**NEW ISSUE**
**Book-Entry Only**

**RATINGS**
**Moody's: Aaa**
**Standard & Poor's: AAA**
**(See "Ratings" herein)**

*In the opinion of Ice Miller LLP, Bond Counsel, conditioned on continuing compliance with the Tax Covenants (as hereafter defined) under existing laws, judicial decisions, regulations and rulings, the interest on the Series 2016A Certificates (as hereinafter defined) is excludable from gross income for purposes of federal income tax pursuant to Section 103 of the Internal Revenue Code of 1986 as amended, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, under existing laws, interest on the Series 2016A Certificates is exempt from income taxation in the State of Indiana (the "State"), for all purposes except the State financial institutions tax. See "TAX MATTERS," "CERTIFICATE PREMIUM," and APPENDIX D herein.*

# $85,120,000
# Certificates of Participation, Series 2016A

PURDUE UNIVERSITY

Evidencing a Proportionate Interest of Owners Thereof in Lease Payments to Be Made by

## The Trustees of Purdue University, as Lessee

**Dated: Date of Delivery** **Due: July 1, as shown on the inside cover hereof**

The Certificates of Participation, Series 2016A (the "Series 2016A Certificates") are issuable only as fully registered certificates and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2016A Certificates will be made in book-entry form in the denomination of $5,000 or any integral multiple of that sum. Purchasers of beneficial interests in the Series 2016A Certificates (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Series 2016A Certificates. See "THE SERIES 2016A CERTIFICATES -- Book-Entry Only System."

Interest components of the Series 2016A Certificates, at the rates set forth on the inside cover, are payable on January 1, 2017 and on each July 1 and January 1 thereafter, and such interest, together with the principal of and premium, if any, represented by the Series 2016A Certificates, will be paid directly to DTC by the Trustee (as hereinafter defined), so long as DTC or its nominee is the registered owner of the Series 2016A Certificates. The final disbursements of such payments to the Beneficial Owners of the Series 2016A Certificates will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described in this Official Statement under the caption "THE SERIES 2016A CERTIFICATES -- Book-Entry Only System."

Certain Series 2016A Certificates are subject to redemption prior to maturity as described in this Official Statement. See "THE SERIES 2016A CERTIFICATES -- Optional Redemption."

The Series 2016A Certificates are being sold (i) to finance a portion of the costs of certain athletic facilities (collectively, the "2016A Project") leased to the Corporation (as defined below) by the Ross-Ade Foundation, as lessor (the "Foundation"), and (ii) to refund a portion of prior certificates of participation issued to finance and refinance certain separate and distinct athletic facilities (collectively, the "2009 Project") previously leased to the Corporation by the Foundation, as lessor. See "PLAN OF FINANCE" and "PLAN OF REFUNDING." The Series 2016A Certificates will be issued pursuant to a Trust Indenture dated as of May 15, 2016 (the "2016A Indenture") which supplements and amends a Trust Indenture dated as of November 15, 1996 (the "1996 Indenture"), a Trust Indenture dated as of November 15, 2006 (the "2006 Indenture"), a Trust Indenture dated as of August 15, 2009 (the "2009 Indenture"), a Trust Indenture dated as of February 15, 2011 (the "2011 Indenture") and a Trust Indenture dated as of February 15, 2014 (the "2014A Indenture") (collectively, the "Indenture") between The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and the Foundation. The 2016A Project will be constructed by the Foundation and leased to The Trustees of Purdue University (the "Corporation" or "Lessee") pursuant to an Amendment dated as of May 15, 2016 to the Lease-Purchase and Sublease Agreement dated as of August 15, 2009 (the "2016A Amendment").

The Series 2016A Certificates and any additional certificates issued pursuant to the Indenture on a parity therewith (collectively, the "Parity Certificates") evidence an undivided proportionate interest in rental payments (the "Lease Payments") payable by the Corporation pursuant to the 2016A Amendment and any additional lease-purchase agreements between the Corporation, as lessee, and the Foundation, as lessor, assigned to the Trustee. The Parity Certificates are special obligations, payable solely from and secured exclusively by certain property pledged thereto under the Indenture, including the Lease Payments under the Leases (defined herein). The Lease Payments under the Leases are payable from all available funds of the Corporation which may be lawfully used for that purpose, excluding mandatory student fees and appropriations from the State of Indiana (the "State"). See "SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2016A CERTIFICATES."

*Neither the faith and credit of the Corporation or the State nor the taxing power of the State is pledged for the payment of principal of or interest on the Series 2016A Certificates. Neither the Series 2016A Certificates nor the Leases constitute a debt of the Corporation or the State within the meaning of any constitutional or statutory debt limitation or restriction.*

The Series 2016A Certificates will mature in the years and bear interest at the rates set forth on the inside cover hereof.

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

The Series 2016A Certificates are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, to approval of certain legal matters by Ice Miller LLP, Indianapolis, Indiana, as Bond Counsel, and to certain other conditions. Certain legal matters are subject to the approval of Stuart & Branigin LLP, Lafayette, Indiana, counsel to the Corporation and the Foundation. Ice Miller LLP, Indianapolis, Indiana, will also serve as Disclosure Counsel. Barnes & Thornburg LLP, Indianapolis, Indiana, will serve as Underwriters' Counsel. Blue Rose Capital Advisors, LLC, will serve as Financial Advisor to the Corporation. It is expected that the Series 2016A Certificates in definitive form will be available for delivery to DTC in New York, New York, on or about June 15, 2016.

**BofA Merrill Lynch**

**Loop Capital Markets** **City Securities Corporation**

Official Statement Dated: May 13, 2016

## MATURITY SCHEDULE

### Series 2016A Certificates

| Maturing July 1 | Principal Amount | Interest Rate | Price | Yield | CUSIP |
|---|---|---|---|---|---|
| 2018 | $1,680,000 | 5.000% | 108.648% | 0.730% | 746173FY4 |
| 2019 | 1,765,000 | 5.000 | 112.445 | 0.850 | 746173FZ1 |
| 2020 | 3,805,000 | 5.000 | 115.945 | 0.970 | 746173GA5 |
| 2021 | 3,995,000 | 5.000 | 119.085 | 1.100 | 746173GB3 |
| 2022 | 4,190,000 | 5.000 | 121.895 | 1.230 | 746173GC1 |
| 2023 | 4,400,000 | 5.000 | 124.524 | 1.340 | 746173GD9 |
| 2024 | 4,615,000 | 5.000 | 126.602 | 1.480 | 746173GE7 |
| 2025 | 4,815,000 | 5.000 | 128.522 | 1.600 | 746173GF4 |
| 2026 | 5,055,000 | 5.000 | 129.923 | 1.740 | 746173GG2 |
| 2027 | 5,305,000 | 5.000 | 128.540* | 1.870* | 746173GH0 |
| 2028 | 5,570,000 | 4.000 | 117.619* | 2.050* | 746173GJ6 |
| 2029 | 5,795,000 | 4.000 | 116.631* | 2.150* | 746173GK3 |
| 2030 | 6,030,000 | 5.000 | 126.551* | 2.060* | 746173GL1 |
| 2031 | 6,325,000 | 5.000 | 125.931* | 2.120* | 746173GM9 |
| 2032 | 3,260,000 | 4.000 | 114.204* | 2.400* | 746173GN7 |
| 2033 | 3,390,000 | 4.000 | 113.630* | 2.460* | 746173GP2 |
| 2034 | 3,525,000 | 5.000 | 124.294* | 2.280* | 746173GQ0 |
| 2035 | 3,705,000 | 4.000 | 112.305* | 2.600* | 746173GR8 |
| 2036 | 3,850,000 | 5.000 | 123.082* | 2.400* | 746173GS6 |
| 2037 | 4,045,000 | 4.000 | 111.276* | 2.710* | 746173GT4 |

* Priced to par call on July 1, 2026

**THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.**

**No dealer, broker, salesman or any other person has been authorized by the Corporation, Foundation or the Underwriters to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Corporation, Foundation or the Underwriters. Certain information in this Official Statement has been obtained from the Corporation or Foundation and other sources considered to be reliable, but is not guaranteed as to accuracy or completeness. Any information or expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the Corporation or Foundation since the date of this Official Statement.**

**This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2016A Certificates in any jurisdiction in which or to any person to whom it is unlawful to make such offer, solicitation or sale.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016A CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**UPON ISSUANCE, THE SERIES 2016A CERTIFICATES WILL NOT BE REGISTERED BY THE CORPORATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW OR REGULATION, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE.**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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## OFFICIAL STATEMENT

**$85,120,000**
**Certificates of Participation,**
**Series 2016A**

**Evidencing a Proportionate Interest of**
**Owners Thereof in Lease Payments to Be Made by**

**THE TRUSTEES OF PURDUE UNIVERSITY, AS LESSEE**

## INTRODUCTION

This Official Statement, including the cover page, the inside cover page and the Appendices (the "Official Statement") is provided to furnish certain information with respect to the sale and delivery of Certificates of Participation, Series 2016A (the "Series 2016A Certificates"), evidencing an undivided proportionate interest of the registered owners of such Series 2016A Certificates in rental payments (the "Lease Payments") to be made by The Trustees of Purdue University, as lessee (the "Corporation" or "Lessee"), as the rental for certain real and personal property (the "Leased Property") pursuant to (i) an Amendment dated as of May 15, 2016 to a Lease-Purchase and Sublease Agreement dated as of August 15, 2009 (the "2016A Amendment"), and (ii) certain other lease purchase agreements (as further described herein) pursuant to which the Projects (as defined herein) have been or will be financed and refinanced, all of which have been or will be assigned to the Trustee (as hereinafter defined) under a Trust Indenture dated as of November 15, 1996 (the "1996 Indenture"), as supplemented and amended by a Trust Indenture dated November 15, 2006 (the "2006 Indenture"), as supplemented and amended by a Trust Indenture dated September 9, 2009 (the "2009 Indenture"), as supplemented and amended by a Trust Indenture dated as of February 15, 2011 (the "2011 Indenture") and as supplemented and amended by a Trust Indenture dated as of February 15, 2014 (the "2014A Indenture"), all between the Corporation, as lessee, and the Ross-Ade Foundation, as lessor (the "Foundation" or "Lessor") (all of which are referred to collectively herein as the "Leases"). The Series 2016A Certificates will be delivered pursuant to a Trust Indenture dated as of May 15, 2016 (the "2016A Indenture"), between The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and the Lessor, which supplements and amends the 1996 Indenture, the 2006 Indenture, the 2009 Indenture, the 2011 Indenture, the 2014A Indenture and the 2016A Indenture. The 1996 Indenture, the 2006 Indenture, the 2009 Indenture, the 2011 Indenture, the 2014A Indenture and the 2016A Indenture (together with any further amendments or supplements thereto) are referred to collectively herein as the "Indenture". The Series 2016A Certificates, the Certificates of Participation, Series 2006 (the "Series 2006 Certificates"), the Taxable Certificates of Participation, Series 2009B (Build America Certificates – Direct Pay Option) (the "Series 2009 Certificates"), the Certificates of Participation, Series 2011 (Adjustable Demand) (the "Series 2011A Certificates"), the Certificate of Participation, Series 2014A (the "Series 2014A Certificate") and the Series 2016A Certificates are secured on a parity basis under the Indenture, and together with Additional Participation Certificates described below are referred to as "Parity Certificates".

The Corporation has entered into the Leases to finance the acquisition and construction of (i) parking facilities on its Fort Wayne campus, (ii) improvements to Ross-Ade Stadium on the Corporation's West Lafayette Campus, (iii) renovation of Mackey Arena and related and adjacent athletic improvements, (iv) a varsity softball stadium, related site work/infrastructure and associated facilities at the northwest athletic site on the West Lafayette campus, and (v) the Mollenkopf Athletic Center Renovation and Football Performance Complex Addition on the Corporation's West Lafayette campus (the "2016A Project" and, collectively, the "Projects"). See "THE PROJECTS."

The Lessor will execute, with respect to the 2016A Amendment, an Assignment of Amended Lease-Purchase (the "2016 Assignment") and has previously assigned certain Leases pledged pursuant to the 1996 Indenture, the 2006 Indenture, the 2009 Indenture, the 2011 Indenture and the 2014A Indenture (collectively, the "Assignments"). The Assignments transfer and assign all of the Lessor's rights in and obligations under the Leases to the Trustee for the benefit of the registered owners of all Parity Certificates. Under the Assignments, the Trustee will assume the rights and duties of the Lessor for all purposes of the Leases and the Lessor will have no continuing interest in, or responsibility with respect to, the Leases or the Leased Property or the Lease Payments under each Lease. However, the Lessor will retain its obligation to construct the 2016A Project under the 2016A Amendment.

The Trustee will make payments of the interest and principal represented by the Parity Certificates solely from moneys available under the Indenture, including Lease Payments required to be made by the Corporation under the Leases.

In general, the Corporation is required under the Leases to pay Lease Payments equal to the principal of and premium, if any, and interest on all Parity Certificates and the Trustee's fees related thereto. See "SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2016A CERTIFICATES -- Sources of Payment." The Corporation is also required to pay any taxes and assessments and the cost of maintenance and repair of the Leased Property. See, for example, "PARKING LEASE -- Additional Rental Payments and Other Charges" in APPENDIX C.

The Parity Certificates are special and limited obligations, payable solely from and secured exclusively by certain property pledged thereto under the Indenture, including (a) the interests of the Trustee in real estate subject to the Leases and (b) all right, title and interest of the Trustee in moneys and investments, if any, in the Certificate Fund, including the right to receive money in such funds, including Lease Payments by the Corporation under the Leases. The Corporation's obligation to make such Lease Payments is limited to funds legally available for that purpose and is subject to all prior liens on any such moneys. **STUDENT FEES AND STATE APPROPRIATIONS ARE NOT CONSIDERED TO BE AVAILABLE MONEYS FOR THESE PURPOSES.** See "SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2016A CERTIFICATES."

For a discussion of the Corporation, its programs, campuses, students, faculty, sources of revenues and financial condition, see APPENDIX A: "PURDUE UNIVERSITY."

THE PARITY CERTIFICATES ARE NOT A GENERAL OBLIGATION DEBT OR LIABILITY OF THE CORPORATION, THE FOUNDATION OR THE STATE OF INDIANA,

AND NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PARITY CERTIFICATES AGAINST THE STATE OF INDIANA, THE CORPORATION OR THE FOUNDATION, OR AGAINST THE PROPERTY OR FUNDS OF THE STATE OF INDIANA, THE CORPORATION OR THE FOUNDATION, EXCEPT TO THE EXTENT OF THE FUNDS PLEDGED UNDER THE INDENTURE FOR PAYMENT OF THE PARITY CERTIFICATES. NEITHER THE PARITY CERTIFICATES NOR THE LEASES CONSTITUTE A DEBT OF THE CORPORATION OR THE STATE OF INDIANA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. SEE "SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2016A CERTIFICATES."

The descriptions and summaries of and references to various documents contained in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full text of each such document.

This introduction is not a summary of this Official Statement. This introduction is qualified by more complete and detailed information contained in this entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement and the documents summarized or described herein. The offering of Series 2016A Certificates to potential investors from time to time is made only by means of this entire Official Statement and any amendments and supplements hereto.

## PLAN OF FINANCE

A portion of the Series 2016A Certificates are being issued to finance the costs of the 2016A Project, including capitalized interest for the construction period and costs of issuance for the Series 2016A Certificates.

## PLAN OF REFUNDING

A portion of the Series 2016A Certificates are being issued to refund (1) a portion of the outstanding Series 2009 Certificates, issued and currently outstanding in the original aggregate principal amount of $42,795,000, which portion matures on or after July 1, 2020 (the "Refunded Certificates"). The objective of the refunding is to provide significant lease payment reductions to the Corporation.

On the date of issuance of the Series 2016A Certificates, a portion of the proceeds from the sale of the Series 2016A Certificates will be deposited in a trust account (the "Escrow Fund") with The Bank of New York Mellon Trust Company, N.A., as Trustee and as escrow trustee (the "Escrow Trustee") pursuant to an Escrow Deposit Agreement among the Corporation, the Lessor and The Bank of New York Mellon Trust Company, N.A., as Trustee and Escrow Trustee (the "Escrow Agreement"). The moneys so deposited will be invested in noncallable obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"). The interest earnings on (and other moneys derived from the escrow of) the Government Obligations, together with a specified beginning cash balance, will be sufficient to pay the interest due on the portion of the Series 2016A Certificates allocable to the refunding of the Refunded Certificates to and including July 1, 2019, which is the first optional redemption date of the Refunded

Certificates. On such optional redemption date, the principal and interest on the Government Obligations will be utilized to redeem the principal portion of the Refunded Certificates. The Refunded Certificates will remain outstanding until redeemed on such optional redemption date.

The Refunded Certificates are scheduled to mature on July 1 of each year from July 1, 2020 through July 1, 2031. The outstanding Refunded Certificates will be called for early redemption on July 1, 2019, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, without premium.

The accuracy of the mathematical computations of the adequacy of the Escrow Fund (i) to pay interest on the portion of the Series 2016A Certificates allocable to the refunding to and including July 1, 2019 and (ii) to fund the principal portion of the Refunded Certificates will be verified, at the time of delivery of the Series 2016A Certificates, by Causey Demgen & Moore, Inc., independent certified public accountants. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

## PURPOSE OF THE SERIES 2016A CERTIFICATES

The Series 2016A Certificates are being issued as Additional Participation Certificates under the Indenture to execute the PLAN OF FINANCE and PLAN OF REFUNDING described above.

### Sources and Uses of Funds

The sources and uses of funds necessary to provide for the plan of finance, the plan of refunding and the sale and delivery of the Series 2016A Certificates, are estimated as shown below.

| | |
|---|---|
| Sources of Funds: | |
| Principal Amount of Series 2016A Certificates | $85,120,000.00 |
| Original Issue Premium | 18,126,669.55 |
| Equity Contribution | 3,000,000.00 |
| Total Sources | $106,246,669.55 |
| Uses of Funds: | |
| 2016A Project Costs | 65,000,000.00 |
| Escrow Deposit | 37,600,754.19 |
| Underwriting Discount | 222,507.22 |
| Costs of Issuance | 362,385.36 |
| Capitalized Interest[1] | 3,061,022.78 |
| Total Uses | $106,246,669.55 |

[1] through August 31, 2017.

# THE SERIES 2016A CERTIFICATES

## Principal Amount, Date, Interest Rates and Maturities

The Series 2016A Certificates will be issued in the aggregate principal amount of $85,120,000, will be dated the date of delivery thereof and will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement.

Each Parity Certificate represents an undivided proportionate interest in the principal portion of the Lease Payments due and payable with respect to the maturity date of such Parity Certificate and in the interest portion of the Lease Payments due and payable semiannually, to and including such maturity date (or earlier redemption), at the rate set forth in such Parity Certificate. Interest represented by the Series 2016A Certificates will be payable semiannually, commencing on January 1, 2017, and on each July 1 and January 1 of each year thereafter to and including the date of maturity (or earlier redemption) (the "Interest Payment Dates"). The "Record Date" for the Series 2016A Certificates shall mean the December 15 or June 15 immediately preceding the respective Interest Payment Date.

Each Series 2016A Participation Certificate will accrue interest from the Interest Payment Date next preceding the date of its execution, unless: (i) executed on an Interest Payment Date or after a Record Date but before the following Interest Payment Date, in which case interest accrues from such Interest Payment Date, (ii) executed on the date of initial delivery or prior to January 1, 2017, in which case interest accrues from the date of delivery, or (iii) payment of interest is in default, in which case interest is payable from the last Interest Payment Date to which interest has been paid. Interest with respect to the Series 2016A Certificates will be computed on the basis of a 360-day year, consisting of twelve, 30-day months.

## Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2016A Certificates. The Series 2016A Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016A Certificate will be issued for the Series 2016A Certificates (designating each maturity thereof and the interest rate for each maturity or within a 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 Series 2016A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2016A Certificate ("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 Series 2016A Certificates 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 the Series 2016A Certificates, except in the event that use of the book-entry system for the Series 2016A Certificates is discontinued.

To facilitate subsequent transfers, all Series 2016A Certificates 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 Series 2016A Certificates 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 Series 2016A Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2016A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016A Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016A Certificate documents. For example, Beneficial Owners of the Series 2016A Certificates may wish to ascertain that the nominee holding the Series 2016A Certificate for their benefit has agreed to obtain and transmit notices to

Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016A Certificates 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 the Series 2016A Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation 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 Series 2016A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and other payments on the Series 2016A Certificates 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 Corporation or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation 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 Series 2016A Certificates at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for such Series 2016A Certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for such Series 2016A Certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

**Disclaimer**

THE INFORMATION PROVIDED ABOVE UNDER "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS AS TO THE ACCURACY OR

ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Corporation and the Trustee will have no responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2016A Certificate;

(ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any notice with respect to any Series 2016A Certificate including, without limitation, any notice of redemption;

(iii) the payment to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any amount with respect to the principal of or premium, if any, or interest on any Series 2016A Certificate; or

(iv) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system described under this caption, the Corporation and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series 2016A Certificates for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of and premium, if any, and interest on the Series 2016A Certificates;

(ii) giving notices of redemption and other matters with respect to the Series 2016A Certificates;

(iii) registering transfers with respect to the Series 2016A Certificates; and

(iv) the selection of Series 2016A Certificates for redemption.

**Form and Denomination**

The Series 2016A Certificates will be issued in fully registered form in the denomination of $5,000 or any integral multiple thereof.

**Optional Redemption**

The Series 2016A Certificates maturing on or after July 1, 2027 are subject to optional redemption in whole or in part on any date on or after July 1, 2026, in the order of maturity specified by the Foundation (as directed by the Corporation), at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

If fewer than all of the Series 2016A Certificates are to be optionally redeemed, the Corporation will select the order of maturities and the Trustee will select by lot within maturities, the particular Series 2016A Certificates or portion of Series 2016A Certificates to be redeemed. The portion of any 2016A Participation Certificate of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of that sum, and in selecting portions of such Series 2016A Certificates for redemption, the Trustee will treat each such 2016A Participation Certificate as representing that number of Series 2016A Certificates of $5,000 denomination which is obtained by dividing the principal amount of such 2016A Participation Certificate by $5,000.

**Notice of Redemption**

FOR SO LONG AS THE SERIES 2016A CERTIFICATES ARE REGISTERED TO DTC OR ITS NOMINEE, ANY NOTICE OF REDEMPTION WILL BE GIVEN ONLY TO DTC OR ITS NOMINEE, AS DESCRIBED ABOVE UNDER THE HEADING "BOOK-ENTRY ONLY SYSTEM" UNDER THIS CAPTION. ANY FAILURE BY DTC TO NOTIFY THE OWNERS DOES NOT AFFECT THE VALIDITY OF THE REDEMPTION PROCEEDINGS FOR THE SERIES 2016A CERTIFICATES. Notice of redemption of the Series 2016A Certificates shall be given by the Trustee by first class mail to the registered owner of each 2016A Participation Certificate to be redeemed, not less than 30 days prior to the date fixed for redemption. However, failure to give such notice, or any defect in such notice, will not affect the validity of any proceedings for the redemption of any of the other Series 2016A Certificates. Notices of redemption may be given on a conditional basis.

