undertake the refunding of the Refunded 2009 Bonds.

Rentals

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

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

In any event, the amount of the Rental Payments made under the Lease must be sufficient to pay the total amount of the debt service on the Bonds as and when due, whether on an Interest Payment Date, at stated maturity, by redemption or upon acceleration. The Lease serves the purpose of securing the debt service on the Bonds, while satisfying the requirements of the Act pursuant to which the Bonds are issued. If on any date on which that debt service is due the balance in the Bond Fund is insufficient to make required payments of the debt service on such date, the University is required to pay to the Trustee for the account of the Commission any such deficiency. Any amount, however, held at any time by the Trustee in the Bond Fund will, unless otherwise provided in the Lease, be credited against the Rental Payment next required to be paid by the University, to the extent such amount is in excess of the amount required (1) for payment of Bonds theretofore matured or called for redemption, (2) for payment of past due interest in all cases where such Bonds have not been presented for payment, and (3) to be deposited in the Bond Fund for use for other than payment of the principal of, premium, if any, and interest on the Bonds (whether at maturity or by redemption) on the next succeeding Interest Payment Date.

Absolute Obligation to Pay or Provide for Rental Payments

The obligations of the University to make Rental Payments and Additional Payments pursuant to the Lease are absolute and unconditional general contractual obligations of the University and will survive any termination of the Lease until such time as all of the Bonds and interest and any premium thereon and any Additional Payments have been paid in full or provision therefor is made. The University agrees to pay such obligations from its general funds or any other money legally available to it in the manner and at the time provided in the Lease. The University will make Rental Payments and Additional Payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever, including any defense, set-off, recoupment or counterclaims that the University may have or assert against the State, the Commission, the Trustee or any other person, or any change in the tax or other laws or administrative rulings of or administrative actions by or under authority of the United States of America or of the State, or any damage to, destruction of or exercise of eminent domain with regard to the Project.

Maintenance of Tuition, Fees and Charges

So long as any Bonds are outstanding, the University covenants and agrees to operate all its educational facilities, including the Project, on a revenue-producing basis. The University also covenants during such period to

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

Maintenance and Insurance

The University agrees that, during the term of the Lease, it will use, keep and maintain the Project, including all appurtenances thereto and any personal property necessary to the operation thereof, in good repair and good operating condition at its own cost. The University will obtain and maintain within the Project all movable furnishings, equipment and other personal property (in addition to that purchased with the proceeds of the Bonds) as are essential for the faithful and efficient administration, operation, and maintenance of the Project. The University has no obligation, however, to repair, renew or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary portions of the Project Facilities unless provision is made therefor in the Lease. The University may from time to time make modifications to the Project (including removal of portions of the Project without substitution) so long as it is not in default under the Lease and such modifications will not be in violation of the Act nor impair the character or significance of the Project as furthering the purposes of the Act.

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

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

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

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

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

(d) Fidelity bonds on all officers and employees of the University, in a manner consistent with similar organizations, who have access to or custody of revenues, receipts or income or any funds of the University in amounts customarily carried by educational institutions conducting operations similar to the University.

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

Annual Statement

The University agrees to have an annual audit of its financial statements made by an independent auditor and to provide that audit report to the Commission, the Trustee and the Underwriter within 120 days after the end of each fiscal year. See also "CONTINUING DISCLOSURE."

Merger, Consolidation or Transfer of Assets

During the term of the Lease, the University is to maintain its existence as an educational institution not for profit and will not dissolve or otherwise dispose of all or a substantial part of its assets or merge into or consolidate with another corporation or entity or permit one or more other corporations or entities to consolidate with or merge into it, unless the corporation or entity surviving such merger, consolidation or transfer of assets (i) holds a certificate of authorization from the Ohio Board of Regents pursuant to Section 1713.02 of the Ohio Revised Code, (ii) is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code or is a governmental unit, (iii) has an aggregate, unrestricted net asset balance equal to at least 90% of that balance of the University prior to such merger, consolidation or transfer of assets, (iv) expressly assumes all agreements of the University under the Bond Documents and (v) has not assumed, incurred, guaranteed or otherwise become liable for any indebtedness or liabilities that the University would not have been permitted to incur, assume, guarantee or become liable for under the provisions of the Lease, provided that the limitation of the foregoing part (v) will not be applicable if, in the alternative, the University submits to the Trustee prior to such merger, combination or asset acquisition a written confirmation from each Rating Service then rating the Bonds to the effect that such action will not cause such Rating Service to lower, suspend or withdraw the rating then assigned by such Rating Service to the Bonds.

The University will be deemed to have disposed of a substantial part of its assets if, during any fiscal year, it disposes of 33% or more of its assets, whether or not shown as assets on the balance sheets of the University. However, the sale or exchange of securities or real estate held for investment purposes in order to obtain other securities or real estate to be held for investment purposes will not be deemed to be a disposal of assets.

Indemnification of the Commission

The University (i) releases the Commission from, (ii) agrees that the Commission will not be liable for and (iii) agrees to indemnify the Commission for and to hold the Commission harmless against, all liabilities, claims, costs, penalties, fines, damages, losses and expenses (including, to the extent permitted by law, reasonable attorneys' fees and expenses), joint or several, imposed upon or asserted against, the Commission on account of events such as any loss of or damage to property, or any injury to or death of any person, that may be occasioned by any cause whatsoever pertaining to the Project or its use, any breach or default by the University under the Bond Documents or arising from the acquisition, construction, reconstruction, improvement or equipping of the Project or any act or a failure to act by the University, its agents, contractors, servants, employees or licensees. The University also agrees to indemnify and save harmless the Commission against any and all costs, liabilities, expenses, losses or claims to which the Commission may become subject in connection with the Commission's authorization, issuance and sale of the Bonds and any information or certification in connection therewith.

University's Options to Terminate Lease

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

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

(a) All or a substantial part of the Project shall have been damaged or destroyed to such extent that (1) the Project cannot be reasonably restored within a period of six months to the condition they were in immediately preceding such damage or destruction or (2) the University is thereby prevented from carrying on its normal operation of the Project for a period of six months;

(b) Title to, or the temporary use of, all or a substantial part of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority or person or entity acting under governmental authority to such extent that (1) the Project cannot be reasonably restored within a period of six months to a condition comparable to their condition prior to such taking or (2) the University is thereby prevented from carrying on its normal operation of the Project for a period of six months;

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America, any legislative or administrative action (whether State or federal) or any final decree, judgment or order of any court or administrative body (whether State or federal) entered after a contest in good faith by the Commission or the University in the proceedings in which the decree, judgment or order is entered, (1) the Lease shall have become void, unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in the Lease or (2) if unreasonable burdens or excessive liabilities shall have been imposed upon the Commission or the University with respect to the Project or their operation, including the imposition of federal, State or other ad valorem, property, income or other taxes that were not imposed at the time the Bonds were originally issued, other than ad valorem taxes then levied upon privately-owned property used for the same general purpose as the Project; or

(d) The University shall lose its status as a Tax-Exempt Organization but only if such loss results in the interest on the Bonds no longer being excluded from gross income for federal income tax purposes.

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

Upon the exercise of such option, the University is required to make arrangements satisfactory to the Trustee for the redemption of all outstanding Bonds and will pay as the redemption price for the Bonds the following (see "THE BONDS – Redemption Provisions – Extraordinary Optional Redemption"):

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

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

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

Assignment and Subleasing

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

Events of Default

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

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

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

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

(d) Dissolution or liquidation of the University or failure by the University to vacate promptly any execution, garnishment or attachment of such consequence that it will impair the University’s ability to carry out its covenants, agreements and obligations under the Lease. The term “dissolution or liquidation of the University,” as used in this subsection, shall not be construed to include the cessation of the corporate existence of the University resulting either from a merger or consolidation of the University into or with another Person, or from a dissolution or liquidation of the University following a transfer of all or substantially all of its assets as an entirety, all in accordance with the Lease.

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

(f) The University fails to make any payment due under a lease or lease agreement entered into between the University and the Commission in connection with any other issue of State of Ohio Higher Educational Facility Bonds issued to fund a project at the University, provided that such failure constitutes an event of default under such lease or lease agreement. The University is a party to a number of leases (including the Leases) with the Commission in connection with outstanding bonds; see “– Financial Obligations” in APPENDIX A.

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

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

Remedies on Default

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

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

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

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

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

(e) To the extent permitted by law, the Trustee may obtain the appointment of a receiver for the Project.

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

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

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

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

Amendments of the Lease

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

THE TRUST AGREEMENTS

Each Trust Agreement is separate from and will operate independently of the other Trust Agreements, and the occurrence of an event of default under one Trust Agreement will not, in and of itself, constitute an event of default under the other Trust Agreement. The Trust Agreements contain substantially the same terms and provisions. All references in this summary to the Bonds, the Trust Agreement, the Base Lease, the Lease, the Guaranty, the Project and other defined terms should be read as referring separately to each Series of the Bonds and to the related Trust Agreement, Base Lease, Lease, Guaranty, Project and other defined terms except as otherwise noted. Reference is made to each Trust Agreement for the detailed provisions thereof.

Security

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

Application of Bond Proceeds

From proceeds of the sale of the Series A Bonds, the amount necessary to pay certain issuance costs is to be deposited into the Issuance Expenses Fund, and the balance of the proceeds is to be deposited in the Improvement Fund. From proceeds of the sale of the Series B Bonds, the amount necessary to pay certain issuance costs is to be deposited into the Issuance Expenses Fund, the amount necessary, together with other available funds, to refund the Refunded 2009 Bonds is to be deposited into the Escrow Fund, and the balance of the proceeds is to be deposited in the Bond Fund. Each of the Issuance Expenses Fund and the Improvement Fund (in the case of the Series A Bonds) is maintained by the Trustee.

Bond Fund

The Trust Agreement establishes the Bond Fund that is to be maintained by the Trustee. There will be deposited in a separate account in the Bond Fund any accrued interest received upon the original sale of the Bonds. All Revenues (except for proceeds of the Bonds deposited in the Improvement Fund, in the case of the Series A Bonds, and the Issuance Expenses Fund) and other amounts related to the payment of debt service on the Bonds received from the University or the Commission will be deposited in the Bond Fund. Revenues, including Rental Payments received from the University, will be deposited by the Trustee in the Bond Fund.

The Bond Fund (and accounts therein for which provision is made in the Trust Agreement or the Lease) and the money and Eligible Investments therein will be used to pay the debt service on the Bonds as provided in the

Trust Agreement and the Lease; provided that no part thereof shall be used to redeem any Bonds prior to maturity, except as may be provided otherwise in the Lease or the Trust Agreement.

Issuance Expenses Fund and Improvement Fund

The money in each of the Issuance Expenses Fund and the Improvement Fund, in the case of the Series A Bonds, will be disbursed by the Trustee in accordance with the Lease. Money in the Issuance Expenses Fund will be disbursed only upon proper requisition by the University or the Commission to pay the expenses incurred in connection with the issuance of the Bonds. The money in the Improvement Fund for the Series A Bonds will be disbursed only upon proper requisition by the University to reimburse or pay the University, or any person designated by the University, for any of the following:

- (a) Costs incurred directly or indirectly for or in connection with the acquisition and leasing of the Project, survey fees, recording fees and costs related to any of the work deemed desirable in order to perfect or protect the interests of the Commission, the Trustee and the University in the Project;
- (b) Costs incurred directly or indirectly for or in connection with the acquisition, construction, remodeling, improvement, equipping or furnishing of the Project, including but not limited to those costs incurred for preliminary planning and studies, architectural, accounting, consulting, financial, legal, engineering, supervisory and other services, site preparation, utilities, labor, materials and acquisition and installation of personal property;
- (c) Premiums attributable to any bond insurance or to any surety bonds and insurance to be taken out and maintained during construction of the Project;
- (d) Taxes, assessments and other charges in respect of the Project that may become payable during construction of the Project;
- (e) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project Facilities;
- (f) Any other incidental and necessary costs, expenses, fees and charges relating to the acquisition, construction, installation, leasing, improvement or equipping of the Project;
- (g) Capitalized interest on the Bonds;
- (h) Any other costs incurred in connection with the Project or the Bonds or as otherwise permitted to be paid from the proceeds of the Bonds under the Act or the Code; and
- (i) Payments made to the Rebate Fund;

provided that none of the proceeds of the Series A Bonds in the Improvement Fund may be used to pay issuance costs of the Bonds within the meaning of Section 147(g) of the Code.

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

On the earlier of (i) six months after the issuance of the Bonds or (ii) the date when all fees and expenses relating to the issuance of the Bonds have been paid or provision for their payment have been made, the Trustee will transfer any balance remaining in the respective accounts within the Issuance Expenses Fund, as directed in writing

by the University, to the related accounts within the Bond Fund or the Improvement Fund (in the case of the Series A Bonds).

Rebate Fund

Deposits to, and disbursements from, the Rebate Fund are governed by the Tax Agreement (see “THE TAX AGREEMENT”). The amounts on deposit in the Rebate Fund will not be part of the Revenues assigned under the Trust Agreement to the Trustee.

Investment of Funds

Any money held in the Issuance Expenses Fund, the Rebate Fund, the Improvement Fund (in the case of the Series A Bonds) or the Bond Fund will, at the written direction of the University, be invested or reinvested by the Trustee in Eligible Investments in accordance with the Trust Agreement.

The University has agreed in the Lease to restrict the investment, reinvestment and use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute arbitrage bonds under federal tax laws.

An investment made from money credited to any of the Special Funds, the Issuance Expenses Fund and the Rebate Fund, and accounts therein, will constitute part of that respective Fund and accounts therein. Each respective Fund and accounts therein will be credited with all proceeds of sale and income from such investment, provided, however, any investment income earned from the investment of each account within the Issuance Expenses Fund shall be credited to, and transferred to, the corresponding account within the Improvement Fund (in the case of the Series A Bonds) or the Bond Fund.

Defeasance

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

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

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

for the payment of all Bond Service Charges on those Bonds at their (i) maturity or (ii) redemption dates, as the case may be at the election of the University, or if default in such payment has occurred on such date, then to the date of the tender of such payment; provided that if any of those Bonds are to be redeemed prior to their maturity thereof,

notice of such redemption must have been duly given or irrevocable provision satisfactory to the Trustee must have been duly made for the giving of such notice.

Events of Default

The following are “Events of Default” under the Trust Agreement:

- (a) The Commission fails to pay the interest on any Bond when and as the same becomes due and payable;
- (b) The Commission fails to pay the principal of or premium on any Bond when the same becomes due and payable whether at stated maturity or by acceleration or redemption pursuant to any mandatory redemption requirements;
- (c) The Commission or the University fails to perform or observe any covenant or agreement or obligation under the Trust Agreement, the Lease or the Tax Agreement that results in the interest on the Bonds no longer being excluded from gross income for federal income tax purposes;
- (d) The Commission fails to perform or observe any other covenant, agreement or obligation on the part of the Commission contained in the Trust Agreement or in the Bonds, which failure or default has continued for a period of 60 days after written notice by the Trustee to the Commission and the University, specifying the failure and requiring the same to be remedied, which notice may be given by the Trustee in its discretion and which notice must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding;
- (e) The occurrence of an Event of Default as defined in the Lease subject to applicable waivers and cure periods as provided therein (see “THE LEASES – Events of Default”); or
- (f) The University fails to perform or observe any covenant, agreement or obligation on the part of the University contained in the Guaranty, giving effect to any notices and grace periods therein.

If an Event of Default occurs of which the Trustee has notice pursuant to the Trust Agreement, the Trustee is required to give written notice thereof, within 30 days after the Trustee’s receipt of notice, to the Holders of all Bonds then outstanding as shown by the Register at the close of business 15 days prior to the mailing of that notice; provided that, except in the case of an Event of Default in the payment of the principal of or any premium or interest on any Bonds, the Trustee may withhold such notice if and so long as the Trustee in good faith determines that the withholding of notice to the Holders is not materially prejudicial to the interest of the Holders.

Acceleration

Upon the occurrence of an Event of Default described under paragraphs (a), (b), or (c) of “Events of Default” above, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding, the Trustee is required to, declare the principal of and any premium on all Bonds then outstanding (if not then due and payable), together with interest accrued thereon to the date determined by the Trustee for the tender of payment to the Holders, to be immediately due and payable.

The provisions of acceleration are subject, however, to the condition that if at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Trust Agreement or the appointment or confirmation of a receiver (after an opportunity for hearing by the Commission and the University), all amounts payable under the Trust Agreement (except the principal of and interest on Bonds that have not reached their stated maturity dates but that are due and payable solely by reason of that declaration of acceleration), have been duly paid or provision has been duly made therefor by deposit with the Trustee or any paying agents, and all existing Defaults have been remedied, then and in every case, such payment or provisions for payment shall, by themselves, constitute a waiver of such Default and Event of Default and its consequences and an automatic

rescission and annulment of such declaration of acceleration. No waiver or rescission and annulment will extend to or affect any subsequent Event of Default or impair any rights consequent thereon.

Other Remedies

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

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

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

Restoration to Former Position

In case the Trustee shall have proceeded to enforce any remedy, right or power under the Trust Agreement in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Commission, the Trustee and the Holders shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Right of Bondholders to Direct Proceedings

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

Rights and Remedies of Holders

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

Waivers of Events of Default

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

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

Application of Money

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

Supplemental Trust Agreements

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

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;
- (c) To assign additional revenues under the Trust Agreement;
- (d) To accept additional security with respect to the Project;
- (e) To add to the covenants, agreements and obligations of the Commission contained in the Trust Agreement, other covenants, agreements and obligations thereafter to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Commission in the Trust Agreement;
- (f) To evidence any succession to the Commission and the assumption by such successor of the covenants, obligations and agreements of the Commission contained in the Trust Agreement, the Base Lease, the Lease and the Bonds;

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

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

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

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

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

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

(m) To permit any other amendment that, in the judgment of the Trustee, which may be made in reliance upon an opinion of counsel in accordance with the Trust Agreement, is not to the material prejudice of the Trustee or the Holders.

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

The Trustee

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

The Trustee, prior to the occurrence of an Event of Default under the Trust Agreement of which the Trustee has been notified or of which the Trustee under the provisions of the Trust Agreement is deemed to have notice, and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement. In case an Event of Default under the Trust Agreement has occurred and is continuing, the Trustee will exercise the rights and powers vested in it by the Trust Agreement as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs and may request indemnity be furnished to it by the Holders requesting it to take action in accordance with the Trust Agreement (with the exception of any notice of default required to be given by the Trustee as described in clause (d) of the first paragraph under "THE TRUST AGREEMENTS – Events of Default" herein upon the request of the requisite number of Holders and any action required to be taken by the Trustee as described in the "THE TRUST AGREEMENTS – Acceleration" herein) for the reimbursement of all fees and expenses that it may incur and to protect it against all liability by reason of any action so taken. The Trust Agreement provides that the Trustee is

entitled to act upon opinions of counsel and will not be responsible for any loss or damage resulting from reliance thereon in good faith. In addition, the Trust Agreement provides that the Trustee is entitled to rely on certain other instruments, and it will not be liable for any action reasonably taken or omitted to be taken by it in good faith or be responsible other than for its own negligence or willful misconduct.

The Trustee may be removed at any time with 60 days advance notice to the Trustee by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, the Commission and the University and signed by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding. The Trustee also may be removed at any time for any willful misconduct or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Commission or the Holders of not less than 25% in aggregate principal amount of then Outstanding Bonds. In addition, the Commission, with the consent of the University, which consent shall not be required if there is an Event of Default by the University under the Lease or a condition exists that, with the giving of notice or the passage of time, or both, would constitute such an Event of Default, or at the written direction of the University (as long as no Event of Default under the Trust Agreement or the Lease and no condition exists that, with the giving of notice or the passage of time, or both, would constitute such an Event of Default) may remove the Trustee at any time, upon 60 days advance written notice to the Trustee, for any reason. The removal of the Trustee shall not become effective until the appointment of a successor Trustee and the acceptance by that successor Trustee.

Extent of Commission's Covenants – No Personal Liability

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

THE GUARANTY AGREEMENTS

Each Guaranty is separate from and will operate independently of the other Guaranty, and the occurrence of an event of default under one Guaranty will not, in and of itself, constitute an event of default under the other Guaranty. The Guaranties contain substantially the same terms and provisions. All references in this summary to the Bonds, the Trust Agreement, the Base Lease, the Lease, the Guaranty, the Project and other defined terms should be read as referring separately to each Series of the Bonds and to the related Trust Agreement, Base Lease, Lease, Guaranty, Project and other defined terms except as otherwise noted. Reference is made to each Guaranty for the detailed provisions thereof.

Under the Guaranty between the University and the Trustee, the University unconditionally guarantees to the Trustee for the benefit of the Holders of the Bonds (a) the full and prompt payment of the principal of and redemption premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, by call for redemption or otherwise, (b) the full and prompt payment of any interest on any Bond when and as the same shall become due and (c) the full and prompt payment of all expenses and charges paid or incurred in enforcing the Guaranty.

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

No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind which the University has or may have against the State, the Commission, the Trustee or any Holder will be available to the University against the Trustee under the Guaranty. The University has entered into a similar guaranty agreement in connection with each of its prior obligations to the Commission.

THE TAX AGREEMENT

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

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

Rebate Determination

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

ENFORCEABILITY OF REMEDIES

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

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

The enforceability of the liens of the Leases and the Trust Agreements may be subject to subordination or prior claims in certain instances other than bankruptcy proceedings. Examples of possible limitations on enforceability and of possible subordination or prior claims include (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any

state or federal court in the exercise of its equitable jurisdiction, (v) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Ohio Uniform Commercial Code from time to time in effect or as a result of that code's not providing for perfection of a security interest therein, (vi) inability of the Trustee to perfect a security interest in those elements of the Revenues that can be perfected only by taking possession of such collateral, (vii) federal bankruptcy laws affecting, among other matters, payments made within 90 days prior to any institution of bankruptcy proceedings by the University or the Commission, (viii) state or federal fraudulent conveyance laws, and (ix) the rights of holders of prior perfected security interests or of perfected purchase money security interests in equipment or other goods owned by the University and in the proceeds of the sale of such property and the rights of other parties secured by liens permitted under the Bond Documents.

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

CONTINUING DISCLOSURE

The University has agreed in the Continuing Disclosure Agreement dated as of April 1, 2018 (the "Continuing Disclosure Agreement") between the University and the Trustee, for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, in accordance with SEC Rule 15c2-12 (the Rule), to provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of the Rule. See APPENDIX F for the proposed form of the Continuing Disclosure Agreement.

For either Series, the Continuing Disclosure Agreement will remain in effect only for such period that such Series is outstanding in accordance with its terms and the University remains an obligated person with respect to such Series within the meaning of the Rule.