Interest on the Series 2016A Certificates so called for redemption shall cease to accrue on the redemption date specified in said notice if funds are on deposit with the Trustee to redeem the Series 2016A Certificates when presented. Such Series 2016A Certificates will no longer be outstanding under or protected by the Indenture.

**Transfer and Exchange of Series 2016A Certificates**

FOR SO LONG AS THE SERIES 2016A CERTIFICATES ARE REGISTERED UNDER A BOOK-ENTRY ONLY SYSTEM, THE TRANSFER AND EXCHANGE PROCEDURES SHALL BE AS DESCRIBED ABOVE UNDER "BOOK-ENTRY ONLY SYSTEM."

In the event that the Series 2016A Certificates are no longer registered under a book-entry only system, pursuant to the Indenture, the Corporation shall cause to be kept a 2016A Participation Certificate register, and for that purpose, the Trustee has been appointed the 2016A Participation Certificate registrar. The Trustee shall not be required to transfer or exchange any Series 2016A Certificates during the period 15 days next preceding the mailing of a notice of redemption of any Series 2016A Certificates of the same maturity nor to transfer or exchange any 2016A Participation Certificate after the notice calling such 2016A Participation Certificate or portion thereof for redemption has been mailed as provided in the Indenture. No service charge or payment shall be required to be made by the Owner requesting an exchange, registration or transfer of any 2016A Participation Certificate, but the Corporation and the

Trustee may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer.

In the event that the Series 2016A Certificates are no longer registered under a book-entry only system, the person in whose name any 2016A Participation Certificate shall be registered on the 2016A Participation Certificate register shall be deemed and regarded as the absolute Owner thereof for all purposes. Payment of either principal or interest with respect to any 2016A Participation Certificate shall be made only to or upon the order of the Owner thereof or such Owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge liability upon such 2016A Participation Certificate to the extent of the sum or sums so paid. The Corporation, the Foundation, the Trustee, and any other Paying Agent may deem and treat the registered owner as the absolute owner of said 2016A Participation Certificate whether such 2016A Participation Certificate shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Corporation, the Foundation, the Trustee, the Depository or any other Paying or Co-Paying Agent shall be affected by any notice to the contrary.

**Revision of Book-Entry Only System; Replacement Series 2016A Certificates**

In the event either (i) the Trustee receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a securities depository for the Series 2016A Certificates or (ii) the Foundation elects to discontinue its use of DTC as a securities depository for the Series 2016A Certificates, and in either case, the Foundation does not appoint an alternate securities depositor, then the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the Owners of the Series 2016A Certificates, as are necessary or appropriate to discontinue use of DTC as a securities depository for the Series 2016A Certificates and to transfer the ownership of each of the Series 2016A Certificates to such person or persons, including any other securities depository, as the Owner of such Series 2016A Certificates may direct in accordance with the Indenture. If ownership of the Series 2016A Certificates is transferred to the Owners, the Trustee will execute and deliver fully registered replacement Series 2016A Certificates ("Replacement Series 2016A Certificates"), in the denomination of $5,000 or any integral multiple, to the Owners of the Series 2016A Certificates. The expenses of any such transfer, including the printing of certificates for the Replacement Series 2016A Certificates, will be paid by the Corporation.

The principal of the Replacement Series 2016A Certificates will be payable at the corporate trust operations office of the Trustee as 2016A Participation Certificate paying agent (the "Paying Agent"), in East Syracuse, New York, upon presentation and surrender thereof. Interest on the Replacement Series 2016A Certificates will be paid by check of the Paying Agent mailed on or before the business day prior to each Interest Payment Date to the registered owners appearing on the registration books maintained by the Trustee, as certificate registrar (the "Series 2016A Participation Certificate Registrar"), as of the close of business on the most recent Record Date.

Replacement Series 2016A Certificates may be transferred or exchanged by any Certificate Holder or any Certificate Holder's duly authorized attorney at the corporate trust operations office of the Trustee as registrar, to the extent and upon the conditions set forth in the

Indenture, including the payment of a sum sufficient to cover any tax, fee or other governmental charge for any such transfer or exchange that may be imposed upon the Foundation or the registrar for the Series 2016A Certificates. The 2016A Participation Certificate registrar will not be required (i) to transfer or exchange any replacement 2016A Participation Certificate during the period of 15 days prior to the mailing of a notice of redemption of any replacement Participation Certificates of the same maturity, or (ii) to transfer or exchange any Replacement 2016A Participation Certificate called for redemption.

## SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2016A CERTIFICATES

### General

Each Parity Certificate evidences and represents an undivided proportionate interest in the Lease Payments required under the Leases and the assignment of the Lease Payments to be paid by the Corporation to the Trustee.

THE CORPORATION'S OBLIGATION TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CORPORATION, THE FOUNDATION OR THE STATE OF INDIANA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. NEITHER THE FAITH AND CREDIT OF THE CORPORATION, THE FOUNDATION NOR THE STATE OF INDIANA IS PLEDGED TO MAKE PAYMENTS OF THE PARITY CERTIFICATES. PAYMENT OF THE PRINCIPAL OF AND INTEREST REPRESENTED BY THE PARITY CERTIFICATES WILL BE MADE BY THE TRUSTEE SOLELY FROM AMOUNTS DERIVED UNDER THE TERMS OF THE LEASES, INCLUDING LEASE PAYMENTS, AND AMOUNTS FROM TIME TO TIME ON DEPOSIT WITH THE TRUSTEE UNDER THE TERMS OF THE INDENTURE. OBLIGATIONS TO MAKE LEASE PAYMENTS ARE LIMITED TO AVAILABLE FUNDS OF THE CORPORATION WHICH MAY BE LAWFULLY USED BY THE CORPORATION FOR SUCH PURPOSES. MANDATORY STUDENT FEES AND STATE APPROPRIATIONS ARE NOT AVAILABLE FUNDS.

### Security

The Series 2016A Certificates will be delivered pursuant to the Indenture. Each Parity Certificate represents an undivided proportionate interest of the registered owners in the Lease Payments required to be paid by the Corporation to the Trustee under the Leases, as rental for certain real property.

In the Indenture, in order to secure the payment of the principal of and premium, if any, and interest on the Parity Certificates, and to secure the performance and observance of all covenants and conditions contained in the Parity Certificates and the Indenture, the Foundation has pledged, mortgaged and assigned to the Trustee, and granted to the Trustee a security interest in, all right, title and interest of the Foundation in or to the following (the "Trust Estate"):

(a) certain real estate located in Tippecanoe County and Allen County, Indiana;

(b) the Projects located on such real estate;

(c) all moneys and investments in the Certificate Fund under the Indenture, including, without limitation, all rentals and other moneys to be received by or on behalf of the Trustee from the leasing of the Projects and in particular the rentals and other moneys to be received under and pursuant to and subject to the provisions of the Leases, all subject to and in accordance with the Indenture;

(d) all moneys and investments in the Project Fund under the Indenture; and

(e) any real or personal property pledged, mortgaged or assigned by the Foundation to the Trustee, or in which the Foundation grants to the Trustee a security interest, under any indenture supplemental to the Indenture.

The Lessor has previously transferred or will transfer and assign all of its rights in and obligations under the Leases to the Trustee by the Assignments for the benefit of the registered owners of the Parity Certificates. After the transfer, the Trustee will assume the rights and duties of the Lessor for all purposes of the Leases and the Lessor will have no continuing interest in, or responsibility with respect to, the Leases, the Leased Property under the Leases or the Lease Payments. However, the Lessor will retain its obligations to construct the 2016A Project under the 2016A Amendment. The Lessor holds title to the Leased Property. The Leases grant to the Lessor, upon default and notice, the right to take possession of the Leased Property. See "THE AMENDED 2009 LEASE -- Defaults," "THE 2014A LEASE -- Defaults," "THE 2001 LEASE -- Defaults" and "PARKING LEASE -- Defaults" in APPENDIX C. The Indenture constitutes a mortgage of the Leased Property to the Trustee.

**Sources of Payment**

The Parity Certificates will be payable by the Trustee solely from the Trust Estate, including Lease Payments required to be made by the Corporation under the Leases.

The Leases are not subject to annual review by the Corporation. The Leases are subject to early termination under certain circumstances, as described in APPENDIX C. These circumstances include, among other things, the exercise by the Corporation of its option to purchase the Leased Property or the destruction or condemnation of the Leased Property. Under the Leases, the Corporation is required to maintain property insurance in an amount not less than the principal amount of Parity Certificates outstanding at all times. See "THE AMENDED 2009 LEASE -- Option to Purchase Leased Property by the Corporation," "-- Insurance" and "-- Condemnation," "THE 2014A LEASE -- Option to Purchase Leased Property by the Corporation," "-- Insurance" and "-- Condemnation" "THE 2001 LEASE -- Option to Purchase Leased Property by the Corporation," "-- Insurance" and "-- Condemnation," and "PARKING LEASE -- Option to Purchase Leased Property by the Corporation" in APPENDIX C.

The Corporation is required under the Leases to make Lease Payments semiannually in amounts sufficient to make the principal and interest payments represented by the Series 2016A Certificates and other Parity Certificates each December 31 and June 30, and will pay as additional rental the amount of the Trustee fees, unless the Leases are terminated. Under the Indenture, "Additional Participation Certificates" may be issued from time to time on a parity basis with the Series 2016A Certificates, the 2014A Certificate, the Series 2011A Certificates, the Series 2009 Certificates and the Series 2006 Certificates in order to finance or refinance additional costs of the 2016A Project and additional parking or athletic facilities as described more fully in APPENDIX C hereto under the heading "THE 2016A INDENTURE AND THE INDENTURE -- Additional Participation Certificates".

The Corporation is also required under the Leases to pay any taxes and assessments and the cost of maintenance and repair of the Leased Property. See "THE AMENDED 2009 LEASE -- Additional Rental Payments and Other Charges" and "-- Repairs and Maintenance," "THE 2014A LEASE -- Additional Rental Payments and Other Charges" and "-- Repairs and Maintenance," "THE 2001 LEASE -- Additional Rental Payments and Other Charges" and "-- Repairs and Maintenance," and "PARKING LEASE -- Additional Rental Payments and Other Charges" and "-- Repairs and Maintenance" in APPENDIX C.

**Available Funds**

The Lessee has also covenanted and agreed in the Leases that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the Leases; however, *mandatory student fees assessed all students, which include all academic fees assessed by the Corporation against students attending Purdue University, and appropriations by the State of Indiana shall not be considered available for the payment of such obligations.* Notwithstanding any other provisions of the Leases, the obligations imposed upon the Corporation under the Leases for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation shall be or become an indebtedness of or liability against the State of Indiana. See "THE AMENDED 2009 LEASE -- Corporation's Obligations Payable From and Subject to Available Funds," "THE 2014A LEASE -- Corporation's Obligations Payable from and Subject to Available Funds," "THE 2001 LEASE -- Corporation's Obligations Payable From and Subject to Available Funds" and "PARKING LEASE -- Corporation's Obligations Subject to Available Funds" in APPENDIX C.

The balance (unaudited) of available funds (which, pursuant to Indiana Code 21-33-3-5, excludes state appropriated funds and mandatory student fees), on June 30, 2015, exceeded 5.4 times the projected average of the annual debt service on: (a) the outstanding Purdue University Student Facilities System Revenue Bonds[1], which are payable from such available funds (together with net income of the Student Facilities System); and (b) the outstanding Parity Certificates, prior to giving effect to the issuance of the Series 2016A Certificates or the refunding of the Refunded Certificates.

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[1] Projected average of annual debt service for Fiscal Years ending June 30, 2016, through and including June 30, 2041, after giving effect to the issuance of the Purdue University Student Facilities System Revenue Bonds, Series 2016A, which includes the defeasance of a portion of the Purdue University Student Facilities System Revenue Bonds, Series 2009A and Purdue University Student Facilities System Revenue Bonds, Series 2009B as of May 11, 2016. Debt service assumes the Purdue University Student Facilities System Revenue Bonds, Series 2004A, the Purdue University Student Facilities System Revenue Bonds, Series 2005A and the Purdue University Student Facilities System Revenue Bonds, Series 2007C (which bear interest at variable rates) bear interest at 3.50% per annum. Debt service is not reduced by subsidy payments to be received by the Corporation from the U.S. Treasury for qualified Build America Bonds.

**Schedule of Annual Payments to Certificate Owners**

The following table sets forth the scheduled payments on Parity Certificates:

| Certificate Year | Series 2016A Certificates | | | | Series 2014A | Series 2011A | Series 2009 | Series 2006 | Combined |
|---|---|---|---|---|---|---|---|---|---|
| Ending July 1 | Principal | Gross Interest | Funded Interest [1] | Total [2] | Certificates | Certificates [3] | Certificates [4,5] | Certificates | Total Payments [2,3,4] |
| 2016 | | | | | $1,377,698.00 | $1,128,026.55 | $4,415,111.20 | $4,774,612.50 | $11,695,448.25 |
| 2017 | | $4,176,054.44 | ($4,176,054.44) | $0.00 | 1,376,285.00 | 1,124,923.45 | 4,385,392.80 | 4,185,862.50 | 11,072,463.75 |
| 2018 | $1,680,000 | 3,998,350.00 | (1,892,141.67) | $3,786,208.33 | 1,379,340.00 | 1,126,475.00 | 4,353,844.00 | 4,187,262.50 | 14,833,129.83 |
| 2019 | 1,765,000 | 3,914,350.00 | (1,470,900.00) | 4,208,450.00 | 1,376,730.00 | 1,126,475.00 | 4,315,332.40 | 4,191,312.50 | 15,218,299.90 |
| 2020 | 3,805,000 | 3,826,100.00 | | 7,631,100.00 | 1,378,588.00 | 1,128,026.55 | | 4,192,487.50 | 14,330,202.05 |
| 2021 | 3,995,000 | 3,635,850.00 | | 7,630,850.00 | 1,379,781.00 | 1,124,923.45 | | 4,185,525.00 | 14,321,079.45 |
| 2022 | 4,190,000 | 3,436,100.00 | | 7,626,100.00 | 1,375,309.00 | 1,126,475.00 | | 4,190,425.00 | 14,318,309.00 |
| 2023 | 4,400,000 | 3,226,600.00 | | 7,626,600.00 | 1,375,305.00 | 1,126,475.00 | | 4,191,137.50 | 14,319,517.50 |
| 2024 | 4,615,000 | 3,006,600.00 | | 7,621,600.00 | 1,379,636.00 | 1,128,026.55 | | 4,187,400.00 | 14,316,662.55 |
| 2025 | 4,815,000 | 2,775,850.00 | | 7,590,850.00 | 1,378,169.00 | 1,124,923.45 | | 4,188,950.00 | 14,282,892.45 |
| 2026 | 5,055,000 | 2,535,100.00 | | 7,590,100.00 | 5,561,037.00 | 1,126,475.00 | | | 14,277,612.00 |
| 2027 | 5,305,000 | 2,282,350.00 | | 7,587,350.00 | 7,406,919.00 | 1,126,475.00 | | | 16,120,744.00 |
| 2028 | 5,570,000 | 2,017,100.00 | | 7,587,100.00 | | 1,128,026.55 | | | 8,715,126.55 |
| 2029 | 5,795,000 | 1,794,300.00 | | 7,589,300.00 | | 1,124,923.45 | | | 8,714,223.45 |
| 2030 | 6,030,000 | 1,562,500.00 | | 7,592,500.00 | | 1,126,475.00 | | | 8,718,975.00 |
| 2031 | 6,325,000 | 1,261,000.00 | | 7,586,000.00 | | 7,101,475.00 | | | 14,687,475.00 |
| 2032 | 3,260,000 | 944,750.00 | | 4,204,750.00 | | 7,118,613.51 | | | 11,323,363.51 |
| 2033 | 3,390,000 | 814,350.00 | | 4,204,350.00 | | 7,129,385.37 | | | 11,333,735.37 |
| 2034 | 3,525,000 | 678,750.00 | | 4,203,750.00 | | 7,140,300.00 | | | 11,344,050.00 |
| 2035 | 3,705,000 | 502,500.00 | | 4,207,500.00 | | 7,157,025.00 | | | 11,364,525.00 |
| 2036 | 3,850,000 | 354,300.00 | | 4,204,300.00 | | | | | 4,204,300.00 |
| 2037 | 4,045,000 | 161,800.00 | | 4,206,800.00 | | | | | 4,206,800.00 |
| | $85,120,000 | $46,904,654.44 | ($7,539,096.11) | $124,485,558.33 | $26,744,797.00 | $52,543,923.88 | $17,469,680.40 | $42,474,975.00 | $263,718,934.61 |

[1] Funded Interest includes capitalized interest on new money portion of Series 2016A Certificates through August 31, 2017 and interest on refunding portion of Series 2016A Certificates to and including July 1, 2019.

[2] After application of Funded Interest.

[3] Adjustable rate assumed at 3.50%.

[4] Gross interest obligations on Series 2009 Certificates, prior to direct pay Build America subsidy.

[5] The Refunded Certificates will remain outstanding until redeemed on July 1, 2019. This table assumes redemption of Refunded Certificates on July 1, 2019.

## ROSS-ADE FOUNDATION

The Ross-Ade Foundation was organized in 1924 to promote and develop the educational and physical welfare of Purdue University students with funds that could not be provided from State appropriations. The Foundation has built the football stadium known as Ross-Ade Stadium, the basketball arena known as Mackey Arena, a softball stadium and parking garages, and has been instrumental in the development of the regional campuses by acquiring the land and constructing the facilities. All of the facilities are leased to the Corporation on a cost basis. The five member Board of Directors of the Foundation includes two members of the Board of Trustees of the Corporation.

The Foundation has assisted the Corporation in financing many of its capital programs through lease-purchase arrangements. Each lease to the Corporation is in the amount equal to the Foundation's principal and interest payment on the borrowed funds to construct the facility. Once the borrowed funds are repaid, title to the facility is transferred to the Corporation unless otherwise agreed. The Corporation and the Foundation have entered into lease-purchase agreements securing loans with a total outstanding balance, as of May 15, 2016, in the amount of $129,030,000 (excluding the Series 2016A Certificates). The Corporation and the Foundation may borrow additional funds and enter into additional lease-purchase agreements secured by and payable from any available funds of the Corporation, at any time and without the consent of the owners of the Series 2016A Certificates.

## THE PROJECTS

The Projects include the 2016A Project, together with the Projects previously financed or refinanced under the Indenture, as described below.

### 2016A Project

The project to be funded by the Series 2016A Certificates includes (i) the repair, renovation, and modernization of the Mollenkopf Athletic Center at the West Lafayette campus, and (ii) the construction of a three-story, approximately 110,000 square foot facility presently identified as the "Football Performance Complex." The Football Performance Complex will include new locker rooms, lounges, and meeting space.

Debt service on the Series 2016A Certificates is expected to be funded from Big Ten Network channel incremental revenues, premium seating and concessions sales.

### 2014A Project

The 2014A Project, financed by the Series 2014A Certificates, consisted of Phase II of the Northwest Athletics Site (NWAS), including construction of a new intercollegiate varsity softball stadium and related site work and infrastructure. The facility includes a playing field, bleachers, a press box, locker rooms, meeting rooms and other necessary home and visiting team facilities. Also included are public restrooms and concessions, a scoring system, and a sound system. The stadium holds 800-1,000 spectators with the ability to expand to the minimum capacity needed to host NCAA post-season competition.

### 2009 Project

The renovation of Mackey Arena, financed by the Series 2009 Certificates and the Series 2011 Certificates, included a significant addition for a basketball practice court, athletic offices and student-athlete training facilities, as well as the relocation of the two outdoor football practice fields and the F parking lot, creating the Mackey Arena Complex. This project brings Mackey Arena into the 21st century in terms of program space and fan amenities. To enable this project, the Grand Prix Track has been relocated to the Northwest Athletic Site and an additional parking area created.

The project remedied prior deficiencies in student-athlete academic space, sports medicine and rehabilitation room, strength and conditioning facilities and locker and meeting rooms and provided additional ADA accommodations.

With this project, Purdue preserves the history and tradition of Mackey Arena, a facility that has been an integral component of the campus since 1967. At the same time, this project avoids the need to construct two buildings in the Intercollegiate Athletics Facilities Master Plan, while upgrading Mackey Arena at roughly one-third the cost of a new arena.

A portion of the remaining Series 2009 Certificates are expected to be refunded by a portion of the Series 2016A Certificates. See "PLAN OF REFUNDING" herein.

### Parking Projects

| Facility | Original Date |
|---|---|
| West Lafayette Campus: | |
| Parking Garage VI | 1985 |
| Parking Garage VII | 1988 |
| Parking Garage VIII | 1990 |
| Parking Garage IX | 1994 |
| | |
| Regional Campus: | |
| Fort Wayne Parking Garage I | 1990 |
| Fort Wayne Parking Garage II | 1996 |

Only Fort Wayne Parking Garage II, refinanced by the Series 2006 Certificates, remains as a Project under the Indenture.

### Stadium Project (Ross-Ade Stadium)

Ross-Ade Stadium, renovations to which were refinanced by the Series 2006 Certificates and the Series 2014 Certificate, has been the home to Purdue football for the past 92 seasons. Ross-Ade Stadium was dedicated in 1924 and had an original seating capacity of 13,500 with standing room for an additional 5,000. From 1924 until 1970, the facility was expanded six times. In 2001, Ross-Ade Stadium underwent a $70 million renovation to make it a more functional and fan-friendly facility. This expansion included widening of concourses, increasing restrooms and concession points of sale, addressing ADA code requirements, and widening the aisles. The addition of premium seating (club seats and suites) provides the revenue stream to fund the majority of the annual debt service on related participation certificates. Current seating capacity is 62,500.

## PURDUE ATHLETIC PROGRAM

The Intercollegiate Athletic program at Purdue University consists of twenty men's and women's sports that compete at the NCAA Division I level as members of the Big Ten Conference. In 2015-2016, 351 scholarship athletes participated in basketball, cross country, golf, soccer, softball, swimming and diving, tennis, indoor and outdoor track and field, volleyball, baseball, football and wrestling. The current vision of the program is to be a nationally prominent athletic organization that is excellent in all respects, which includes both a top 25 ranking athletically as well as a graduation success rate (GSR) of at least 85% for its student athletes.

## PARKING PROGRAM

In 1963 it became apparent to the Corporation that in order to meet the demand for parking spaces on the West Lafayette campus of staff and students it would be necessary to construct garages, and that it would require a charge for parking to finance these garages. A yearly parking fee for staff and commuter students on the West Lafayette campus was approved and first charged on September 1, 1963. In addition to income generated from the staff and student yearly parking permits, the parking program also generates income from visitor garage parking, parking meters, fines, and investment income.

The Corporation and the Foundation in 1963 entered into an agreement whereby the Foundation would borrow funds for the construction of a garage and lease the garage to the Corporation at an annual amount equal to the Foundation's annual debt service cost. The agreement also stipulated that when the debt is paid off the Foundation would transfer title to the garage to the Corporation. This financial arrangement for the construction of parking facilities has continued and to date eleven parking garages and a number of surface parking lots have been constructed.

There are almost 8,000 parking spaces on the Fort Wayne campus. Of the Fort Wayne spaces, 2,743 spaces are in parking garages and 5,231 are in surface parking lots. A breakdown of the spaces available by type as of the 2015 Fall semester is as follows:

| Type | Fort Wayne |
|---|---|
| Permits | 769 |
| Handicapped | 264 |
| Open | 6,842 |
| Metered | 99 |

Only Fort Wayne Parking Garage II, refinanced by the Series 2006 Certificates, remains as a Project under the Indenture.

## CERTIFICATE HOLDER'S RISKS

The purchase of the Series 2016A Certificates involves certain investment risks, some of which are described in this Official Statement. Accordingly, each prospective purchaser should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are as follows:

- **Limited Obligations:** Each Participation Certificate represents an undivided proportionate interest in the rights to receive payments made by the Corporation under the Leases. The obligations of the Corporation to make such payments do not constitute indebtedness of the Corporation and are limited to available funds of the Corporation which may be lawfully used for such purposes. Mandatory student fees (including all academic fees, however denominated, assessed against students) and appropriations from the State of Indiana are <u>not</u> considered to be available funds for these purposes.

- **Limited Nature of Leased Property:** The Leased Property, which includes (1) the 2016A Project, (2) a softball stadium at the Northwest Athletics site, (3) Mackey Arena and related or adjacent athletic facilities, (4) parking garage number II on Purdue's Fort Wayne campus and (5) the Ross-Ade Stadium and certain adjoining facilities, utilities and appurtenances located on the Purdue University campus in West Lafayette, are designed principally for the respective purposes (1) of providing parking facilities for the Purdue faculty, staff, students and visitors and (2) of preparing for and staging athletic events, most specifically games of the Purdue University football, basketball and softball teams. Due to the limited possible uses of the Leased Property, it is unlikely that the proceeds of any sale, lease or other disposition of the Leased Property by the Trustee upon an event of default under the Leases would be sufficient to pay principal of or interest on all or a substantial portion of the Parity Certificates.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of (a) the arithmetical computations of the adequacy of the maturity principal of and interest on the Government Obligations to pay, when due, the interest on the Series 2016A Certificates until and including July 1, 2019 (the first optional redemption date of the Refunded Certificates), and the principal of the Refunded Certificates at their redemption date, and (b) the mathematical computations supporting the conclusion that the Series 2016A Certificates are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder, will be verified by Causey Demgen & Moore, Inc., a firm of independent certified public accountants, as a condition of delivery of the Series 2016A Certificates.

## TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2016A Certificates is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion relates only to the exclusion from gross income of interest on the Series 2016A Certificates for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series 2016A Certificates to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Bond Counsel under existing laws, interest on the Series 2016A Certificates is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Series 2016A Certificates for the State of Indiana income tax purposes. See APPENDIX D for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2016A Certificates as a condition to the exclusion from gross income of interest on the Series 2016A Certificates for federal income tax purposes. The Corporation will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Series 2016A Certificates that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2016A Certificates pursuant to Section 103 of the Code and will covenant to adopt and maintain appropriate procedures to accomplish such purpose (collectively, the "Tax Covenants"). The Tax Covenants are based solely on the laws and regulations in effect on the date of delivery of the Series 2016A Certificates. The 2016A Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series 2016A Certificates establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the 2016A Indenture if the interest on the Series 2016A Certificates is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Series 2016A Certificates.

The Series 2016A Certificates are *not* qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of Indiana Code 6-5.5 on their ownership of the Series 2016A Certificates.

The issue price (the "Issue Price") for the Series 2016A Certificates is the price at which a substantial amount is first sold to the public. The Issue Price of the Series 2016A Certificates may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Although Bond Counsel will render an opinion that interest on the Series 2016A Certificates is excludable from gross income under Section 103 of the Code for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series

2016A Certificates may otherwise affect a Bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon a Bondholder's particular tax status and a Bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2016A Certificates. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2016A Certificates should consult their own tax advisors with regard to the other tax consequences of owning the Series 2016A Certificates.

## CERTIFICATE PREMIUM

The initial public offering price of the Series 2016A Certificates maturing on July 1, 2018 through and including July 1, 2037 (for purposes of this paragraph, the "Premium Certificates") is greater than the principal amount payable at maturity. As a result, the Premium Certificates will be considered to be issued with amortizable certificate premium (the "Certificate Premium"). An owner who acquires a Premium Certificate in the initial public offering will be required to adjust the owner's basis in the Premium Certificate downward as a result of the amortization of the Certificate Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Certificates (including sale, redemption or payment at maturity). The amount of amortizable Certificate Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Certificate Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of amortizable Certificate Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Certificate Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Certificates. Owners of Premium Certificates should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Certificate Premium upon the sale or other disposition of such Premium Certificates and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

Special rules governing the treatment of Certificate Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Certificate Premium.

## RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") have given the Series 2016A Certificates the ratings of "Aaa" and "AAA," respectively. An explanation of the rating by Moody's may be obtained from such agency at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, and an explanation of the rating by S&P may be obtained from such agency at 55 Water Street, New York, New York, 10004.

The ratings are not a recommendation to buy, sell or hold any of the Series 2016A Certificates. There is no assurance that the ratings will remain in effect for any given period of time or that a rating will not be revised downward or withdrawn entirely by Moody's or S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price or marketability of the Series 2016A Certificates.

## UNDERWRITING

Under a Certificate Purchase Agreement among the Foundation, Trustee and the Underwriters listed on the front cover hereof (the "Underwriters"), the Series 2016A Certificates are being purchased at an aggregate discount of $222,507.22 from the initial public offering prices set forth on the inside cover hereof. The Certificate Purchase Agreement provides that the Underwriters will purchase all of the Series 2016A Certificates if any are purchased.

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Series 2016A Certificates, has entered into distribution agreements (each a "Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement, each of UBSFS and DBS will purchase Series 2016A Certificates from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2016A Certificates that such firm sells.

The Underwriters may offer and sell the Series 2016A Certificates to certain dealers (including dealers depositing Series 2016A Certificates into unit investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover hereof. The initial offering prices may be changed from time to time by the Underwriters.

## CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2016A Certificates are subject to the approval of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. The form of approving opinion of Bond Counsel is attached hereto as APPENDIX D. Ice Miller LLP will also serve as Disclosure Counsel. Certain legal matters will be subject to the approval of Stuart & Branigin LLP, Lafayette, Indiana, counsel to the Foundation and the Corporation, and Barnes & Thornburg LLP, Indianapolis, Indiana, counsel to the Underwriters.

## LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series 2016A Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By tendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Trustee upon a default are in many respects dependent upon judicial actions 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 federal bankruptcy code), the remedies may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Series 2016A Certificates will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). These exceptions would encompass any exercise of federal, state or local police powers in a manner consistent with the public health and welfare. Enforceability of the provisions of the Series 2016A Certificates in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

## FINANCIAL ADVISOR

The Corporation has engaged Blue Rose Capital Advisors, LLC to serve as its financial advisor on debt and capital related issues, including the issuance of the Series 2016A Certificates.

## LITIGATION

There are no lawsuits pending or, to the best of the knowledge of appropriate Corporation and Foundation officials, threatened against the Corporation or the Foundation which question their respective right to enter into the Financing Documents (as described below) or the validity or enforceability of the Financing Documents or to consummate the transactions described in the Financing Documents or in this Official Statement; nor are there any lawsuits pending or, to the best of the knowledge of such officials, are there any lawsuits threatened against the Corporation or Foundation which, if decided adversely to the Corporation or Foundation, would, individually or in the aggregate, impair the Corporation's and Foundation's ability to comply with all the requirements set forth in the Financing Documents or have a material adverse effect upon the financial condition of the Corporation or the Foundation.

From time to time, the Corporation is involved in ordinary routine litigation or claims incidental to its business. However, the Corporation believes that the ultimate result of proceedings to which it is a party and claims asserted against it as of the date hereof, even if determined adversely to the Corporation, would not have a materially adverse effect upon the Corporation's financial condition or results of operation.

## SPECIAL RELATIONSHIPS

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Corporation. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

See also "UNDERWRITING."

## MISCELLANEOUS

Copies of the form of the Leases, the Assignments, the Indenture and the Continuing Disclosure Undertaking Agreement (collectively, the "Financing Documents") referred to in this Official Statement may be obtained, until the delivery of the Series 2016A Certificates, from the Underwriters upon request to: Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, 9th Floor, New York, New York 10036. After delivery of the Series 2016A Certificates, copies of such documents may be obtained by Owners from the Trustee upon request at: 300 North Meridian Street, Indianapolis, Indiana, 46204, Attention: Corporate Trust Department.

The Board of Trustees of The Trustees of Purdue University and the Board of Directors of the Ross-Ade Foundation have authorized the distribution of this Official Statement.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statement will be realized. The agreements of the Foundation and the Corporation are fully set forth in the Indenture and the Leases in accordance with the Act. Neither any advertisement of the Series 2016A Certificates nor this Official Statement is to be construed as constituting a contract or agreement between the Foundation or the Corporation and the purchasers or owners of the Series 2016A Certificates.

ROSS-ADE FOUNDATION

By: /s/ Brian E. Edelman
Brian E. Edelman, Treasurer

THE TRUSTEES OF PURDUE UNIVERSITY

By: /s/ William E. Sullivan
William E. Sullivan, Treasurer

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# APPENDIX A

## PURDUE UNIVERSITY
## AND THE TRUSTEES OF PURDUE UNIVERSITY

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**Purdue University**
**and**
**The Trustees of Purdue University**

## General

Purdue University (the "University") was established in 1869 as one of the land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and six instructors at its inception, to an estimated population in excess of 68,600 full-time and part-time students and approximately 5,250 faculty and lecturers on its main, regional, and statewide campuses as of Fall 2015. An additional 6,010 Purdue students were enrolled in Fall 2015 at the Indiana University-Purdue University campus in Indianapolis.

Purdue University is composed of four campuses, with its main campus in West Lafayette and regional campuses serving other areas of the state located in Hammond (Calumet), Fort Wayne (IPFW), and Westville (North Central). Indiana University and Purdue University jointly offer academic programs at the Fort Wayne campus and at the campus in Indianapolis (IUPUI). Purdue University has fiscal responsibilities for IPFW while Indiana University has fiscal responsibilities for IUPUI. At the request of the State of Indiana, a review of the role and governance for IPFW was released January 15, 2016. See "Review of Indiana University-Purdue University Fort Wayne Role and Governance" below. Purdue University also operates a Statewide Technology Program at numerous locations throughout Indiana. In July 2014, the Calumet and North Central campuses began an administrative consolidation with a target for completion of the unification as "Purdue Northwest" by July 2016. See "Purdue Calumet and Purdue North Central Unification Effort" below.

## Academic Colleges and Schools of Purdue University

The University divides its academic year into two semesters and a summer term. The University offers courses in the arts, humanities, engineering, science, technology, and professional fields. The University also has a continuing education program, offers non-degree lifelong learning programs, and provides outreach through its extension educators located in the 92 counties of Indiana. The major areas and fields of study at Purdue University's campuses are organized into specific colleges and schools.

The major areas and fields of study at the West Lafayette campus are organized into the ten academic colleges as follows: Agriculture; Education; Engineering; Health and Human Sciences; Liberal Arts; Management; Pharmacy; Science; Technology; and Veterinary Medicine. Undergraduate, Masters, and Doctor of Philosophy degrees are awarded in all schools. The University also awards the professional degrees of Doctor of Pharmacy and Doctor of Veterinary Medicine.

The major areas and fields of study at the regional campuses are organized as follows:

<u>Calumet</u> – Business; Education; Engineering, Mathematics & Science; Liberal Arts & Social Sciences; Nursing; and Technology.

<u>IPFW</u> - Arts & Sciences; Business; Continuing Studies; Education and Public Policy; Engineering, Technology & Computer Science; Health and Human Services; Library; and Visual & Performing Arts.

<u>North Central</u> - Business; Engineering and Technology; Liberal Arts; and Science.

## Accreditation and Membership

The University is fully accredited in all of its departments and divisions by the Higher Learning Commission of the North Central Association of Colleges and Schools. Twenty-five other professional agencies have accredited various schools, departments and programs within the University. The University is also a member of the Association of American Universities.

## Review of Indiana University-Purdue University Fort Wayne Role and Governance

The 2015 State Budget Bill (Public Law 213-2015) enacted by the Indiana General Assembly directed Purdue University and Indiana University, in consultation with the Chancellor of Indiana University-Purdue University Fort Wayne ("IPFW"), the IPFW Community Council, and the IPFW Senate, to conduct a study to evaluate the role and governance of IPFW and explore options for improvement of its role and governance. The law further directed Purdue University and Indiana University to make findings and recommendations to the Boards of Trustees of Purdue University and Indiana University that could facilitate IPFW's development as a multisystem metropolitan university. The State Budget Bill also directed the Legislative Services Agency to conduct a study of these issues.

At the request of Legislative Services Agency and the Chair of the Legislative Council, which oversees the Legislative Services Agency, representatives of Purdue University, Indiana University, the IPFW Chancellor, the IPFW Community Council, and the IPFW Senate agreed to serve as a working group to present proposals to Purdue University, Indiana University, and the Legislative Services Agency. The full report dated January 15, 2016 can be found at: https://iga.in.gov/legislative/2016/publications/evaluation_report/.

**Purdue Calumet and Purdue North Central Unification Effort**

In July 2014, the Calumet and North Central campuses began administrative consolidation to make additional resources available to students such as more choices in programs and more options for community engagement and professional development. Upon completion, the new unified campuses, Purdue University Northwest, will be the fifth largest public university in Indiana, enrolling more than 15,000 students and offering more than 70 graduate and undergraduate programs of study on two campuses. On February 25, 2016, The Higher Learning Commission of the North Central Association of Colleges and Schools voted to approve the application for Purdue University Calumet and Purdue University North Central to unify into a single institution, Purdue University Northwest, contingent upon certain actions by the University. The anticipated date for satisfaction of the contingencies and completion of the unification is July 2016. All students enrolled from that date forward will be students of Purdue University Northwest. Effective July 1, 2016, Thomas Keon will serve as Chancellor for Purdue Northwest.

**Purdue Moves**

In 2013, Purdue's President Mitch Daniels announced a new set of initiatives, referred to as "Purdue Moves," to leverage Purdue's strengths as a university and invest in those disciplines with the greatest potential to change the world. Progress to date in the four initiatives at the West Lafayette campus include:

- Affordability & Accessibility
    - Breaking a 36-year series of tuition increases, Purdue tuition will remain near the 2012-13 levels through at least the 2016-17 academic year for all students
    - Housing costs have been held flat since 2014
    - Meal costs were cut by 5% in fiscal 2014 and 2015, respectively, then held flat for fiscal 2016
    - Purdue student and parent borrowing for college costs is down by 23% since 2012
    - The Fall 2015 freshman class is the largest in recent history
- STEM Leadership
    - The Purdue Polytechnic Institute was officially formed in May 2015, and is delivering a transformed first-year experience to more than 600 students in Fall 2015
    - The College of Engineering exceeded its undergraduate expansion goal in Fall 2015, a year ahead of schedule, by enrolling a record 7,928 undergraduates — 150 students above the expansion target
    - The Department of Computer Science has grown its undergraduate student population by 56% and its graduate student population by 37% in the past three years, and has added 10 new faculty in the last 18 months
- World-Changing Research
    - The Purdue University Center for Drug Discovery was established in Fall 2014
    - Purdue has invested more than $20 million in the College of Agriculture for plant sciences research and education since Fall 2013
    - Purdue ranked 16th in the world among universities granted U.S. utility patents in 2014
- Transformative Education
    - Summer enrollment is up over 13% since 2013
    - Study Abroad participation is up 52% since 2013
    - Purdue launched the Gallup-Purdue Index, the largest representative study of college graduates of its type, in conjunction with Gallup and the Lumina Foundation in December 2013. The Index seeks to measure two of the most important outcomes of higher education — great careers and lives that matter — and provides higher education leaders with productive insights for meaningful performance improvements. The Gallup-Purdue Index will release annual reports until 2018, beginning with the first two reports released in May 2014 and September 2015

- Acknowledging the benefits of living on campus for students' academic success, many residence halls have been 'academicized', providing students with a variety of study spaces including meeting rooms, conference rooms, group study rooms, a computer lab and collaboration tables, all designed to meet various study styles

Each area of the University is engaged in moving the University forward, dedicated to offering higher education at its highest proven value.

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**Trustees**

The Trustees of Purdue University (the "Corporation") is a statutory body corporate created in 1869 to operate the University. The Board of Trustees of the Corporation consists of ten members appointed by the Governor of Indiana. Three of these members - one of whom must be a graduate of the School of Agriculture - are nominated by the Purdue Alumni Association. The 1975 General Assembly provided for the 10th member, a student. The Board of Trustees selects the president of the University, decides major policy lines, approves the financial program and budget, approves the president's nominations for major appointments, and approves major construction projects and contracts. All members of the Board of Trustees are appointed for terms of three years, except for the student member whose term is two years. The current members of the Board of Trustees are as follows:

**The Board of Trustees of the Corporation**

| | |
|---|---|
| Sonny Beck* | Michael Klipsch |
| Michael Berghoff | Gary J. Lehman |
| JoAnn Brouillette | Cameron S. Mann |
| Vanessa Castagna | Thomas E. Spurgeon |
| John D. Hardin, Jr.* | Don Thompson* |

**Officers of the Corporation**

The current officers of the Corporation are listed below.

Michael Berghoff, *Chairman*
Thomas E. Spurgeon, *Vice Chairman*
William E. Sullivan, *Treasurer*
James S. Almond, *Assistant Treasurer and Assistant Secretary*
Janice A. Indrutz, *Corporate Secretary*
Steven R. Schultz, *Legal Counsel*

**Principal Administrative Officers of the University**

The principal administrative officers who manage the business and academic affairs of the University are listed below.

Mitchell E. Daniels, Jr., President
Morgan J. Burke, Vice President and Director of Intercollegiate Athletics **
Gina C. DelSanto, Chief of Staff
Debasish Dutta, Executive Vice President for Academic Affairs and Provost
Suresh Garimella, Executive Vice President for Research and Partnerships
Julie K. Griffith, Vice President for Public Affairs
William G. McCartney, Vice President for Information Technology and System Chief Information Officer
Alysa Christmas Rollock, Vice President for Ethics and Compliance
Steven R. Schultz, University Legal Counsel
William E. Sullivan, Treasurer and Chief Financial Officer

Regional Campus Staff
Vicky L. Carwein, Chancellor, Indiana University-Purdue University Fort Wayne
James B. Dworkin, Chancellor, Purdue University North Central *
Thomas L. Keon, Chancellor, Purdue University Calumet ***
Stephen R. Turner, Vice Chancellor for Finance and Administration, Purdue University North Central and Purdue University Calumet
David Wesse, Vice Chancellor for Financial and Administrative Affairs, Indiana University- Purdue University Fort Wayne

*Term expires June 30, 2016
**Has announced intent to retire in July 2017
***Effective July 1, 2016, Thomas Keon will serve as Chancellor for Purdue Northwest, see "Purdue Calumet and Purdue North Central Unification Effort"

**Student Admissions**

The table below sets forth the total number of first year applications received and accepted, and the number of students enrolled at the West Lafayette campus for the academic years indicated. The University is managing admission and monitoring retention and graduation rates at the West Lafayette campus to maintain a level enrollment of approximately 30,500 undergraduate students by 2019.

| ACADEMIC YEAR | APPLICATIONS RECEIVED | APPLICATIONS ACCEPTED | PERCENT ACCEPTED | STUDENTS ENROLLED | YIELD OVERALL | YIELD IN STATE |
|---|---|---|---|---|---|---|
| 2011-12 | 29,513 | 20,163 | 68.3% | 6,659 | 33.0% | 57.3% |
| 2012-13 | 30,903 | 18,951 | 61.3% | 6,291 | 33.2% | 58.4% |
| 2013-14 | 30,955 | 18,684 | 60.4% | 6,283 | 33.6% | 59.2% |
| 2014-15 | 39,706 | 23,506 | 59.2% | 6,373 | 27.1% | 55.9% |
| 2015-16 | 45,023 | 26,524 | 58.9% | 6,812 | 25.7% | 55.9% |

The freshman applicants at the West Lafayette campus for the fall semesters 2011 through 2015 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1175, 1186, 1200, 1213 and 1212. Approximately 80% of the Fall 2015 freshman class had a high school grade point average between 3.5 and 4.0 and 93% of the Fall 2015 freshman class had a high school grade point average between 3.0 and 4.0.

**Tuition and Fees**

The University operates its programs on a two semester and summer session basis. Fees, tuition and other costs of attending the University vary by campus and resident status. For resident students at the West Lafayette campus, educational costs include general academic fees, other special fees, and room and board. Non-resident students are also charged a tuition fee. Fees and tuition are charged per semester for students on the West Lafayette campus. Charges for students attending the regional campuses are based on the number of credit hours taken.

Student Fees, Tuition and Other Fees: The table below sets forth the tuition and general fees applicable to both full-time and part-time students at the West Lafayette campus for the academic years 2011-12 through 2015-16. Approximately 54% of the total undergraduate and graduate students at the West Lafayette campus and approximately 12% of regional campus students were non-residents of the State of Indiana at Fall 2015.

**WEST LAFAYETTE CAMPUS TUITION AND FEES[1]**

| | FULL-TIME (PER ACADEMIC YEAR) | | PART-TIME (PER CREDIT HOUR) | |
|---|---|---|---|---|
| ACADEMIC YEAR | INDIANA RESIDENT | NON-RESIDENT | INDIANA RESIDENT | NON-RESIDENT |
| 2011-12 | $9,478 | $27,646 | $336 | $916 |
| 2012-13 | 9,900 | 28,702 | 348 | 948 |
| 2013-14 | 9,992 | 28,794 | 348 | 948 |
| 2014-15 | 10,002 | 28,804 | 348 | 948 |
| 2015-16 | 10,002 | 28,804 | 348 | 948 |

[1] Includes various fees implemented for different academic years.

The full-time summer session fee is one half of the regular academic year fee. The fees for undergraduate and graduate students are the same.

The table below sets forth the tuition and fees charged per academic year to students attending each regional campus of the University for the academic years 2011-12 through 2015-16. The tuition and fees listed assume that undergraduate students are enrolled for 30 hours per academic year and graduate students are enrolled for 24 hours per academic year.