Within the last five years, the University has made all filings and given all notices required under its prior continuing disclosure agreements in a timely manner, except that the University did not provide a notice to the Municipal Securities Rulemaking Board (the "MSRB") of S&P's upgrade to its long-term rating on the University and its outstanding bond issues to "A+" from "A" on or about May 9, 2016. The University filed notice with the MSRB relating to this item on March 30, 2018.

In addition, beginning with its annual information filing for its 2013 Fiscal Year (filed with the MSRB on November 26, 2013 pursuant to its prior continuing disclosure agreements) and including all subsequent annual information filings, the University no longer reports the average Scholastic Aptitude Test (SAT) scores of its first-year students and also no longer reports the percentages of its first-year students who finished in the top 20% of their respective high school classes. Nearly all applicants submit American College Test (ACT) scores, and the University considers itself an ACT-dominant institution in terms of evaluation for first-year admission. On April 11, 2018, the University filed a notice with the MSRB regarding this change.

ABSENCE OF MATERIAL LITIGATION

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

The University is a party to various legal proceedings seeking damages or injunctive relief which are generally incidental to its operations, and unrelated to the Bonds, the security for the Bonds, or the Projects. The

University administration does not believe that the outcome of any pending litigation will materially adversely affect the consolidated financial position, operations or cash flows of the University.

ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT

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

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018); and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The Series A Bonds and the Series B Bonds, collectively referred to in this Offering Circular as the Bonds, will be treated as a single issue of bonds for purposes of Sections 103 and 141 through 150 of the Code. Opinions on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Commission and the University contained in the transcripts of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Bond Counsel relies on, among other things, the opinions of Porter, Wright, Morris & Arthur, LLP, counsel to the University, regarding, among other matters, the current status of the University as an organization described in Section 501(c)(3) of the Code, which opinion is subject to a number of qualifications and limitations. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Commission or the University. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Bonds in a manner that is substantially related to the University's exempt purpose under Section 513(a) of the Code, may cause interest on the Bonds to be included in gross income retroactively to the date of the issuance of the Bonds. Bond Counsel will not independently verify the accuracy of the Commission's and the University's certifications and representations or the continuing compliance with the Commission's and the University's covenants and will not independently verify the accuracy of the opinion of the University's counsel.

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

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Commission or the University may cause loss of such status and result in the interest on the

Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The University and, subject to certain limitations, the Commission have each covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

Interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018). In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

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

Bond Counsel's engagement with respect to the Series A Bonds ends with the issuance of the Series A Bonds and Bond Counsel's engagement with respect to the Series B Bonds ends with the issuance of the Series B Bonds. Unless separately engaged, Bond Counsel is not obligated to defend the Commission, the University or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Commission as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

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

Risk of Future Legislative Changes and/or Court Decisions

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

For example, the recent federal tax legislation that was enacted on December 22, 2017 reduces corporate tax rates, modifies individual tax rates, eliminates many deductions, repeals the corporate alternative minimum tax

(for taxable years beginning after December 31, 2017) and eliminates tax-exempt advance refunding bonds, among other things. Additionally, investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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

Original Issue Discount and Original Issue Premium

Certain of the Bonds (“Discount Bonds”) as indicated on the inside cover of this Offering Circular were offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is included in the calculation of the corporation’s adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018). A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

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

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

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the issuance of each Series of the Bonds and with regard to the tax-exempt status of the interest on each Series of the Bonds (see “TAX MATTERS”) are subject to the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. A signed copy of those opinions, dated and speaking only as of the dates of the original delivery of each respective Series of the Bonds, will be delivered to the Underwriter.

The proposed text of the legal opinions is set forth in APPENDIX D-1 hereto with respect to the Series A Bonds and APPENDIX D-2 hereto with respect to the Series B Bonds. The legal opinions to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their respective dates, and subsequent distribution of it by recirculation of the Offering Circular or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinions subsequent to their respective dates.

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

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

Certain legal matters in connection with each Series of the Bonds will be passed upon for the University by Porter, Wright, Morris & Arthur LLP, counsel to the University, and for the Underwriter by Thompson Hine LLP, counsel to the Underwriter.

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

UNIVERSITY FINANCIAL STATEMENTS

The financial statements of the University as of June 30, 2017, and for the year then ended, included in this Offering Circular in APPENDIX B, have been audited by RSM US LLP, independent auditors, stated in their report appearing herein.

FINANCIAL ADVISOR

The Yuba Group LLC, also known as Yuba Group Advisors, (the “Financial Advisor”) is serving as financial advisor to the University in connection with the issuance of the Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification, or to assume responsibility for the accuracy, completeness, or fairness of information contained in this Offering Circular and the Appendices attached hereto. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instruments.

TRANSCRIPT AND CLOSING DOCUMENTS

For each Series, a complete transcript of proceedings and a certificate (described under “ABSENCE OF MATERIAL LITIGATION”) relating to litigation will be delivered by the University when the Bonds of the respective Series are delivered by the University to the Underwriter. The University at that time will also provide to

the Underwriter a certificate, signed by the University officials who sign this Offering Circular and addressed to the Underwriter, relating to the accuracy and completeness of the Offering Circular and to its being a “final offering circular” in the judgment of the University for purposes of SEC Rule 15c2-12(b)(3).

RATINGS

The Bonds of each Series have been assigned a rating of “A+” by S&P and “A2” by Moody’s.

The University furnished to such rating agencies the information contained in this Offering Circular and certain other materials and information about the University. Generally, rating agencies base their ratings on such materials and information, as well as separate investigations, studies and assumptions.

A rating reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of such rating may only be obtained from the rating agency. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by either or both of such rating agencies if, in the judgment of either or both, circumstances so warrant. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the Bonds.

The University undertakes no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

UNDERWRITING

The Underwriter has agreed in a Bond Purchase Agreement among the Underwriter, the Commission and the University, subject to certain conditions to purchase all of the Series A Bonds, if any of the Series A Bonds are purchased, from the Commission, upon the satisfaction of certain conditions, at a purchase price of \$75,307,310.99 (the aggregate principal amount of the Series A Bonds less underwriting discount of \$186,305.46 and plus net premium of \$6,383,616.45) and initially will offer the Series A Bonds to the public at the offering price stated on the inside cover page hereof. The University has agreed to indemnify the Underwriter and the Commission against certain liabilities, including liabilities under the Securities Act of 1933, as amended. The Series A Bonds may be offered and sold to certain dealers (including dealers depositing bonds into investment trusts) at a price other than the price stated on the inside cover page hereof.

The Underwriter has agreed in a Bond Purchase Agreement among the Underwriter, the Commission and the University, subject to certain conditions to purchase all of the Series B Bonds, if any of the Series B Bonds are purchased, from the Commission, upon the satisfaction of certain conditions, at a purchase price of \$54,652,931.97 (the aggregate principal amount of the Series B Bonds less underwriting discount of \$131,980.18 and plus net premium of \$6,009,912.15) and initially will offer the Series B Bonds to the public at the offering price stated on the inside cover page hereof. The obligation of the Underwriter to purchase and pay for the Series B Bonds is subject to certain additional conditions set forth in the Bond Purchase Agreement relating to the Series B Bonds. See “CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES B BONDS.” The University has agreed to indemnify the Underwriter and the Commission against certain liabilities, including liabilities under the Securities Act of 1933, as amended. The Series B Bonds may be offered and sold to certain dealers (including dealers depositing bonds into investment trusts) at a price other than the price stated on the inside cover page hereof.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), the sole underwriter of the Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MISCELLANEOUS

The University has furnished all information herein relating to the University. Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Offering Circular nor any statement which may have been made orally or in writing is to be construed as a contract with the Beneficial Owner of any Bond.

All of the summaries of the provisions of the Bonds, the Trust Agreements, the Leases and the Guaranties set forth herein (exclusive of financial and statistical data), and all other summaries and references to such other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and are made subject to all of the detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all such provisions of such documents.

All estimates and assumptions herein have been made on the best information available and are believed to be reliable. No representations whatsoever are made that such estimates or assumptions herein involve anything other than matters of opinion. Whether or not expressly so stated, they are intended to be opinions and not representations of fact.

The information set forth herein, or in the Appendices, should not be construed as representing all of the conditions affecting the University.

CONSENT TO DISTRIBUTION

The University has authorized distribution of this Offering Circular.

UNIVERSITY OF DAYTON

By: /s/ Andrew Horner
Vice President for Finance
and Administrative Services

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APPENDIX A

General Description

The University of Dayton (the “University”), an Ohio nonprofit corporation, is a private coeducational institution of higher education located in Dayton, Ohio. The University was founded by the Society of Mary (the “Marianists”) in 1850 as St. Mary's Institute and renamed the University of Dayton in 1920. The mission of the University is to be a comprehensive, Catholic university maintaining a diverse community committed, in the Marianist tradition, to educating the whole person and to linking learning and scholarship with leadership and service. The University is one of the largest private universities in Ohio and one of the ten largest Catholic universities in the United States.

The University’s campus is located on approximately 392 acres on the southern border of the City of Dayton, Ohio. The campus includes 40 academic, research, athletic and administrative buildings, five residence halls, 25 student apartment buildings, and 533 residences (407 of which are owned by the University). The University of Dayton Sports Complex is located on the western edge of the campus, and includes the University of Dayton Arena, with a seating capacity of 13,400; fields for men’s baseball and women’s softball; a track; and a football practice facility. The University owns a 138,000 square foot office, laboratory and research facility on eight acres that it leases to a multinational corporation for research in electrical power systems for aviation. The University also leases five acres to another multinational corporation which constructed and operates a 40,000 square foot facility dedicated to research in building climate control technologies.

Included in the above acreage is approximately 50 acres of undeveloped land. The University intends to use this land for future expansion and possible development, and has incorporated this property into its long-range facilities and campus master plan.

The University has partnered with a local healthcare organization to acquire and develop approximately 38 acres of land adjacent to its campus near the southern border of the City of Dayton. The University is working with its partner to develop a master plan for the use of this site.

The University's fall enrollment for the 2017-18 academic year was 10,882 students. Over 90% of the full-time undergraduate students reside on or near the campus in University-owned housing.

The University operates on a fiscal year (the “Fiscal Year”) that begins on July 1 and ends on June 30. Any reference herein to a particular Fiscal Year refers to the Fiscal Year that ends on June 30 in the indicated year.

Governing Structure

The University is governed by a Board of Trustees (the “Board”), which sets the financial budget for each Fiscal Year, selects the President of the University, decides on the basic policies of the University, and monitors the University's overall operations. Each trustee is elected by the Board to serve a three-year term, and he or she may be reappointed for up to two additional three-year terms. The Board may be composed of not less than 15 and not more than 40 elected trustees plus the President, Vice Chair (Provincial of the Marianist Province of the United States), Vice President for Mission and Rector of the University, and the President of the National Alumni Association, all of whom are *ex officio* trustees.

The Board meets a minimum of three times a year. The presence of a majority of the trustees is required for a quorum at any meeting of the Board. All but a select few actions of the Board require the affirmative vote of a majority of the trustees present at a meeting at which a quorum is present. The By-laws of the Board of Trustees require the Board to maintain an Executive Committee and a Committee on Trustees, and grant the Board the authority to create additional standing committees, which currently include: Academic Affairs Committee, Athletics Committee, Audit Committee, Facilities Committee, Finance Committee, Investment Committee, Mission & Identity Committee, Research and Scholarship Committee, Student Life Committee and University Advancement Committee. The Executive Committee meets more frequently and has full power to make most decisions for the Board.

The following table lists the members of the Board as of April 11, 2018; it includes each trustee's principal business or professional affiliation, the year in which each trustee's current term expires (on June 30) and the year in which each trustee's final term expires (assuming reappointment). Members of the Executive Committee are noted with an asterisk (*).

<u>Name</u>	<u>Affiliation</u> ¹	<u>Current Term Expires</u>	<u>Final Term Expires</u>
Catherine V. Babington	Vice President for Public Affairs (Retired) Abbott Laboratories Naples, Florida	2018	2024
Mary H. Boosalis*	President and CEO Premier Health Partners Dayton, Ohio	2018	2018
Bro. William J. Campbell, S.M.	Director, Office of Formation for Mission Marianist Province of the United States St. Louis, Missouri	2018	2024
Margaret A. Cavanaugh, Ph.D.*	Community Leader Arlington, Virginia	2019	2025
Thomas L. Cronin, Jr.	President and CEO Dayton Freight Lines, Inc. Dayton, Ohio	2018	2024
Kevin M. Crotty	Executive Vice President and Chief Operating Officer (Retired) Van Dyne Crotty Dayton, Ohio	2019	2019
Rev. James F. Fitz, S.M.	Vice President for Mission and Rector University of Dayton Dayton, Ohio	<i>Ex Officio</i> ²	
Bro. Thomas F. Giardino, S.M.	Assistant for Education Marianist Province of the United States St. Louis, Missouri	2019	2022
Bro. Francisco T. Gonzalez, S.M., M.D.	Director / President Colegio San Jose San Juan, Puerto Rico	2019	2025
Richard Granite ³	President, UD National Alumni Association, and President Innovative Healthcare Advisors Estero, Florida	<i>Ex Officio</i> ²	2018

<u>Name</u>	<u>Affiliation</u> ¹	<u>Current Term Expires</u>	<u>Final Term Expires</u>
Larry D. Harris, Esq.	Arbitrator American Arbitration Association Potomac, Maryland	2020	2023
Joseph R. Hinrichs	President, Global Operations Ford Motor Company Dearborn, Michigan	2020	2020
Thomas A. Holton, Esq.	Counsel to the Firm Porter, Wright, Morris & Arthur, LLC Dayton, Ohio	2019	2022
Bro. Joseph H. Kamis, S.M.*	Assistant Provincial Marianist Province of the United States St. Louis, Missouri	2018	2018
Dennis R. Marx, CPA/PFS*	Principal and Senior Vice President JMG Financial Group, Ltd. Oak Brook, Illinois	2019	2019
Richard J. Omlor*	President (Retired) YSI, Inc. Yellow Springs, Ohio	2020	2020
Richard J. Pflieger*	Vice President of Worldwide Sales (Retired) Juniper Networks Chicago, Illinois	2019	2025
Bro. Bernard J. Ploeger, S.M., Ph.D.	President (Retired) Chaminade University Honolulu, Hawaii	2018	2021
Derek A. Porter	Senior Vice President, Plant Operations and Asset Management Panda Power Funds Dallas, Texas	2018	2024
Jenell R. Ross	President Bob Ross Auto Group Dayton, Ohio	2018	2024
Mary Jo Scalzo, Ph.D.*	Superintendent (Retired) Oakwood City Schools Springboro, Ohio	2020	2023
Lynton P. Scotland	Chief Procurement Officer W.L. Gore Newark, Delaware	2018	2018
Rev. Martin A. Solma, S.M.* Vice Chair of the Board	Provincial Marianist Province of the United States St. Louis, Missouri	<i>Ex Officio</i> ²	

<u>Name</u>	<u>Affiliation</u> ¹	<u>Current Term Expires</u>	<u>Final Term Expires</u>
Joseph F. Spadaford*	Chief Operations Strategy Officer Computershare Jersey City, New Jersey	2019	2022
Eric F. Spina*	President University of Dayton Dayton, Ohio	<i>Ex Officio</i> ²	
Thomas W. Swidarski*	Chairman and CEO Bancsource Springfield, Missouri	2019	2022
Rev. Rudy A. Vela, S.M., D.Min.	Professor of Theology St. Mary's University San Antonio, Texas	2018	2018
Lawrence W. Woerner*	Global Head of Regions (Retired) Mercer, Inc. Miami, Florida	2020	2020
David P. Yeager* Chair of the Board	Chairman and CEO Hub Group Oakbrook, Illinois	2020	2023

¹ Certain members of the Board may be partners, officers, directors or stockholders of, or may have other financial interest in or relationships with financial institutions, brokerage firms or law firms that are underwriters of or act as trustee for the Bonds or that act as bond counsel or as counsel to the Commission, the University, underwriters or the trustee. No such institution or firm will be disqualified from acting as an underwriter, as counsel or as trustee because of the existence of such a relationship.

² Not subject to term limits.

³ National Alumni Association Representative, three-year term limit.

Administration

The University's daily administration, management and policy implementation is conducted by the President of the University, the Provost and twelve other vice presidents, which are the Vice President for Athletics, the Vice President for Diversity and Inclusion, the Vice President for Enrollment Management, the Vice President for Facilities Management and Planning, the Vice President for Finance and Administrative Services, the Vice President and General Counsel, the Vice President for Human Resources, the Vice President for Marketing and Communications, the Vice President for Mission and Rector, the Vice President for Research and Executive Director of the University of Dayton Research Institute, the Vice President for University Advancement, and the Vice President for Student Development. The President is appointed by and serves at the pleasure of the Board. The President appoints the other officers; however, the appointment of the Provost, Vice President and Director of Athletics, Vice President for Finance and Administrative Services, and Vice President for University Advancement must also be approved by the Board.

The following lists the vice presidents and other officers of the University as of April 11, 2018:

ERIC F. SPINA, Ph.D., Age 57, President; B.S., Carnegie Mellon University; M.A. and Ph.D., Princeton University. Dr. Spina assumed the position of President on July 1, 2016. Dr. Spina began his career as a faculty member in the College of Engineering and Computer Science at Syracuse University, earned tenure and was named

Chair of the Department of Mechanical, Aerospace and Manufacturing Engineering. In 2003, he was appointed the Douglas D. Danforth Dean of the College of Engineering and Computer Science, a position he held until his appointment as Interim Vice Chancellor and Provost in July 2006 and Vice Chancellor and Provost in 2007. In 2013, Dr. Spina also served as Interim Chancellor and President.

PAUL BENSON, Ph.D., Age 60, Provost, Professor in the Department of Philosophy; B.A., St. Olaf College; Ph.D., Princeton University. Dr. Benson joined the University faculty in 1985, and has previously served as Chair of the Department of Philosophy from 2001 to 2004, Associate Dean for Integrated Learning and Curriculum from 2005 to 2007, Dean in the College of Arts and Sciences from 2007 to 2014, and Interim Provost from 2014-2016. Dr. Benson was appointed to his current position in July 2016. Before joining the University in 1985, Dr. Benson held faculty positions at Virginia Polytechnic Institute and State University and the University of Vermont.

LAWRENCE BURNLEY, Ph.D., Age 61, Vice President for Diversity and Inclusion; B.A., University of Cincinnati; M.Div., Christian Theological Seminary; Ph.D., University of Pennsylvania. Dr. Burnley was appointed to his current position on July 1, 2016. From 2010 to his current appointment, Dr. Burnley served as the Associate Vice President for Diversity, Equity and Inclusion and Assistant Professor of History at Whitworth University. From 2005 to 2009, he was Associate Dean for Multicultural Programs and Special Assistant to the Provost for Diversity Affairs at Messiah College.

PHILIP G. CHICK, Age 58, Assistant Vice President and Treasurer; B.S., University of Dayton; M.B.A., Xavier University. Mr. Chick joined the University in his current position in 2009. He has over 25 years of corporate finance and consulting experience, including nine years as Controller at The Iams Company and as Chief Financial Officer at Dolly, Inc. and RG Properties, Inc.

WILLIAM M. FISCHER, J.D., Age 57, Vice President for Student Development; B.A., Villanova University; J.D., Seton Hall University. Mr. Fischer was appointed to his current position in March 2011. Prior to this appointment, he served as Associate Vice President for Student Development from November 2008 through July 2011. Before joining the University, he served as Associate Dean of Students & Director of Student Conduct at Johnson & Wales University. He has 20 years of experience in student affairs administration.

REVEREND JAMES F. FITZ, S.M., Age 71, Vice President for Mission and Rector; B.A., University of Dayton; M.A., St. Louis University. Fr. Fitz has been a professed religious in the Society of Mary (Marianists) since 1965 and was ordained a Roman Catholic priest in 1974. Previous to this position, Fr. Fitz served in administration and formation in the Society of Mary, as Director of Campus Ministry and part-time instructor in Religious Studies at the University of Dayton, as diocesan coordinator for adult religious education and as a high school religion teacher in Kalamazoo, Michigan.

ANDREW T. HORNER, Age 40, Vice President for Finance and Administrative Services; B.A., University of Notre Dame; M.B.A., Boston University. Mr. Horner was appointed to his current position in December 2014. Prior to his appointment, Mr. Horner served as Vice President for Research Finance and Operations at Boston University, and as a consultant for Arthur Andersen and Huron Consulting Group.

JENNIFER L. HOWE, Age 49, Vice President for University Advancement; B.S., James Madison University. Ms. Howe was appointed to her current position in July 2016. Prior to her appointment, Ms. Howe served as an associate chancellor for university development at Vanderbilt University and director of development in foundation and international relations for Emory University.

RICHARD S. KRYSIAK, JR., Age 56, Vice President for Facilities Management and Planning; B.S.I.E., Oklahoma State University; M.P.A., Troy University; M.S., Air Force Institute of Technology. Mr. Krysiak was appointed to his current position in October 2017. Prior to joining the University, he served as a vice president for Cenergistic, Inc. and also as Director of Facilities Management for Oklahoma State University from 2006 to 2016. Mr. Krysiak also served as a Civil Engineering Officer in the United States Air Force from 1989 to 2006. He is a registered Professional Engineer (P.E.) and a registered LEED Green Associate.

JOHN LELAND, Ph.D., Age 56, Vice President for Research and Executive Director, Research Institute; B.S., University of Akron; M.S., University of Dayton, Ph.D., University of Kentucky. Dr. Leland assumed his current

position in October 2014. Dr. Leland joined the University in 2000 as director of technology partnerships. In 2005, he was promoted to director of the research institute. Before joining the University, Dr. Leland spent 16 years in the Air Force Research Laboratory's Propulsion Directorate at Wright-Patterson Air Force Base, where he led a research team in power and thermal management.

MARY ANN P. RECKER, Age 47, Vice President and General Counsel; B.Ch.E., University of Dayton; J.D., Vanderbilt University School of Law. Prior to joining UD in 2012, Ms. Recker practiced law with Dinsmore & Shohl LLP in its Dayton, Ohio office. From 2006 to 2009, she served as Deputy General Counsel of the United States Environmental Protection Agency at its headquarters in Washington, D.C. From 1996 to 2006, Ms. Recker was an associate and then partner in the international law firm Baker Botts LLP, practicing in its Washington, D.C. office. She is a member of the Ohio Bar and has inactive licenses in the District of Columbia and Tennessee.

JASON K. REINOEHL, Age 39, Vice President for Strategic Enrollment Management; B.A., Manchester College; M.B.A., Valparaiso University; Ph.D., University of Dayton. Dr. Reinoehl was appointed to his current position in 2016. Prior to his appointment, he served as the Assistant Vice President, Enrollment Strategies and Operations at the University.

NEIL G. SULLIVAN, Age 37, Vice President and Director of Athletics; B.S., Pennsylvania State University; M.B.A., Robert Morris University. Mr. Sullivan was appointed to his current position in September 2015. Mr. Sullivan joined the University's Athletics department in 2006, and served in a number of roles, most recently as Deputy Director of Athletics.

TROY WASHINGTON, Age 48, Vice President for Human Resources; B.A., Wright State University and a master's certificate in the emerging leaders program from the University of Dayton. Mr. Washington was appointed to his current position in 2015. Prior to his appointment, he served as Assistant Vice President for Advancement Operations, and also as Director of Human Resources. He joined the University in 2001 from the Dayton Power & Light Company. Mr. Washington is certified as a Professional in Human Resources (PHR).

MOLLY WILSON, Age 40, Vice President for Marketing and Communications; B.S., Butler University; M.S., University of Dayton. Ms. Wilson was appointed to her current position in October 2016. She started her career at the University in Enrollment Management in 2003. Prior to her appointment, she served as the Associate Vice President for University Marketing.

Academic Programs

The University awards degrees at the baccalaureate, masters and doctoral levels. The following degrees are awarded at the baccalaureate level: arts, chemical engineering, education, electrical engineering, engineering technology, fine arts, general studies, mechanical engineering, music, and science.

The University awards the following degrees at the master's level: arts, business administration, computer science, education, financial mathematics, law, mathematics education, physician assistant practice, public administration, science, and study of law.

The University awards the following degrees at the specialist and doctoral levels: doctor of engineering, doctor of philosophy, doctor of physical therapy, educational specialist and juris doctor.

The University offers post-graduate licensure programs within the School of Education and Health Sciences in the following areas: adolescence to young adult education; curriculum, instruction, and professional development; early childhood education; early childhood intervention specialist; early childhood leadership and advocacy; middle childhood education; multi-age education; principal; superintendent; and teaching. The University offers the following certificate programs: applied creativity, business analytics, business intelligence, business systems analysis and design, Catholic education, church music, computational finance, cybersecurity, design of experiments, dyslexia, early childhood intervention specialist, financial risk management, geographic information systems, instructional leadership in Catholic Schools, Marian studies, non-profit and community leadership, project management, Six Sigma, statistical finance, systems engineering, teaching English to speakers of other languages, technology-enhanced learning, and urban teacher.

The University offers international study programs for students of all majors. The largest program sites are in Europe and Latin America. The University also offers an international study program through its University of Dayton China Institute (the China Institute) in Suzhou, China. The China Institute also partners with multinational companies to conduct research and to provide continuing education courses, management training, leadership training, and intensive English programs.

The University continues to expand hybrid and online educational offerings through a partnership with a national education technology company.

The University also offers internship and cooperative education programs to enable students to obtain off-campus work training.

Accreditation

The University is fully accredited by the Higher Learning Commission. The present academic programs of the University are accredited by the following agencies: American Bar Association (ABA) for the School of Law; Association to Advance Collegiate Schools of Business (AACSB International) for the baccalaureate, accounting, and Master of Business Administration programs of the School of Business Administration; Accreditation Council for Education, Nutrition & Dietetics (ACEND) for the didactic program in dietetics; Commission on Accreditation in Physical Therapy Education (CAPTE); Council for Accreditation of Counseling and Related Educational Programs (CACREP); Council for Accreditation of Educator Preparation (CAEP); Engineering Accreditation Commission of ABET, Inc. for programs in chemical, civil, computer, electrical, mechanical engineering, and computer science; National Association of Schools of Art and Design (NASAD); National Association of Schools of Music (NASM); National Association of Schools of Public Affairs and Administration (NASPAA); Technology Accreditation Commission of ABET for programs in computer engineering technology, electronic engineering technology, industrial engineering technology, manufacturing engineering technology, and mechanical engineering technology; and Accreditation Review Commission on Education for the Physician Assistant (ARC-PA).

In addition, the University has received current approvals of the following regulatory and professional associations: Ohio Department of Higher Education; American Chemical Society; American Music Therapy Association; Association of American Law Schools.

Enrollment & Admissions

The following table sets forth Fall Term enrollment for the University for the past four academic years and the current academic year:

<u>Fall Term</u>	<u>Undergraduate Full-time</u>	<u>Undergraduate Part-time</u>	<u>Graduate, Non- Doctoral</u>	<u>Doctoral</u>	<u>Law</u>	<u>Total</u>	<u>Total Full-Time Equivalent</u>
2013	7,453	521	2,193	329	338	10,834	9,975
2014	7,898	631	2,155	365	294	11,343	10,450
2015	8,205	460	1,955	363	267	11,250	10,588
2016	7,873	457	1,827	367	279	10,803	10,092
2017	8,079	420	1,752	362	269	10,882	10,208

The following table summarizes admission statistics for new first-year undergraduate students.

<u>Fall Term</u>	<u>Applications Received</u>	<u>Applicants Accepted</u>	<u>Acceptance Rate</u>	<u>Confirmed Admits</u>	<u>% of Accepted Confirmed</u>
2013	16,284	8,490	52.1%	1,881	22.2%
2014	16,968	9,982	58.8	2,204	22.1
2015	16,678	9,742	58.4	2,150	22.1
2016	17,894	10,548	58.9	1,846	17.5
2017	16,244	11,637	71.6	2,256	19.4

The above admission statistics include international students whose enrollment in an undergraduate program is contingent upon demonstration of English language proficiency either by submission of acceptable TOEFL (Test of English as a Foreign Language) scores or completion of the University's on-campus ESL (English as a Second Language) program.

The University measures the academic quality of accepted students by their entrance examination test scores. The table below displays average test scores of new first-year confirmed admits and the national averages for the Fall Terms of the past four academic years and the current academic year for the American College Test (ACT).

<u>Fall Term</u>	<u>University Average</u>	<u>National Average</u>
2013	26.4	20.9
2014	26.6	21.0
2015	26.7	21.0
2016	26.6	20.8
2017	26.7	21.0

The University considers itself to be an ACT-dominant institution, with nearly all domestic applicants submitting ACT scores. Approximately 16% of admitted students submit Scholastic Aptitude Test (SAT) scores in addition to their ACT scores, while approximately 14% of admitted students submit SAT scores only.

Of the students in the Fall 2017 cohort, 47% of the full-time undergraduate students are from Ohio and 53% are from outside of Ohio. Students from Illinois, Pennsylvania, Michigan, Indiana, Missouri, Kentucky and New York make up 41% of the Fall 2017 cohort, with the remaining first-year students coming from 31 different states, Puerto Rico and 12 foreign countries.

The University's competition for entering students includes a wide range of universities and colleges, including public institutions such as The Ohio State University, Miami University (Ohio), the University of Cincinnati, Indiana University, and Purdue University, and private institutions such as Marquette University, Xavier University, Loyola University of Chicago, and Saint Louis University.

Racial and ethnic diversity at the University is measured by the number of students who identify as American Indian or Alaskan Native, Asian, Black or African American, Hispanic, Native Hawaiian or Other Pacific Islander, Hispanic, or Two or More Races along with international students enrolled each year. The Fall 2017 cohort is comprised of 16% domestic minority students with an additional 2% international students. The University's overall student population is 49% female and 51% male; the full-time undergraduate population is 48% female and 52% male.

In order to continue providing its students with a strong academic program and a residential life that enhances the education of the whole student, the University's goal is to maintain its full-time undergraduate enrollment of approximately 8,200 students. In order to achieve this goal, the University intends to enroll between 2,100 and 2,200 students in each fall cohort and has also initiated programs to moderately increase the enrollment of second and third year transfer students. The University projects total Fall Term enrollment (undergraduate and graduate) for the next five years to be in the range of approximately 10,500 to 11,000 total students and between 10,000 and 10,500 full-time equivalent students.

Through March 26, 2018, applications for undergraduate enrollment have increased 5% versus applications received through the same date last year, and deposits are up 17%.

The following table highlights the University's retention history by showing the percentage of fall cohort (for the last six academic years) who remained at the University during subsequent years and completed degree requirements within a four or five-year period.

Percentage of Students in Fall Cohort Returning for Subsequent Years and Completing Degree Requirements						
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Second Year	88%	89%	91%	91%	89%	90%
Third Year	82	84	86	86	84	
Fourth Year	80	81	83	83		
Graduate in 4 years	60	59	65			
Graduate in 5 years	77	78				

The University's Fall 2017 graduate enrollment, excluding law school, was 2,114. Graduate programs are available in all of the academic divisions at the University. Students from Ohio comprise 62% of graduate student enrollment with 13% from 37 other states and 25% international students from 43 countries.

Law school enrollment for Fall 2017 was 269. Consistent with recent national trends in law school enrollment, the University has experienced a decline in both applications and enrollment over the past five academic years. The University has taken steps to reduce law school expenses and is pursuing opportunities to increase law school revenue through the addition of new certificate programs and online education.

For the Fall 2017 academic term, the University launched a new online Master of Business Administration degree program which enrolled 107 students from 22 states and the District of Columbia. This program exceeded its original enrollment targets, achieved a 96% retention rate between the Fall 2017 and Spring 2018 terms, and also enrolled 95 additional students for its new term beginning in January 2018. As result of the initial success of this program, the University also launched an online Master of Science in Educational Leadership degree in January 2018, and is also investigating possible further expansion of this delivery model for graduate programs in its School of Education and Health Sciences and its School of Law.

In March 2018, the University launched "UDayton Global" to enhance and improve its recruitment of international students. The University entered into an agreement with a firm specializing in international student recruitment; this firm will work with the University to develop comprehensive recruitment strategies, to develop pathway programs for international students, and to provide access to an alliance of other universities on the leading edge of international education trends.

Tuition, Fees and Room and Board

The following table reflects the University's published undergraduate tuition, room and board for the past four academic years and the current academic year:

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Tuition	\$ 35,800	\$ 37,230	\$ 39,090	\$ 40,940	\$ 41,750
Room & Board	<u>11,490</u>	<u>11,840</u>	<u>12,190</u>	<u>12,680</u>	<u>13,180</u>
Total	\$ 47,290	\$ 49,070	\$ 51,280	\$ 53,620	\$ 54,930

Beginning with Fiscal Year 2014 (Fall 2013 term), the University combined undergraduate student fees into its tuition price. A student's total cost of attendance may vary due to specific room and board selections, additional laboratory or course fees, or other fees that may apply depending on a specific course of study. Books, supplies, computers, personal expenses and transportation are estimated to cost a student \$3,750 per year. The

University's charges are competitive with other Catholic universities and similar independent colleges and universities in the Midwest.

Also beginning with Fiscal Year 2014 (Fall 2013 term), the University established a new pricing plan for the Fall 2013 undergraduate cohort that combined all tuition and fees into a single tuition charge and guaranteed an undergraduate student's net tuition (after institutional aid) for up to eight semesters. This program has been a key factor in the increase in the four-year graduation rate, from 59% for the last cohort to enter before this program was initiated, to 65% for the Fall 2013 cohort. In addition, average student debt upon graduation has been reduced by approximately 22%, or approximately \$5,000 per student.

The following table shows the revenue from tuition, fees and room and board for the past five Fiscal Years:

(All \$ amounts in Thousands)

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net Tuition & Fees	\$ 198,813	\$ 209,415	\$ 213,363	\$ 214,257	\$ 197,480
Housing	43,311	44,563	46,919	49,939	50,179
Food Service*	<u>17,829</u>	<u>18,251</u>	<u>19,642</u>	<u>20,269</u>	<u>19,324</u>
	\$259,953	\$272,229	\$279,924	\$284,465	\$266,983

* Includes non-student food service revenue

The University requires all first and second-year students to live in University-owned housing, which consists of approximately 6,600 student beds in residence halls, apartment complexes and houses surrounding its campus. Most full-time students who do not live in University housing live in other rental properties (apartments or houses) in the vicinity of the campus. The University's housing and food service operations are self-supporting and do not require operating support from the University.

Financial Aid

The University provides both need-based and merit-based financial aid to its undergraduate students; this financial aid is provided in the form of merit-based scholarships, need-based grants, loans and work-study employment. Approximately 92% of the University's undergraduate students receive some form of financial aid. Total aid to undergraduates for the 2016-17 academic year (the latest full academic year for which information was available) was approximately \$202 million, of which the University contributed approximately \$143 million; the remainder is made up of federal, state and externally funded grants, loans and work study. The total aid provided includes approximately \$8 million of tuition remission and discounts for eligible University employees and their dependents.

The number of full-time undergraduate students receiving need-based financial aid for the 2016-17 academic year was 4,486, or 57% of full-time undergraduates. Students with demonstrated financial need received financial aid totaling \$147 million, including \$56 million of federal, state and externally funded grants, loans and work-study.

The University also funds scholarships based on merit. In the 2016-17 academic year, the University awarded \$92 million in merit-based scholarships, a portion of which is intended to meet demonstrated financial need. The number of students receiving merit based scholarships was 7,221, or 86% of full-time undergraduates.

The average annual amount of financial aid received for full-time undergraduates was \$27,800, or approximately 46% of the total annual cost of attendance. For students receiving need-based aid, the mean family income was \$124,878. The median expected family contribution (federal EFC) to education for all full-time undergraduates was \$17,804.

The University cannot guarantee that the current level of financial assistance will be maintained at comparable levels in future years. The University has increased its own financial commitment to financial aid in

order to compensate for actual and expected reductions in federal and state financial aid programs during each of the past five years, and expects that it will continue to do so for the foreseeable future.

Research at the University

The University conducts contract research primarily for government agencies and private industry. Most of this research is conducted through the University of Dayton Research Institute ("UDRI"), which employs approximately 540 full-time and part-time scientists, engineers and support personnel; in addition, approximately 275 graduate and undergraduate students are engaged in sponsored research, working alongside professional and academic researchers in a variety of scientific and engineering disciplines.

UDRI occupies approximately 320,000 square feet of space in multiple buildings on the University's main campus; members of the UDRI staff also perform research in laboratories and offices off-campus in Dayton and at Wright-Patterson Air Force Base in Dayton, Ohio as well as in Florida, Virginia, Utah, Oklahoma, and Georgia.

UDRI researchers have made many innovative contributions to science and technology, including high-performance nanomaterial, computer software for modeling and analysis of complex structures and systems, alternative energies, bird-strike resistant aircraft canopy sensor systems, and methods for disposal of hazardous and toxic waste. Interaction with industry includes the transfer of technologies to the private sector for commercialization, primarily through license agreements. Technologies licensed to industry include specialized nanocomposite materials for use in countless advanced materials applications, from aerospace vehicles to energy; RFID technology to ensure the quality of food, medicine and other temperature-sensitive goods during shipping; a process for economically repairing jet engine components; "phase change" materials for temperature control in buildings, medical therapy products, food service and transportation; and methods and instrumentation for monitoring the quality of lubricating oils. Patents, copyrights and trade secrets can be transferred under license agreements. Standard industrial research agreements have been developed to protect proprietary information and patent rights. Collaborative research projects between UDRI and academic departments continue to increase, providing unique extracurricular educational opportunities to students and faculty. A major aspect of collaborative efforts involves materials engineering and science. The area of nanotechnology offers tremendous opportunity for multidisciplinary activities involving UDRI researchers and faculty from the School of Engineering science departments.

In Fiscal Year 2017, the University conducted sponsored research resulting in revenue of \$134.6 million. Research performed by UDRI made up \$119.8 million, or approximately 89.0% of total research revenue; the remaining research is faculty-driven and conducted through various academic departments. Approximately 89.1% of the University's sponsored research is performed under contracts with federal agencies, including the Department of Defense and the Department of Energy, among others. The remainder is performed under contracts with state and local governments, private foundations and commercial enterprises.

The following table illustrates the University's total research expenditures, including all costs associated with sponsored research (both direct and indirect) over the past five Fiscal Years. These expenditures include University costs reimbursed through indirect cost recovery on government contracts, but do not include indirect expenditures and administrative costs that are not eligible for cost reimbursement.

<i>(All \$ amounts in Thousands)</i>		
	<u>Fiscal Year</u>	<u>Expenditures</u>
	2013	\$ 83,851
	2014	86,413
	2015	97,034
	2016	112,224
	2017	132,715

Budget Procedures

The University's budgets are prepared annually by the University's Office of Budgeting and Planning and are reviewed by the Deans, Vice Presidents and faculty representatives. Major factors considered in determining budgets include employee compensation and benefits, tuition, room and board charges, enrollment estimates, financial aid expenditures, sponsored research revenues and expenses, fundraising, and new programs. The annual budget must be approved by the Finance Committee of the Board and also the full Board. General fiscal control is exercised on a daily basis through the Office of Budgeting and Planning, and the Controller's office and local unit leadership and business managers. Follow-up and corrective action for any significant deviations from the annual budget is taken as needed by the Vice President for Finance and Administrative Services, the Provost and other vice presidents and senior academic and administrative personnel. Projected year-end operating results are regularly reviewed with the Finance Committee of the Board.

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Certain Financial Information

The University's financial records are maintained in accordance with generally accepted accounting principles and audited by independent auditors. The University's audited financial statements for Fiscal Year 2017 and 2016 are included as Appendix B to this Offering Circular. The following table provides a history of the University's consolidated financial results for the past five Fiscal Years.

<i>All \$ amounts in thousands</i>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUE, GAINS, AND OTHER SUPPORT					
Student tuition and fees	\$ 302,255	\$ 318,990	\$ 343,882	\$ 365,697	\$ 363,877
Less student aid	(103,442)	(109,575)	(130,519)	(151,440)	(166,397)
Private gifts, grants and other	39,486	43,570	60,923	53,067	80,410
Private research contracts	13,882	14,084	10,361	9,184	10,135
Government grants and contracts	77,307	73,897	88,470	108,970	126,060
Investment return designated for current operations	27,843	30,267	30,843	32,718	34,254
Auxiliary enterprises	<u>86,250</u>	<u>87,037</u>	<u>94,145</u>	<u>100,893</u>	<u>100,973</u>
Total operating revenue, gains, and other support	443,581	458,270	498,105	519,089	549,312
EXPENDITURES					
Salaries and benefits	227,587	227,063	243,115	256,070	268,373
Interest expense	15,223	16,894	16,636	18,109	18,249
Depreciation	24,259	27,195	27,979	26,857	27,948
Cost of sales	10,992	11,821	13,019	14,427	13,748
Contract service and maintenance	46,935	49,305	52,784	63,574	73,541
Supplies	12,703	11,777	12,862	14,365	14,959
Utilities and communications	16,527	16,936	17,941	17,184	17,227
Other expenditures	<u>45,508</u>	<u>42,588</u>	<u>49,190</u>	<u>49,349</u>	<u>58,463</u>
Total expenditures	399,734	403,579	433,526	459,935	492,508
Change in net assets from operations	43,847	54,691	64,579	59,154	56,804
Investment return in excess (deficit) of amount designated for current operations	40,300	73,089	(30,428)	(53,852)	61,518
Actuarial change in annuities	(558)	470	747	(2,641)	(1,308)
Loss on bond defeasance	(2,221)	-	(2,764)	-	-
Change in unrealized loss on interest rate swap agreements	6,421	505	(2,531)	(5,039)	6,068
Bond issuance cost adjustment	-	-	-	(5,142)	-
Change in post-retirement benefit obligation	8,807	(2,607)	(2,411)	(3,556)	9,744
Change in net assets attributable to non-controlling interest	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(101)</u>	<u>(9)</u>
Change in net assets	\$ 96,596	\$ 126,148	\$ 27,180	\$ (11,177)	\$ 132,817
Net assets at beginning of year	<u>\$ 694,293</u>	<u>\$ 790,889</u>	<u>\$ 917,037</u>	<u>\$ 944,217</u>	<u>\$ 933,040</u>
Net assets at end of year	<u>\$ 790,889</u>	<u>\$ 917,037</u>	<u>\$ 944,217</u>	<u>\$ 933,040</u>	<u>\$ 1,065,857</u>

Certain amounts for Fiscal Years 2013 – 2015 have been reclassified so as to conform to the classifications reflected in the Fiscal 2016 and 2017 amounts.

Faculty and Employees

As of September 2017, the University employed 563 full-time ranked instructional and clinical faculty and lecturers, among whom 44% are female, 53% have tenure, and 88% hold a terminal degree. There are an additional 37 full-time instructional personnel and 22 library faculty. The full-time faculty is augmented by approximately 400 part-time faculty members; additionally, some full-time University staff members who are not full-time instructional faculty also teach courses at the University. The University has maintained a student-to-faculty ratio of approximately 15 to 1 for the past five academic years.

The University had approximately 3,025 full-time and part-time employees as of September 2017; this includes the instructional faculty noted above and approximately 540 full-time and part-time positions at UDRI. In addition, the University has 299 graduate assistants and employs over 2,700 students in part-time positions. Since 1966, the Dayton Public Service Union has represented the University's parking services, maintenance and food service employees (currently approximately 250 employees). No work stoppages have occurred during this period of representation.

The number of employees has increased by 10% in the past five years; the number of full-time employees has increased by 13% while the number of part-time employees has decreased by 8%. These increases are largely in response to increased student enrollment, increased research activity, and increased regulatory requirements. The number of graduate assistants has decreased by 2%. The University anticipates modest growth in overall employment in the near future.

The University believes that its faculty compensation program is competitive, allowing the University to attract and retain persons with outstanding qualifications. Over the past five years, the average annual increase in faculty compensation was 2.7%, while the average annual consumer price index increase for that same time period was 1.3%.

Retirement Plans

The University sponsors a defined contribution retirement plan that includes substantially all of its University's full-time employees. The University purchases individual retirement annuities through Teachers Insurance and Annuity Association (TIAA) to fund retirement benefits. The University contributes between 2.5% and 9.0% of an eligible employee's salary into such annuities, depending upon the employee's contribution levels and years of service. University contributions into participant accounts vest ratably over the participant's first four years of service. The University has no unfunded pension obligation because its required plan contributions are funded on a current basis. For Fiscal Year 2017, the University contributed approximately \$11.4 million to this plan.

Through salary reduction agreements, employees may contribute additional amounts on a tax-deferred basis with either of two investment providers, in accordance with limitations under the Internal Revenue Code of 1986, as amended.

The University also provides healthcare benefits for its retired faculty and staff who were hired before January 1, 2014; this benefit is not available to employees hired after that date. Faculty and staff are eligible for this benefit if they have either worked at the University for at least 20 years and attained age 55, or worked at the University for at least 10 years and attained age 60 while in service with the University. The plan is contributory and contains other cost-sharing features such as deductibles and co-insurance. The University makes amounts available to retirees to purchase health care insurance under this plan and the accrued liabilities associated with this plan have been recorded on the University's financial statements in accordance with generally accepted accounting principles (GAAP). For Fiscal Year 2017, the University paid approximately \$3.6 million in benefits under this plan. The accrued postretirement benefit liability was \$78.6 million as of June 30, 2017.