**REGIONAL CAMPUS TUITION AND FEES**
**(PER ACADEMIC YEAR)**

**CALUMET**

| ACADEMIC YEAR | UNDERGRADUATE INDIANA RESIDENT | UNDERGRADUATE NON-RESIDENT | GRADUATE INDIANA RESIDENT | GRADUATE NON-RESIDENT |
|---|---|---|---|---|
| 2011-12 [1] | $6,789 | $15,336 | $6,616 | $14,088 |
| 2012-13 [2] | 6,959 | 15,720 | 6,781 | 14,441 |
| 2013-14 [3] | 7,098 | 16,035 | 6,917 | 14,730 |
| 2014-15 [4] | 7,241 | 16,356 | 7,055 | 15,025 |
| 2015-16 [5] | 7,359 | 16,625 | 7,171 | 15,272 |

**FORT WAYNE**

| ACADEMIC YEAR | UNDERGRADUATE INDIANA RESIDENT | UNDERGRADUATE NON-RESIDENT | GRADUATE INDIANA RESIDENT | GRADUATE NON-RESIDENT |
|---|---|---|---|---|
| 2011-12 [1] | $7,454 | $17,903 | $7,351 | $16,646 |
| 2012-13 [2] | 7,640 | 18,350 | 7,535 | 17,063 |
| 2013-14 [3] | 7,793 | 18,717 | 7,686 | 17,404 |
| 2014-15 [4] | 7,949 | 19,092 | 7,840 | 17,752 |
| 2015-16 [5] | 8,079 | 19,407 | 7,969 | 18,044 |

**NORTH CENTRAL**

| ACADEMIC YEAR | UNDERGRADUATE INDIANA RESIDENT | UNDERGRADUATE NON-RESIDENT | GRADUATE INDIANA RESIDENT | GRADUATE NON-RESIDENT |
|---|---|---|---|---|
| 2011-12 [1] | $6,872 | $16,359 | $6,678 | $15,034 |
| 2012-13 [2] | 7,044 | 16,769 | 6,845 | 15,409 |
| 2013-14 [3] | 7,185 | 17,105 | 6,982 | 15,718 |
| 2014-15 [4] | 7,329 | 17,447 | 7,121 | 16,032 |
| 2015-16 [5] | 7,358 | 17,516 | 7,148 | 16,094 |

[1] Includes the R&R fee of $3.35, $3.00 and $2.45 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2011.
[2] Includes the R&R fee of $3.45, $3.10 and $2.50 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2012.
[3] Includes the R&R fee of $3.50, $3.15 and $2.55 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2013.
[4] Includes the R&R fee of $3.55, $3.20 and $2.60 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2014.
[5] Includes the R&R fee of $3.60, $3.20 and $2.60 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2015.

**Student Enrollment**

The University attracts students from a variety of backgrounds and geographical locations. In the most recent year reported below, approximately 54% of the University's undergraduate students are residents of Indiana. The student body represents all 50 states and 125 countries. The following table presents the University's combined headcount enrollment for the Fall semester of the academic years 2011-12 through 2015-16.

| | WEST LAFAYETTE CAMPUS | | | REGIONAL CAMPUSES | | | | |
|---|---|---|---|---|---|---|---|---|
| ACADEMIC YEAR | FULL-TIME | PART-TIME | TOTAL | FULL-TIME | PART-TIME | TOTAL | STATEWIDE TECHNOLOGY | UNIVERSITY TOTAL[1] |
| 2011-12 | 36,193 | 3,444 | 39,637 | 17,160 | 12,231 | 29,391 | 1,231 | 70,259 |
| 2012-13 | 35,759 | 3,497 | 39,256 | 16,219 | 13,654 | 29,873 | 1,145 | 70,274 |
| 2013-14 | 35,213 | 3,575 | 38,788 | 15,960 | 14,041 | 30,001 | 1,018 | 69,807 |
| 2014-15 | 34,115 | 4,655 | 38,770 [2] | 14,930 | 13,962 | 28,892 | 987 | 68,649 |
| 2015-16 | 34,479 | 4,930 | 39,409 | 14,446 | 13,732 | 28,178 | 1,072 | 68,659 |

[1] Includes the Indiana University students enrolled at the Indiana University-Purdue University campus in Fort Wayne and excludes the Purdue University students enrolled at the Indiana University-Purdue University campus in Indianapolis.
[2] Effective 2014-15, process for determination of full- and part-time status was modified.

The following table sets forth the undergraduate and the graduate and professional headcount enrollment and the full-time equivalent for the West Lafayette campus and the full-time equivalent for the Purdue System.

| | WEST LAFAYETTE | | | | PURDUE SYSTEM |
|---|---|---|---|---|---|
| ACADEMIC YEAR | UNDER GRADUATE | GRADUATE & PROFESSIONAL | TOTAL | FULL-TIME EQUIVALENT[2] | FULL-TIME EQUIVALENT[1, 2] |
| 2011-12 | 30,776 | 8,861 | 39,637 | 38,216 | 58,928 |
| 2012-13 | 30,147 | 9,109 | 39,256 | 37,976 | 58,706 |
| 2013-14 | 29,440 | 9,348 | 38,788 | 37,401 | 57,285 |
| 2014-15 | 29,255 | 9,515 | 38,770 | 36,984 | 56,700 |
| 2015-16 | 29,497 | 9,912 | 39,409 | 37,341 | 56,644 |

[1] Includes the Indiana University students enrolled at the Indiana University-Purdue University campus in Fort Wayne and excludes the Purdue University students enrolled at the Indiana University-Purdue University campus in Indianapolis.
[2] Calculated by dividing total credit hours by 15 for undergraduate, professional and certificate students and by 12 for graduate students.

## Faculty and Employees

As of November 4, 2015, the University's faculty and staff aggregate total was 20,204. Of the total faculty, 64% hold tenured/tenure track appointments. No labor organization is a collective bargaining representative for any of the Corporation's employees.

| | West Lafayette | Regional & Statewide Technology | Total |
|---|---|---|---|
| **Tenured/Tenure Track Faculty** | | | |
| Academic, Associate and Assistant Deans | 58 | 24 | 82 |
| Academic Department Heads | 98 | 50 | 148 |
| Professors | 814 | 123 | 937 |
| Associate Professors | 556 | 284 | 840 |
| Assistant Professors | 405 | 132 | 537 |
| Instructors | 1 | 3 | 4 |
| **Sub-Total of Tenured/Tenure Track Faculty** | **1,932** | **616** | **2,548** |
| **Non-Tenure Appointments** | | | |
| Clinical/Professional | 170 | 69 | 239 |
| Research Faculty | 32 | 1 | 33 |
| Visiting Faculty | 101 | 55 | 156 |
| Post Doctoral | 416 | 4 | 420 |
| **Sub-Total of Non-Tenure Appointments** | **719** | **129** | **848** |
| **Continuing Lecturers and Limited-Term Lecturers** | | | |
| Continuing Lecturers | 178 | 109 | 287 |
| Limited-Term Lecturers | 210 | 790 | 1,000 |
| **Sub-Total of Continuing Lecturers and Limited-Term Lecturers** | **388** | **899** | **1,287** |
| **Adjunct Faculty** | | | |
| Adjunct Faculty | 337 | 230 | 567 |
| **Sub-Total of Adjunct Faculty** | **337** | **230** | **567** |
| **Graduate Student Staff** | | | |
| Graduate Assistants | 1,795 | 122 | 1,917 |
| Fellow Administered as Graduate Assistant | 174 | - | 174 |
| Graduate Lecturers | 35 | - | 35 |
| Graduate Research Assistants | 2,584 | 34 | 2,618 |
| Graduate Administrative/Professional | 269 | 23 | 292 |
| Graduate Aides | - | 103 | 103 |
| **Sub-Total of Graduate Student Staff** | **4,857** | **282** | **5,139** |
| **Staff** | | | |
| Management | 561 | 106 | 667 |
| Administrative Staff | 1,167 | 297 | 1,464 |
| Operations Assistant | 478 | 98 | 576 |
| Professional Staff | 334 | 13 | 347 |
| Professional Assistant | 1,274 | 185 | 1,459 |
| Technical Assistant | 274 | 25 | 299 |
| Extension Educators | 260 | - | 260 |
| Clerical Staff - Regular | 929 | 262 | 1,191 |
| Clerical Staff - Temporary | 100 | 48 | 148 |
| Service Staff - Regular | 1,856 | 262 | 2,118 |
| Service Staff - Temporary | 1,000 | 286 | 1,286 |
| **Sub-Total of Staff** | **8,233** | **1,582** | **9,815** |
| **GRAND TOTAL ALL STAFF** | **16,466** | **3,738** | **20,204** |

**Facilities (as of Fall 2015)**

Academic, Administrative, Athletic and Residential Facilities: The University has 229 principal buildings of 10,000 or more square feet used for academic instruction, research, athletics, residential and administrative functions. These buildings are located on the University's four campuses that comprise approximately 4,500 acres. The University, together with related foundations, also owns approximately 14,700 acres of land used for agricultural purposes throughout the state.

Libraries: The Purdue University Libraries system on the West Lafayette campus includes 11 subject-oriented libraries, the Hicks Undergraduate Library and the Virginia Kelly Karnes Archives and Special Collections Research Center. The campus library system consists of approximately 1.8 million printed volumes, over 1.9 million electronic books, 143,526 electronic and print journals, more than 871,000 government documents, and in excess of 2,097,000 e-resources, with access to more.

Research Facilities: The University has approximately 1.51 million square feet of research laboratories located on its West Lafayette campus. In addition to the laboratories for research within a department or school, there are many other specialized research facilities, some of an interdisciplinary nature.

Housing and Dining Facilities: The University provides a variety of student residence and dining operation facilities for single undergraduate students, graduate students and married students. Accommodations, including room and board, room only and apartments, are available to both undergraduate and graduate students.

The West Lafayette campus provided 12,002 spaces for students in Fall 2015. The Fort Wayne campus provided 1,204 spaces and the Calumet campus provided 744 spaces for students in Fall 2015. Occupancy on the West Lafayette campus was 101% for Fall 2015. Occupancy was 77% on the Fort Wayne campus and 98% on the Calumet campus for Fall 2015.

The predominant rate for room and board at the West Lafayette campus for the 2015-16 academic year is $9,414. The 2015-16 monthly housing rates at the Fort Wayne campus and Calumet campus range from $395 to $923 and $560 to $706, respectively.

Athletic Facilities: The University's West Lafayette campus is home to Ross-Ade football stadium which seats 57,236 and Mackey Arena with seating capacity of 14,264 and a total capacity (including non-ticketed individuals) of 14,846. Additional facilities include the Birck Boilermaker Golf Complex, Boilermaker Aquatic Center, Holloway Gymnasium, Drew and Brittany Brees Student-Athlete Academic Center, Lambert Fieldhouse, Mollenkopf Athletic Center, Rankin Track and Field, Schwartz Tennis Center, the Northwest Athletic site for baseball and soccer, a softball complex, and a cross country course. A major renovation of and addition to the Mollenkopf Athletic Center is planned for 2016.

Parking Facilities: The University has nine parking garages on the West Lafayette campus, one on the Calumet campus and three on the Fort Wayne campus. Additional parking capacity is provided by surface lots on all four campuses.

Other Facilities: The University's other facilities at the West Lafayette campus include the Purdue University Airport; the Edward C. Elliott Hall of Music which seats 6,025 people; and the Slayter Center of the Performing Arts. In addition, Discovery Park provides facilities for interdisciplinary research and education.

**Financial Operations of the Corporation**

The financial statements of the University have been prepared in accordance with the principles contained in GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis –for State and Local Governments" as amended by GASB Statement No. 35, "Basic Financial Statements – and Management's Discussion and Analysis - for Public Colleges and Universities."

During fiscal year 2015, the University adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The effect of GASB Statements No. 68 and 71:

- Changed the definition of reportable pension liability from Net Pension Obligation to Net Pension Liability, which significantly increased the liability and required a prior period adjustment in order to record the additional liability from previous years for defined benefit pension plans. These statements also introduced new deferred inflow and outflow items related to defined benefit pension plans. Changes to the Required Supplementary Information related to defined benefit pension plans also resulted from these new GASB statements. In accordance with the adoption of these statements, the University has reported an $85.7 million change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

During fiscal year 2014, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The effect of GASB Statement No. 65:

- Changed the presentation of certain items previously required to be reported as assets or liabilities to properly record them as either deferred outflows of resources or deferred inflows of resources, or to recognize certain items that were previously reported as assets or liabilities as outflows of resources (expenses) or inflows of resources (revenues).

During fiscal year 2013, the University adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The effect of GASB Statement No. 61:

- Changed the presentation of Ross-Ade Foundation from a blended component unit to a discretely presented component unit; Ross-Ade Foundation's net position was approximately $1,611,000 as of June 30, 2013; and
- Recognized IPFW Foundation as a discretely presented component unit; IPFW Foundation's net position was approximately $17,951,000 as of June 30, 2013.

Refer to the Financial Statements for Purdue University for complete details.

## FINANCIAL OPERATIONS OF THE CORPORATION
### Statement of Revenues, Expenses, and Changes in Net Assets

| | Fiscal Year Ended June 30 (dollars in thousands) | | | |
|---|---|---|---|---|
| | 2015 [1] | 2014 [2] | 2013 | 2012 [3] |
| **Operating Revenues** | | | | |
| Tuition and Fees | $862,346 | $839,367 | $834,222 | $805,295 |
| Less: Scholarship Allowance | (114,833) | (112,111) | (103,972) | (97,499) |
| Net Tuition and Fees | $747,513 | $727,256 | $730,250 | $707,796 |
| Federal Grants | 21,750 | 16,398 | 14,970 | 14,331 |
| County Grants | 8,283 | 7,760 | 8,241 | 9,012 |
| Grants and Contracts | 360,411 | 344,537 | 364,697 | 375,341 |
| Sales and Services | 81,033 | 74,721 | 73,866 | 72,526 |
| Auxiliary Enterprises (Net of Scholarship Allowance of $14,585, $14,254, $13,895, and $12,725, respectively) | 241,962 | 254,567 | 249,379 | 250,744 |
| Other Operating Revenues | 10,851 | 9,970 | 8,728 | 6,822 |
| GASB 61 Paper Adjustment | | | | |
| **Total Operating Revenues** | **$1,471,803** | **$1,435,209** | **$1,450,131** | **$1,436,572** |
| **Operating Expenses** | | | | |
| Compensation and Benefits | $1,218,807 | $1,201,478 | $1,252,812 | $1,220,731 |
| Supplies and Services | 439,007 | 485,556 | 424,676 | 418,340 |
| Depreciation Expense | 157,751 | 148,356 | 135,846 | 126,284 |
| Scholarships, Fellowships, and Student Awards | 72,079 | 72,291 | 63,775 | 68,365 |
| **Total Operating Expenses** | **$1,887,644** | **$1,907,681** | **$1,877,109** | **$1,833,720** |
| **Net Operating Loss** | **($415,841)** | **($472,472)** | **($426,978)** | **($397,148)** |
| **Non-operating Revenues (Expenses)** | | | | |
| State Appropriations | $399,039 | $392,293 | $370,382 | $389,078 |
| Grants and Contracts | 59,260 | 61,534 | 65,687 | 73,261 |
| Private Gifts | 83,129 | 85,226 | 61,009 | 70,647 |
| Investment Income | 58,858 | 280,979 | 150,321 | 16,034 |
| Interest Expense | (32,035) | (23,142) | (34,535) | (32,843) |
| Other Non-operating Revenues, Net | 4,146 | 6,223 | 5,575 | 3,623 |
| Total Non-operating Revenues before Capital/Endowments | **$572,397** | **$803,113** | **$618,439** | **$519,800** |
| **Capital and Endowments** | | | | |
| State Capital Appropriations | $0 | $6,322 | $0 | $0 |
| Capital Gifts | 14,029 | 16,116 | 11,122 | 133 |
| Private Gifts for Permanent Endowments and Charitable Remainder Trusts | 31,712 | 29,075 | 26,351 | 20,048 |
| Gain (Loss) on Retirement of Capital Assets, Net of Proceeds and Insurance Recoveries | 3,651 | 257 | (1,458) | (6,349) |
| **Total Capital and Endowments** | **$49,392** | **$51,770** | **$36,015** | **$13,832** |
| **Total Nonoperating Revenues** | **$621,789** | **$854,883** | **$654,454** | **$533,632** |
| **Increase in Net Assets** | **$205,948** | **$382,411** | **$227,476** | **$136,484** |
| **Net Assets, Beginning of Year** | **$4,194,369** | **$3,811,958** | **$3,584,482** | **$3,447,998** |
| **Prior Period Adjustments** | **($79,564)** | | | |
| **Net Assets, End of Year** | **$4,320,753** | **$4,194,369** | **$3,811,958** | **$3,584,482** |

[1] Includes prior period adjustment under GASB 68 to record the University's net pension liability and related items and to incorporate the net position of student organizations.

[2] Restated to accurately characterize a prepaid lease of $18 million that had been expenses in 2014.

[3] Restatement due primarily as a result of the Ross-Ade Foundation changing from a blended component unit to a discretely presented component unit in 2013 as a result of GASB 61. Non-material changes related to consolidation of Student Organization activity is also restated in 2012.

**Student Fees**

The "Student Fees" (for purposes of the Corporation's student fee indenture) for the past four years are listed on the previous page in the table labeled "Financial Operations of the Corporation" on the line item "Net Tuition and Fees".

**Budgeting**

The University's Board of Trustees approves an operating budget for each fiscal year based upon the proposed budget submitted by the President and senior administrative officers of the University. To establish an operating budget, the University takes into consideration appropriations from the State and revenue from all other sources including student fees. On a biennial basis the University submits a request to the Indiana Commission for Higher Education and the State Budget Agency seeking appropriations from the General Assembly. The State appropriations include funding for operations, fee replacement (debt service), capital, repair and rehabilitation and other public service functions. See "State Appropriations".

**State Appropriations**

To sustain its mission and educational activities, the University receives a portion of revenues from the State of Indiana. Other revenues are derived substantially from student fees and the federal government.

The University has annually received and anticipates receiving appropriations from the Indiana General Assembly. These appropriations have been and are to be applied to the educational and general expenditures of the University, to fund major repair and rehabilitation projects and to assist with debt service.

The State appropriations received by the University for fiscal years 2011 through 2015, and budgeted for fiscal years 2016 and 2017 are set forth below. This information should be reviewed in conjunction with the University's financial statements, including the Management Discussion and Analysis, and the Notes to the statements.

**STATE APPROPRIATIONS**
**(dollars in thousands)**

| | Normal Recurring Appropriations | | | | | |
|---|---|---|---|---|---|---|
| | Unrestricted | | Restricted | | | |
| Fiscal Year Ended June 30 | General Operating | Fee Replacement | Repair & Rehabilitation | Special | Non-Recurring Appropriations | Total[7] |
| Historical | | | | | | |
| 2011 | $317,986 | $31,779 | - | $26,919 | $9,534 [1] | $386,218 |
| 2012 | 312,325 | 29,009 [2] | - | 26,954 | - | 368,288 |
| 2013 | 312,325 | 31,069 [3] | - | 26,953 | - | 370,347 |
| 2014 | 318,606 | 30,146 | $9,265 | 34,276 | 5,750 [4] | 398,043 |
| 2015 | 325,109 | 29,529 [5] | 9,265 | 34,093 | 1,034 [4] | 399,030 |
| Budgeted | | | | | | |
| 2016 | 325,156 | 29,182 | 10,567 | 36,466 | 72,016 [4,6] | 473,387 |
| 2017 | 326,131 | 28,155 | 10,567 | 33,466 | 7,450 [6] | 405,770 |

[1] Separately, a non-recurring appropriation of $45,474,070 was designated by the State for the 2009-2011 biennium for (a) R&R or (b) R&R or General Operating Expense. These funds were initially appropriated by the State under the American Recovery and Reinvestment Act (ARRA) of 2009. During 2009-2010, $35,131,844 reverted to the State and the balance of $10,342,226 was available for 2010-2011 but not appropriated. An additional $10 million was available to be allocated between Purdue and Indiana University in fiscal year 2011 at the discretion of the State Budget Agency but was not appropriated.
[2] Net of bond proceeds interest income in the amount of approximately $2.8 million, appropriated by the State but not claimed by the University.
[3] Net of interest savings of $272,100 and other savings in the amount of $842,486 appropriated by the State but not claimed by the University.
[4] Capital appropriations towards construction of West Lafayette Active Learning Center ($50,000,000) and IPFW South Campus Renovations ($21,350,000) will be funded based on the actual timing of the recognition of expenses. The balance remaining at the end of Fiscal 2015 was $64,566,120.
[5] Net of savings in the amount of $108,263 largely generated by refunding of outstanding bonds.
[6] Total capital appropriation of $2,400,000 towards planning for Calumet Emerging Technologies Building.
[7] Sums may not equal totals due to rounding.

**Student Financial Aid**

Among Purdue students, there was a 3.7% decrease in State Awards and a 3.9% decrease in Federal Pell Grants from academic year 2013-14 to 2014-15. Total grants and scholarships decreased by 0.7% compared to a decrease of 7.1% in total loans in academic year 2014-15 from the previous year.

The following table summarizes the financial aid provided to students of the University from a limited set of various sources for the 2014-15 academic year.

**STUDENT FINANCIAL ASSISTANCE[1]**

**Academic Year 2014-15**

| | West Lafayette | Regional Campuses | Total |
|---|---|---|---|
| **Scholarships and Grants:** | | | |
| University Scholarships, Grants & Fee Remissions | $83,129,029 | $8,200,114 | $91,329,143 |
| University Incentive Grant | 12,058,842 | - | 12,058,842 |
| Purdue Opportunity Awards | 446,609 | - | 446,609 |
| Athletic Grant-in-Aid | 10,647,680 | 2,582,396 | 13,230,076 |
| State Awards | 26,106,284 | 18,294,430 | 44,400,714 |
| Private Awards | 12,192,871 | 4,019,711 | 16,212,582 |
| Fellowships | 12,364,068 | - | 12,364,068 |
| Federal Pell Grants | 23,738,743 | 33,033,608 | 56,772,351 |
| Federal SEOG | 1,881,375 | 609,804 | 2,491,179 |
| Other Federal Grants | 15,563,039 | 739,749 | 16,302,788 |
| **Total Scholarships and Grants** | **$198,128,540** | **$67,479,812** | **$265,608,352** |
| **Loans:** | | | |
| Federal Stafford Loans | $95,528,393 | $81,079,039 | $176,607,432 |
| Federal Parent Loans for Undergraduate Students | 43,256,694 | 5,142,902 | 48,399,596 |
| Federal Graduate PLUS Loans | 4,868,063 | 470,505 | 5,338,568 |
| Federal Perkins and Health Professions Loans | 4,496,767 | 685,458 | 5,182,225 |
| Purdue Loans | 3,478,549 | - | 3,478,549 |
| Private Loans | 21,244,732 | 4,319,745 | 25,564,477 |
| **Total Loans[2]** | **$172,873,198** | **$91,697,649** | **$264,570,847** |
| **Employment and Employment Related:** | | | |
| Work-Study Salaries | $1,401,088 | $602,463 | $2,003,551 |
| Graduate Student Staff Salaries | 89,913,679 | 2,152,243 | 92,065,922 |
| Other Part-Time University Salaries | 19,470,685 | 4,240,588 | 23,711,273 |
| Employment Related Fee Remissions | 51,873,130 | 2,330,236 | 54,203,366 |
| Other Employment Related Awards | 3,524,217 | - | 3,524,217 |
| **Total Employment Related** | **$166,182,799** | **$9,325,530** | **$175,508,329** |
| **Total Student Financial Assistance** | **$537,184,537** | **$168,502,991** | **$705,687,528** |

[1] Reported by Academic Year. Data does not tie to Fiscal Year reporting provided in the Financial Report.
[2] Reduction in loans at West Lafayette campus versus prior year due to aid changes, financial literacy, and other outside factors.