More detailed disclosures about these plans are found in footnote 10 to the audited financial statements of the University, which are included as Appendix B to this Offering Circular.

Long-Term Investments, Endowment and Liquidity

As of June 30, 2017, the University has total investments of \$802.0 million (at market value), which include the University's Long-Term Investment Pool, direct investments in real estate, trust and annuity funds and other funds which are not included in the University's Long-term Investment Pool. The Investment Committee of the Board is responsible for fiduciary oversight of all University investments. The Investment Committee approves investment policies and asset allocation, both of which are reviewed periodically. The University utilizes the services of outside consultants who select professional investment management firms to manage specific components of its Long-Term Investment Pool and its trust and annuity funds; these consultants oversee the day-to-day management of the investments in consultation with the Vice President for Finance and Administrative Services and the Assistant Vice President and Treasurer.

The University's Long-Term Investment Pool includes Endowment Funds and other unrestricted funds of the University and consists of domestic and international equities, fixed income securities, real estate securities, private real estate and private equity funds, publicly-traded mutual funds and exchange-traded funds, pooled accounts and limited partnerships. The University's Endowment Funds include funds that are subject to certain donor restrictions. Such restrictions generally require that the principal be maintained in perpetuity and that only the earned investment income be utilized, either for donor-specified purposes or for general University purposes. The Endowment Funds also include quasi-endowment funds that are designated for specific purposes by the Board.

The following table summarizes the market values of Endowment Funds, the market value of the Long-Term Investment Pool, and the Total Annual Return, for the past five Fiscal Years. The Total Annual Return includes dividends, interest and realized and unrealized gains and losses.

(All \$ amounts in Thousands)

<u>At June 30</u>	<u>Market Value of Endowment Funds</u>	<u>Market Value of Long-Term Investment Pool</u>	<u>Total Annual Return</u>
2013	\$ 442,252	\$ 599,280	11.9%
2014	510,107	695,974	15.8
2015	500,407	694,901	0.3
2016	473,123	671,503	(3.3)
2017	524,186	759,477	13.1

As of December 31, 2017, the market values of the Endowment Funds and the Long-Term Investment Pool were \$567.8 million and \$812.4 million, respectively.

Distributions from the University's endowment are governed by a spending policy that has been approved by the Board; the Finance Committee approves the annual spending distribution each year. This policy combines an inflationary increase over prior year spending levels plus a fixed percentage of the average endowment market value for the prior twenty fiscal quarters. The amount is computed annually as of December 31 for the Fiscal Year beginning the following July 1, and must be greater than 3.5% and less than 5.5% of the December 31 market value. The Fiscal Year 2017 endowment appropriation was \$19.4 million, or approximately 4.2% of the market value of endowment assets as of December 31, 2015, and 4.1% of the market value as of June 30, 2016. The Fiscal Year 2018 endowment appropriation is projected to be \$19.4 million, or 3.7% of the June 30, 2017 market value of the endowment.

The University applies a similar spending policy for distributions from non-endowment investments in the Long-Term Investment Pool in order to fund operations and other activities of the University. The University is not dependent upon these distributions to provide a significant portion of the income required to support its annual operations or to meet debt service requirements.

In Fiscal Year 2017, the total amount of funds appropriated from investments (including the endowment appropriation) to fund current operations totaled \$34.3 million, or approximately 6.4% of the University's unrestricted revenue of \$535.6 million.

Approximately 11% of the Long-Term Investment Pool is invested in private real estate, private equity, and similar investments that have limited liquidity and may require additional capital contributions under existing ownership and investment agreements. As of June 30, 2017 and December 31, 2017, respectively, the University has uncalled capital commitments to these investments of approximately \$29.2 million and \$51.5 million. It is the University's intent to fund required capital contributions through cash distributions from other limited liquidity holdings, by liquidating other long-term investments or by using excess cash generated from its normal operations.

Approximately 20% of the Long-Term Investment Pool is invested in absolute return and other alternative investments that have lock-up provisions or redemption restrictions that may limit the ability to convert these investments to cash until certain holding periods or redemption notice periods are met. The University believes that the portion of its Long-Term Investment Pool committed to such time-restricted investments is prudent given the overall financial condition of the University, the size and asset allocation of its Long-Term Investment Pool and its ability to access other sources of liquidity.

As of June 30, 2017, approximately 86% (or \$655 million) of the Long-Term Investment Pool is able to be converted to cash within 90 days. As of December 31, 2017, approximately 89% (\$724 million) of the Long-Term Investment Pool is able to be converted to cash within 90 days.

The University is able to fund its current operations from its operating cash flows, including any amounts drawn from its investment and endowment funds in accordance with its approved spending policy. The University also has financial policies in place to ensure that sufficient cash is readily available in order to meet ongoing operating needs and debt service requirements in the event that sources of its normal income are not available. These policies consider the University's ability to liquidate portions of its long-term investments within a specified time period and the availability of committed bank lines of credit. For more information on the University's bank lines of credit, refer to the section titled "Financial Obligations" below.

The University also maintains trusts, annuities and life-income funds which are subject to the conditions of the gift instruments and are donated to the University through deferred gift agreements (Life Income Funds). The assets received under these agreements pass to the University at the time of the death of the annuitant or life-income beneficiary. These Life Income Funds are invested by an independent investment manager in a manner consistent with the current income requirements of the beneficiaries and expected termination dates of the annuities or trusts. The Life Income Funds had a market value of \$18.8 million on June 30, 2017, and a market value of \$17.8 million as of December 31, 2017.

The investments in the Long-term Investment Pool and the Life Income Funds are held by independent custodians.

Alumni

The University has approximately 112,000 living alumni throughout the world. The alumni support the University not only monetarily, but also by giving their time and energy providing support for athletics, admissions, career services, community service, spiritual and academic programs.

Over the past five Fiscal Years, approximately 14% of undergraduate alumni have made financial contributions to the University.

Gifts, Grants and Bequests

The University solicits cash gifts, pledges and bequests from alumni and other constituents for both current use and other needs. The University also receives various gifts and grants from corporations, private foundations and agencies of the federal government. The audited consolidated statement of activities includes the amount of gifts recognized each Fiscal Year, including cash gifts, new pledges and other donor commitments to give. The following table sets forth the amount of cash and cash equivalent gifts (including stock & property) and grants received by the University for the last five Fiscal Years:

<i>(All \$ amounts in Thousands)</i>		Cash Gifts and Grants	
<u>Fiscal Year</u>	<u>Total Annual Support</u>	<u>Restricted for</u>	<u>Total</u>
	<u>(Unrestricted Cash Gifts)</u>	<u>Endowment & Other Uses</u>	<u>Cash Gifts and Grants</u>
2013	\$ 4,381	\$ 16,852	\$ 21,233
2014	2,607	18,982	21,589
2015	2,987	26,899	29,886
2016	2,908	19,847	22,755
2017	2,789	19,673	22,462

The University also receives in-kind gifts to support a variety of operational and academic purposes. The amounts of these gifts vary from year to year and do not represent a significant source of gift income for the University.

In Fiscal Year 2017, the University announced plans for a major renovation to the University of Dayton Arena. This renovation is expected to cost \$76 million, and as of April 11, 2018, over \$30 million of cash gifts and pledges have been raised for this project.

The University is also in the initial planning stages of a major fundraising campaign. No definitive campaign goals or timelines have been established as of the date of this Offering Circular.

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

Insurance

The University maintains comprehensive insurance coverage on its assets. Buildings, other real property and equipment are insured on a replacement-value basis with a \$250,000 deductible. For the 2017-18 policy year (ending August 1, 2018), the University is insured for an aggregate amount of \$1.3 billion, which includes business interruption insurance that protects the University against loss of income from closure caused by insured events.

The University also maintains insurance coverage for personal injury and property damage under a comprehensive general liability policy with a \$500,000 self-insured retention and loss limits of \$1 million per occurrence and \$3 million general aggregate. It also carries other insurance policies for specific types of losses, and umbrella policies that increase this coverage substantially. The University considers these policies to be comparable to those carried by similar universities and businesses.

Financial Obligations

The following table sets forth the University's total outstanding principal balance of its long-term indebtedness as of June 30, 2017 and 2016 and as of March 27, 2018.

	Final	Outstanding	Outstanding	Outstanding
	Maturity	Principal	Principal	Principal
<i>(All \$ amounts in Thousands)</i>		Balance	Balance	Balance
		<u>Mar. 27, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Notes and Term Loans:				
Term loan	2021	\$ 26,080	\$ 26,710	\$ 27,315
111 River Park, LLC – notes payable	2041	35,996	35,996	35,996
Senior secured note	2027	21,834	23,023	24,165
Other various notes	Various	208	208	232
Revenue Bonds:				
2003, due serially	2033	12,075	15,625	19,025
2006, due serially	2036	23,915	24,630	46,185
2009, due serially	2039	56,055	60,225	64,075
2011 Series A, due serially	2041	14,810	16,585	18,285
2013, due serially	2043	53,325	54,775	56,170
2015 Series A, due serially	2046	49,775	49,775	49,775
2015 Series B, due serially	2036	18,945	19,690	20,425
2016 Series A, due serially	2026	28,000	28,000	28,000
2016 Series B, due serially	2027	<u>20,870</u>	<u>20,870</u>	<u>-</u>
		\$ 361,888	\$ 376,112	\$ 389,648
Net unamortized premium		8,021	8,460	9,775
Net unamortized issuance cost		<u>(3,988)</u>	<u>(4,379)</u>	<u>(4,733)</u>
		<u>\$ 365,921</u>	<u>\$ 380,193</u>	<u>\$ 394,690</u>

The University maintains revolving credit agreements with two banks totaling \$45 million. The agreements, which are \$25 million and \$20 million, are due to expire on February 28, 2019 and December 31, 2018. As of June 30, 2017 and 2016, respectively, the University had not drawn on these lines of credit.

The University is a partner in a real estate investment in a retail and apartment complex adjacent to its campus. In connection with this project, the University has guaranteed a portion of a third party loan to the partnership in the amount of \$7.4 million; this loan matures on July 3, 2018. The University also has a two-year agreement to lease a portion of this property from the partnership with a minimum payment of approximately \$500,000 per year.

Additional information regarding the University's indebtedness can be found in footnote 8 in the audited financial statements included in Appendix B to this Offering Circular.

As more fully described in footnote 16 of the audited financial statements included in Appendix B to this Offering Circular, in 2011 the University borrowed \$27.3 million under a term loan agreement with a bank and entered into a new market tax credit transaction to finance the construction of an office and research facility on land it owns adjacent to its campus. As a result of this transaction, the University has recorded both loans payable and loans receivable on its financial statements. As of March 27, 2018, \$26.1 million is still due on this term loan; this amount is included in the University's long-term indebtedness. In addition, as part of this transaction, the University recorded a related party loan payable of \$36.0 million and a related party note receivable of \$26.7 million, as required under general accepted accounting principles.

Also as more fully described in footnote 16 of the audited financial statements included in Appendix B to this Offering Circular, in 2014 the University entered into a joint venture to acquire and renovate a hotel adjacent to its campus. The University is a 90% partner in this venture, and the acquisition and renovation was financed with a

combination of equity and debt. The University has recorded a \$22.0 million senior secured note related to this transaction in its consolidated financial statements.

As more fully described in footnote 9 of the audited financial statements included as Appendix B to this Offering Circular, the University has entered into three interest rate swap agreements with Morgan Stanley Capital Services, Inc. as counterparty to manage interest rate risk associated with its long-term variable rate debt. The obligations of Morgan Stanley, the parent company of Morgan Stanley Capital Services, Inc. are rated A3 by Moody's and BBB+ by S&P Global Ratings. The University has also entered into an interest rate swap agreement with PNC Bank, NA as counterparty to manage interest rate risk associated with a term loan agreement. The obligations of PNC Bank, NA, are rated A2 by Moody's and A by S&P Global Ratings. The following table summarizes certain information relating to those interest rate swap agreements as of March 27, 2018:

(All \$ amounts in Thousands)

<u>Current Notional Amount</u>	<u>Related Debt</u>	<u>Fixed Rate Paid</u>	<u>Rate Received</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Mark-to market Termination Value (Cost) to the University</u>
\$28,000	Commission Bonds, 2011 A & B	3.999%	67% of one- month LIBOR plus .25%	March 28, 2007, amended March 30, 2016	December 1, 2032	(\$4,940)
\$12,075	Commission Bonds, 2003	4.09 - 4.44% ¹	"CPI Rate" applicable to Series 2003 Bonds ²	August 4, 2006	December 1, 2023 ⁴	(\$317)
\$23,915	Commission Bonds, 2006	4.09 - 4.44% ¹	"CPI Rate" applicable to Series 2006 Bonds ³	August 4, 2006	December 1, 2023 ⁴	(\$905)
\$26,214	Term Loan	5.16%	US Dollar 1-month LIBOR plus 1.35%	September 1, 2011	September 30, 2031	(\$2,535)

¹ Notional amounts are specified for each year of maturity and decline in years 2015 – 2023. Fixed interest rates are specific for each notional amount.

² Includes a specified spread over published CPI rates for each maturity of Series 2003 Bonds.

³ Includes a specified spread over published CPI rates for each maturity of Series 2006 Bonds.

⁴ Subject to scheduled early partial termination in years 2015-2022.

As with all derivative financial instruments, a party to a swap agreement may not be able to honor its financial commitments under such agreement ("counterparty risk"). The University conducts a periodic review and evaluation of the creditworthiness of its counterparties to evaluate its counterparty risk. The University is not required to post collateral or any other type of security for the swap agreements described above.

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APPENDIX B

Financial Statements

University of Dayton

**For the years ended June 30, 2017 and 2016
with Report of Independent Auditors**



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University of Dayton

Consolidated Financial Report
June 30, 2017

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Independent Auditor's Report

Board of Trustees
University of Dayton
Dayton, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the University of Dayton which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statement of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University of Dayton as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM VS LLP

Dayton, Ohio
October 17, 2017

University of Dayton

Consolidated Statements of Financial Position

June 30, 2017 and 2016

(In Thousands)

	2017	2016
Assets		
Cash	\$ 46,522	\$ 74,443
Collateral held for securities lending agreement (Note 3)	3,875	1,465
Accounts receivable - net (Note 4)	54,168	44,637
Pledges receivable - net (Note 4)	34,158	17,882
Prepaid expenses, inventories and other	6,606	15,878
Notes receivable - net (Note 4)	37,848	38,713
Investments (Note 5 and 11)	801,990	710,927
Land, buildings, and equipment (Note 7)	674,337	633,548
Total assets	\$ 1,659,504	\$ 1,537,493
Liabilities		
Accounts payable	\$ 30,169	\$ 17,126
Accrued payroll and compensated absences	21,565	21,772
Liability under securities lending agreement (Note 3)	4,083	1,698
Other liabilities	20,092	17,597
Deferred revenue and student deposits	22,685	22,861
Split interest agreement obligations (Note 6)	12,083	12,003
Interest rate swap obligations (Note 9)	12,089	18,157
Indebtedness (Note 8)	380,193	394,690
Accrued postretirement benefits (Note 10)	78,611	86,526
Advances from government for federal loans	11,955	11,910
Total liabilities	593,525	604,340
Net Assets (Note 12)		
Unrestricted	803,164	702,012
Temporarily restricted	98,986	70,572
Permanently restricted	163,707	160,456
Noncontrolling Interest	122	113
Total net assets	1,065,979	933,153
Total liabilities and net assets	\$ 1,659,504	\$ 1,537,493

See notes to consolidated financial statements.

University of Dayton

Consolidated Statement of Activities
Year Ended June 30, 2017
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Student tuition and fees	\$ 363,877	\$ -	\$ -	\$ 363,877
Less: student aid	(166,397)	-	-	(166,397)
	197,480	-	-	197,480
Private gifts, grants and other (Note 14)	53,687	23,688	3,035	80,410
Private research contracts	10,135			10,135
Government grants and contracts	126,060	-	-	126,060
Investment return designated for current operations (Note 5)	34,254	-	-	34,254
Auxiliary enterprises	100,973	-	-	100,973
	522,589	23,688	3,035	549,312
Net assets released from restrictions	12,994	(13,158)	164	-
Total revenues, gains, and other support	535,583	10,530	3,199	549,312
Expenditures:				
Salaries and benefits	268,373	-	-	268,373
Interest expense	18,249	-	-	18,249
Depreciation	27,948	-	-	27,948
Cost of sales	13,748	-	-	13,748
Contract services and maintenance	73,541	-	-	73,541
Supplies	14,959	-	-	14,959
Utilities and communications	17,227	-	-	17,227
Other expenditures	58,463	-	-	58,463
	492,508	-	-	492,508
Change in net assets from operations	43,075	10,530	3,199	56,804
Non-operating activities:				
Investment return net of amounts designated for current operations (Note 5)	33,502	27,964	52	61,518
Actuarial change in annuities		(1,308)		(1,308)
Change in unrealized gain on interest rate swap agreements	6,068			6,068
Change in postretirement benefit obligation (Note 10)	9,744			9,744
Net assets released from restrictions	8,772	(8,772)		-
Change in non-operating activities	58,086	17,884	52	76,022
Change in net assets	101,161	28,414	3,251	132,826
Less: change in net assets attributable to the noncontrolling interest	9			9
Change in net assets attributable to the University of Dayton	101,152	28,414	3,251	132,817
Net assets at beginning of year	702,012	70,572	160,456	933,040
Net assets at end of year	\$ 803,164	\$ 98,986	\$ 163,707	\$ 1,065,857

See notes to consolidated financial statements.

University of Dayton

Consolidated Statement of Activities
Year Ended June 30, 2016
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Student tuition and fees	\$ 365,697	\$ -	\$ -	\$ 365,697
Less: student aid	(151,440)	-	-	(151,440)
	214,257	-	-	214,257
Private gifts, grants and other (Note 14)	44,420	3,671	4,976	53,067
Private research contracts	9,184			9,184
Government grants and contracts	108,970	-	-	108,970
Investment return designated for current operations (Note 5)	32,718	-	-	32,718
Auxiliary enterprises	100,893	-	-	100,893
	510,442	3,671	4,976	519,089
Net assets released from restrictions	7,093	(7,093)		-
Total revenues, gains, and other support	517,535	(3,422)	4,976	519,089
Expenditures:				
Salaries and benefits	256,070	-	-	256,070
Interest expense	18,109	-	-	18,109
Depreciation	26,857	-	-	26,857
Cost of sales	14,427	-	-	14,427
Contract services and maintenance	63,574	-	-	63,574
Supplies	14,365	-	-	14,365
Utilities and communications	17,184	-	-	17,184
Other expenditures	49,349	-	-	49,349
	459,935	-	-	459,935
Change in net assets from operations	57,600	(3,422)	4,976	59,154
Non-operating activities:				
Investment return net of amounts designated for current operations (Note 5)	(47,910)	(5,962)	20	(53,852)
Actuarial change in annuities		(2,641)		(2,641)
Change in unrealized loss on interest rate swap agreements	(5,039)			(5,039)
Bond issuance cost adjustment	(5,142)			(5,142)
Change in postretirement benefit obligation (Note 10)	(3,556)			(3,556)
Net assets released from restrictions	9,223	(9,223)		-
Change in non-operating activities	(52,424)	(17,826)	20	(70,230)
Change in net assets	5,176	(21,248)	4,996	(11,076)
Less: change in net assets attributable to the noncontrolling interest	101			101
Change in net assets attributable to the University of Dayton	5,075	(21,248)	4,996	(11,177)
Net assets at beginning of year	696,937	91,820	155,460	944,217
Net assets at end of year	\$ 702,012	\$ 70,572	\$ 160,456	\$ 933,040

See notes to consolidated financial statements.

University of Dayton

Consolidated Statements of Cash Flows
Year Ended June 30, 2017 and 2016
(In Thousands)

	2017	2016
Operating activities:		
Change in net assets	\$ 132,826	\$ (11,076)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,948	26,857
Amortization	(920)	(990)
Gifts for restricted purposes	(3,035)	(4,976)
Net realized and unrealized (gains) losses on investments	(82,443)	32,536
Income restricted for long-term investment	(602)	(859)
Change in postretirement benefit obligation	(7,915)	5,607
(Gain) loss on interest rate swap agreements	(6,068)	5,039
Cash provided by operating assets and liabilities:		
Increase in receivables	(25,807)	(22)
Decrease (increase) in prepaid expenses, inventories and other	9,160	(7,922)
Increase (decrease) in accounts payable, accrued liabilities, and other liabilities	15,411	(1,577)
(Decrease) increase in deferred revenue and student deposits	(176)	1,787
Net cash provided by operating activities	58,379	44,404
Investing activities:		
Income restricted for long term investment	602	859
Proceeds from the sale of investments	327,490	626,890
Purchases of investments	(336,135)	(613,282)
Additions of land, buildings and equipment, net of nominal disposals	(67,886)	(52,236)
Net cash used in investing activities	(75,929)	(37,769)
Financing activities:		
Increase in advances from government for federal loans	45	57
Gifts for restricted purposes	3,035	4,976
Decrease in notes receivable	865	1,034
Proceeds on indebtedness	20,870	28,000
Premium on bond issuance	(344)	-
Payments on indebtedness	(34,842)	(39,285)
Net cash used in financing activities	(10,371)	(5,218)
Net (decrease) increase in cash	(27,921)	1,417
Cash:		
Beginning	74,443	73,026
Ending	\$ 46,522	\$ 74,443

See notes to consolidated financial statements.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 1. Description of the Organization

The University of Dayton (the University) is an independent, coeducational institution founded and sponsored by the Society of Mary (the Marianists), a Roman Catholic Institute of Consecrated Life. The University is located in Dayton, Ohio and is one of the nation's largest Catholic institutions of higher learning. Its students are actively recruited from all states, as well as from over seventy foreign nations. The student population approximates 7,900 undergraduate and 2,200 graduate students. The University awards baccalaureate, masters, and selected doctoral degrees in programs within the College of Arts and Sciences and four professional schools: the School of Business Administration, the School of Education and Health Sciences, the School of Engineering, and the School of Law. Through these academic units and its Research Institute, the University conducts a wide variety of academic and scientific research.

The accompanying consolidated financial statements present the accounts of the following entities, hereafter referred to as the University:

- The University of Dayton;
- Nine legal limited liability companies that own interests in real estate near the University's campus, and of which the University is the sole member;
- UDCI, Ltd., a limited liability company established to hold the University's interests in its operations in China, and of which the University is the sole member;
- The River Park Community Corporation, a separate not for profit corporation engaged in activities related to the University, and of which the University is the sole member;
- 111 River Park, LLC, a wholly owned affiliate of The River Park Community Corporation,
- River Park Development II, LLC, a wholly owned affiliate of The River Park Community Corporation;
- 1414 South Patterson, LLC, a limited liability company established to hold the University's interests in a real estate joint venture, and of which the University is the sole member; and
- Dayton Hotel II, LLC and Concord Dayton Hotel II, LLC, both of which are controlled by 1414 South Patterson, LLC and established to own and operate a hotel adjacent to the University's campus.

Note 2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the accompanying consolidated financial statements.

Basis of presentation: The consolidated financial statements include the accounts of all controlled affiliates that are required to be consolidated, and all intercompany transactions and balances have been eliminated. Investments in joint ventures for which the University does not have control or is not the primary beneficiary, but has the ability to exercise significant influence over the operating and financial policies, are accounted for under the equity method. Accordingly, the University's share of net earnings and losses from these ventures is included in the consolidated statements of activities.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Net assets: Net assets are classified into three categories: unrestricted, which have no donor-imposed restrictions; temporarily restricted, which have donor-imposed restrictions that will expire in the future; and permanently restricted, which have donor-imposed restrictions that do not expire.

The expiration of a donor-imposed restriction on a contribution or endowment income is recognized in the period in which the restriction expires, and, at that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions of long-lived assets, such as land, buildings, or equipment without donor stipulations concerning the use are reported as revenue of the unrestricted net asset class. Such gifts are recorded at fair value at the date of donation. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted revenue. The temporary restriction is considered released upon acquisition of the asset.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors or by the change of restrictions specified by the donors. Contributions received with donor-imposed restrictions, where the restrictions are met in the same fiscal year, are reported as unrestricted net assets.

Measure of operations: The change in net assets from operations excludes certain activity. Amounts not included in the measure of operations include investment return in excess of or deficient from amounts designated for current operations, changes in actuarial valuation of annuities, changes in the net unrealized gain (loss) on interest rate swap agreements, change in postretirement benefit obligation, bond issuance cost adjustment and change in endowments operating at a loss. The Board of Trustees designates a specified amount of the expected investment return in support of current operations. Any excess is reinvested to maintain earnings growth for support of future operations. Amounts designated for current operations include the established endowment appropriation plus amounts designated for certain expenses, including interest on indebtedness and accrued postretirement benefits.

Related-party transactions: The Marianists are a separate entity from the University. Members of the Marianists may serve on the faculty and staff of the University under employment agreements; however, they are not eligible to participate in the University's retirement programs. On an annual basis, the University reimburses the Marianists an amount equivalent to the salaries and benefits of employed members. The reimbursement was \$1,240 in 2017 and \$1,399 in 2016. The University's intent is to compensate the Marianists at a rate comparable to University employees in similar positions. The Marianists contribute funds to the University, which are recorded as gifts. These gifts were \$352 and \$847 in 2017 and 2016, respectively.

The University is a party to a joint venture agreement with another not for profit entity to perform contract research for the Federal government. The University is a 50% member of this joint venture limited liability company, and also a subcontractor to this entity. The University recognized government contract revenue of \$4,993 in 2017 and \$8,347 in 2016 from this entity.

Liquidity: Assets and liabilities are listed in their estimated order of liquidity. For accounts with undeterminable liquidity, the University has made additional disclosures in the accompanying notes to the consolidated financial statements.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition: The University records tuition and fees collected prior to the beginning of each academic semester as deferred revenue. Income from tuition and fees is recognized at the beginning of the semester when classes begin. Tuition and fees relating to summer sessions that begin after June 30 are recorded in the consolidated statements of financial position as deferred revenue.

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances that represent fair value. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted revenue. Conditional promises are recorded when donor stipulations are substantially met.

Grants and contracts consist primarily of contractual agreements with governmental and private entities for the conduct of research and other sponsored programs. These agreements represent exchange transactions between the University and the grantors and contractors and are, accordingly, included in unrestricted net assets. Revenue is recognized on grants and contracts as expenses are incurred, performance or obligations are met and any payments received in advance of expenses being incurred are reflected as deferred revenue.

Revenue from auxiliary enterprises is recognized as goods or services are provided.

Cash and cash equivalents: Cash and cash equivalents include all cash and highly liquid investments that are neither internally nor externally restricted. The University considers highly liquid investments to be cash equivalents when they are both readily convertible to cash and so near to maturity (typically within 90 days) when acquired that their value is not subject to substantial risk due to changes in interest rates.

Accounts receivable, net: Accounts receivable consist of amounts due to the University for tuition, grants and contracts, and other revenue generated by the University. The University has recorded an allowance for doubtful accounts based on management's assessment of historical and net collections considering historical business and economic conditions. Amounts are recorded at estimated net realizable value.

Pledges receivable, net: Pledges are recorded as revenue in the year the pledge is made. Unconditional donor pledges to give cash, marketable securities, and other assets are reported using a discounted cash flow approach. The discount rates used range from 1.7% to 7.0% depending on the year the pledge was received. Conditional donor promises to give and indications of intentions to give are not recognized until the condition is satisfied. Pledges received with donor restriction that limit the use of the donated assets are reported as either temporary or permanently restricted support until the donor restriction expires. Most unconditional promises are designated for scholarships and general operating purposes. An allowance is recorded for amounts deemed uncollectible.

Inventories: Inventories are stated at the lower of cost or market. The auxiliary operations determine cost using the first in, first out method. The University determines cost using an average cost method.

Notes receivable, net: Notes receivable consist of a loan associated with the office and research facility and from student loans under government loan programs. An allowance for doubtful accounts has been recorded based on management's assessment of historical and net collections considering historical business and economic conditions. The notes are recorded at estimated net realizable value.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Investments: The University invests its endowed funds and other funds in a variety of marketable securities and alternative investments. Investments in marketable debt and equity securities are carried at market value based on quoted market prices on the last business day of the fiscal year.

Investment in alternative investments include limited partnerships, private equity, hedge funds, and real estate partnerships, do not have readily determinable fair values, and are carried at the University's proportionate share of the fund's net asset value used as a practical expedient. Such fair value estimates are based upon the funds' net asset value at its year end, adjusted for any contributions, distributions and earnings between the funds' year end and the University's year end. In management's opinion, the stated values approximate fair value. Due to the inherent uncertainty of valuation, the estimated values may differ from values that would have been used had a readily available market value for the investments existed, and such differences may be material.

The weighted average method is used for purposes of determining gains and losses on the sale of marketable securities. Interest and dividend income is recorded when earned.

The University also holds certain real estate investments that are not readily marketable. These investments are accounted for on the equity method.

Assets held by others and split interest agreements: The University has entered into split interest agreements, including charitable remainder trusts and gift annuities which provide that the University make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. The University is also the beneficiary of charitable trusts held by third party trustees. Assets held under these agreements are included in investments and are recorded at fair value. At the date of contribution, the University records a split interest agreement obligation to life beneficiaries based on the present value of the estimated payments to designated life beneficiaries. The split interest agreement obligation is recorded in other liabilities on the consolidated statements of financial position. Obligations under split interest agreements are recorded at the present value of estimated payments (based on actuarially determined life expectancy tables, trust asset growth assumptions, and discount rates ranging from 1.2% to 10.0%). The University believes its valuation methods are appropriate and consistent with similar agreements held by other institutions and the use of different methodologies or assumptions to determine the fair value of similar liabilities could result in a different fair value measurement at the reporting date. The annual change in the value of the split interest agreement obligation to life beneficiaries is reflected in the consolidated statement of activities and represents the change in actuarial assumptions as well as the revenues and expenses of the trust.

In addition, the University has assets held by others which represent the present value of the estimated income the University will receive in the future from beneficial interest in trusts for which third parties serve as the trustees.

Land, buildings, and equipment: Property and equipment is recorded at cost. Depreciation of buildings, land improvements, and equipment is recorded using the straight-line method over the estimated useful lives of 45 years, 20 years, and 3 to 15 years, respectively. The cost of repairs and maintenance is expensed in the year incurred.

Advances from government for federal loans: Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students. Any funds collected from students may be re-loaned. These funds are ultimately refundable to the government and are recorded as a liability in the accompanying consolidated statements of financial position. The Federal Perkins Loan Program expired September 30, 2017 and the University may not disburse Perkins loans to any student on or after October 1, 2017, except for subsequent disbursements of loans first disbursed between June 30, 2017 and September 30, 2017. The University will be liquidating its Federal Perkins Revolving Loan Fund at the direction of the Department of Education. The liquidation will likely involve the University assigning all eligible outstanding loans to the Department of Education and the remittance of federal share of remaining Perkins cash assets to the Department of Education.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Income taxes: The University is recognized by the Internal Revenue Service (IRS) as an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). The University is a public charity as defined by IRC Section 170(b)(1)(A)(ii). The University is exempt from federal income taxes except to the extent of income derived from unrelated business activities. Unrelated business income is not material to the financial statements. The entities for which the University is the sole member are disregarded for tax purposes. Any activity from these entities is included in the tax return of the University.

The River Park Community Corporation has been recognized by the Internal Revenue Service as a title holding corporation exempt from federal taxation under Section 501(c)(2) of the IRC. The River Park Community Corporation is exempt from federal income taxes except to the extent of income derived from unrelated business activities.

Tax returns filed by the University and River Park Community Corporation are subject to examination by the IRS up to three years from the filing date of each return. Forms 990 and 990T filed by the entities are no longer subject to examination for the years 2013 and prior.

The University completed an analysis of its tax position, in accordance with Accounting Standards Codification (ASC) 740, *Income Taxes*, and determined that no amounts were required to be recognized in the consolidated financial statements as of June 30, 2017 or 2016.

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates are used to determine the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also are used to determine the reported amounts of revenue, gains, and other support and expenditures during the reporting period. The actual results could differ from these estimates.

Fair value measurements: The University follows the provisions of Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value. ASC 820 defines a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, and as noted above, ASC 820 defines a three-level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Inputs utilize quoted market prices in active markets for identical assets or liabilities

Level 2 – Inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset and liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals

Level 3 – Inputs are unobservable for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity

Notes to Consolidated Financial Statements
(In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The University's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

New accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The University is currently in the process of assessing what impact this new standard may have on its consolidated financial statements and determining what transition method will be used.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The University is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This accounting standard makes improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The standard sets forth improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. ASU 2016-14 will be effective for years beginning after December 15, 2017. The University is currently evaluating the impact of the adoption of this standard on its financial statements.

Reclassifications: Certain reclassifications have been made to the 2016 consolidated financial statement presentation to conform to 2017 presentation. Such reclassifications had no effect on the previously stated change in net assets.

Note 3. Securities Lending Program

The University participates in a pooled securities lending program, whereby securities owned by the University are loaned to other entities as part of a pool that is managed by a custodian bank. The pool requires that cash and non-cash collateral from the borrower be placed with a third party trustee in an amount equal to 102% of the market value of the loaned securities for securities of United States issuers, and 105% of the market value of the loaned securities for securities of non-United States issuers. The University maintains effective control of the loaned marketable securities through its custodian during the term of the arrangement in that they may be recalled at any time. Under the terms of the arrangement, the borrower must return the same, or substantially the same, marketable securities that were borrowed.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 3. Securities Lending Program (Continued)

The custodian invests the cash collateral received in government securities, overnight commercial paper and other short-term overnight investments on behalf of the University and other members of the securities lending pool. The market value of cash collateral held for loaned marketable securities is reported as collateral held for securities lending agreement on the accompanying consolidated statements of financial position. A corresponding liability is also recorded for repayment of such collateral upon settlement of the securities lending arrangements. The market value of noncash collateral is not recorded in the consolidated statements of financial position in accordance with ASC 860, *Transfers and Servicing*.

At June 30, 2017, securities on loan totaled \$15,290 for which a total amount of \$15,630 of collateral was posted by the borrowers; the market value of the cash collateral held was \$4,083. At June 30, 2016, securities on loan totaled \$5,624 for which a total amount of \$5,750 of collateral was posted by the borrowers; the market value of the cash collateral held was \$1,698. As a result of the changes in the fair value of the invested cash collateral at June 30, 2017 and 2016, the University recorded gains of approximately \$25 and \$14, respectively. The results of changes in the fair value of invested collateral are included in investment returns net of amounts designated for current operations on the consolidated statement of activities. These amounts are treated as noncash items for purposes of recording cash flows. The market value of noncash collateral at June 30, 2017 and 2016 was \$11,547 and \$4,051, respectively.

Note 4. Receivables

Accounts receivable, net: Accounts receivable consist of the following as of June 30:

	2017	2016
Amounts due from students for tuition and other costs	\$ 7,560	\$ 7,932
Grants and contracts	37,127	29,610
Related entities	5,315	4,575
Other	5,639	4,261
	<u>55,641</u>	<u>46,378</u>
Less: allowance for doubtful accounts	(1,473)	(1,741)
	<u>\$ 54,168</u>	<u>\$ 44,637</u>

Pledges receivable, net: Outstanding pledges receivable, which are discounted at rates ranging from 1.2% to 7.0%, are as follows:

	2017	2016
Less than one year	\$ 15,097	\$ 11,596
One to five years	16,233	7,114
More than five years	6,020	566
	<u>37,350</u>	<u>19,276</u>
Less: discount on pledges	(1,394)	(453)
Less: allowance for uncollectible pledges	(1,798)	(941)
	<u>\$ 34,158</u>	<u>\$ 17,882</u>

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 4. Receivables (Continued)

Notes receivable, net: Notes receivable consist of the following as of June 30:

	2017	2016
Office and research facility (Note 16)	\$ 26,710	\$ 27,315
Student loans under government loan programs	13,012	13,272
	<u>39,722</u>	<u>40,587</u>
Less: allowance for doubtful accounts for student loans	(1,874)	(1,874)
Total notes receivable, net	<u><u>\$ 37,848</u></u>	<u><u>\$ 38,713</u></u>

Note 5. Investments

The carrying value of investments at June 30 is reflected in the following table:

	2017	2016
Cash and cash equivalents	\$ 27,868	\$ 20,458
Fixed maturity:		
US Treasuries	913	6,708
Mutual funds and pooled accounts		
Domestic	25,305	25,353
International	13,089	13,213
Individual securities		
Domestic	102,732	98,964
Total fixed maturity	<u>142,039</u>	<u>144,238</u>
Equities:		
Mutual funds and pooled accounts:		
Domestic	35,892	32,905
International	204,773	157,514
Individual securities:		
Domestic	159,080	119,694
Total equities	<u>399,745</u>	<u>310,113</u>
Exchange traded commodities and real assets	14,122	34,638
Hedge funds	146,082	124,551
Private equity funds	55,406	60,221
Real estate and real estate funds	14,275	14,750
Assets held by others	1,013	1,024
Other	1,440	934
Total	<u><u>\$ 801,990</u></u>	<u><u>\$ 710,927</u></u>

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 5. Investments (Continued)

Approximately \$759,477 and \$671,503 of the carrying value of investments as of June 30, 2017 and 2016, respectively, is invested in the University's long-term investment pool (the pool). The pool includes the University's endowment funds.

Some of the investments, including the real estate and real estate funds, limited partnerships, hedge funds and private equity investments, have time restrictions on redemption. These restrictions vary from six months to the stated term of the limited partnership, trust, or fund, which may be longer than one year. During this period, the University may not be able to readily sell or convert certain holdings in the pool to cash. Funds that have restrictions on liquidity in excess of one year are approximately \$66,834 and \$73,865 as of June 30, 2017 and 2016, respectively, and range from two to seven years in duration.

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

The University incurred investment-related expenses, such as custodial fees and investment advisory fees, of \$2,353 and \$2,292 in 2017 and 2016, respectively.

The following tables summarize the investment return and its classification in the consolidated statement of activities as of June 30:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest earnings	\$ 12,729	\$ 342	\$ 258	\$ 13,329
Net realized and unrealized gains (losses)	55,027	27,622	(206)	82,443
Gross return on investments	67,756	27,964	52	95,772
Investment return designated for current operations	(34,254)	-	-	(34,254)
Investment return net of amounts designated for current operations	\$ 33,502	\$ 27,964	\$ 52	\$ 61,518
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest earnings	\$ 10,542	\$ 475	\$ 385	\$ 11,402
Net realized and unrealized gains (losses)	(25,734)	(6,437)	(365)	(32,536)
Gross return on investments	(15,192)	(5,962)	20	(21,134)
Investment return designated for current operations	(32,718)	-	-	(32,718)
Investment return net of amounts designated for current operations	\$ (47,910)	\$ (5,962)	\$ 20	\$ (53,852)

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 6. Split Interest Agreements

A summary of assets held and related obligations related to split interest agreements as of June 30 follows:

	2017	2016
Assets:		
Charitable remainder trusts	\$ 14,162	\$ 13,349
Charitable gift annuities	4,527	4,365
Total	\$ 18,689	\$ 17,714
Liabilities:		
Split interest agreement obligations	\$ 12,083	\$ 12,003

Contributions related to split interest agreements totaled \$244 and \$625 for the years ended June 30, 2017 and 2016, respectively.

Note 7. Land, Buildings, and Equipment

The following is a summary of land, buildings, and equipment at June 30:

	2017	2016
Buildings	\$ 698,768	\$ 652,256
Equipment	152,379	148,636
Land and land improvements	97,049	95,157
Library books	75,420	72,413
Renovations-in-progress	39,938	34,759
	<u>1,063,554</u>	<u>1,003,221</u>
Accumulated depreciation	<u>(389,217)</u>	<u>(369,673)</u>
	<u>\$ 674,337</u>	<u>\$ 633,548</u>

Depreciation expense was \$27,948 and \$26,857 in 2017 and 2016 respectively.

Construction Commitments: During 2017, the University committed to renovate and improve the University's athletic arena. The costs of the renovation and improvements to the University's facility are estimated to total \$71,000. As of June 30, 2017, the University was contractually committed for construction and architectural services totaling \$7,580. The University had incurred \$2,804 of contracts costs through 2017 and \$136 through 2016.

During 2017, the University committed to constructing a new residential facility. The costs of the renovation and improvements to the University's facility are estimated to total \$11,000. As of June 30, 2017, the University was contractually committed for construction and architectural services totaling \$9,284. The University had incurred \$567 of contracts costs through 2017.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 8. Indebtedness

The University finances the construction, renovation, and acquisition of certain facilities through the issuance of debt obligations which may include bonds, bank loans, and other borrowings. The costs related to the issuance of bonds are presented net of the related debt and are amortized to interest expense over the life of the related loans. Total indebtedness for the years ended June 30 are as follows:

	2017	2016
Notes and term loan:		
Term loan	\$ 26,710	\$ 27,315
111 River Park, LLC – notes payable	35,996	35,996
Senior secured note	23,023	24,165
Other various notes	208	232
Revenue bonds:		
2003, due serially	15,625	19,025
2006, due serially	24,630	46,185
2009, due serially	60,225	64,075
2011A, due serially	16,585	18,285
2013, due serially	54,775	56,170
2015A, due serially	49,775	49,775
2015B, due serially	19,690	20,425
2016A, due serially	28,000	28,000
2016B, due serially	20,870	-
	376,112	389,648
Net unamortized premium	8,460	9,775
Net unamortized issuance cost	(4,379)	(4,733)
	<u>\$ 380,193</u>	<u>\$ 394,690</u>

Under the terms of a New Market Tax Credit financing arrangement in 2011, the University borrowed \$27,315 under a term loan agreement with a bank. This term loan is unsecured and bears interest at LIBOR plus 1.35% and matures on October 1, 2021, the interest rate has been fixed at 5.16% under the terms of a related swap agreement. The loan requires monthly payments of only interest through October 31, 2016. Beginning on November 1, 2016, the University is required to make quarterly principal payments ranging from \$199 to \$250 through May 1, 2021, \$11,500 on June 1, 2021, \$254 on August 1, 2021 and \$11,306 at maturity.

As part of the New Market Tax Credit financing referred to above, four unrelated community development entities provided debt financing to 111 River Park, LLC, a qualified active low income community business controlled by the University, in order to construct an office and research facility adjacent to its campus. This financing consists of eight separate qualified low income community investment loans totaling \$35,996 which are secured by a mortgage on the real property financed. These loans have interest rates ranging from 3.63% to 4.74%. The loans require payments of interest only through October 31, 2018, and then principal payments of \$700 to \$1,466 per year from November 1, 2018 through September 30, 2041, with a payment of \$12,880 due at final maturity on October 5, 2041.

The senior secured note is an amortizing loan at a fixed interest rate of 3.98% with a final maturity of December 17, 2026. The proceeds were used to finance the purchase and planned renovation of a hotel adjacent to the University's campus; the note is secured by a mortgage on this real estate. Monthly principal payments range from \$62 to \$189 through November 2026, with a balance of \$5,000 due at maturity.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 8. Indebtedness (Continued)

The University uses the proceeds from Revenue Bonds to finance the construction and renovation of facilities related to the University's academic purpose. Revenue Bonds are structured as long-term leases with the State of Ohio Higher Education Facility Commission. Under the terms of these indentures, the buildings and facilities (historical cost totaling over \$359,000) are pledged as security, in addition to University revenue and the full faith and credit of the University. Upon repayment of the Revenue Bonds and termination of the leases, ownership of the respective facilities is transferred to the University.

The 2003 Revenue Bonds bear interest at a variable rate based upon the Consumer Price Index plus a stated spread; this rate has been fixed at rates ranging from 4.09% to 4.44% through final maturity in 2024 under the terms of a related swap agreement. Principal payments ranging from \$1,225 to \$3,775 are due annually through final maturity in 2024.

The 2006 Revenue Bonds bear interest at variable rates based upon the Consumer Price Index plus a spread; these rates have been fixed at rates ranging from 4.09% to 4.44% through December 1, 2023 under the terms of a related swap agreement. Principal payments ranging from \$685 to \$5,345 are due annually through final maturity in 2031.

The 2009 Revenue Bonds bear interest at fixed rates ranging from 4.0% to 5.5%. Principal payments ranging from \$1,095 to \$5,705 are due annually through final maturity in 2037.

The 2011A Revenue Bonds bear interest at fixed rates ranging from 4.0% to 5.625%. Principal payments ranging from \$685 to \$1,775 are due annually through final maturity in 2042.

The 2011B Revenue Bonds bear interest at variable rates based upon the SIFMA Index plus 1.25%; the interest rate has been fixed at 5.249% under the terms of a swap agreement. These bonds mature on July 1, 2016 and are subject to mandatory redemption on June 1, 2016 in the principal amount of \$14,000. These bonds were paid off during the year ended June 30, 2016.

The 2013 Revenue Bonds bear interest at fixed rates ranging from 3.0% to 5.0%. Principal payments ranging from \$1,320 to \$3,240 are due annually through final maturity in 2044.

The 2015A Revenue Bonds bear interest at fixed rates ranging from 3.0% to 5.0%. Principal payments ranging from \$650 to \$5,440 are due annually beginning in 2025 through final maturity in 2046.

The 2015B Revenue Bonds bear interest at fixed rates ranging from .9% to 4.335%. Principal payments ranging from \$595 to \$1,765 are due annually beginning in 2017 through final maturity in 2036.