**Endowment and Similar Funds**

The Corporation's endowment and similar funds include (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity, the current income and capital appreciation of which are distributed at an annualized rate based on the market value of the endowment, either for donor-specified purposes or for general purposes of the University and (2) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the Corporation, have been retained and invested for future use, in accordance with the donor's restrictions or at the discretion of the Board of Trustees of the Corporation. The market value figures at the end of fiscal years 2011 through 2015 are shown below. These values are not pledged under the Indenture and do not include endowments separately held by the Corporation valued at $47,587,427 on June 30, 2015. The current spending policy for the endowment is 5.0%, based on a 12-quarter rolling average.

| FISCAL YEAR ENDED JUNE 30 | ENDOWMENT MARKET VALUE |
|---|---|
| 2011 | $1,239,002,010 |
| 2012 | 1,194,501,367 |
| 2013 | 1,400,657,554 |
| 2014 | 1,592,824,888 |
| 2015 | 1,549,142,743 |

As of December 31, 2015, the unaudited market value of the Corporation's endowment was $1,464,297,541 and the unaudited consolidated market value of the endowment (including Purdue Research Foundation) was $2,227,484,602 (including net additions).

**Related Foundations**

The foundations listed below are organized exclusively to serve the Corporation and the University by providing funds and other resources. The asset value, income and support to the Corporation for each foundation for the fiscal year ending June 30, 2015 is shown in the following table.

| FOUNDATION | ASSET (BOOK) VALUE | INCOME | DISBURSED TO/FOR THE CORPORATION |
|---|---|---|---|
| Purdue Research Foundation | $2,387,080,160 | $118,752,525 | $79,908,505 |
| Ross-Ade Foundation | 131,593,200 | 5,654,242 | 5,333,823 |
| Indiana-Purdue Foundation at Fort Wayne | 12,417,858 | 1,078,369 | 1,322,461 |
| **Total** | **$2,531,091,218** | **$125,485,136** | **$86,564,789** |

Purdue Research Foundation: The Purdue Research Foundation, organized in 1930, is a nonprofit corporation that may accept gifts, administer trusts, acquire property, negotiate research contracts and perform other services helpful to the University. Its objectives are exclusively to aid the University. This Foundation developed the Purdue Research Park that provides a program for collaboration between research and development activities of industry and the basic research of the University. The Foundation owns 7,363 acres of land, 6,166 acres of which are leased to the University.

Ross-Ade Foundation: The Ross-Ade Foundation was organized in 1923 through gifts from alumni to promote and develop the educational and physical welfare of students with funds that could not be provided from state appropriations. This Foundation has built the football and softball stadiums and parking garages, and has been instrumental in the development of the regional campuses by acquiring the land and constructing the facilities. All the facilities are leased to the Corporation on a cost basis. The five-member Board of Directors of this Foundation includes two members of the Board of Trustees of the Corporation and the University President, who serves as President of the Board.

IPFW Foundation: The IPFW Foundation at Fort Wayne was incorporated in 1958 exclusively to promote the needs and programs of Indiana University and Purdue University. This Foundation has helped finance the construction of an academic building and has given land to these universities. The 15-member Board of Directors of this Foundation includes two members of the Board of Trustees of the Corporation.

**Other Related Entities**

Purdue International, Inc.: Effective July 1, 2014, the Purdue Foundation was reorganized as Purdue International, Inc. (PII). PII will continue to support the University with a particular focus on facilitating the University's international education, research, and exchange activities.

**Fund Raising Activity**

Fiscal 2015 was a record fundraising year, producing $343.4 million from more than 76,000 donors – including a record 18,596 first-time friends. The total includes gifts and new pledge commitments. The number of donors to Purdue is up 16% over prior year after growing by 12% from the year before. Donors from 58 countries gave to Purdue in fiscal 2015.

During the fiscal year, Purdue received its largest single cash donation ever, a $40 million grant from Lilly Endowment Inc. to help fund five key elements of the Purdue Moves initiatives.

In 2015, Purdue's second annual Day of Giving resulted in donations of $13.7 million, setting a record for most dollars raised for higher education through a single-day campaign. The event also set Purdue records for number of donations received (9,592 gifts) and number of countries represented (37 countries). The third annual Day of Giving surpassed the 2015 record by raising $18.3 million from 12,872 donations.

Also in 2015, Purdue University President Mitch Daniels announced "Ever True: The Campaign for Purdue University," which will focus fundraising efforts across three priorities: "Place Students First," "Build on Our Strengths" and "Champion Research and Innovation." The goal is $2.019 billion raised by 2019, the 150th anniversary of Purdue's founding and the 50th anniversary of alumnus Neil Armstrong's historic walk on the moon. A campaign focus is to reinforce the University's overarching commitment to keeping a rigorous college education within students' financial reach. The campaign encompasses the Purdue Moves initiatives of Affordability & Accessibility, STEM

Leadership, World-Changing Research and Transformative Education. Other campaign segments will focus on the local community, faculty and staff, parents and families, and the Purdue international community.

The campaign’s goal, the largest in the university’s history, includes:

- $400-500 million for student support, including scholarships and graduate professional student support
- $400-500 million to fund a 50% increase in the number of endowed professorships, headships and deanships, including named positions for early-career faculty
- $400-500 million to expand interdisciplinary research across the University, to further cancer research, and to increase the impact and visibility of Discovery Park
- $300-400 million to improve and better utilize Purdue’s physical infrastructure through renovations and some new construction
- $300-400 million in unrestricted funds over the course of the campaign, to be allocated where University needs are greatest

As of February 24, 2016, approximately $1.060 billion has been raised toward the $2.019 billion goal.

The table below summarizes gift giving by category for the past 5 fiscal years.

**TOTAL GIFT GIVING BY CATEGORY**
**(dollars in thousands)**

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Cash/Securities * | $166,355 | $119,538 | $100,923 | $109,364 | $121,863 |
| Real Estate | 437 | 4,178 | 0 | 70 | 0 |
| Gifts-in-Kind | 82,124 | 54,930 | 50,446 | 64,890 | 72,812 |
| Irrevocable Deferred | 4,558 | 4,666 | 6,003 | 18,645 | 7,127 |
| Revocable Deferred | 71,105 | 47,643 | 91,921 | 24,213 | 37,064 |
| New Pledge Balances* | 52,807 | 72,192 | 30,498 | 120,170 | 37,972 |
| **Total Production** | **$377,386** | **$303,147** | **$279,791** | **$337,352** | **$276,838** |
| Less: Prior Year Pledge payments * | ($34,033) | ($67,493) | ($60,863) | ($38,533) | ($47,597) |
| **Net Production** | **$343,353** | **$235,654** | **$218,928** | **$298,819** | **$229,241** |

* New Pledge Balances are recorded at the total pledge amount in the year in which the commitment is made. Payments made on those pledges in subsequent years are processed and recorded as Cash/Securities in the year in which the payments are received, then subtracted as Prior Year Pledge payments to provide annual Net Production.

## Grants and Contracts

System-wide sponsored program expenditures for the 2014-2015 fiscal year were $345.1 million, a decrease of $6.0 million, or approximately 2%, below previous year expenditures. The following list represents departments with sponsored research program expenditures in excess of $5 million.

- Electrical & Computer Engineering, $32.9 million
- Civil Engineering, $26.2 million
- Mechanical Engineering, $19.4 million
- Chemistry, $14.2 million
- Computer Sciences $13.7 million
- Physics, $13.3 million
- Aeronautics & Astronautics, $11.5 million
- Biological Sciences, $11.5 million
- Agronomy, $9.3 million
- Biomedical Engineering, $9.0 million
- Chemical Engineering, $8.9 million
- Nutrition Science, $8.2 million
- College of Pharmacy, $6.9 million
- Agricultural & Biological Engineering $6.3 million
- Human Development and Family Studies, $6.2 million
- Botany and Plant Pathology, $5.9 million
- Forestry and Natural Resources, $5.7 million
- Agricultural Economics, $5.6 million

**GRANTS AND CONTRACTS BY SOURCE**
**Fiscal Year Ended June 30**
**(dollars in thousands)**

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| **Federal Sources** | | | | | |
| Department of HHS | $37,898 | $44,424 | $56,779 | $53,949 | $60,764 |
| National Science Foundation | 73,650 | 84,696 | 91,826 | 93,839 | 88,863 |
| Department of Energy | 21,288 | 26,384 | 30,543 | 35,582 | 30,825 |
| Department of Defense | 29,543 | 28,659 | 35,087 | 34,492 | 32,942 |
| Department of Agriculture | 21,659 | 22,172 | 22,325 | 23,518 | 18,966 |
| Other Federal Agencies | 33,642 | 29,299 | 35,360 | 39,103 | 34,194 |
| **Total Federal Sources** | **$217,679** | **$235,634** | **$271,920** | **$280,484** | **$266,553** |
| State of Indiana | 19,915 | 17,513 | 19,855 | 24,317 | 25,312 |
| Business and Foundations | 84,845 | 76,187 | 75,240 | 75,044 | 67,305 |
| Non-Profit Organizations | 19,282 | 17,675 | 11,260 | 9,781 | 10,916 |
| Foreign Government | 3,341 | 4,060 | 2,309 | 2,519 | 1,962 |
| **Total Non-Federal Sources** | **$127,384** | **$115,435** | **$108,664** | **$111,660** | **$105,495** |
| **Total All Sources [1]** | **$345,063** | **$351,069** | **$380,584** | **$392,144** | **$372,048** |

[1] Sums may not equal totals due to rounding

## Outstanding Indebtedness

The Corporation is authorized by various acts of the Indiana General Assembly to issue bonds for the purpose of financing construction of student union buildings, academic and athletic facilities, residence halls, and qualified energy savings projects, among other purposes. The Corporation has never failed to pay punctually, and in full, all amounts due for principal and interest on any indebtedness. Total outstanding indebtedness of the Corporation is summarized in the following table.

| Debt Outstanding | Final Maturity | Amount Outstanding as of 5/26/2016 | |
|---|---|---|---|
| **Bonds Outstanding** | | | |
| Student Fee Bonds, Series P | 2017 | $6,705,000 | (1) |
| Student Fee Bonds, Series U | 2022 | 21,855,000 | (1) |
| Student Fee Bonds, Series X | 2019 | 19,610,000 | (1) |
| Student Fee Bonds, Series Y | 2020 | 19,505,000 | (1) |
| Student Fee Bonds, Series Z1 | 2024 | 34,365,000 | (1) |
| Student Fee Bonds, Series Z2 | 2035 | 96,805,000 | (1)(4) |
| Student Fee Bonds, Series AA | 2032 | 49,160,000 | (1) |
| Student Fee Bonds, Series BB-1 | 2034 | 45,135,000 | (1) |
| Student Fee Bonds, Series BB-2 | 2032 | 17,850,000 | (1)(5) |
| Student Fee Bonds, Series CC | 2036 | 121,885,000 | (1) |
| Student Facilities System Revenue Bonds, Series 2004A | 2033 | 17,600,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2005A | 2029 | 6,020,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2007A | 2029 | 57,680,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2007B | 2018 | 2,715,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2007C | 2032 | 25,520,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2009A | 2016 | 1,055,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2009B | 2016 | 1,120,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2010A | 2030 | 21,605,000 | (2)(3)(4) |
| Student Facilities System Revenue Bonds, Series 2011A | 2025 | 38,360,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2012A | 2032 | 35,370,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2015A | 2040 | 97,745,000 | (2)(3) |
| Student Facilities System Revenue Bonds, Series 2016A | 2036 | 67,470,000 | (2)(3) |
| **Leasehold Indebtedness** | | | |
| COPS 2006 | 2025 | 32,520,000 | (3) |
| COPS 2009B | 2031 | 42,795,000 | (3)(4) |
| COPS 2011A | 2035 | 32,185,000 | (3) |
| COPS 2014A | 2027 | 21,530,000 | (3) |
| **Total Outstanding Indebtedness** | | **$934,165,000** | |

(1) Secured by a pledge of Student Fees.
(2) Secured by a pledge of the Net Income of the designated Auxiliary Enterprise.
(3) Payable from available funds of the Corporation.
(4) Taxable Build America Bonds.
(5) Taxable Bonds.

Effective November 20, 2015, Purdue Research Foundation transferred the Bowen Civil Engineering Laboratory to the Corporation, and the Corporation formally assumed Purdue Research Foundation's obligation to pay debt service for a portion of certain bonds issued by the Indiana Finance Authority in 2012 for the benefit of the Foundation in order to finance or refinance Bowen. Previously, the Foundation granted access to Bowen to the Corporation under a Facilities Use Agreement which covered the operating costs and debt service related to the facility. $7,070,000 of the outstanding balance is allocable to Bowen. The final maturity is July 1, 2029.

The Outstanding Debt table above reflects new and refunded debt related to Student Facilities System Revenue Bonds, Series 2016A and Student Fee Bonds, Series CC, scheduled to close on May 11, 2016 and May 26, 2016 respectively.

**Physical Property**

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of 19,237 acres of land and 470 buildings. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $6.3 billion as of August 30, 2014. The following table sets forth the increase in net plant investment for the five years ended June 30, 2011 through 2015. Additions are valued at cost or, in the case of gifts, at fair value at the date of donation.

| FISCAL YEAR ENDED JUNE 30 | INVESTMENT IN PLANT (AT COST) | ACCUMULATED DEPRECIATION | NET BOOK VALUE IN PLANT [1] |
|---|---|---|---|
| 2011 | $3,199,534,972 | $1,363,558,581 | $1,835,976,391 |
| 2012 | 3,419,911,763 | 1,475,574,875 | $1,944,336,889 |
| 2013 | 3,602,007,093 | 1,589,082,494 | $2,012,924,600 |
| 2014 | 3,782,512,325 | 1,712,859,720 | $2,069,652,605 |
| 2015 | 3,957,413,715 | 1,843,388,778 | $2,114,024,937 |

[1] Sums may not equal totals due to rounding

**Insurance**

All Risk Coverage: All facilities of the Corporation are insured under a blanket form property policy, including new construction not yet completed. The blanket form covers buildings for loss up to the total of its replacement cost value (unless otherwise specified as actual cash value). There is a $250,000 deductible clause which is applicable to each occurrence of loss. The Corporation self-insures losses within the $250,000 deductible through its Risk Management reserve fund.

The Corporation also maintains business interruption insurance for protection against loss of income due to temporary shutdown of operations resulting from physical damage to property. The total value of business interruption reported to the Corporation's insurer is $937 million, which is based on values gathered from the annual IPEDS Finance Survey. A $250,000 deductible applies per occurrence and is funded by the Risk Management departmental reserve fund.

Premises and Operations Liability: The Corporation procures insurance for liability brought by third parties arising out of accidents on University premises and in connection with its operations globally. Except for the airport (covered by a separate $50,000,000 liability policy) and the aircraft (covered by a separate $25,000,000 policy), the Corporation's primary liability policy is in the amount of $40,000,000 per occurrence/wrongful act/annual aggregate over a $2,000,000 per occurrence or claim self-insured retention. Losses handled within this retention are financed through the Risk Management Department allocated reserve fund.

**Capital Programs**

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and Corporation funds. Major construction recently completed on the West Lafayette campus includes a softball stadium and strategic infrastructure and utility improvements. Major projects currently under construction on the West Lafayette campus include: the Active Learning Center; the Honors College and Residences; and a variety of repair and rehabilitation projects. Renovations of the South Campus are underway on the Fort Wayne Campus. On the North Central campus, a new student services and activities complex is under construction.

The four campuses are each authorized to issue up to $15 million in qualified energy savings (QES) bonds. Several QES projects are completed or under construction. Total debt outstanding for these QES projects is $5.8 million and included in Student Fee Bonds, Series BB-1.

The Corporation expects to issue debt obligations in the first half of calendar year 2016 for the following purposes:

- Student Fee Bonds to partially fund the construction of the Agricultural and Life Sciences Facility on the West Lafayette campus of the University, and to refund certain prior Student Fee Bonds,
- Student Facilities System Revenue Bonds to partially fund the construction of a research facility, on the West Lafayette campus of the University, the Engineering Flex Laboratory, and to refund certain prior Student Facilities System Revenue Bonds, and
- Certificates of Participation in lease rental payments by the Corporation with the respect to the lease-purchase of a new and renovated Football Performance Complex on the West Lafayette Campus of the University.

**Retirement Plans**

The Corporation participates in a defined contribution retirement plan for its faculty and administrative-professional staff. The retirement plan provides fully-vested, fully-funded, investment options. Employees are required to make a mandatory contribution equal to 4% of salary combined with the University's contribution of 10% of salary. This plan is administered by Fidelity Investments. The Corporation is current with all payments due to Fidelity Investments.

The clerical and service staff hired on or prior to September 8, 2013 participate in the Public Employees Retirement Fund ("PERF") of the State of Indiana, which is the defined benefit retirement plan for all State employees. The Corporation's liability under this retirement plan is limited to a required annual contribution with respect to each participating employee. The annual required contribution from the University is established by PERF and may increase or decrease from year to year, depending on factors outside of the University's control. The Corporation is current with all payments due to PERF.

The General Assembly adopted House Enrolled Act 1466 in its 2015 session (the "Act"), which, among other things, provided that participating entities in PERF, including the Corporation, which had frozen their participation in PERF, as described in the Act, are required to pay to PERF certain amounts. These amounts are determined under the Act, and include all of the following:

- Amounts necessary to provide sufficient assets to pay benefits to retired members attributable to service with the Corporation;
- Amounts that the INPRS Board determines are necessary to fund fully the service for members of PERF who have creditable service with the Corporation and who are not employees as of the effective date of the participation freeze;
- Amounts of required contributions under IC 5-10.2-2-11 for members of PERF who are employees of the Corporation on the date of the notice of the freeze; and
- Amounts the INPRS Board determines are necessary to fund fully the benefits attributable to service with the Corporation that are vested or will become vested and are not expected to be fully funded through the continuing contributions under IC 5-10.2-2-11 during the duration of the members' employment with the Corporation.

The Act provides for the method of calculation of such amounts and options for their payment by the Corporation. The Corporation is currently in discussions with the Indiana Public Retirement System regarding such obligation.

All clerical and service staff hired on or after September 9, 2013 participate in a defined contribution retirement plan which is subject to a three year cliff vesting. The University will contribute 4% of an employee's salary and make an additional match up to 4% of the employee's salary.

The Corporation participates in a supplemental pension program for the University's police officers and firefighters. This plan is a defined benefit plan sponsored by the University which, together with the PERF plan described above, provides for a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. The program is an agent single-employer defined benefit plan administered by TIAA-CREF. The Corporation is current with all payments due to TIAA-CREF.

With respect to the PERF plan, it should be noted that (i) the information included in this pension disclosure relies on information produced by the PERF pension plan and their independent accountants and actuaries, (ii) actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and (iii) actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the PERF pension plan.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Public Retirement Fund, One North Capitol Ave., Suite 001, Indianapolis, IN 46204, or visiting www.in.gov/perf.

See Note 9, Note 12 and Required Supplementary Information to the Financial Statements for Purdue University for further information. See also "Financial Operations of the Corporation" for a discussion of changes resulting from the adoption of GASB 68 and 71.

**Other Post-Employment Benefits (OPEB)**

In the financial statements for the year ending June 30, 2015, the University reported Other Post-Employment Benefits (OPEB) annual cost of $7,672,000. The University currently offers participation in its medical plan to official retirees and their dependents. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible.  Official retirees under the age of 65 and their dependents are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. The early retirees benefit in that the cost of the benefit exceeds the cost of the plans, which creates an implicit rate subsidy. After the retiree reaches the age of 65, the program is no longer offered.  Purdue also offers a long-term disability program providing income continuation payments.  Based on date of disability, some additional "auxiliary benefits" may be extended.  Prior to January 1, 2013, the program included retirement benefit payments, medical benefit payments and life insurance premium payments for a small required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning on or after January 1, 2013, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

See Note 7 to the Financial Statements for Purdue University and “Retirement Plans” below for further information.

**Forward Looking Statements**

Certain information contained in this document and in the Financial Report accompanying this document in Appendix B contains “forward looking statements” based on current expectations, estimates, forecasts and projections about and assumptions made by the University.  These forward-looking statements may be identified by the use of forward-looking terms such as “may,” “will,” “expects,” “believes,” “anticipates,” “plans,” “estimates,” “projects,” “targets,” “forecasts,” and “seeks” or the negatives of such terms or other variations on such terms or comparable terminology. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially.  These risks and uncertainties include demographic changes, demand for higher education services of the University, competition with other higher education institutions and general domestic economic conditions including economic conditions of the State of Indiana.  The University disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

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# APPENDIX B

# PURDUE UNIVERSITY FINANCIAL REPORT

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# PURDUE
UNIVERSITY

# Financial Report 2015

**Purdue Moves the World Forward**

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# LETTER OF TRANSMITTAL

October 20, 2015

To the Board of Trustees of Purdue University:

We are pleased to submit this, the 93rd annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2015, and sets forth the complete and permanent record of the financial status of the University for the year.

The University Financial Statements have been audited by the Indiana State Board of Accounts, and the Auditors' Report appears herein.

Respectfully submitted,

MITCHELL E. DANIELS, JR.
*President*

Respectfully submitted,

WILLIAM E. SULLIVAN
*Treasurer and*
*Chief Financial Officer*

Approved for publication and transmission to the governor of the state.
President Mitchell E. Daniels, Jr.

# BOARD OF TRUSTEES

***As of June 30, 2015***

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees appointed by the governor. The selection of these Trustees is prescribed in Indiana Code IC 21-23-3. Three of the Trustees are selected by the Purdue Alumni Association. The remaining seven Trustees are selected by the governor. Two of the Trustees must be involved in agricultural pursuits, and one must be a full-time student of Purdue University. All Trustees serve for a period of three years except for the student member, who serves for two years.

# OFFICERS OF THE UNIVERSITY

***As of June 30, 2015***

## OFFICERS OF THE BOARD OF TRUSTEES

**Thomas E. Spurgeon**, Chairman

**Michael R. Berghoff**, Vice Chairman

**William E. Sullivan**, Treasurer

**James S. Almond**, Assistant Treasurer and Assistant Secretary

**Janice A. Indrutz**, Secretary

**Steven R. Schultz**, Legal Counsel

**Thomas B. Parent**, Assistant Legal Counsel

## ADMINISTRATIVE OFFICERS

**Mitchell E. Daniels, Jr.**, President

**Morgan J. Burke**, Vice President and Director of Intercollegiate Athletics

**Gina C. DelSanto**, Chief of Staff

**Debasish Dutta**, Executive Vice President for Academic Affairs and Provost

**Suresh Garimella**, Executive Vice President for Research and Partnerships

**Julie K. Griffith**, Vice President for Public Affairs

**William G. McCartney**, Vice President for Information Technology and System Chief Information Officer

**Alysa Christmas Rollock**, Vice President for Ethics and Compliance

**Steven R. Schultz**, University Legal Counsel

**William E. Sullivan**, Treasurer and Chief Financial Officer

## REGIONAL CAMPUS STAFF

**Vicky L. Carwein**, Chancellor, Indiana University-Purdue University Fort Wayne

**James B. Dworkin**, Chancellor, Purdue University North Central

**Thomas L. Keon**, Chancellor, Purdue University Calumet

**Stephen R. Turner**, Vice Chancellor for Finance and Administration, Purdue University North Central and Purdue University Calumet

**David Wesse**, Vice Chancellor for Financial and Administrative Affairs, Indiana University-Purdue University Fort Wayne

# REPORT OF THE PRESIDENT

This report presents Purdue University's financial statements for the fiscal years ended June 30, 2015 and June 30, 2014. We provide this information on our financial position and the results of operations as part of the University's commitment to report annually on its fiscal affairs. These financial statements have been audited by the Indiana State Board of Accounts and their report, which is an unmodified opinion, appears on pages 5 and 6.