The 2016A Revenue Bonds bear interest at variable rates based upon the 1-month LIBOR plus a stated spread; the interest rate has been fixed at 4.30% under the terms of a related swap agreement. Principal payments are ranging from \$800 to \$2,875 are due annually beginning in 2021 through 2026, with a final principal payment of \$21,300 due in 2026.

The 2016B Revenue Bonds bear interest at a fixed rate of 1.99%. Principal payments of \$2,735 and \$2,875 are due annually in 2025 and 2026, with a final principal payment of \$15,260 due in 2027.

The outstanding bonds do not require mandatory reserves for future payments of principal and interest.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 8. Indebtedness (Continued)

Debt obligations are generally callable by the University and mature at various dates through 2046. Maturities on debt obligations for the next five years and thereafter are:

2018	\$ 15,045
2019	13,207
2020	13,201
2021	25,895
2022	25,581
2023 and thereafter	283,183
Total	<u><u>\$ 376,112</u></u>

Interest expense was \$18,249 for 2017 and 18,109 for 2016. Interest capitalized was \$282 for 2017 and \$143 for 2016. Cash paid for interest was \$18,224 for 2017 and \$17,214 for 2016.

As discussed more fully in Note 9, the University has entered into interest rate swap agreements that fix the interest rates on its variable rate debt.

The University maintains unsecured revolving credit agreements with two banks totaling \$45,000. The agreements, are \$25,000 and \$20,000, and are due to expire on February 28, 2019 and December 31, 2017, respectively. As of June 30, 2017 and 2016, the University had no outstanding balances on these lines of credit.

The University is a partner in a real estate partnership and has guaranteed a portion of third-party loans to the partnership in the amount of \$7,432. The University guarantee coincides with the term of the loan, which matures on July 3, 2018. The University has a two-year agreement to lease property from this partnership with a minimum payment of approximately \$500 per year.

As of June 30, 2017, the University had met all of the covenants required under its bond indentures and bank loans.

Note 9. Interest Rate Swap Obligations

The University uses interest rate swap agreements to manage interest rate risk associated with its variable rate debt. Under these agreements, the University and its counterparty agree to exchange the difference between the fixed and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. The difference between the fixed and variable interest amounts under the swap agreements is recorded as interest expense. The change in fair value of the interest rate swap agreements is recorded as a change in net unrealized gain (loss) on interest rate swap agreements.

In July 2011, the University entered into an interest rate swap agreement with a notional amount of \$27,449. This agreement effectively fixed the interest rate on the \$27,315 term note. The University receives the one-month LIBOR rate plus a spread of 1.35% and is required to pay a fixed rate of 5.16% through September 30, 2031. The outstanding notional amount of the swap was \$26,844 and \$27,449 at June 30, 2017 and 2016 respectively. The fair value of this agreement as of June 30, 2017 and 2016 is recorded as a liability of \$3,982 and \$6,646, respectively in the accompanying consolidated statements of financial position.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 9. Interest Rate Swap Obligations (Continued)

In August 2006, the University entered into an interest rate swap agreement with a notional amount of \$25,995, with an adjustment to the notional amount at various amounts based on maturity terms within the agreement. The notional amount at June 30, 2017 and 2016 is \$24,630 and \$23,315, respectively. This agreement effectively fixed the interest rate on the portion of the \$72,105 State of Ohio Higher Education Facility Commission, 2006 Revenue Bonds whose interest rate was tied to the Consumer Price Index (CPI) at rates ranging from 4.09% to 4.44% for the bonds maturing between the dates of December 1, 2015 through December 1, 2023. The fair value of this agreement as of June 30, 2017 and 2016 is recorded as a liability of \$1,276 and \$2,047, respectively in the accompanying consolidated statements of financial position.

In August 2006, the University entered into an interest rate swap agreement with a notional amount of \$22,350, with an adjustment to the notional amount at various amounts based on maturity terms within the agreement. The notional amount at June 30, 2017 and 2016 is \$15,625 and \$19,025, respectively. This agreement effectively fixed the interest rate, for the term of the bonds, on the portion of the \$54,100 State of Ohio Higher Education Facility Commission Converted 2003 Revenue Bonds whose interest rate was tied to the CPI at rates ranging from 4.09% to 4.44% for the bonds maturing between the dates of December 1, 2015 and December 1, 2023. The fair value of this agreement as of June 30, 2017 and 2016 is recorded as a liability of \$494 and \$890, respectively in the accompanying consolidated statements of financial position.

In April 2007, the University entered into an interest rate swap agreement with a notional amount of \$28,000. This agreement effectively fixed the interest rate on the \$28,000 State of Ohio Higher Education Facility Commission 2002 Variable Rate Revenue Bonds at 3.999% through December 1, 2032. In 2009, the 2002 bonds were retired and replaced with the 2011B Revenue Bonds, which were subsequently retired and replaced with the 2016A Revenue Bonds. In March 2016, the University amended this interest rate swap agreement. Under the revised agreement, the University receives 67% of the one-month LIBOR rate, plus a spread of 0.25%. The fair value of this agreement as of June 30, 2017 and 2016 is recorded as a liability of \$6,337 and \$8,574, respectively in the accompanying consolidated statements of financial position.

Note 10. Retirement Plans

The University sponsors a defined contribution retirement plan that includes substantially all of its full-time employees. The University purchases individual retirement annuities through Teachers Insurance and Annuity Association (TIAA) to fund retirement benefits. The University contributes between 2.5% and 9% of an eligible employee's salary into such annuities, depending upon the employee's contribution levels and years of service. University contributions into participant accounts vest ratably over the participant's first four years of service. The University has no unfunded pension obligation because its required plan contributions are funded on a current basis. The cost to fund these benefits was \$11,390 in 2017 and \$10,843 in 2016.

Through salary reduction agreements, employees may contribute additional amounts on a tax-deferred basis with either of two investment providers, in accordance with limitations under the Internal Revenue Code of 1986, as amended.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 10. Retirement Plans (Continued)

The University provides health care benefits to retired faculty and staff hired before January 1, 2014; this benefit is not eligible to employees hired after that date. Faculty and staff are eligible for this benefit if they have either worked 20 years and attained age 55, or worked 10 years and attained age 60, while in service with the University. The plan is contributory and contains other cost-sharing features such as deductibles and co-insurance; contributions by plan participants were \$1,198 in 2017 and \$1,309 in 2016. The University makes amounts available to retirees to purchase health care insurance under this plan and the accrued liabilities associated with this plan have been recorded on the University's financial statements in accordance with generally accepted accounting principles.

Postretirement benefit expense related to the Plan includes the following components as of June 30:

	2017	2016
Service cost of benefits earned	\$ 1,895	\$ 1,739
Interest cost on liability	2,831	3,317
Amortization of net loss	670	353
Net periodic postretirement benefit cost	\$ 5,396	\$ 5,409

A summary of the components of the changes in the projected benefit obligations and funded status of the Plan as of June 30 is as follows:

	2017	2016
Change in projected benefit obligations:		
Projected benefit obligation, beginning of year	\$ 86,526	\$ 80,919
Service cost	1,895	1,739
Interest cost	2,831	3,317
Actuarial (gain) loss	(9,074)	3,909
Benefits paid	(3,567)	(3,358)
Projected benefit obligation, end of year	78,611	86,526
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year	-	-
Employer contributions	3,567	3,358
Benefits paid	(3,567)	(3,358)
Fair value of plan assets, end of year	-	-
Net liability on the statements of financial position	\$ 78,611	\$ 86,526

A summary of the components recognized in unrestricted net assets for the years ended June 30 is as follows:

	2017	2016
Actuarial (loss) gain	\$ 9,074	\$ (3,909)
Prior service cost		
Amortization of net loss	670	353
	\$ 9,744	\$ (3,556)

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Notes to Consolidated Financial Statements (In Thousands)

Note 10. Retirement Plans (Continued)

There are unrecognized actuarial losses of \$5,678 and \$15,422 included in unrestricted net assets at June 30, 2017 and 2016, respectively, which have not yet been recognized in the net periodic benefit cost.

The following weighted-average assumptions were used to determine the postretirement benefit obligation and the postretirement benefit cost as of June 30:

	2017	2016
Weighted-average discount rate used to determine the projected benefit obligation	3.65%	3.35%
Weighted-average discount rate assumption used to determine the net periodic benefit cost	3.35%	4.20%

The University used the RP2014 mortality table in determining its obligation.

The health care cost trend rate assumption significantly affects the projected benefit obligation and the change in the postretirement benefit obligation reported in the consolidated financial statements. The model is based on long-term projections of Gross Domestic Product per capita and National Health Expenditures per capita. These inputs are based assumptions from the University's actuaries. The model does not specifically include an administrative cost trend. Rather, administrative costs are incorporated with the medical assumptions.

The following health care cost trend rates were assumed in the determination of the postretirement benefit obligation and net periodic benefit cost as of June 30:

	2017	2016
Initial year trend:		
Combined trend pre-Medicare	6.60%	6.00%
Combined trend post-Medicare	7.40%	8.00%
Combined ultimate trend for pre-1994 and grandfathered retirees:		
Pre-Medicare	4.50%	4.50%
Post-Medicare	4.10%	4.10%
Combined ultimate trend for non-grandfathered participants and post-1994 retirees:		
Pre-Medicare	5.00%	5.00%
Post-Medicare	No Trend	No Trend
Year that rates reach the ultimate trend rate	2038	2038

A one-percentage point change in the assumed health care cost trend rate would have the following effect on the postretirement benefit obligation as of June 30, 2016, and the net periodic benefit cost:

	1.00% Increase	1.00% Decrease
Effect on postretirement benefit obligation	\$ 7,095	\$ (6,173)
Effect on net periodic benefit cost	503	(431)

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 10. Retirement Plans (Continued)

The following benefit payments, which reflect expected future service and the effect of the Medicare subsidy, as appropriate, are expected to be paid over the next ten years:

Year ending:

2018	\$	4,061
2019		4,472
2020		4,727
2021		4,994
2022		5,242
2023–2027		28,920

Note 11. Fair Value of Financial Instruments

The University records investments in cash and cash equivalents, equity securities and equity and bond mutual funds at their current fair values based on quoted market prices in active markets for identical assets, which is consistent with Level 1 in the fair value hierarchy.

The University records its investments in U.S. government treasuries, exchange traded commodities and real estate at their current fair values based on quoted market prices in markets that are not active for all significant inputs, which is consistent with Level 2 in the fair value hierarchy; this includes the non-cash collateral held for security lending agreements. Following is the summary of the inputs and valuation techniques used as of June 30, 2017 and 2016 for valuing Level 2 investments:

<u>Investments</u>	<u>Input</u>	<u>Valuation Technique</u>
Cash equivalents	Broker/Dealer	Market
US Treasuries	Broker/Dealer	Market
Exchange traded commodities and real assets	Broker/Dealer	Market

The University also holds investments in private equity funds, real estate and real estate funds, hedge funds, commodity funds, and other investments that are not publicly traded but are valued at a net asset value per unit, or its equivalent. The University records its holding in these assets at the reported net asset value, and as such, these investments have been excluded from the fair value hierarchy. Due to the inherent uncertainty of valuation, the estimated fair values may differ from values that would have been used had a readily available market value for the investments existed, and such differences could be material.

The University also holds certain real estate investments that it accounts for using the equity method. As such, these investments are also excluded from the fair value hierarchy.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

The following table summarizes the recorded amount of assets and liabilities by class of asset/liability recorded at fair value on a recurring basis:

	2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	\$ 681	\$ 27,187	\$ -	\$ 27,868
US Treasuries	48	865	-	913
Fixed maturity:				
Mutual funds	38,394			38,394
Individual securities		102,732		102,732
Equities:				
Mutual funds:				
Domestic	35,892	-	-	35,892
International	204,773	-	-	204,773
Individual securities:				
Domestic	159,080	-	-	159,080
Exchange traded commodities and real assets	-	10,426	-	10,426
Assets held by others ^(a)	-	-	1,013	1,013
Guaranteed investment contract	-	-	1,440	1,440
	438,868	141,210	2,453	582,531
Investments reported at fair value based on net asset value and equity method:				
Private equity funds ^(b)				55,406
Real estate and real estate funds ^(b)				4,234
Real assets ^(b)				3,696
Hedge funds ^(b)				146,082
Real estate - equity method				10,041
Total investment assets	438,868	141,210	2,453	801,990
Collateral held for securities lending agreement:				
Cash and cash equivalents	-	-		3,875
Total assets at fair value	\$ 438,868	\$ 141,210	\$ 2,453	\$ 805,865
Liabilities				
Interest rate swap obligation	\$ -	\$ 12,089	\$ -	\$ 12,089

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

	2016			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	\$ 970	\$ 19,488	\$ -	\$ 20,458
US Treasuries	49	6,659	-	6,708
Fixed maturity:				
Mutual funds				
Domestic	25,353	-	-	25,353
International	13,213	-	-	13,213
Individual securities				
Domestic		98,964		98,964
Equities:				
Mutual funds:				
Domestic	32,905	-	-	32,905
International	157,514	-	-	157,514
Individual securities:				
Domestic	119,694	-	-	119,694
Exchange traded commodities and real assets	19,706	11,017	-	30,723
Real estate and real estate funds	2,372	-	-	2,372
Assets held by others ^(a)	-	-	1,024	1,024
Guaranteed investment contract	-	-	934	934
	371,776	136,128	1,958	509,862
Investments reported at fair value based on net asset value and equity method:				
Private equity funds ^(b)				60,221
Real estate and real estate funds ^(b)				9,665
Real assets ^(b)				3,915
Hedge funds ^(b)				124,551
Real estate - equity method				2,713
Total investment assets	371,776	136,128	1,958	710,927
Collateral held for securities lending agreement:				
Cash and cash equivalents	-	-		1,465
Total assets at fair value	\$ 371,776	\$ 136,128	\$ 1,958	\$ 712,392
Liabilities				
Interest rate swap obligation	\$ -	\$ 18,157	\$ -	\$ 18,157

(a) The fair value of beneficial interests in trusts held by others (perpetual trusts) are based on quoted prices of the underlying assets held by trustees. Due to restrictions on these assets that do not allow the University redemption rights, fair value is deemed to be based on Level 3 inputs.

(b) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

The table below represents quantitative information about significant unobservable inputs related to investments reported at fair value using the practical expedient.

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)*	Redemption Notice Period
Private equity funds ^(a)	\$ 55,406	\$ 22,856		
Real estate and real estate funds ^(b)	4,234	5,928		
Real assets ^(c)	3,696	446		
Hedge funds - Equity long/short ^(d)	34,712	-	monthly, quarterly	30-60 days
Hedge funds - Event driven ^(e)	26,657	-	quarterly	45-90 days
Hedge funds - Global opportunities ^(f)	13,600	-	monthly, quarterly	3-45 days
Hedge funds - Relative value ^(g)	53,165	-	quarterly, annually	60-90 days
Hedge funds - Multi-strategy ^(h)	17,948	-	quarterly, annually	65-90 days
Total	\$ 209,418	\$ 29,230		

*Redemptions may be subject to an initial and/or rolling one to three year lock up or investor/fund level gate.

- (a) This class includes several private equity funds engaging venture capital, buyout and turnaround investments in U.S. and European companies. The University records its position in these funds at the reported net asset value of its ownership interest in partners' capital as reported by the general partner or fund manager, which represents fair value. These funds may hold publicly traded securities as well as other securities that do not have a readily determinable market value. Investments in publicly traded securities are generally valued at quoted market prices in active markets. Investments without readily determinable quoted market prices in active markets are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying portfolio company and prices determined by using recent observable transaction information for similar investments or transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next 7 to 10 years and it is probable that all of the investments in this class will be sold at an amount different from the reported net asset value at June 30, 2017.
- (b) Real estate funds class includes several funds that invest primarily in U.S. commercial real estate properties. The University records its position in these funds at the reported net asset value of its ownership interest in partners' capital as reported by the general partner, which represents fair value. The holdings in these funds are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying property and prices determined by using recent observable transaction information for similar purchase, sale or financing transactions. These investments cannot be redeemed with the fund. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next 2 to 7 years and it is probable that all of the investments in this class will be sold at an amount different from the reported net asset value at June 30, 2017.

Notes to Consolidated Financial Statements
(In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

- (c) Real assets are held in a private real estate investment trust that invests in commercial timberland properties. The University records its position in this trust at the reported net asset value of its ownership interest in the trust as reported by the fund manager, which represents fair value. The trust's holdings are valued by fund manager or valuation committees by using recent observable transaction information for similar holdings or transactions. These investments cannot be redeemed with the fund. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next 7 to 10 years and it is probable that all of the investments in this class will be sold at an amount different from the reported net asset value at June 30, 2017.
- (d) Equity long-short strategies seek to profit by taking positions in equities and generally involve fundamental analysis in the investment decision process. Managers in these strategies tend to be "stock pickers" and typically manage market exposure by shifting allocations between long and short investments depending on market conditions and outlook. Long-short strategies may comprise investments in one or multiple countries, including emerging markets and one or multiple sectors.
- (e) Event driven strategies involve investing in opportunities created by significant transaction events, such as spin-offs, mergers and acquisitions, and reorganizations. These strategies include risk arbitrage, distressed situations investing, special situations, opportunistic investing, and activism.
- (f) Global opportunities strategies seek to exploit opportunities in various global markets. Portfolio managers employing these strategies have a broad mandate to invest in those markets and instruments which they believe provide the best opportunity. A portfolio manager employing a global macro strategy may take positions in currencies, sovereign bonds, global equities, and equity indices or commodities.
- (g) Relative value strategies seek to profit by exploiting pricing inefficiencies between related instruments while remaining long-term neutral to directional price movements in any one market. These strategies include, but are not limited to: Convertible Bond Arbitrage, Fixed Income Arbitrage, Options Arbitrage, Pairs Trading, and multiple "Market Neutral" strategies.
- (h) Multi-strategy funds dynamically allocate their assets among a variety of investment strategies to capture systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles. The various investment strategies employed include those detailed above. These investments include a commitment based investment in a renewable energy fund focused on the development, operation, and management of various solar projects.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value for the years ended June 30:

	Assets Held by Others	Guaranteed Investment Contract	Total
Balance at July 1, 2016	\$ 1,024	\$ 934	\$ 1,958
Total gains or losses for the period included in earnings (or changes in net assets)	-	-	-
Purchases, issues, sales and settlements:			
Purchase	-	506	506
Sales	(11)	-	(11)
Balance at June 30, 2017	\$ 1,013	\$ 1,440	\$ 2,453

	Assets Held by Others	Guaranteed Investment Contract	Total
Balance at July 1, 2015	\$ 1,023	\$ 725	\$ 1,748
Total gains or losses for the period included in earnings (or changes in net assets)	1	-	1
Purchases, issues, sales and settlements:			
Purchase	-	209	209
Sales	-	-	-
Balance at June 30, 2016	\$ 1,024	\$ 934	\$ 1,958

There were no significant transfers in and out of Level 1, 2, or 3 during the period ending June 30, 2017 or 2016.

The carrying amount of cash, accounts receivable, and deferred income and student deposits approximates fair value because of the short duration of these financial instruments.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

A reasonable estimate of the fair value of the notes receivable and advances from government for federal loans could not be made because the notes receivable are not saleable and can only be assigned to the United States government or its designees. It is not practical to estimate the fair value of grants and contracts receivable since they contain federally mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition.

The carrying amount of pledges receivable approximates fair value as these donations are recorded at the net present value of the amount pledged.

The fair value of the fixed rate indebtedness is approximately \$319,508 as of June 30, 2017, and was estimated using discounted cash flows. The carrying amount of the University's variable rate debt approximates fair value and is \$116,773.

Note 12. Nature and Amount of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30:

	2017	2016
Instruction	\$ 29,280	\$ 16,750
Administrative and general	6,974	9,835
Organized Research	97	(51)
Libraries	3,861	3,213
Student aid	41,429	32,262
Auxiliary enterprises	17,345	1,563
Related entity	-	7,000
	<u>\$ 98,986</u>	<u>\$ 70,572</u>

Permanently restricted net assets are restricted for the following purposes as of June 30:

	2017	2016
Instruction	\$ 57,351	\$ 58,439
Administrative and general	12,522	11,952
Organized research	2,457	2,549
Libraries	4,560	4,541
Student aid	85,894	80,408
Auxiliary enterprises	923	2,567
	<u>\$ 163,707</u>	<u>\$ 160,456</u>

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 13. Endowment Funds

The University's endowment consists of permanently and temporarily restricted individual donor endowment funds and unrestricted board-designated or quasi endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted or temporarily restricted in accordance with UPMIFA and donor stipulations. Also in accordance with the University's interpretation of UPMIFA and absent specific donor restrictions on an endowed fund, the Board may appropriate the realized and unrealized net appreciation in the fair value of the assets of that fund for uses and purposes of the fund.

From time to time, the fair value of assets associated with the individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with accounting standards, deficiencies of this nature are reported in unrestricted net assets. There was a deficiency of \$1,772 and \$5,495 recorded as of June 30, 2017 and 2016, respectively.

The long-term objective of the University's investment portfolio is to generate a return which is sufficient to provide funding for programs supported by its endowment. To accomplish this objective, the University seeks to earn the greatest total return possible consistent with its general risk tolerance and a diversified asset allocation strategy. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that includes equity-based investments to achieve its long-term objectives within prudent risk constraints.

The University uses a hybrid method to calculate the amount it appropriates from its endowment each year (the appropriation). A portion of the appropriation is based on the prior year's appropriation plus an inflationary factor. The remaining portion of the appropriation is calculated by computing a return on the average of the previous twenty quarters ending market value computed at December 31 each year for the fiscal year beginning the following July 1. The amount appropriated is bound by a floor of 3.5% and a ceiling of 5.5% of the previous December 31 fair values for the endowment funds.

University of Dayton

Notes to Consolidated Financial Statements
(In Thousands)

Note 13. Endowment Funds (Continued)

The University has the following endowment-related activities:

	Changes in Endowment Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2016	\$ 274,052	\$ 44,988	\$ 154,083	\$ 473,123
Investment return:				
Investment income	9,146	-	258	9,404
Net appreciation (depreciation) (realized and unrealized)	26,182	25,684	(142)	51,724
Contributions	208	-	3,041	3,249
Other (additions and deletions to endowment)	6,125	-	(6)	6,119
Appropriation of endowment assets for expenditure	(10,661)	(8,772)	-	(19,433)
Endowment net assets at June 30, 2017	\$ 305,052	\$ 61,900	\$ 157,234	\$ 524,186

	Changes in Endowment Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2015	\$ 291,124	\$ 60,197	\$ 149,086	\$ 500,407
Investment return:				
Investment income	8,791	-	385	9,176
Net appreciation (depreciation) (realized and unrealized)	(17,075)	(5,986)	(364)	(23,425)
Contributions	262	-	3,519	3,781
Other (additions and deletions to endowment)	(1,807)	-	1,457	(350)
Appropriation of endowment assets for expenditure	(7,243)	(9,223)	-	(16,466)
Endowment net assets at June 30, 2016	\$ 274,052	\$ 44,988	\$ 154,083	\$ 473,123

University of Dayton

Notes to Consolidated Financial Statements
(In Thousands)

Note 13. Endowment Funds (Continued)

The composition of net assets, by type, of endowment funds at June 30 is as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (1,772)	\$ 61,900	\$ 157,234	\$ 217,362
Board-designated endowment funds	306,824	-	-	306,824
	<u>\$ 305,052</u>	<u>\$ 61,900</u>	<u>\$ 157,234</u>	<u>\$ 524,186</u>

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (5,495)	\$ 44,988	\$ 154,083	\$ 193,576
Board-designated endowment funds	279,547	-	-	279,547
	<u>\$ 274,052</u>	<u>\$ 44,988</u>	<u>\$ 154,083</u>	<u>\$ 473,123</u>

Note 14. Private Gifts, Grants, and Other

Private gifts, grants, and other include the following:

	Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Gifts	\$ 11,653	\$ 23,800	\$ 2,387	\$ 37,840
Sponsored projects	15,458	-	-	15,458
Related entities	18,351	-	-	18,351
Miscellaneous income	8,761	-	-	8,761
Transfers between restrictions	(536)	(112)	648	-
	<u>\$ 53,687</u>	<u>\$ 23,688</u>	<u>\$ 3,035</u>	<u>\$ 80,410</u>

	Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Gifts	\$ 10,998	\$ 3,671	\$ 3,564	\$ 18,233
Sponsored projects	8,608	-	-	8,608
Related entities	19,886	-	-	19,886
Miscellaneous income	6,340	-	-	6,340
Transfers between restrictions	(1,412)	-	1,412	-
	<u>\$ 44,420</u>	<u>\$ 3,671</u>	<u>\$ 4,976</u>	<u>\$ 53,067</u>

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 15. Functional Classification of Expenses

The University's functional classifications of the unrestricted operating expenses are as follows as of June 30:

	2017	2016
Instruction	\$ 144,400	\$ 143,198
Administrative and general	57,844	52,814
Libraries	12,436	11,655
Sponsored academic projects	11,376	12,359
Organized research	132,715	112,224
Auxiliary enterprises	105,898	99,680
Fundraising	8,307	8,199
Related entities	19,532	19,806
	<u>\$ 492,508</u>	<u>\$ 459,935</u>

Note 16. Consolidated Entities

Office and research facility: The University and certain affiliated entities entered into a new market tax credit financing transaction to finance the construction of an office and research facility adjacent to its campus. In conjunction with this transaction, an affiliate of the University entered into an agreement to lease this facility to a multinational corporation for fifteen years, plus renewal options.

The University recorded the following assets and liabilities at June 30:

	2017	2016
Assets:		
Cash	\$ 880	\$ 1,723
Accounts receivable	5,323	3,761
Note receivable from investment fund	26,710	27,315
Land, buildings and equipment	43,267	44,923
Liabilities:		
Term loan payable to bank	\$ 26,710	\$ 27,315
Loans payable to the Community Development Entities	35,996	35,996
Deferred rental income	261	251

The term loan payable to the bank and the loans payable to the Community Development Entities have been recorded as long-term debt on the accompanying consolidated financial statements.

Construction was completed in July 2014 at a cost of approximately \$53,000. The tenant moved into the facility and rent commenced on August 1, 2014.

The rent payments from the lessee are intended to fund the expected financing and debt service costs during the term of the lease, which may or may not coincide with the term of the financing.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 16. Consolidated Entities (Continued)

Hotel operations: In December 2014, the University entered into a joint venture to purchase a local hotel adjacent to its campus. The University is a 90% partner in this venture.

The University recorded the following assets, liabilities, and equity on its books at June 30:

	2017	2016
Assets:		
Land, buildings and equipment	\$ 39,775	\$ 25,263
Liabilities and equity:		
Senior secured note	\$ 23,022	\$ 24,165
University net assets	1,107	1,023
Noncontrolling interest	122	113

University of Dayton China Institute: In August 2013, the University opened a wholly owned foreign enterprise in China. The University of Dayton China Institute (UDCI) was established to provide research facilities for University faculty and students and educational and training opportunities for companies in the Suzhou Industrial Park, where the facility is located. The University recognized income of \$304 and expenditures of \$741 during the year ended June 30, 2017 and income of \$95 and expenditures of \$526 during the year ended June 30, 2016 from this enterprise. The University has recorded fixed assets of \$7,916 for the building it purchased in 2017.

Note 17. Subsequent Events

The University has evaluated and disclosed any subsequent events through October 17, 2017, which is the date the financial statements were issued and made available.

APPENDIX C

DEFINITIONS

“2009 Bonds” means the State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2009 Project).

“2009 Lease” means the Lease between the Commission, as lessor, and the University, as lessee, relating to the 2009 Bonds, as amended or supplemented from time to time.

“2009 Project” means the portion of the Projects financed and refinanced with proceeds of the 2009 Bonds and identified as the “Project” in the 2009 Lease.

“2009 Trust Agreement” means the Trust Agreement, dated as of March 1, 2009, securing the 2009 Bonds, between the Commission and the 2009 Trustee, as amended or supplemented from time to time

“2009 Trustee” means the Trustee under the 2009 Trust Agreement.

“Act” means Chapter 3377 and Sections 9.98 through 9.983 of the Revised Code.

“Additional Payments” means the amounts required to be paid by the University pursuant to the provisions of Section 3.2 of the Leases.

“Assignments” means, together, the Series A Assignment and the Series B Assignment, each of which may also be referred to as an “Assignment.”

“Base Leases” means, together, the Series A Lease and the Series B Lease, each of which may also be referred to as a “Base Lease.”

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds acceptable to the Commission.

“Bond Documents” means, collectively, the Series A Bond Documents and the Series B Bond Documents.

“Bond Funds” means the Bond Funds created under the Trust Agreements and held by the Trustee.

“Bond Legislation” means the resolution adopted by the Commission providing for the issuance of the Bonds and approving the Leases, the Base Leases, the Assignments, the Trust Agreements, the Bond Purchase Agreements, and related matters, as that resolution may from time to time be amended or supplemented.

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

“Bonds” means, both individually and collectively, the Series A Bonds and the Series B Bonds.

“Book entry form” or **“book entry system”** means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in Bonds and Bond Service Charges may be transferred only through a book entry and (ii) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates “immobilized” in the custody of the Depository or of the Trustee on behalf of the Depository. The book entry system is maintained by and is the responsibility of the Depository and is not the responsibility of the Commission or the Trustee. The book entry is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book entry) interests in the Bonds.

“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day on which the Trustee is required or is authorized to close or is not prohibited from closing, by law (including without limitation, executive orders) and is closed, (iii) any day on which the Federal Reserve Bank of Cleveland is closed, or (iv) a day on which the Depository is closed.

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

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

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of April 1, 2018, between the University and the Trustee, as amended or supplemented from time to time.

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

“Defeasance Obligations” means

- (a) Direct Obligations;
- (b) certificates or receipts representing direct ownership of future interest or principal payments on direct obligations of, or obligations fully guaranteed by, the United States of America or any of its agencies or instrumentalities the obligations of which are backed by the full faith and credit of the United States of America, which obligations (i) are held by a custodian in safekeeping on behalf of the holder of such certificates or receipts and (ii) are rated, at the time of purchase, or assessed in the highest category for long-term debt by a Rating Service then maintaining a rating on the Bonds; or
- (c) obligations of any state or any political subdivision of any state, other than the Commission, which are rated, at the time of purchase, in the highest category for long-term debt by a Rating Service, the interest on which is excluded from gross income for federal income tax purposes and the full and timely payment of the principal of and any premium and the interest on which is fully and unconditionally payable from obligations of the character described in (a) or (b) above.

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

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

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

- (a) Direct Obligations;
- (b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration (“FmHA”)); participation certificates and senior debt obligations of the

Federal Home Loan Mortgage Corporation (“FHLMCs”) rated, at the time of purchase, “Aaa” by Moody’s and “AAA” by Standard & Poor’s; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal at the time of purchase) and senior debt obligations of the Federal National Mortgage Association (“FNMAs”) rated, at the time of purchase, “Aaa” by Moody’s and “AAA” by Standard & Poor’s; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed pass-through obligations of the Government National Mortgage Association (“GNMAs”); senior debt obligations of the Student Loan Marketing Association; project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation obligations;

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

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

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

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

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

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

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

(ii) the Collateral Securities are held free and clear of any lien by the Trustee (as may be evidenced by an opinion of counsel acceptable to the Trustee) or an independent third party acting solely as agent (“Agent”) for the Trustee, and such third party is (1) a Federal Reserve Bank or (2) a bank that is a member of the FDIC and that

has combined capital, surplus and undivided profits of not less than \$50,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

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

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

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

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

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

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

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

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

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

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

(k) such other investments as may be permitted under State and federal law, provided that such investments shall be made only for the purpose of preventing any Series A Bonds from becoming “arbitrage bonds” under Section 148 of the Code, and provided further that prior to such investment, the Trustee or University Representative, as the case may be, shall have obtained the written opinion of Bond Counsel that such investment will not affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

“Escrow Agreement” means the Escrow Agreement, dated as of even date with the Series B Trust Agreement, between the Commission, the University and the 2009 Trustee, as escrow trustee (the “Escrow Trustee”), as supplemented and amended from time to time relating to the Refunded 2009 Bonds.

“Escrow Fund” means the Escrow Fund created under the Escrow Agreement and, as applicable, the accounts therein.

“Event of Default” means an Event of Default as defined in the applicable Bond Document.

“Fitch” means Fitch Ratings.

“Forward Delivery Bond Purchase Agreement” means the Bond Purchase Agreement providing for the sale and purchase of the Series B Bonds between and among the Underwriter, the University and the Commission.

“Guaranties” means, together, the Series A Guaranty and the Series B Guaranty, each of which may also be referred to as a “Guaranty”.

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

“Improvement Fund” means the Improvement Fund created under the Series A Trust Agreement.

“Interest Payment Date” or “Interest Payment Dates” means June 1 and December 1 of each year, commencing (i) June 1, 2018 with respect to the Series A Bonds, and (ii) December 1, 2018 with respect to the Series B Bonds, or any other date on which any Bond Service Charges on the applicable Series shall be due and payable, whether at maturity, upon acceleration, call for redemption, or otherwise.

“Interest Rate for Advances” means a rate that is 1% per year in excess of the rate of interest that the principal bank affiliated with the Trustee announces from time to time as its prime or base lending rate, in its commercial lending capacity at its designated office in New Albany, Ohio, or, if it has no such rates, by the largest bank of which it is an affiliate as announced at its principal office, such rate changing automatically and immediately from time to time as of the effective date of each such announced change, provided that a successor trustee and an authorized officer of the Commission, on behalf of the Commission, may agree that the Interest Rate for Advances may be based on the prime or base lending rate of such successor trustee or on a bank designated by such successor trustee.

“Issuance Expenses Fund” means the applicable Issuance Expenses Fund created under a Trust Agreement.

“Leases” means, together, the Series A Lease and the Series B Lease, each of which may also be referred to as a “Lease”.

“Legal Requirements” means all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements (including but not limited to zoning, planning, building and environmental) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter (i) to the University or (ii) to the Project or any part thereof or any use or condition of the Project or any part thereof.

“Moody’s” means Moody’s Investors Service, Inc.

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

- (a) Bonds canceled upon surrender, exchange or transfer, or canceled because of payment or redemption on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money shall have been deposited and credited with the Trustee or any Paying Agents on or

prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided that, if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Holders of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

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

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

“Permitted Encumbrances” means, as of any particular time,

(a) the Base Leases, the Leases and any sublease of the Projects authorized by the Leases;

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

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

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

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

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

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

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

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

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

“Projects” means, together, the Series A Project and the Series B Project, with each being a “Project.”

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

“Project Site” means, for either Series, the real estate described in Exhibit B of the related Lease, together with any additions thereto and less any removals therefrom, in the manner and to the extent provided in the Lease and the related Trust Agreement.

“Rating Service” means Moody’s, S&P or Fitch, or their successors, or if any one of which shall be dissolved or no longer assigning credit ratings to long term debt, then any other nationally recognized entity assigning credit ratings to long term debt designated by an officer of the Commission.

“Rebate Fund” means the applicable Rebate Fund created under a Trust Agreement.

“Record Date” or “Regular Record Date” means, with respect to any Bond, the 15th day of the calendar month next preceding the month in which an Interest Payment Date applicable to that Bond occurs.

“Refunded 2009 Bonds” means the outstanding 2009 Bonds maturing on or after December 1, 2019, currently outstanding in the aggregate principal amount of \$53,720,000, to be refunded by the Series B Bonds.

“Register” means the books kept and maintained by the Registrar for the registration and transfer of Bonds pursuant to the respective Trust Agreements.

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

“Rental Payment Date” means the Business Day next preceding an Interest Payment Date.

“Rental Payments” means the amounts required to be paid by the University to the Trustee pursuant to the Leases and the Assignments.

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

“Revised Code” means the Revised Code of the State of Ohio.

“S&P” means S&P Global Ratings.

“SEC” means the Securities and Exchange Commission.

“Series” means, as the context requires, either of the Series A Bonds or the Series B Bonds.

“Series A Assignment” means the Assignment of Rights Under Lease relating to the Series A Bonds, dated as of April 1, 2018, from the Commission, as assignor, to the Trustee, as assignee, as amended or supplemented from time to time.

“Series A Base Lease” means the Base Lease relating to the Series A Bonds, dated as of April 1, 2018, between the University, as lessor, and the Commission, as lessee, as amended or supplemented from time to time.

“Series A Bond Documents” means the Series A Base Lease, the Series A Lease, the Series A Trust Agreement, the Series A Assignment, the Series A Guaranty, the Tax Agreement, the Series A Bond Purchase Agreement and the Continuing Disclosure Agreement.

“Series A Bonds” or “Series A Bond” means the \$69,110,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series A issued by the Commission pursuant to the Series A Trust Agreement, including any portion thereof or any beneficial interest therein, as applicable.

“Series A Bond Purchase Agreement” means the Bond Purchase Agreement providing for the sale and purchase of the Series A Bonds between and among the Underwriter, the University and the Commission.

“Series A Guaranty” means the Guaranty Agreement relating to the Series A Bonds, dated as of even date with the Series A Trust Agreement, between the University and the Trustee, as amended or supplemented from time to time.

“Series A Lease” means the Lease relating to the Series A Bonds, dated as of even date with the Series A Trust Agreement, between the Commission, as lessor, and the University, as lessee, as amended or supplemented from time to time.

“Series A Project” means the Project Facilities and the Project Site under the Series A Lease, including constructing, furnishing, equipping, acquiring and improving academic, research, dining, athletic, student residence, parking, administrative, technology, HVAC, library, safety and security and utility facilities, and all other related facilities and site acquisitions and improvements.

“Series A Trust Agreement” means the Trust Agreement, dated as of April 1, 2018, securing the Series A Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

“Series B Assignment” means the Assignment of Rights Under Lease relating to the Series B Bonds, dated as of September 1, 2018, from the Commission, as assignor, to the Trustee, as assignee, as amended or supplemented from time to time.

“Series B Base Lease” means the Base Lease relating to the Series B Bonds, dated as of September 1, 2018, between the University, as lessor, and the Commission, as lessee, as amended or supplemented from time to time.

“Series B Bond Documents” means the Series B Base Lease, the Series B Lease, the Series B Trust Agreement, the Series B Assignment, the Escrow Agreement, the Series B Guaranty, the Tax Agreement and the Forward Delivery Bond Purchase Agreement.

“Series B Bonds” or **“Series B Bond”** means the \$48,775,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series B issued by the Commission pursuant to the Series B Trust Agreement, including any portion thereof or any beneficial interest therein, as applicable.

“Series B Guaranty” means the Guaranty Agreement relating to the Series B Bonds, dated as of even date with the Series B Trust Agreement, between the University and the Trustee, as amended or supplemented from time to time.

“Series B Lease” means the Lease relating to the Series B Bonds, dated as of even date with the Series B Trust Agreement, between the Commission, as lessor, and the University, as lessee, as amended or supplemented from time to time.

“Series B Project” means the 2009 Project.

“Series B Trust Agreement” means the Trust Agreement, dated as of September 1, 2018, securing the Series B Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

“Special Funds” means, collectively, (a) as to the Series A Bonds, the Improvement Fund, the Bond Fund and any other funds or accounts permitted by, established under or identified in the Series A Trust Agreement or the Bond Legislation for such Series, except the related Rebate Fund and Issuance Expenses Fund and (b) as to the Series B Bonds, the Bond Fund and any other funds or accounts permitted by, established under or identified in the Series B Trust Agreement or the Bond Legislation for such Series, except the related Rebate Fund, Escrow Fund and Issuance Expenses Fund.

“Special Record Date” means, with respect to either Series, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to the Trust Agreement for such Series.

“State” means the State of Ohio.

“Tax Agreement” means the Tax Certificate and Agreement, dated the issuance date of the Series A Bonds, by and among the Commission, the University and the Trustee relating to the Bonds, as amended or supplemented from time to time.

“Trust Agreements” means, together, the Series A Trust Agreement and the Series B Trust Agreement, each of which may also be referred to as a “Trust Agreement”.

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

“Unassigned Rights” means the rights of the Commission under each Base Lease and Lease that are not assigned to the Trustee, consisting of the rights of the Commission (a) to receive Additional Payments, (b) to be held harmless and to be indemnified, (c) to be reimbursed for attorneys’ fees and expenses, to the extent permitted by law, (d) to give or withhold consent to amendments of the applicable Base Lease and Lease, (e) to enter into subsequent leases of the related Project as and to the extent provided for in the applicable Lease and (f) to enforce its unassigned rights.

“Underwriter” means Wells Fargo Bank, National Association.

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

“University Representative” means each of the individuals designated from time to time as the representative of the University for purposes of the Bond Documents.

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APPENDIX D-1
FORM OF OPINION OF BOND COUNSEL
(Series A Bonds)

Proposed Form of Bond Counsel Opinion
of Squire Patton Boggs (US) LLP

To: Wells Fargo Bank, National Association
New York, New York

Ohio Higher Educational Facility Commission
Columbus, Ohio

We have served as bond counsel to our client the Ohio Higher Educational Facility Commission (the “Commission”) in connection with the issuance by the Commission of \$69,110,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project) Series A, dated the date of this letter (the “Series A Bonds”) of the State of Ohio (the “State”).

The Series A Bonds are issued pursuant to Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code and the Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). The Series A Bonds are being issued for the purpose of providing funds to pay “project costs” of “educational facilities,” as those terms are defined in Section 3377.01 of the Revised Code. The educational facilities financed by the Series A Bonds constitute the “Project.” The Project has been leased by University of Dayton (the “University”), as lessor, to the Commission, as lessee, under the Base Lease dated as of April 1, 2018 (“Base Lease”) and has been leased back to the University under the Lease dated as of April 1, 2018 (the “Lease”) between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease dated as of April 1, 2018 (the “Assignment”), the Commission has assigned to the Trustee for the benefit of the holders of the Series A Bonds substantially all of its rights under the Lease, including the Rental Payments to be made by the University. Pursuant to the Assignment, the Commission, effective solely upon an event of default under the Lease, also has assigned to the Trustee for the benefit of the Holders of the Series A Bonds, substantially all of the rights in the Base Lease. Capitalized terms not otherwise defined in this letter are used as defined in the Lease.

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

The Commission has authorized the issuance of and sold, and is expected to issue on or about September 4, 2018, its Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project) Series B (the “Series B Bonds”), for the benefit of the University. The Series A Bonds and the Series B Bonds will be treated as a single issue of bonds for purposes of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”).

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

1. The Trust Agreement, the Base Lease, the Lease and the Assignment are valid and binding obligations of the Commission, enforceable in accordance with their respective terms. The Series A Bonds are valid and binding obligations of the State in accordance with their terms.
2. The Series A Bonds constitute special obligations of the State, and the principal of and interest and any premium on (collectively, “debt service”) the Series A Bonds are payable solely from the revenues and other money assigned by the Trust Agreement and the Assignment to pay debt service.

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

3. Interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series A Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, any thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018). Interest on, and any profit made on the sale, exchange or other disposition of, the Series A Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Series A Bonds.

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

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

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

The foregoing opinion as to federal tax matters concerning the Series A Bonds also will be dependent upon the accuracy of certain representations and certifications, and continuing compliance with certain covenants, that will be required to be made by the Commission and the University in connection with the issuance of the Series B Bonds and that will be intended to evidence and assure that the Series B Bonds and the Series A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes.

In addition, in rendering those opinions with respect to the treatment of the interest on the Series A Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinion of Porter, Wright, Morris & Arthur LLP, counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code and the use of the facilities financed with the Series A Bonds and the Series B Bonds in activities that are not considered "unrelated trade or business" activities of the University, as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. Failure of the University to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Series A Bonds and the Series B Bonds in a manner that is substantially related to the University's charitable purpose under Section 513(a) of the Code, may cause interest on the Series A Bonds to be included in gross income retroactively to the date of the issuance of the Series A Bonds.

The rights of the owners of the Series A Bonds and the enforceability of the Series A Bonds, the Trust Agreement, the Base Lease, the Lease and the Assignment are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance of the Series A Bonds has concluded upon delivery of this letter.

Respectfully submitted,

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APPENDIX D-2
FORM OF OPINION OF BOND COUNSEL
(Series B Bonds)

Proposed Form of Bond Counsel Opinion
of Squire Patton Boggs (US) LLP

To: Wells Fargo Bank, National Association
New York, New York

Ohio Higher Educational Facility Commission
Columbus, Ohio

We have served as bond counsel to our client the Ohio Higher Educational Facility Commission (the “Commission”) in connection with the issuance by the Commission of \$48,775,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project) Series B, dated the date of this letter (the “Series B Bonds”) of the State of Ohio (the “State”).

The Series B Bonds are issued pursuant to Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code and the Trust Agreement, dated as of September 1, 2018 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). The Series B Bonds are being issued for the purpose of providing funds to refund bonds issued to pay “project costs” of “educational facilities,” as those terms are defined in Section 3377.01 of the Revised Code. The educational facilities financed by the Series B Bonds constitute the “Project.” The Project has been leased by University of Dayton (the “University”), as lessor, to the Commission, as lessee, under the Base Lease dated as of September 1, 2018 (“Base Lease”) and has been leased back to the University under the Lease dated as of September 1, 2018 (the “Lease”) between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease dated as of September 1, 2018 (the “Assignment”), the Commission has assigned to the Trustee for the benefit of the holders of the Series B Bonds substantially all of its rights under the Lease, including the Rental Payments to be made by the University. Pursuant to the Assignment, the Commission, effective solely upon an event of default under the Lease, also has assigned to the Trustee for the benefit of the Holders of the Series B Bonds, substantially all of the rights in the Base Lease. Capitalized terms not otherwise defined in this letter are used as defined in the Lease.