Purdue University's record-setting fiscal year 2015 was a response to the Purdue Moves initiatives that have captured the spirit and drive of our great institution. Purdue Moves' compelling themes of Student Affordability and Accessibility, STEM Leadership, World-Changing Research and Transformative Education have garnered unparalleled support as seen in our record-breaking year in the areas of overall donations to the University, student support, sponsored research awards, corporate sponsorship support, creation of patents and licenses, and establishment of startup companies.

Purdue has dedicated the past year to an intense resource review and budget alignment process focused on student affordability and accessibility. Administrative and academic leaders forged a strong partnership to review the use of unit and institutional resources, resulting in the funding of an unprecedented fourth year of tuition freezes for students. We will build on the momentum from that success, continuing to find new ways to provide our core services efficiently and identifying additional opportunities to hold the line on student costs. Providing higher education at the highest proven value is more than a slogan on this campus — it represents an unwavering commitment to our mission of developing the next generation of educated citizens, thought leaders and a competitive and talented workforce.

All areas of the University have participated in reviewing operational needs or reimagining service delivery to reduce costs. Our work in holding tuition flat since the 2012-13 academic year, combined with decreases in room and board rates and textbook savings generated through our innovative partnership with Amazon.com has led to an overall reduction in the total cost of attendance for our students. Reducing all categories of cost has a direct impact on the debt load of our students with financial need. These unified University actions have led to a decline in student debt, the number of student borrowers and student loan default rates.

Though the future remains uncertain, continuing our strategic review of the budget, simplifying business processes to enhance efficiency, and examining in detail the use and needs of our facilities will position us to maximize University resources. Implementing prudent financial strategies like these and planning for what might lie ahead has put us on course to meet the challenges of a global economy. I encourage you to read our financial statements, which provide a deeper understanding of the finances of the University, and see firsthand how we are realizing our resource stewardship responsibilities. We are grateful for your continued support of this great University.

Sincerely,

Mitchell E. Daniels, Jr.

*President*

**STATE OF INDIANA**
**AN EQUAL OPPORTUNITY EMPLOYER**

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF PURDUE UNIVERSITY, WEST LAFAYETTE, INDIANA

**Report on the Financial Statements**

We have audited the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows of the business-type activities and the aggregate discretely presented component units of Purdue University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Purdue Research Foundation (Foundation), a component unit of the University as discussed in Note 1, which represents 95 percent of the total assets, 98 percent of net assets, and 96 percent of revenues of the discretely presented component units at June 30, 2015. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit 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 financial statements.

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

**Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2015 and 2014, and the respective changes in financial position, where applicable, and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, in fiscal year 2015, the University adopted new accounting guidance GASB Statement 68 *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Schedule of Purdue's Share of the Net Pension Liability Indiana Public Employee Retirement Fund (PERF), Schedule of Purdue's Contributions Indiana Public Employee Retirement Fund (PERF), and Retirement Plans – Schedule of Funding Progress Police/Fire Supplemental be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University basic financial statements. The Letter of Transmittal, Report of the President, Board of Trustees, Officers of the University, In-State Enrollment, and Acknowledgements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Letter of Transmittal, Report of the President, Board of Trustees, Officers of the University, In-State Enrollment, and Acknowledgements have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on this information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

October 20, 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

***June 30, 2015 and 2014***

We are pleased to present this financial discussion and analysis of Purdue University (the University). It is intended to make the University's financial statements easier to understand and to communicate our financial situation in an open and accountable manner. The primary purpose of financial reporting, whether for a commercial enterprise or for a university, is to provide information that will assist (1) management in the effective allocation and use of the organization's resources and (2) the general public, investors, creditors, and others in evaluating the effectiveness of management in achieving organizational objectives. The nature of the organization, its resources, and its objectives all serve to influence the form and process by which the accounting is accomplished and information reported.

The following discussion and analysis provides an overview of the financial position and activities of the University for the fiscal years ended June 30, 2015 and 2014, with comparative financial information for fiscal year 2013. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements and documents, which include the following components.

- ***Independent Auditor's Report*** presents an unmodified opinion prepared by our auditors, the Indiana State Board of Accounts, on the fairness in all material respects of our financial statements.
- ***Statement of Net Position*** presents the assets, liabilities, and net position of the University at a point in time (June 30, 2015 and 2014). Their purpose is to present a financial snapshot of the University. This statement aids readers in determining the assets available to continue the University's operations; how much the University owes to employees and vendors; whether the University has any deferred inflows or outflows other than assets or liabilities; and a picture of net position and its availability for expenditure by the University.
- ***Statement of Revenues, Expenses, and Changes in Net Position*** presents the total revenues earned and expenses incurred by the University for operating, non-operating and other related activities, during a period of time (fiscal years ended June 30, 2015 and 2014). Their purpose is to assess the University's operating and non-operating activities.
- ***Statement of Cash Flows*** presents cash receipts and payments of the University during a period of time (the fiscal years ended June 30, 2015 and 2014). Their purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.
- ***Notes to the Financial Statements*** present additional information to support the financial statements. The purpose of these notes is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

The financial information presented in this report is designed to enable the user to review how the University managed its resources to meet its primary missions of discovery, learning, and engagement. It should be recognized that a presentation of the financial performance of the University is not a full measure of the value of these functions as they were carried out during the year. This report deals with the costs and sources of revenue used to provide the quality and diversity in higher education that the University believes is necessary to meet its goals and objectives. We suggest that you combine this financial analysis and discussion with relevant non-financial indicators to assess the University's performance. Examples of non-financial indicators include trend and quality of applicants, freshman class size, student retention, the condition of our facilities, and campus safety metrics. Information about non-financial indicators is not included in this analysis but may be obtained from the University's Office of Institutional Research, Assessment and Effectiveness available online at https://www.purdue.edu/datadigest/.

# Financial Highlights

## Statement of Net Position

A summarized comparison of the University's assets, liabilities, and net position appears in Table 1 and demonstrates that the University's financial resources have grown over the previous three fiscal years.

**Table 1. Summary Statement of Net Position (Dollars in Thousands)**

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Current Assets | $ 918,164 | $ 660,052 | $ 686,626 |
| Capital Assets | 2,114,025 | 2,072,125 | 2,012,925 |
| Other Assets | 2,646,778 | 2,701,680 | 2,389,315 |
| Total Assets | 5,678,967 | 5,433,857 | 5,088,866 |
| Deferred Outflows of Resources | 22,829 | 7,227 | 8,011 |
| Current Liabilities | 335,965 | 355,176 | 350,987 |
| Noncurrent Liabilities | 1,025,445 | 891,527 | 933,914 |
| Total Liabilities | 1,361,410 | 1,246,703 | 1,284,901 |
| Deferred Inflows of Resources | 19,633 | 12 | 18 |
| Net Investment in Capital Assets | 1,236,479 | 1,166,479 | 1,139,118 |
| Restricted - Nonexpendable | 590,555 | 548,952 | 508,524 |
| Restricted - Expendable | 1,034,870 | 995,855 | 796,503 |
| Unrestricted | 1,458,849 | 1,483,083 | 1,367,813 |
| **Total Net Position** | **$ 4,320,753** | **$ 4,194,369** | **$ 3,811,958** |

Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts receivable, and inventories. Capital Assets include non-depreciable land, as well as buildings and equipment, net of depreciation. Other assets include accounts receivable, pledges receivable, and investments. As of June 30, 2015, total assets were approximately $5.7 billion, an increase of $245.1 million, or 4.5%, over the previous year. The overall growth in assets is attributed to increases in cash, investments, and capital assets.

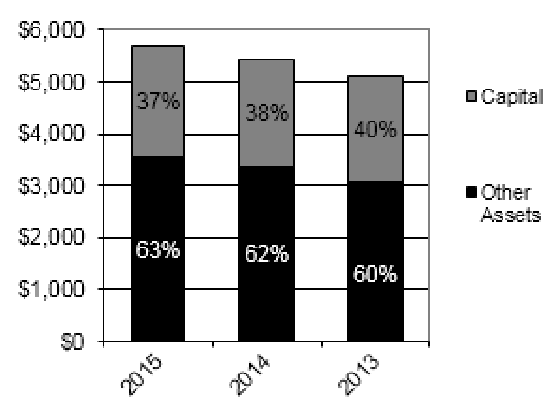
Figure 1 depicts the portion of total assets that represent capital assets. More information about capital assets is provided in the Capital Asset and Debt Administration section.

Current assets increased approximately $258.1 million during the fiscal year, resulting in a balance of approximately $918.2 million at June 30, 2015. As of June 30, 2015 cash and cash equivalents were approximately $555.9 million, an increase of approximately $176.5 million. Included in this amount is $108.5 mil-

**Figure 1**

**Capital vs. Other Assets**

(Dollars in Millions)



lion that represent invested bond proceeds related to the University's capital financing activities. The remaining $447.4 million of cash and cash equivalents is available for operations.

As of June 30, 2015, noncurrent assets decreased approximately $13.0 million, or .3%, due predominantly to the decrease in market value of investments. Noncurrent investments decreased approximately $56.8 million in fiscal year 2015, primarily driven by fluctuations in the market. Please reference a more detailed discussion in the Statement of Revenues, Expenses, and Changes in Net Position section and in Note 2.

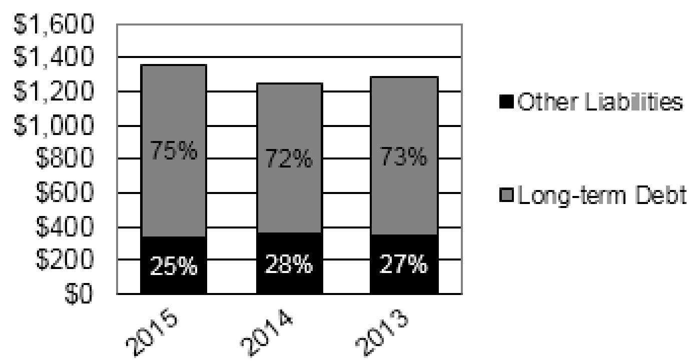
Current liabilities generally are due and payable over the course of the following fiscal year. These include accounts and other payables, unearned revenues, the current portion of long-term debt, liability for securities lending activity, and salaries and related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities include bonds, notes, and leases payable. Total liabilities were approximately $1.4 billion as of June 30, 2015.

Figure 2 depicts the portion of long-term debt (noncurrent) relative to total liabilities.

**Figure 2**

**Long-term Debt vs. Other Liabilities**

(Dollars in Millions)




Bonds, leases, and notes payable increased by $46.7 million in fiscal year 2015. A discussion of the University's capital financing activities appears in the Debt and Financing Activities section below as well as in Note 6.

Net position is classified into four categories:

- **Net investment in capital assets** represents the University's investment in capital assets such as movable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.

- **Restricted–nonexpendable** represents the University's permanent endowment funds received from donors for the purpose of creating present and future income. These funds must be held inviolate and in perpetuity. Earnings on these funds are used to support various programs designated by donors at the time of the gift.

- **Restricted–expendable** represents funds that have purpose restrictions imposed by third parties. Examples include but are not limited to scholarship funds and grant and contract funds.

- **Unrestricted funds** have no third-party restrictions. Management designates the majority of these funds for specific purposes to fulfill strategic initiatives and operational needs. It is management's practice to review the balances in unrestricted net position relative to their specific purposes at the close of each fiscal year.

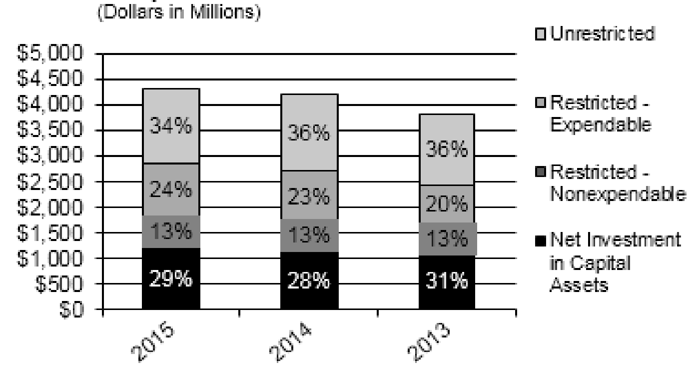
Total net position for the University was $4.3 billion as of June 30, 2015. Figure 3 provides a comparison between fiscal years as well as the composition of net position.

Net investment in capital assets increased $70.0 million in fiscal year 2015, comprised of additions to capital assets of $209.2 million, offset by annual depreciation of $157.8 million and net retirements of capital assets in the amount of $9.5 million. Additional details are provided in the Capital Asset and Debt Administration section of this analysis.

Figure 3

Composition of Net Position

(Dollars in Millions)




Restricted-nonexpendable funds increased $41.6 million in Fiscal Year 2015, primarily resulting from contributions to endowments. Restricted-expendable funds increased $39.0 million, driven by increases of $32.8 million in sponsored grants and contracts, gifts provided by donors, and a $6.2 million prior period adjustment to incorporate the net position of student organizations. Unrestricted funds had an overall decrease of $24.2 million attributable to the prior period adjustment of $85.7 million in net pension obligation required by the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. This decrease in unrestricted funds was offset by an increase of $61.5 million related to the current year's operational results.

## Statement of Revenues, Expenses, and Changes in Net Position

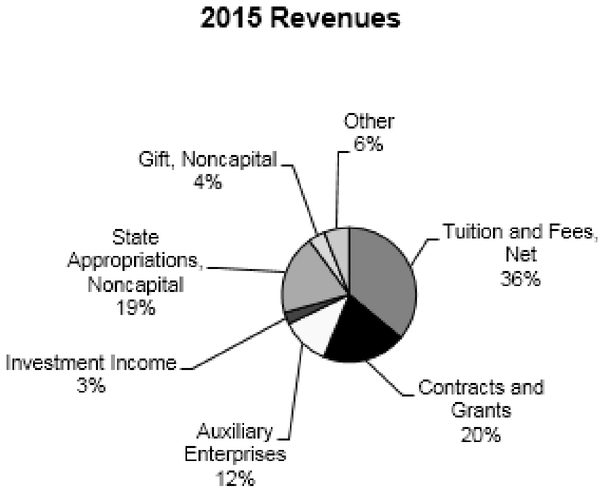
A summarized comparison of the University's revenues, expenses, and changes in net position follows in Table 2.

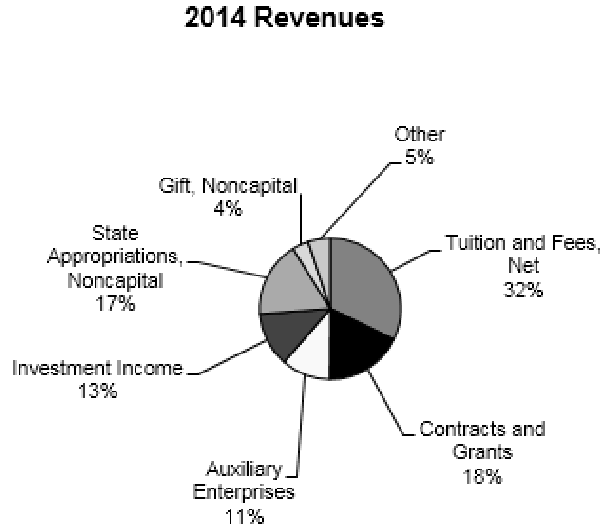
**Table 2. Summary Statement of Revenues, Expenses, and Changes in Net Position (Dollars in Thousands)**

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Operating Revenues | | | |
| Tuition and Fees, Net | $ 747,513 | $ 727,256 | $ 730,250 |
| Grants and Contracts | 360,411 | 344,537 | 364,697 |
| Auxiliary Enterprises, Net | 241,962 | 254,567 | 249,379 |
| Other Operating Revenues | 121,917 | 108,849 | 105,805 |
| Total Operating Revenues | 1,471,803 | 1,435,209 | 1,450,131 |
| Operating Expenses | | | |
| Depreciation | 157,751 | 148,356 | 135,846 |
| Other Operating Expense | 1,729,893 | 1,759,325 | 1,741,263 |
| Total Operating Expenses | 1,887,644 | 1,907,681 | 1,877,109 |
| Operating Loss | (415,841) | (472,472) | (426,978) |
| Nonoperating Revenue | 572,397 | 803,113 | 618,439 |
| Capital and Endowments | 49,392 | 51,770 | 36,015 |
| Total Nonoperating Revenues | 621,789 | 854,883 | 654,454 |
| Increase in Net Position | 205,948 | 382,411 | 227,476 |
| Net position, Beginning of Year | 4,194,369 | 3,811,958 | 3,584,482 |
| Prior Period Adjustments | (79,564) | | |
| Net Position, Beginning of Year, as restated | 4,114,805 | | |
| **Net position, End of Year** | **$ 4,320,753** | **$ 4,194,369** | **$ 3,811,958** |

Revenues are classified for financial reporting as either operating or non-operating. Operating revenues are generated by providing goods and services to our students and other important constituents of the University. Operating revenues include tuition and fees, grants and contracts, and sales and services. Tuition and fees and housing revenue are shown net of an allowance for scholarships. Non-operating revenues are those received by the University without providing a commensurate good or service and include our state appropriations, investment income, and private gifts. Because Purdue is a public university, non-operating revenues are an integral part of its operating budget. Private gifts for capital projects and additions to the University's endowment are also considered non-operating sources of revenue but are not part of the University's operating budget. Figure 4 provides information about the University's sources of revenues, excluding endowments and capital, for fiscal years 2015 and 2014. The University had an increase in the restated net position of $205.9 million for the fiscal year ended June 30, 2015.

**Figure 4: University Revenue by Category**



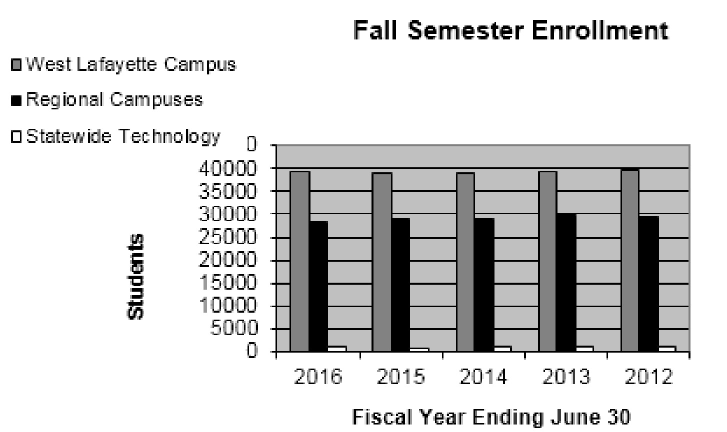

Total operating revenues increased $36.6 million, or 2.6% from fiscal year 2014 to fiscal year 2015. $20.3 million of the increase is from net tuition and fee revenue, primarily resulting from increased resident and non-resident enrollment at the West Lafayette campus, an increase in summer enrollment, and a modest rate increase at Regional campuses. Enrollment patterns for the past five years are illustrated in Figure 5.

Operating grants and contracts revenue increased $21.7 million in Fiscal Year 2015. This increase is principally due to increases in grant revenue from industrial sponsors.

Total operating expenses decreased by $20.0 million, or 1.1%, from fiscal year ended June 30, 2014 to fiscal year ended June 30, 2015. Details are described in Note 8.

Fiscal year 2015 non-operating revenues, net of expenses, decreased from the previous year by $230.7 million primarily due to a reduction in investment income related to fluctuations in the market. The net investment performance of the University's endowment was 2.3% for the fiscal year ended June 30, 2015. The endowment was invested in private investments (47.9%), public equities (41.7%), and in fixed income investments (10.4%). The portfolio composition did not materially change from the prior year.

**Figure 5 Five-Year Enrollment Data***




**Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus.*

Capital and Endowments income decreased $2.4 million or 4.6% from the previous year. Capital gifts decreased $2.1 million while private gifts for endowments increased $2.6 million for the fiscal year ended June 30, 2015.

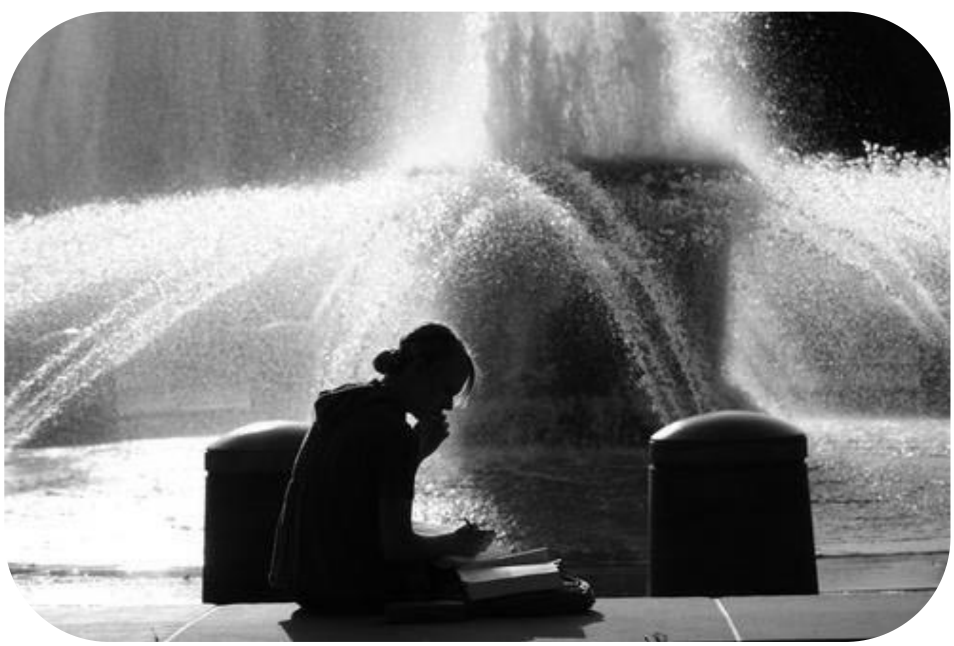
## Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the University by presenting relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining the University's ability to generate future net cash flows to meet its obligations as they become due and to determine the need for external financing. The Statement of Cash Flows presents sources and uses of cash and cash equivalents in four activity-based categories: operating, noncapital financing, investing, and capital and related financing. Table 3 provides a summarized comparison of the University's sources, uses, and changes in cash and cash equivalents.

**Table 3. Summarized Comparison of Changes in Cash and Cash Equivalents (Dollars in Thousands)**

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Cash Used by Operating Activities | $ (256,769) | $ (321,369) | $ (293,488) |
| Cash Provided by Noncapital Financing Activities | 562,058 | 577,382 | 532,179 |
| Cash Provided (Used) by Investing Activities | 22,586 | (50,525) | (39,130) |
| Cash Used by Capital and Related Financing Activities | (151,388) | (262,238) | (187,324) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 176,487 | (56,750) | 12,237 |
| Cash and Cash Equivalents, Beginning of Year | 379,414 | 436,164 | 423,927 |
| **Cash and Cash Equivalents, End of Year** | **$ 555,901** | **$ 379,414** | **$ 436,164** |

The cash provided by noncapital financing activities reflects the non-operating revenue changes described above. The cash used by investing activities in 2014 reflected deployment of cash into investments, and the subsequent cash provided by investing activities in 2015 represents the return of cash to operations, making those funds available for use in other areas of the University. The fluctuation in cash flows used by capital and related financing activities reflects the financing strategy and timing of the University's capital plan, which is outlined in the Capital Asset and Debt Administration section.