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

The Commission has authorized the issuance of and sold, and issued on April 25, 2018, its Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project) Series A (the “Series A Bonds”), for the benefit of the University. The Series A Bonds and the Series B Bonds are treated as a single issue of bonds for purposes of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”).

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

1. The Trust Agreement, the Base Lease, the Lease and the Assignment are valid and binding obligations of the Commission, enforceable in accordance with their respective terms. The Series B Bonds are valid and binding obligations of the State in accordance with their terms.
2. The Series B Bonds constitute special obligations of the State, and the principal of and interest and any premium on (collectively, “debt service”) the Series B Bonds are payable solely from the revenues and other money assigned by the Trust Agreement and the Assignment to pay debt service.

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

3. Interest on the Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series B Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, any thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018). Interest on, and any profit made on the sale, exchange or other disposition of, the Series B Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Series B Bonds.

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

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

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

The foregoing opinion as to federal tax matters concerning the Series B Bonds also will be dependent upon the accuracy of certain representations and certifications, and continuing compliance with certain covenants, that were made by the Commission and the University in connection with the issuance of the Series A Bonds and that are intended to evidence and assure that the Series A Bonds and the Series B Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes.

In addition, in rendering those opinions with respect to the treatment of the interest on the Series B Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinion of Porter, Wright, Morris & Arthur LLP, counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code and the use of the facilities financed with the Series B Bonds and the Series A Bonds in activities that are not considered "unrelated trade or business" activities of the University, as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. Failure of the University to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Series B Bonds and the Series A Bonds in a manner that is substantially related to the University's charitable purpose under Section 513(a) of the Code, may cause interest on the Series B Bonds to be included in gross income retroactively to the date of the issuance of the Series B Bonds.

The rights of the owners of the Series B Bonds and the enforceability of the Series B Bonds, the Trust Agreement, the Base Lease, the Lease and the Assignment are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance of the Series B Bonds has concluded upon delivery of this letter.

Respectfully submitted,

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APPENDIX E BOOK-ENTRY SYSTEM

Payment of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Bonds are not in a book-entry-only system, payment of principal of and interest on the Bonds will be made as described in the Trust Agreement and summarized in the Offering Circular.

The ownership of one fully registered Bond for each maturity in the aggregate principal amount of such maturity will be registered in the name of Cede & Co., as nominee for DTC. In the event that (1) DTC resigns as securities depository for the Bonds, after giving reasonable notice thereof to the Commission or the Trustee, or (2) the Commission, at the request of the University, determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interest of the Beneficial Owners (hereinafter defined) of the Bonds, the University or the Commission, then the Commission may, at the request of the University, discontinue the book-entry system with DTC. If the Commission and the University does not establish a relationship with another qualified securities depository to replace DTC, the Commission will execute and the Trustee will authenticate and deliver replacement Bonds in the form of fully registered certificates. If no qualified securities depository is the registered owner of the Bonds, the Paying Agent will pay interest to the Beneficial Owners by check mailed to the person registered at the close of business on the Regular Record Date as owner of the Bonds. Principal of and premium, if any, on the Bonds are payable upon presentation at the principal corporate trust office of the Paying Agent. Upon the issuance of replacement Bonds, the Trustee and the Registrar may require the payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to the issuance of such replacement Bond.

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal, premium, if any, and interest on the Bonds to DTC, its nominee, Participants, defined below, or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

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

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

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

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

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

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

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

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

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

The Commission, at the request of the University, may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, either a successor securities depository will be selected by the Commission or Bond certificates will be printed (or otherwise produced) and delivered to DTC.

The information above in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Commission and the University believe to be reliable, but neither the Commission nor the University take responsibility for the accuracy thereof.

Neither the Commission, the University, the Registrar, the Paying Agent nor the Trustee will have responsibility or obligations to the Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, (2) the payment by DTC to any Participant, or by any Participant or Indirect Participant of any amount due to any Beneficial Owner, in respect of the principal of, premium, if any, or interest on the Bonds, (3) the delivery or timeliness of delivery by DTC to any Participant, or by any Participant or Indirect Participant of any notice to any Beneficial Owner, that is required or permitted under the terms of the Trust Agreement, (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds, or (5) any consent given or other action taken by DTC as the registered bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Offering Circular to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners and the Trustee will treat Cede & Co. as the only Holders of Bonds for all purposes under the Trust Agreement.

The Commission may enter into amendments to the agreement with DTC, or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.

While in book-entry form, transfers of beneficial ownership of Bonds will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and DTC Participants. If the book-entry system is discontinued, Bonds may be transferred or exchanged by delivery to the Registrar of a satisfactory written instrument of transfer executed by the Owner of the Bonds or his attorney or legal representative duly authorized in writing. The Commission, the Trustee, and the Registrar are not required to transfer or exchange any Bond (i) during a period beginning at the opening of business 15 days prior to the selection of the Bonds to be redeemed or (ii) for which notice of redemption has been given in accordance with the Trust Agreement. For every transfer and exchange of the Bonds, the Registrar may charge the Owner a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and the charges of the Registrar.

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APPENDIX F
PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of April 1, 2018 (the “Agreement”), is made by and between the University of Dayton, a nonprofit corporation duly organized and validly existing under the laws of the State of Ohio and qualified to do business in the State of Ohio (together with its lawful successors and permitted assigns, the “University”), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, with its designated corporate trust office initially located in New Albany, Ohio, as Trustee, for the benefit of the Holders and Beneficial Owners from time to time of the \$69,110,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series A (the “Series A Bonds”) and the \$48,775,000 State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series B (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”) authorized by Resolution No. 2018-03 adopted by the Ohio Higher Educational Facility Commission (the “Commission”) on March 21, 2018 (the “Bond Resolution”), under the circumstances set forth in the following recitals (with each capitalized term used but not otherwise defined herein having the meaning assigned to it in Section 1).

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

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

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

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

E. The Series A Bonds will be issued and sold on April 25, 2018, and the Series B Bonds will be issued and sold on September 4, 2018.

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

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

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

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

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

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

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

“Filing Date” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding Business Day if that day is not a Business Day), beginning March 31, 2019.

“Fiscal Year” means the fiscal year of the University, presently a 12-month period ending June 30, which may be changed by the University from time to time.

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

“Leases” means, together, the Series A Lease and the Series B Lease, each of which may also be referred to as a “Lease.”

“MSRB” means the Municipal Securities Rulemaking Board.

“Notice Address” means:

- | | |
|---------------------------|--|
| (a) as to the Trustee: | The Bank of New York Mellon
Trust Company, N.A.
6525 West Campus Oval
Suite 200
New Albany, Ohio 43054
Attn: Corporate Trust Department |
| (b) as to the University: | University of Dayton
300 College Park
Dayton, Ohio 45469
Attn: President
with copy to Vice President for Finance and
Administration |

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

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

“Offering Circular” means the Offering Circular for the Bonds dated April 18, 2018.

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

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

“Series A Trust Agreement” means the Trust Agreement, dated as of April 1, 2018, securing the Series A Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

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

“Series B Trust Agreement” means the Trust Agreement, dated as of September 1, 2018, securing the Series B Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

“Series of the Bonds” means, as applicable, either the Series A Bonds or the Series B Bonds.

“Specified Events” means any of the events with respect to either Series of the Bonds as set forth in Section 6.

“Trust Agreements” means, together, the Series A Trust Agreement and the Series B Trust Agreement, each of which may also be referred to as a “Trust Agreement.”

“Underwriter” means Wells Fargo Bank, National Association, the Original Purchaser of the Bonds and a “Participating Underwriter” with respect to the Bonds under the Rule.

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

Section 2. Purpose of this Continuing Disclosure Agreement. Pursuant to each of the Leases, this Agreement is being signed and delivered by the University and the Trustee, for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule. The University and the Trustee acknowledge that the Commission has undertaken no responsibility with respect to any Annual Filings, reports, notices or disclosures provided or required under this Agreement, and has no liability to any Person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

Section 3. Provision of Annual Information; Audited Financial Statements.

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

(b) If the University is unable to provide to the MSRB and the Trustee an Annual Filing by the Filing Date, the University shall, in a timely manner, send a notice to the MSRB and the Trustee in an electronic format as prescribed by the MSRB (“Notice of Inability to File”).

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

(a) Financial information and operating data of the type included in APPENDIX A of the Offering Circular under the captions “Research at the University,” “Faculty and Employees,” “Retirement Plans,” “Insurance,” “Enrollment & Admissions,” “Tuition, Fees and Room and Board,” “Financial Aid,” “Budget Procedures,” “Certain Financial Information,” “Gifts, Grants and Bequests,” “Long-Term Investments, Endowment and Liquidity” and (to the extent not presented in the University’s Audited Financial Statements) “Financial Obligations.”

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

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

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

Section 5. Role of Trustee.

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

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

Section 6. Reporting of Specified Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (a)
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security (*i.e.*, the Bonds), or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers; (b)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material; (c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.
- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Note:

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

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

(b) The Trustee shall promptly notify the Authorized Disclosure Representative upon obtaining actual knowledge of an occurrence which may require the University to report a Specified Event (other than a nonpayment related default, the giving of a notice of optional redemption of any Bonds or defeasance of Series of the Bonds or any provision thereof) provided, however, that the failure of the Trustee so to notify the Authorized Disclosure Representative shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Trust Agreement and the Trustee shall not incur any liability for any such failure. The Trustee shall have no responsibility to file any notice of such Specified Events unless directed in writing to do so by the University and provided with a copy of such notice.

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

Section 8. Amendments. The University reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the University or type of business conducted by the University. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the University shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the University that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the University shall provide notice of such change in the same manner as for a Specified Event under Section 6 and (B) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Termination. The obligations of the University under this Agreement shall remain in effect only for such period that (a) either Series of the Bonds are outstanding in accordance with their terms and (b) the University remains an Obligated Person with respect to either Series of the Bonds within the meaning of the

Rule, subject to the survival of certain provisions to the extent expressly provided in Section 12. The obligation of the University to provide the Annual Filing and notices of Specified Events set forth in Section 6 shall terminate, if and when the University no longer remains an Obligated Person with respect to either Series of the Bonds. If any person, other than the University, becomes an Obligated Person relating to either Series of the Bonds, the University shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Section 10. University: Dissemination Agent. The University represents that it will be the only Obligated Person with respect to the Bonds at the time the Bonds are delivered by the Commission to the Underwriter. Either the University or the Trustee may, from time to time, appoint or engage an agent to act on its behalf in performing its obligations under this Agreement and may discharge any such agent, with or without appointing a successor; provided that neither the University nor the Trustee shall be relieved in any respect by appointment of an agent from primary liability for the performance of its obligations under this Agreement. An agent may resign by providing 30 days' written notice to the University and the Trustee.

Section 11. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the University or the Trustee shall be limited, to the extent permitted by law and as hereinafter provided, to a right of Holders and Beneficial Owners, or the Trustee, to institute and maintain, or cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the University or the Trustee, as applicable, of its obligations under this Agreement in a court in Montgomery County, Ohio. Any individual Holder or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the University or the Trustee, as applicable, to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require the University to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) with respect to either Series of the Bonds may be instituted and maintained only by the Trustee, which may institute and maintain any such proceedings in its discretion and shall do so, subject to the same conditions, protections, limitations and procedures that would apply under the applicable Trust Agreement if the breach were an Event of Default under the Trust Agreement, at the direction of Holders of at least 25% in aggregate principal amount of the applicable Series of the Bonds then outstanding. Any failure of the University or the Trustee to comply with the provisions of this Agreement shall not be a default or failure, or an Event of Default, under the Lease, the Guaranty Agreement or the Trust Agreement. No Person or entity shall be entitled to recover monetary damages under this Agreement.

Section 12. Performance by the Trustee: Compensation.

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

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

(c) The obligations of the University under this Section shall survive resignation or removal of the Trustee and termination of other provisions of this Agreement pursuant to Section 9.

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

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

Section 13. Notices. Except as otherwise expressly provided in this Agreement, it shall be sufficient service or giving of any notice to the parties hereto, if that notice is either mailed by first class mail, postage prepaid, addressed to the relevant party at its Notice Address, or transmitted by facsimile transmission addressed to the relevant party at its number for receipt of facsimile transmissions set forth in its Notice Address. The University and the Trustee may designate from time to time, by notice given hereunder, any further or different addresses (including facsimile transmission numbers) to which any subsequent notice shall be sent.

Section 14. Recordkeeping. The University shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

Section 15. Assignment. The University may assign its obligations under this Agreement only in connection with the assignment of its obligations under and in accordance with the provisions of any contractual commitment or other arrangement to support payment of all or any part of the Bonds, including without limitation the Leases; provided that the University shall not assign its obligations under this Agreement so long as it remains an Obligated Person with respect to either Series of the Bonds and except to the assignee of its obligations under any such contractual commitment or other arrangement to support payment of the Bonds. The University may assign its obligations under any such contractual commitment or other arrangement, without remaining primarily liable for the performance of those obligations, only if the assignee of the University assumes its obligations under this Agreement. Any assignment by the University of its obligations under this Agreement shall not be effective unless and until the assignee of the University shall have expressly assumed in writing, for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, by an instrument in form and substance satisfactory to the Trustee, the obligations of the University under this Agreement or enters into a new agreement for purposes of the Rule that is substantially similar to the undertaking of the University under this Agreement.

Section 16. Beneficiaries. This Agreement shall inure solely to the benefit of the Commission, the University, the Trustee and the Holders and Beneficial Owners from time to time of the Bonds, and any official, employee or agent thereof acting for and on its behalf, and shall not create any rights in any other person or entity.

Section 17. Severability. In case any section or provision of this Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any

application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 18. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 19. Governing Law. This Agreement shall be deemed to be an agreement made under the laws of the State of Ohio and for all purposes shall be governed by and construed in accordance with the laws of the State of Ohio.

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

UNIVERSITY OF DAYTON

By: _____
Vice President for Finance and
Administration

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

By: _____
Vice President

\$ _____
State of Ohio
Higher Educational Facility Revenue Bonds
(University of Dayton 2018 Project),
Series [A/B]

**NOTICE TO UNIVERSITY OF FAILURE
TO FILE ANNUAL INFORMATION**

TO: Vice President for Finance and Administration
University of Dayton

The undersigned, as the trustee under the Trust Agreement, dated as of [April / September] 1, 2018, securing the captioned bonds (the “Bonds”), and as a party to the Continuing Disclosure Agreement, dated as of April 1, 2018 (the “Agreement”), between the undersigned and University of Dayton, an Ohio nonprofit corporation (the “University”), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that the University, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Filing or Notice of Inability to File that is required under the Agreement to be so provided not later than _____. The Annual Filing is required under the Agreement to be provided or caused to be provided both to the undersigned and to the MSRB not later than that date.

Dated: _____

By: _____
Title: _____

\$ _____
State of Ohio
Higher Educational Facility Revenue Bonds
(University of Dayton 2018 Project),
Series [A/B]

**SECOND NOTICE TO UNIVERSITY OF FAILURE
TO FILE ANNUAL INFORMATION**

TO: Vice President for Finance and Administration
University of Dayton

The undersigned, as the trustee under the Trust Agreement, dated as of [April / September] 1, 2018, securing the captioned bonds (the "Bonds"), and as a party to the Continuing Disclosure Agreement dated as of April 1, 2018 (the "Agreement"), between the undersigned and University of Dayton, an Ohio nonprofit corporation (the "University"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that the University, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Filing or Notice of Inability to File that is required under the Agreement to be so provided not later than _____.

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

Dated: _____

By: _____
Title: _____

\$ _____
 State of Ohio
 Higher Educational Facility Revenue Bonds
 (University of Dayton 2018 Project),
 Series [A/B]

**NOTICE TO MSRB OF FAILURE
 TO TIMELY FILE ANNUAL INFORMATION**

TO: MSRB

The undersigned, as the trustee under the Trust Agreement, dated as of [April / September] 1, 2018, securing the captioned bonds (the “Bonds”), and as a party to the Continuing Disclosure Agreement, dated as of April 1, 2018 (the “Agreement”), between the undersigned and University of Dayton, an Ohio nonprofit corporation (the “University”), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that:

[1. The University, as of the date of this notice, has not provided or caused to be provided to the Trustee the Annual Filing for its Fiscal Year that ended June 30, 20__ and has not provided any written evidence to the Trustee concerning the timeliness of its Annual Filing with the MSRB. That Annual Filing was required under the Agreement to be provided to the Trustee and the MSRB not later than _____]

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

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

Dated: _____

By: _____
 Title: _____

cc:

\$ _____
State of Ohio
Higher Educational Facility Revenue Bonds
(University of Dayton 2018 Project),
Series [A/B]

DESIGNATION OF AUTHORIZED DISCLOSURE REPRESENTATIVE

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

The undersigned hereby designates, pursuant to the Continuing Disclosure Agreement between University of Dayton and The Bank of New York Mellon Trust Company, N.A., dated as of April 1, 2018, the individuals listed below as Authorized Disclosure Representative and Alternate[s], respectively, and certifies that the signatures opposite the name of each individual is the true signature of that individual.

Authorized Disclosure Representative

Signature

Name and Title

Alternate

Name and Title

Alternate

Name and Title

Dated: _____

By: _____

Title:

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APPENDIX G

FORM OF DELAYED DELIVERY CONTRACT

Wells Fargo Bank, National Association
550 South Tryon Street, 4th Floor
Charlotte, North Carolina 28202
Attention: Municipal Syndicate Desk

\$48,775,000

STATE OF OHIO

HIGHER EDUCATIONAL FACILITY REVENUE BONDS

(UNIVERSITY OF DAYTON 2018 PROJECT)

SERIES B

Ladies and Gentlemen:

The undersigned (the “Purchaser”) hereby agrees to purchase from the above-referenced underwriter (the “Underwriter”), when, as, and if issued and delivered to the Underwriter by the Ohio Higher Educational Facility Commission (the “Commission”), and the Underwriter agrees to sell to the Purchaser State of Ohio Higher Educational Facility Revenue Bonds (University of Dayton 2018 Project), Series B (the “Series B Bonds”) described as follows:

<u>Par Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Yield</u>	<u>Price</u>
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(the “Purchased Bonds”) offered by the Commission under the Preliminary Offering Circular, dated April 11, 2018 (the “Preliminary Offering Circular”), and the Offering Circular, dated the date of sale of the Series B Bonds (the “Offering Circular”), relating to the Series B Bonds, at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. The Series B Bonds are being purchased by the Underwriter pursuant to a Bond Purchase Agreement, dated the date of sale of the Series B Bonds (the “Bond Purchase Agreement”), among the Ohio Higher Educational Facility Commission, the University of Dayton (the “University”), and the Underwriter. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Offering Circular.

The Purchaser hereby confirms that it has reviewed the Preliminary Offering Circular and the Offering Circular (including, without limitation, the information under the caption “**CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES B BONDS**” therein), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a “forward” or “delayed delivery” basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Underwriter on or about September 4, 2018 (the “Series B Settlement Date”) as they may be issued and delivered in accordance with the Bond Purchase Agreement.

Payment for the Purchased Bonds shall be made to the Underwriter or upon its order on the Series B Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriter be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the Commission does not for any reason issue and deliver the Purchased Bonds.

Upon issuance by the Commission of the Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional unless the Underwriter

terminates the Bond Purchase Agreement and its obligation thereunder to purchase the Series B Bonds on the Series B Settlement Date for re-sale to the Purchaser. The Bond Purchase Agreement may be terminated if either (1) any of the closing conditions to the Settlement set forth in the Bond Purchase Agreement (including, without limitation, the delivery of required legal opinions and certificates) are not satisfied at or prior to the Settlement, or (2) after the date of this Delayed Delivery Contract and prior to the Series B Settlement Date, any of the following occur:

- (a) Bond Counsel fails to deliver an opinion letter on the Series B Settlement Date substantially in the form set forth as APPENDIX D-2 to the Offering Circular for any reason;
- (b) Counsel to the Underwriter fails to deliver its opinions that the Series B Bonds will be exempt securities under the Securities Act of 1933, as amended (the “1933 Act”) and it is not necessary in connection with the offering and sale of the Series B Bonds to register the Series B Bonds under the 1933 Act, and that it is not necessary in connection with the offering and sale of the Series B Bonds to qualify the Series B Bonds or the Trust Agreement under the Trust Indenture Act of 1939, as amended, for any reason;
- (c) A stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter shall have been issued or made or any other event occurs the effect of which, in the opinion of counsel to the Underwriter, is that the offering, issuance or sale of the Series B Bonds as contemplated in the Offering Circular is or would be in violation of any provision of the federal securities laws, including without limitation the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended;
- (d) Any fact, condition or circumstance exists that, but for the passage of time or giving of notice or both, would constitute an Event of Default under the Trust Agreement or the Lease Agreement upon the execution and effectiveness thereof; or
- (e) The Underwriter determines that, in its reasonable opinion, the Offering Circular contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which untrue statement or omission has not been addressed by an amendment or supplement to the Offering Circular in a form and in a manner approved by the Underwriter.

If a change in law involves the enactment of legislation which only diminishes the value, as opposed to eliminating the exclusion from gross income for federal income tax purposes, of interest payable on “state or local bonds,” the Commission may, nonetheless, be able to satisfy the requirements for the delivery of the Series B Bonds. In such event, the Purchaser would be required to accept delivery of the Purchased Bonds from the Underwriter.

The Purchaser acknowledges and agrees that it is obligated to take up and pay for the Purchased Bonds on the Series B Settlement Date unless the Underwriter terminates the Bond Purchase Agreement. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after Settlement. The Purchaser is not a third party beneficiary under the Bond Purchase Agreement and has no rights to enforce, or cause the Underwriter to enforce, any of the terms thereof. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take delivery of and pay for the Purchased Bonds on the Series B Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Series B Bonds between the date hereof and Settlement, so long as the Series B Bonds are rated investment grade by at least one of the Rating Agencies and the Series B Bonds are not rated below investment grade by any Rating Agency rating the Series B Bonds as of the Series B Settlement Date, and (b) changes in the financial condition, operations, performance, properties or prospects of the University from the date hereof to the Series B Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell Purchased Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Underwriter is entering into the Bond Purchase Agreement to purchase the Series B Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Delayed Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is so mailed or delivered to the Purchaser. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

[Signature Page Follows]

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

Purchaser

Address

Telephone

By: _____

Name: _____

Title: _____

Accepted by the Underwriter:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

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