# Capital Asset and Debt Administration

## Significant Construction Projects

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. Significant construction projects (over $20 Million) completed during Fiscal Years 2015 and 2014 are presented in Table 4, significant projects in progress at June 30, 2015 are presented in Table 5, and significant projects authorized by the Board of Trustees but not started as of June 30, 2015 are presented in Table 6.

**Table 4. Significant Construction Projects Completed (Dollars in Thousands)**

| | | |
|---|---|---|
| **Projects Completed in 2015** | | |
| Vawter Field Housing (Third Street Suites) | $ | 37,397 |
| **Total Significant Construction Projects Completed** | **$** | **37,397** |
| | | |
| **Projects Completed in 2014** | | |
| Center for Student Excellence and Leadership | $ | 28,100 |
| Drug Discovery Facility | | 28,694 |
| Health Human Science Facility | | 38,000 |
| **Total Significant Construction Projects Completed** | **$** | **94,794** |

**Table 5. Significant Construction Projects in Progress (Dollars in Thousands)**

| | | **Project Budget** |
|---|---|---|
| Engineering Renovation | $ | 70,000 |
| Honors College | | 90,000 |
| IPFW - South Campus Renovations Phase 1 | | 21,350 |
| PNC - Student Services & Activities Complex | | 34,700 |
| Wilmeth Active Learning Center | | 79,000 |
| **Total Significant Construction Projects in Progress** | **$** | **295,050** |

**Table 6. Significant Construction Projects Authorized but not Started (Dollars in Thousands)**

| | | **Project Budget** |
|---|---|---|
| Ag Life Sciences Research Facility | $ | 60,000 |
| Emerging Technologies | | 40,500 |
| Flex Lab Facility | | 54,000 |
| **Total Significant Construction Projects Authorized but not Started** | **$** | **154,500** |

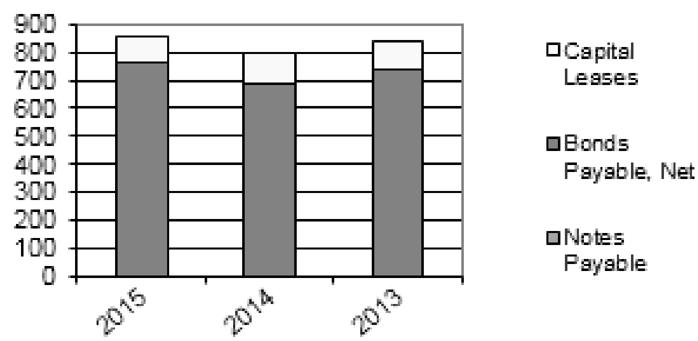
## Debt and Financing Activities

Bonds, Leases, and Notes Payable totaled $995.6 million as of June 30, 2015 and represents approximately 73% of the total liabilities of the University. The University's debt portfolio as of June 30, 2015 consists of $81.3 million of variable rate instruments (8.2%), compared to $914.3 million in fixed rate obligations (91.8%). Figure 6 compares the composition of noncurrent debt by fiscal year. Additional details about University indebtedness is provided in Note 6.

**Figure 6**

**Composition of Long Term Debt**

(Dollars in Millions)




As of June 30, 2015 and 2014, the University had a credit rating of Aaa from Moody's Investors Service. Purdue's Standard & Poor's rating for fixed rate debt was AA+ as of June 30, 2015 and 2014. The University was one of only eight public higher education institutions whose Moody's credit rating was Aaa. In addition, the University's variable-rate debt received short-term ratings from Moody's of VMIG-1/P-1 and by Standard & Poor's of A-1+.

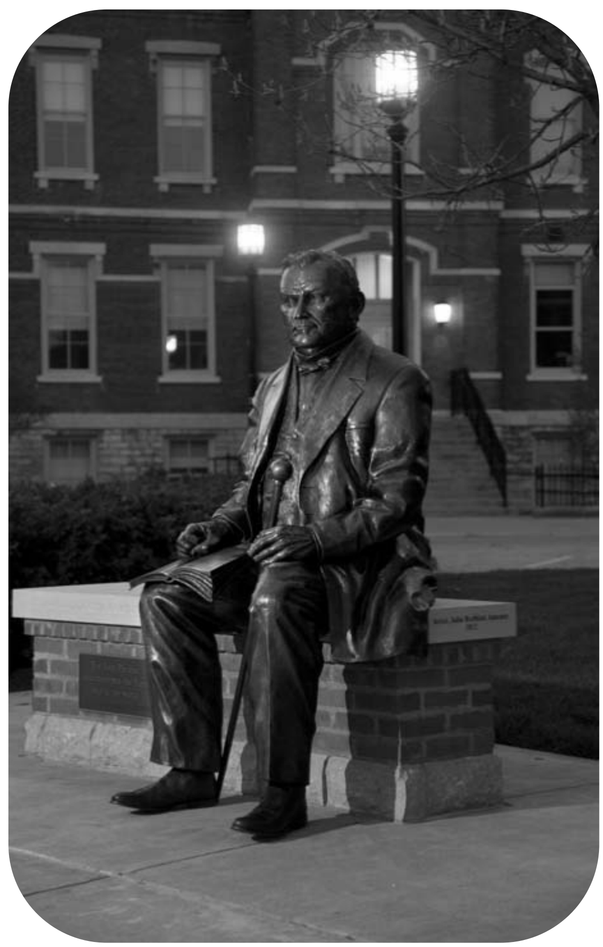
# Economic Outlook

As a result of the 2015-17 budget and legislative process, fiscal year 2016 state operating appropriations decreased by $1.9 million for the University to $325 million, distributed among the campuses as follows: West Lafayette (-$2.6 million), Calumet ($0.2 million), Fort Wayne ($0.3 million), and North Central ($0.2 million). The State of Indiana provided $21.1 million in this biennium toward the university's repair and rehabilitation needs and an additional $10.5 million to IPFW and $1.25 million each to Calumet and North Central to address deferred maintenance needs for our regional campuses. The State also provided $3 million in support of the Purdue Polytechnic Institute's operating expenses for fiscal year 2016.

Academic year 2015-16 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the third year in a row. Regional campus modest tuition increases are as follows: Calumet (1.65%), Fort Wayne (1.65%) and North Central (0.4%). Each campus continues its efforts to identify operational efficiencies, cost savings initiatives and new sources of revenue to supplement its operating budget. Efforts to support student affordability and accessibility are a priority for all of our campuses.

Enrollment at all Purdue campuses was 68,659* for the fall semester of the 2015-2016 academic year. Enrollment at the West Lafayette campus was 39,409 up slightly from the fall semester of the prior academic year. First-year students totaled 6,812. Purdue continues to experience record-high retention and graduation rates due to a university-wide commitment to student success. The first-year retention rate at the West Lafayette campus is at 92.8 percent compared to 92.6 percent last year, and the second-year retention rate is at 87.7 percent, up from last year's 86.1 percent. The four-year and six-year graduation rates increased to 51.5 percent and 75.4 percent from 49.2 percent and 73.8 percent, respectively. The class average SAT scores remained steady at 1788 on the critical reading, math and writing sections. In nine years, the cumulative point gain for incoming students' SAT scores is 104.

**Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus.*



## Statement of Net Position

As of June 30 (Dollars in Thousands)

| | 2015 | 2014 As Restated |
|---|---|---|
| **Assets and Deferred Outflows of Resources:** | | |
| **Current Assets:** | | |
| Cash and Cash Equivalents | $ 555,901 | $ 379,414 |
| Investments | 206,413 | 112,700 |
| Accounts Receivable, Net of Allowance for Uncollectible Amounts | 68,924 | 83,669 |
| Pledges Receivable, Net of Allowance for Uncollectible Amounts | 21,335 | 26,944 |
| Notes Receivable, Net of Allowance for Uncollectible Amounts | 9,076 | 3,884 |
| Other Receivables | 7,181 | 8,667 |
| Other Assets | 49,334 | 44,774 |
| **Total Current Assets** | **918,164** | **660,052** |
| **Noncurrent Assets:** | | |
| Investments | 2,550,827 | 2,607,608 |
| Pledges Receivable, Net of Allowance for Uncollectible Amounts | 34,395 | 29,030 |
| Notes Receivable, Net of Allowance for Uncollectible Amounts | 48,332 | 53,996 |
| Interest in Charitable Remainder Trusts | 13,224 | 11,046 |
| Capital Assets, Net of Accumulated Depreciation | 2,114,025 | 2,072,125 |
| **Total Noncurrent Assets** | **4,760,803** | **4,773,805** |
| **Total Assets** | **5,678,967** | **5,433,857** |
| **Deferred Outflows of Resources:** | | |
| Debt Refunding | 8,818 | 7,227 |
| Defined Benefit Pension Items | 14,011 | - |
| **Liabilities and Deferred Inflows of Resources:** | | |
| **Current Liabilities:** | | |
| Accounts Payable and Accrued Expenses | 107,326 | 109,307 |
| Unearned Revenue | 38,667 | 37,338 |
| Deposits Held in Custody for Others | 22,494 | 25,194 |
| Accrued Compensated Absences | 26,407 | 26,361 |
| Bonds (net), Leases, and Notes Payable | 141,071 | 156,976 |
| **Total Current Liabilities** | **335,965** | **355,176** |
| **Noncurrent Liabilities:** | | |
| Accrued Compensated Absences | 32,506 | 30,996 |
| Other Post Employment Benefits | 36,693 | 38,568 |
| Net Pension Liability | 74,323 | 1,898 |
| Funds Held in Trust for Others | 7,465 | 8,153 |
| Advances from Federal Government | 19,891 | 19,930 |
| Bonds (net), Leases, and Notes Payable | 854,567 | 791,982 |
| **Total Noncurrent Liabilities** | **1,025,445** | **891,527** |
| **Total Liabilities** | **1,361,410** | **1,246,703** |
| **Deferred Inflows of Resources:** | | |
| Debt Refunding | 6 | 12 |
| Defined Benefit Pension Items | 19,627 | - |

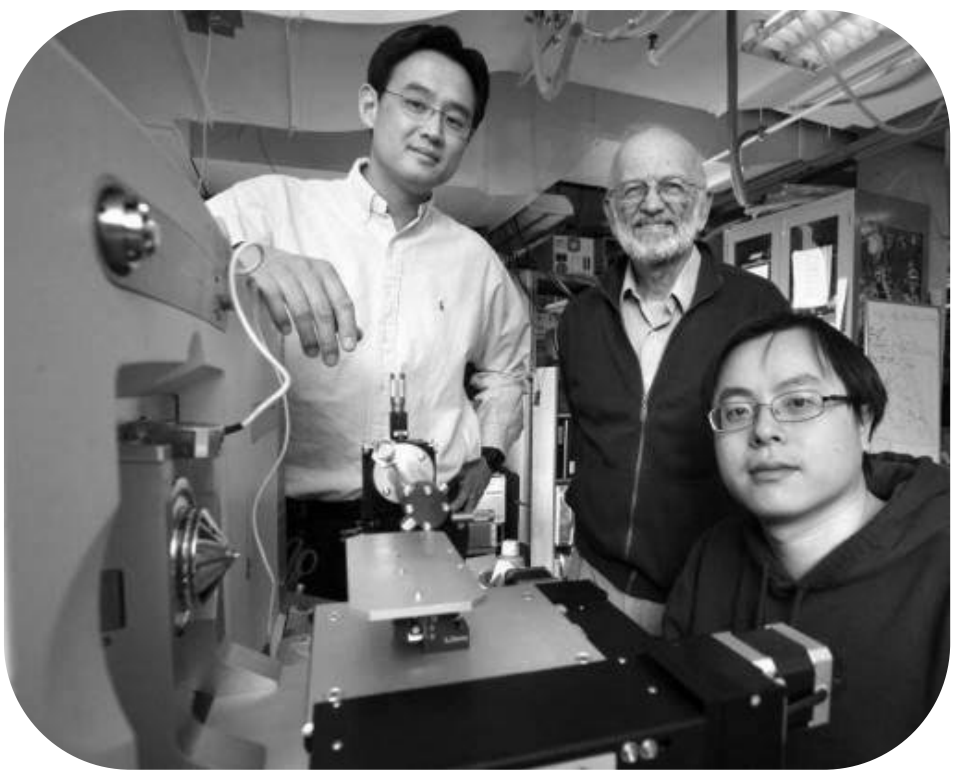
## Statement of Net Position

As of June 30 (Dollars in Thousands)

(continued from previous page)

| | 2015 | 2014 As Restated |
|---|---|---|
| **Net Position:** | | |
| **Net Investment in Capital Assets** | $ 1,236,479 | $ 1,166,479 |
| **Restricted:** | | |
| Nonexpendable: | | |
| Instruction and Research | 297,209 | 279,578 |
| Student Aid | 264,021 | 247,332 |
| Other | 29,325 | 22,042 |
| **Total Nonexpendable** | 590,555 | 548,952 |
| Expendable: | | |
| Instruction, Research and Public Service | 241,957 | 167,275 |
| Student Aid | 93,157 | 97,021 |
| Construction | 76,072 | 101,016 |
| Other | 623,684 | 630,543 |
| **Total Expendable** | 1,034,870 | 995,855 |
| **Unrestricted** | 1,458,849 | 1,483,083 |
| **Total Net Position** | $ 4,320,753 | $ 4,194,369 |

***See Accompanying Notes to the Financial Statements.***



# Component Units

For the Years Ended June 30 (Dollars in Thousands)

***Consolidated Statement of Financial Position***

| | 2015 | 2014 |
|---|---|---|
| **Assets:** | | |
| Cash and Cash Equivalents | $ 13,422 | $ 4,987 |
| Accounts Receivable, Net | 38,774 | 33,015 |
| Other Assets | 5 | 5 |
| Investments | 2,525,592 | 2,610,670 |
| Pledges Receivable, Net | - | - |
| Lease Purchase Agreements | 129,264 | 122,191 |
| Notes Receivable, Net | 11,625 | 12,323 |
| Interest in Charitable Perpetual Trusts | 15,677 | 16,016 |
| Capital Assets, Net of Accumulated Depreciation | 170,303 | 166,074 |
| **Total Assets** | **2,904,662** | **2,965,281** |
| | | |
| **Liabilities:** | | |
| Accounts Payable and Accrued Expenses | 25,292 | 26,875 |
| Due on Split Interest Agreements | 57,100 | 58,290 |
| Deposits Held in Custody for Others | 1,607,232 | 1,668,966 |
| Bonds (Net), Leases, and Notes Payable | 219,569 | 213,862 |
| Other Liabilities | 19,672 | 21,112 |
| **Total Liabilities** | **1,928,865** | **1,989,105** |
| | | |
| **Net Assets:** | | |
| Temporarily Restricted | 701,292 | 708,982 |
| Permanently Restricted | 141,793 | 139,096 |
| Unrestricted | 132,712 | 128,098 |
| **Total Net Assets** | **$ 975,797** | **$ 976,176** |

## Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30 (Dollars in Thousands)

| | 2015 | 2014 As Restated |
|---|---|---|
| **Operating Revenues:** | | |
| Tuition and Fees (Net of Scholarship Allowance of $114,833 and $112,112, respectively) | $ 747,513 | $ 727,256 |
| Federal Grants | 21,750 | 16,398 |
| County Grants | 8,283 | 7,760 |
| Grants and Contracts | 360,411 | 344,537 |
| Sales and Services | 81,033 | 74,721 |
| Auxiliary Enterprises (Net of Scholarship Allowance of $14,585 and $14,254, respectively) | 241,962 | 254,567 |
| Other Operating Revenues | 10,851 | 9,970 |
| **Total Operating Revenues** | **1,471,803** | **1,435,209** |
| **Operating Expenses:** | | |
| Compensation and Benefits | 1,218,807 | 1,201,478 |
| Supplies and Services | 439,007 | 485,556 |
| Depreciation Expense | 157,751 | 148,356 |
| Scholarships, Fellowships, & Student Awards | 72,079 | 72,291 |
| **Total Operating Expenses** | **1,887,644** | **1,907,681** |
| **Net Operating Loss** | **(415,841)** | **(472,472)** |
| **Nonoperating Revenues (Expenses):** | | |
| State Appropriations | 399,039 | 392,293 |
| Grants and Contracts | 59,260 | 61,534 |
| Private Gifts | 83,129 | 85,226 |
| Investment Income | 58,858 | 280,979 |
| Interest Expense | (32,035) | (23,142) |
| Other Nonoperating Revenues (Net of Nonoperating Expenses of $932 and $346, respectively) | 4,146 | 6,223 |
| **Total Nonoperating Revenues before Capital and Endowments** | **572,397** | **803,113** |
| **Capital and Endowments:** | | |
| State Capital Appropriations | - | 6,322 |
| Capital Gifts | 14,029 | 16,116 |
| Private Gifts for Permanent Endowments and Charitable Remainder Trusts | 31,712 | 29,075 |
| Gain on Retirement of Capital Assets (Net of proceeds and insurance recoveries) | 3,651 | 257 |
| **Total Capital and Endowments** | **49,392** | **51,770** |
| **Total Nonoperating Revenues** | **621,789** | **854,883** |
| **INCREASE IN NET POSITION** | **205,948** | **382,411** |
| Net Position, Beginning of Year | 4,194,369 | 3,811,958 |
| Prior Period Adjustments | (79,564) | |
| Net Position, Beginning of Year, as restated | 4,114,805 | |
| **Net Position, End of Year** | **$ 4,320,753** | **$ 4,194,369** |

***See Accompanying Notes to the Financial Statements.***

## Component Units

For the Years Ended June 30 (Dollars in Thousands)

***Consolidated Statement of Activities***

| | 2015 | 2014 |
|---|---|---|
| **Revenue and Support** | | |
| Amount Received for Purdue University Research Projects | $ 3,591 | $ 2,380 |
| Less Payments to Purdue University | (3,591) | (2,380) |
| **Administrative Fee on Research Projects** | - | - |
| Contributions | 68,880 | 17,485 |
| Income on Investments | 20,019 | 20,737 |
| Net Unrealized and Realized Gains | 16,856 | 132,152 |
| Decrease in Value of Split Interest Agreements | (2,432) | (9,044) |
| Increase in Interests in Perpetual Trusts | (339) | 1,424 |
| Rents | 14,492 | 11,954 |
| Royalties | 5,105 | 6,963 |
| Other | 33,614 | 17,278 |
| **Total Revenue and Support** | **156,195** | **198,949** |
| **Expenses and Losses** | | |
| **Expenses for the Benefit of Purdue University** | | |
| Contributions to Purdue University | 20,363 | 20,050 |
| Patent and Royalty | 3,654 | 6,281 |
| Grants | 52,595 | 12,589 |
| Services for Purdue University | 830 | 340 |
| Development Office | - | 750 |
| Other | 3,661 | 2,266 |
| **Total Expenses for the Benefit of Purdue University** | **81,103** | **42,276** |
| **Administrative and Other Expenses** | | |
| Salaries and Benefits | 27,108 | 18,062 |
| Property Management | 14,691 | 12,529 |
| Professional Fees | 10,744 | 3,874 |
| Supplies | 1,578 | 718 |
| Interest | 8,752 | 8,744 |
| Research park | 2,541 | 1,384 |
| Other | 10,057 | 8,409 |
| **Total Administrative and Other Expenses** | **75,471** | **53,720** |
| Change in Net Assets | (379) | 102,953 |
| Net Assets, Beginning of Period | 976,176 | 873,223 |
| **Net Assets, End of Period** | **$ 975,797** | **$ 976,176** |

## Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

| | | 2015 | | 2014 As Restated |
|---|---|---|---|---|
| **Cash Flows From Operating Activities:** | | | | |
| Tuition and Fees, Net of Scholarship Allowances | $ | 752,027 | $ | 731,848 |
| Federal Grants | | 21,750 | | 16,398 |
| County Grants | | 8,283 | | 7,760 |
| Grants and Contracts | | 370,989 | | 342,137 |
| Sales and Services | | 81,357 | | 76,680 |
| Auxiliary Enterprises, Net of Scholarship Allowances | | 241,181 | | 252,463 |
| Other Operating Revenues | | 12,651 | | (8,140) |
| Compensation and Benefits | | (1,223,684) | | (1,200,387) |
| Supplies and Services | | (451,382) | | (468,751) |
| Scholarships, Fellowships and Student Awards | | (72,059) | | (71,931) |
| Student Loans Issued | | (8,480) | | (8,411) |
| Student Loans Collected | | 10,598 | | 8,965 |
| **Cash Used by Operating Activities** | | **(256,769)** | | **(321,369)** |
| **Cash Flows From Noncapital Financing Activities:** | | | | |
| State Appropriations | | 391,858 | | 392,293 |
| Grants and Contracts | | 59,260 | | 61,534 |
| Gifts for Other than Capital Purposes | | 105,895 | | 113,798 |
| Funds Held in Trust for Others | | 3,019 | | 3,534 |
| Other Nonoperating Revenues, Net | | 2,026 | | 6,223 |
| **Cash Provided by Noncapital Financing Activities** | | **562,058** | | **577,382** |
| **Cash Flows From Investing Activities:** | | | | |
| Purchases of Investments | | (3,201,885) | | (3,105,503) |
| Proceeds from Sales and Maturities of Investments | | 3,196,463 | | 3,014,968 |
| Interest and Dividends on Investments, Net | | 28,008 | | 40,010 |
| **Cash Provided (Used) by Investing Activities** | | **22,586** | | **(50,525)** |
| **Cash Flows From Capital and Related Financing Activities:** | | | | |
| Debt Repayment | | (130,634) | | (74,565) |
| Capital Debt Proceeds | | 191,377 | | 35,455 |
| Interest Expense | | (39,599) | | (40,821) |
| Capital Gifts Received | | 15,129 | | 8,356 |
| State Appropriations for Capital Projects | | - | | 6,322 |
| Construction or Purchase of Capital Assets | | (187,661) | | (196,985) |
| **Cash Used by Capital and Related Financing Activities** | | **(151,388)** | | **(262,238)** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | | **176,487** | | **(56,750)** |
| Cash and Cash Equivalents, Beginning of Year | | 379,414 | | 436,164 |
| **Cash and Cash Equivalents, End of Year** | **$** | **555,901** | **$** | **379,414** |

## Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)
(continued from previous page)

| Reconciliation of Cash Used for Operating Activities (Indirect Method) | | 2015 | | 2014 As Restated |
|---|---|---|---|---|
| **Reconciliation of net operating loss to net cash used by operating activities:** | | | | |
| Operating Loss | $ | (415,841) | $ | (490,473) |
| Depreciation Expense | | 157,751 | | 148,356 |
| Noncash investing, capital, and financing activities | | (3) | | 793 |
| Changes in Assets and Liabilities: | | | | |
| Accounts Receivable | | 12,977 | | (1,830) |
| Notes Receivable | | 2,592 | | 96 |
| Other Assets | | (4,560) | | 21,255 |
| Accrued Compensated Absences | | (8,011) | | 999 |
| Accounts Payable | | (6,927) | | 14,255 |
| Unearned Revenue | | 5,292 | | (16,168) |
| Deposits Held in Custody for Others | | - | | 1,350 |
| Advances from Federal Government | | (39) | | (2) |
| **Cash Used by Operating Activities** | **$** | **(256,769)** | **$** | **(321,369)** |

***See Accompanying Notes to the Financial Statements.***

# Note 1 — Basis of Presentation and Summary of Significant Accounting Policies

*For the Fiscal Year Ended June 30, 2015*

## ORGANIZATION

Established in 1869, Purdue University (the University) is the land-grant University for the state of Indiana. The University is a comprehensive degree-granting research University with 29 schools and colleges on its main campus in West Lafayette and the following regional campuses:

Indiana University-Purdue University Fort Wayne

Purdue University Calumet

Purdue University North Central

In addition to its academic programs offered at the above campuses, the University offers learning and other assistance programs at several other locations in the state of Indiana through:

College of Technology Statewide Technology Program

College of Agriculture Purdue Extension

Technical Assistance Program

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees (the Trustees). The selection of these trustees is prescribed in Indiana Code IC 21-23-3. Three of the trustees are selected by the Purdue Alumni Association. The other seven trustees are selected by the governor. Two of the trustees must be involved in agricultural pursuits, and one must be a full-time student of the University. All trustees serve for a period of three years, except for the student member, who serves for two years.

## REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity* as amended by GASB No. 39 *Determining Whether Certain Organizations Are Component Units* and GASB No. 61 *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34* define the financial reporting entity as an entity that consists of the primary government, Purdue University, and all of its component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

**Purdue International, Inc. (PII)** is a separately incorporated, not-for-profit entity established in 2014 to provide an international focus on facilitating the University's international education, research, and exchange activities. In this regard, Purdue International, Inc. serves as the flagship entity for Purdue's global affairs programs. PII was a modification of The Purdue Foundation, Inc., which was created in 1979. The University is the sole beneficiary of Purdue International, Inc. and the governing body is substantively the same as the University's governing body. As a result, Purdue International, Inc. is reported as a blended component unit of the University. Purdue International, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for Purdue International, Inc. may be obtained by writing to: Purdue International, Inc., c/o Accounting Services, 401 S. Grant Street, West Lafayette, IN 47907.

There are three discretely presented component units presented, which are defined as organizations that raise and hold economic resources for the direct benefit of the University, and are included in the reporting entity as required by GASB Statement No. 39. All of the current discretely presented component units report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117 *Financial Reporting of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the financial information in the University's financial report for these differences.

**Purdue Research Foundation (PRF)** was created in 1930 as a separately incorporated, not-for-profit entity. Its primary purpose is to promote the educational purpose of the University; award scholarships, grants, or other financial assistance to students and faculty; seek, acquire, invest, and hold gifts and endowments for the needs of the University; and acquire property or facilities for the future use or benefit of the University. The economic resources received or held by PRF are entirely, or almost entirely, for the direct benefit of the University; however, the University does not appoint the voting majority of PRF's Board of Directors. As a result, PRF is reported as a discretely presented component unit. PRF is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. PRF includes several wholly owned subsidiary LLC corporations, all of which support the purposes of PRF and the University. PRF also includes the wholly owned subsidiary McClure Park, LLC, which is a for-profit Indiana corporation that was formed to acquire, construct, lease, operate, convey, and mortgage real estate and personal property of every kind and any interest therein. McClure Park wholly owns single member limited liability subsidiaries and participates in several limited liability corporations primarily accounted for using the equity method. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906.

**Ross-Ade Foundation** was created in 1923 as a separately incorporated, not-for-profit entity. The Ross-Ade Foundation constructs athletic and parking facilities on behalf of the University. The Ross-Ade Foundation provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University even If it does not provide services directly to it. The University appoints the voting majority of the Ross-Ade Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the Ross-Ade Foundation is reported as a discretely presented component unit. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906.

**Indiana Purdue Fort Wayne (IPFW) Foundation** was created in 1958 to promote the educational purposes of Indiana University-Purdue University Fort Wayne. The IPFW Foundation accomplishes that purpose by owning and leasing land and buildings, receiving gifts of money or property, and investing, transferring, or leasing personal or real property for educational or charitable purposes. The IPFW Foundation provides services entirely to the University or otherwise exclusively benefits the University even if it doesn't provide services directly to it; however, the University does not appoint the voting majority of the IPFW Foundation's Board of Directors. As a result, the IPFW Foundation is reported as a discretely presented component unit. The IPFW Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: IPFW Foundation, c/o Matt Whitney, 2101 East Coliseum Blvd., KT G06, Fort Wayne, IN 46805-1499.

The University has an association with Indiana University-Purdue University Indianapolis for which it is not financially accountable nor does it have primary access to the resources. Accordingly, this organization has not been included in the University's financial statements.

## RELATIONSHIP TO THE STATE OF INDIANA

As one of seven public universities in the state, the University is a component unit of the state of Indiana. The University receives funding from the state for operations, repair and maintenance, construction, and debt service. A segment of its nonexempt employees participate in the state's public employees' retirement program.

## TAX-EXEMPT STATUS

The income generated by the University, as an instrument of the State, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under Internal Revenue Code Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2015 and 2014.

## BASIS OF PRESENTATION

The financial statements of the University have been prepared in accordance with the principles contained in GASB Statement No. 34 *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* as amended by GASB Statement No. 35 *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*.

During fiscal year 2015, the University adopted GASB Statements 68 *Accounting and Financial Reporting for Pensions* and GASB Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. During fiscal year 2014, the University adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

The effect of GASB Statements No. 68 and 71:

> Changed the definition of reportable pension liability from Net Pension Obligation to Net Pension Liability, which dramatically increased the liability and required a prior period adjustment in order to record the additional liability from previous years for defined benefit pension plans. These statements also introduced new deferred inflow and outflow items related to defined benefit pension plans. Changes to the Required Supplementary Information related to defined benefit pension plans also resulted from these new GASB statements. In accordance with the adoption of these statements, the University has reported an $85.7 million change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

The effect of GASB Statement No. 65:

> Changed the presentation of certain items previously required to be reported as assets or liabilities to properly record them as either deferred outflows of resources or deferred inflows of resources, or to

recognize certain items that were previously reported as assets or liabilities as outflows of resources (expenses) or inflows of resources (revenues).

## BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The University applies all applicable GASB pronouncements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Cash and Cash Equivalents.** Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, unspent debt proceeds, and certain investments with original maturities of three months or less. It is the University's practice to invest operating cash balances and bond proceeds in investments of varying maturity dates. Investments, exclusive of endowment funds, that are included in cash equivalents represent short-term, highly liquid investments that are both a) readily convertible to known amounts of cash and b) so near their maturity date that they present insignificant risk of changes in value because of changes in interest rates.

**Investments.** Investments, exclusive of institutional physical properties, are generally reported at fair value. Fair value is generally based on quoted market prices as of June 30, except for certain investments, primarily private equity partnerships, hedge funds, and similar alternative investments, for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers within the past fiscal year through June 30. Because alternative investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market value for such investments existed. Investments, exclusive of endowment funds, may be classified current or noncurrent, depending on the individual investment's maturity date at June 30. Endowment funds are primarily included in noncurrent investments, with the exception of amounts designated for distribution.

**Accounts Receivable.** Accounts receivable primarily represent grant, contract, and student payments due to the University and are shown net of an allowance for doubtful accounts.

**Pledges Receivable.** Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable, and probable of collection. Pledges receivable do not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. An allowance for uncollectible pledges is calculated based on the University's experience.

**Notes Receivable.** Notes receivable primarily consist of student loan repayments due to the University and are shown net of allowance for doubtful accounts.

**Other Receivables.** Other receivables represent a state appropriation receivable at June 30, 2015 and a bond payment receivable at June 30, 2014.

**Inventories.** Inventories principally consist of consumable supplies and items held for resale or recharge within the University, and are valued using a variety of methods, including first in first out (FIFO), weighted average and moving average, depending upon the type of inventory. Agricultural commodities are reported using the consumption method, measured by physical count and valued at market.

**Prepaid Expenses.** Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include insurance, operating leases, services of consultants, subscriptions, and certain subcontracts.

**Interest in Charitable Trusts and Contracts.** The University and Purdue Research Foundation act as trustees for certain endowments and trust funds, for which they or others have beneficiary interests. In addition, the University and PRF have beneficiary interests in insurance contracts and gift annuity programs.

Various revocable and irrevocable trusts established for the benefit of the University, PRF, the former Purdue Alumni Foundation, and affiliates exist where PRF acts as trustee, commonly referred to as the PRF Trust Funds. The Internal Revenue Service has determined that the PRF Trust Funds are exempt from federal income tax as defined in Sections 642 and 664 of the Internal Revenue Code.

The University records its interest in PRF Trust Funds' charitable remainder trusts based on the estimated present value of future cash flows. Future cash flows are estimated using an assumed investment rate of return on the underlying investments that will satisfy the trust requirements and an applicable discount rate at the time of contribution. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new trusts being added, and the maturation and liquidation of existing trusts.

PRF records its interest in a charitable perpetual trust (for which a bank acts as trustee) at the fair value of the trust's assets. The increase in the estimated present value of future cash flows of PRF's interest in the charitable perpetual trust is recorded as an increase to permanently restricted net assets in PRF's consolidated statements of activities.

The University receives certain charitable contributions from donors which, in accordance with the donors' wishes, are used for annual premium payments toward insurance contracts for which the University is a beneficiary.

The endowment funds are invested under an investment agency agreement between Purdue University and the Purdue Research Foundation. These endowment funds are managed in accordance with donor restrictions consistent with the University's endowments. The assets held in trust are equal to the fair market value of the endowment principal plus, or less, any undistributed earnings.

PRF holds life income funds for beneficiaries of a gift annuity program. These funds generally pay lifetime income to the beneficiaries, after which the principal is made available to the University in accordance with donor intentions. All life income funds are recorded at fair value net of related liabilities for the present value of estimated future payments due to beneficiaries.

**Capital Assets.** Capital assets are stated at cost or if a gift, at fair market value at the date of gift. Items are capitalized when their value exceeds the threshold shown in the following table and its estimated useful life is greater than one year. Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the following table. Capital assets are removed from the records at the time of disposal.

Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project. Interest incurred during the construction phase is included as part of the value of the construction in progress.

Assets under capital leases are capitalized when valued over $500,000 and recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

The University does not capitalize works of library collections and art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

| **Property Class** | **Threshold** | **Useful Life** |
|---|---|---|
| Land | $100,000 | Not depreciated |
| Land Improvements | $100,000 | 5-25 years |
| Infrastructure | $100,000 | 5-25 years |
| Buildings and Related Components | $100,000 | 10–50 years |
| Moveable Equipment (including fabricated equipment) | $5,000 | More than one year |
| Intangible Assets (software) | $500,000 | 7 years |

**Accrued Compensated Absences.** Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the end of the fiscal year. Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may earn vacation up to 320 hours. For all classes of employees, accrued vacation is payable upon termination. Upon meeting the definition of an official University retiree, benefits eligible clerical and service staff receive cash payments for a portion of their accrued sick leave. An estimate of sick leave liability is recorded for the clerical and service staff based on historical payouts. The liability for compensated absences is expected to be funded by various sources of revenue that are available in future years when the liability is paid.

**Unearned Revenue.** Unearned revenue consists of amounts received in advance of an event, such as student tuition and advance ticket sales related to future fiscal years.

**Net Pension Liability and Related Items.** The University participates in the Public Employees' Retirement Fund (PERF), an employer cost sharing plan managed by the Indiana Public Retirement System (INPRS). The University's net pension liability, associated deferred outflows and deferred inflows of resources, and pension expense are reported in conformance with GASB 68, using the information reported by INPRS related to our allocated share of these items.

**Deposits Held In Custody for Others.** Deposits of affiliates and others represent cash and invested funds held by the University as a result of agency relationships with various groups. Noncurrent deposits of affiliates represent the portion of endowment and similar funds held by the University on behalf of others.

**Funds Held In Trust for Others.** Liabilities to other beneficiaries related to the Charitable Trusts or endowments where the University serves as trustee for the component unit or related party.

**Net Position.** University resources are classified for accounting and financial reporting purposes into four net position categories:

- Net invested in capital assets: Resources resulting from capital acquisition or construction, net of accumulated depreciation, and net of related debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

- Restricted–nonexpendable: Net position subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the University's permanent and term endowment funds and are categorized as instruction and research, student aid, and other.

- Restricted–expendable: Net position that may be spent provided certain third-party restrictions are met. The following categories of restricted–expendable net position are presented: instruction, research, and public service; student aid; construction; and other. A significant portion of the "Other" category is related to donor-restricted funds that are undistributed gains on endowments or funds functioning as endowments.

- Unrestricted: Net position not subject to externally imposed stipulations pertaining to their use. Management may designate that these funds will be spent for certain projects or programs or to fulfill certain long-term goals. Management has designated substantially all unrestricted net position for academic and capital purposes.

**Intra-university Transactions.** Intra-university transactions are eliminated from the statements to avoid double counting of certain activities. Examples of these transactions are internal loans and sales and services between University departments.

**Classification of Revenues and Expenses.** The University has classified revenues and expenses as operating or non-operating based upon the following criteria:

- Operating revenues: Revenues derived from activities associated with providing goods and services for instruction, research, public service, health services, or related support to entities separate from the University and that result from exchange transactions. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. Examples include student tuition and fees, grants and contracts, auxiliary operations (such as Intercollegiate Athletics and Housing and Food Services), sales and service operations, federal land-grant appropriations, and county appropriations.
- Operating Expenses**:** Expenses paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Examples include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent, and staff spouse fee remissions are included with compensation and benefits. Expenses are reported using natural classifications in the Statement of Revenues, Expenses, and Changes in Net Position. Functional classification reporting appears in Note 8. Indirect expenses, such as depreciation, are not allocated across functional categories.
- Non-operating Revenues and Expenses: Revenues and related expenses that do not meet the definition of operating revenues, capital revenues, or endowment additions. They are primarily derived from activities that are non-exchange transactions, and from activities defined as such by the GASB cash flow standards. Examples include state appropriations, private gifts, investment income, and certain federal financial aid. Non-operating expenses primarily include interest on short-term and long-term borrowings.

**Application of Restricted and Unrestricted Resources.** When both restricted and unrestricted resources are available for a particular expenditure, University departments may select the most appropriate fund source based on individual facts and circumstances. The University, as a matter of policy, does not require funds to be spent in a particular order, only that the expenditure be allowable, allocable, and reasonable to the fund source selected. Restricted funds are categorized as restricted until the external stipulations have been satisfied.

**Tuition and Fees.** Tuition and fees assessed to students are reported net of scholarship allowances. Scholarship allowances represent amounts credited to students' tuition and fees and include scholarships, grants, and various other types of aid. Student loans are not included in this calculation. Aid applied to housing is shown as an allowance against auxiliary revenues. Aid remitted directly to students is shown as scholarships, fellowships, and student awards expenses. Graduate and other employment-related remissions are included with compensation and benefits expenses.

**Grants and Contracts.** The University has been awarded grants and contracts for which the monies have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors — both government and other — to provide funds for specific research and training projects.

The University makes commitments to share in the cost of various sponsored projects. Funds to satisfy these commitments are designated when grants and contracts are awarded. As sponsor dollars are spent, the University matches according to the terms of the agreement.

**Gifts.** The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately $2,801,000 and $931,000 was recognized during the years ending June 30, 2015 and 2014, respectively.

**Use of Estimates.** To prepare the financial statements in conformity with generally accepted accounting principles, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Prior Period Adjustments.** The implementation of GASB Statement 68 *Accounting and Financial Reporting for Pensions* required a prior period adjustment to record the University's net pension liability and related items, resulting in a decrease of approximately $85,734,000 to the Unrestricted Fund Balance. An additional prior period adjustment increased Restricted Other Fund Balance in the amount of approximately $6,170,000 to incorporate the net position of student organizations. As a result of these two prior period adjustments the July 1, 2014 Net Position balance decreased from $4,194,369,000 as originally stated to $4,114,805,000.

In addition, the fiscal year 2014 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position were restated to accurately characterize a prepaid lease of $18,000,000 that had been expensed in 2014.

# Note 2 — Deposits and Investments

**Deposits.** As of June 30, 2015 and 2014, the bank balance of the University's deposits (demand deposit accounts) was approximately $99,938,000 and $90,909,000, respectively. Federal depository insurance covered $250,000 and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

**University Investments.** Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees, revised and amended on December 15, 2012, authorize the Treasurer of the Trustees to implement investment activity. Except for some investments that are separately held in accordance with donor restrictions or bond covenants, the University investments are managed under guidance from two separate policies, the Purdue Investment Pool – Cash (PIPC) policy, and the Purdue Endowment Investment Policy (PIP), both of which are endorsed by the Trustees.

At June 30, The University had the following investments (dollars in thousands):

| Investment Type | June 30, 2015 | June 30, 2014 |
|---|---|---|
| **SEPARATELY HELD INVESTMENTS:** | | |
| Investment Held by State Treasurer | $ 340 | $ 340 |
| Separately Managed US Equity | 41,756 | 39,512 |
| Public Real Estate | 1,628 | 1,628 |
| Separately Managed US Agencies | 5 | 10 |
| Venture Capital/Private Equity | 1,740 | 1,795 |
| **BOND PROCEEDS INVESTED:** | | |
| Money Market & Cash | 108,460 | 43,332 |
| **PIPC (formerly CMIP):** | | |
| Asset-Backed Securities | 76,679 | 41,287 |
| Corporate Bonds | 389,112 | 368,556 |
| Mortgage-Backed Securities | 223,224 | 218,785 |
| US Agencies | 103,665 | 106,988 |
| US Treasuries and Securities | 366,247 | 367,647 |
| Mutual Funds and Cash | 351,204 | 212,387 |
| **PIP:** | | |
| Emerging Markets | 103,297 | 107,299 |
| Fixed Income | 110,326 | 107,730 |
| International Equity | 213,301 | 219,143 |
| US Equity | 359,361 | 375,303 |
| Marketable Alternatives | 384,247 | 361,657 |
| Private Natural Resources | 72,918 | 79,360 |
| Public Natural Resources | - | 7,182 |
| Private Real Estate | 49,312 | 47,031 |
| Public Real Estate | 38,502 | 38,366 |
| Venture Capital/Private Equity | 190,266 | 170,974 |
| Mutual Funds and Cash | 27,613 | 92,501 |
| **Total** | **$ 3,213,203** | **$ 3,008,813** |

Investment values included accumulated unrealized gains of $258,774,000 and $339,959,000 as of June 30, 2015 and 2014, respectively. Investment income included unrealized gains/(losses) of ($81,185,000) and $146,467,000 during the year ended June 30, 2015 and 2014, respectively.

**PRF Investments.** PRF investments are managed under the PIP which was also approved by the PRF Directors. The fair value of investments at June 30, 2015 and 2014 is as follows (dollars in thousands):

| Investment Type | | June 30, 2015 | | June 30, 2014 |
|---|---|---|---|---|
| Short-Term Investments | $ | 45 | $ | 47 |
| U.S. Equity | | 14,089 | | 17,576 |
| Fixed Income | | 5,243 | | 5,220 |
| Venture Capital | | 276 | | 149 |
| Pooled Funds: | | | | |
| Short-Term Investments | | 99,554 | | 120,474 |
| U.S. Equity | | 504,034 | | 579,248 |
| International Equity | | 333,197 | | 340,164 |
| Fixed Income | | 225,411 | | 251,320 |
| Funds Invested with University | | 14,085 | | 12,500 |
| Emerging Markets | | 161,361 | | 166,555 |
| Public Real Estate | | 60,144 | | 62,079 |
| Private Real Estate | | 77,030 | | 73,003 |
| Public Natural Resources | | - | | 11,148 |
| Private Natural Resources | | 113,905 | | 123,186 |
| Hedge Funds | | 600,234 | | 561,380 |
| Venture Capital/Private Equity | | 297,215 | | 265,393 |
| **Total** | **$** | **2,505,823** | **$** | **2,589,442** |

**Investment Policies, Interest Rate, and Credit Risks.** As noted above, investments are managed by two separate policies:

- The Cash Management Investment Policy (CMIP) outlining the parameters for all investments exclusive of endowment funds was approved on April 11, 2008, and was in place until May 15, 2015 when the Purdue Board of Trustees adopted the Purdue Investment Pool--Cash (PIPC). The primary investment objectives of PIPC are 1) the preservation of capital, 2) the maximization of returns within acceptable levels of risk, and 3) management of liquidity requirements. Authorized investments include obligations of the United States (U.S.) government, its agencies, and its instrumentalities; asset-backed and mortgage-backed securities (rated at least AAA or equivalent); corporate notes, corporate bonds, 144A bonds and Yankee bonds (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; high-yield bonds, include corporate bonds and bank loans (minimum credit quality of Ba3/BB-); investments managed under the University's endowment investment policy and the PIPC Loan Program supporting projects that are consistent with the mission to support the University and result in a public or charitable benefit or use for the University or its students.

As of June 30, 2015 and 2014, the University had $293,001,000 and $339,532,000 of PIPC investments invested in and shown as part of the PIP investments in these Note disclosures.

Investments in PIPC shall be diversified, resulting in a portfolio weighted average duration of between two and five years, with an overall credit rating of "AA" as rated by a nationally recognized rating agency such as Moody's or Standard and Poor's, assuming the credit worthiness of the United States of America is AAA. If the United States of America is downgraded the portfolio's overall credit rating may fall in tandem and still be considered in compliance with this policy. Bonds rated BBB or lower will not exceed 20% of the portfolio. Funds not required to meet cash needs will be invested over a longer-term horizon.

- The Purdue Endowment Investment Policy (PIP) outlining the parameters for endowment investments was approved on April 13, 2012. Authorized investments include equity, fixed income and alternative investments, including comingled investments. The overall policy objective is to generate real returns greater than its spending rate over the long term. The policy sets forth a diversified approach by and within the asset classes with the balanced goal of maximizing return and preserving purchasing power. Moreover, a single manager or affiliated groups of managers will not represent more than 10% of the total endowment's market value. As a partial hedge against prolonged economic contraction, the University has adopted a target allocation of 15% for fixed income.

  Portfolios will be invested in securities that result in a weighted average credit quality rating of at least AA or better with no single fixed income manager having more than 10% of its portfolio in obligations rated less than BBB or its equivalent by Moody's or Standard & Poor's. Any commercial paper in the portfolio must be rated A-1/P-1 by each rating service rating said credit. Any Bankers acceptances and certificates of deposits in the portfolio must be issued by banks having a Keefe, Bruyette & Woods rating of A, A/B, or B.

In addition, separately held, invested bond proceeds follow investment practices in compliance with arbitrage regulations and generally have maturities of three years or less. These investments are readily available to match expected construction expenditures.

The University had the following fixed-income investments and maturities (dollars in thousands):

| June 30, 2015 | Maturity | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **0–1 year** | **1–5 years** | **6–10 years** | **>10 years** | **Totals** |
| Separately Managed US Agencies | $ - | $ 5 | $ - | $ - | $ 5 |
| **PIPC (formerly CMIP):** | | | | | |
| Asset-Backed Securities | 10,782 | 61,811 | 3,192 | 894 | 76,679 |
| Corporate Bonds | 43,608 | 208,955 | 96,034 | 40,515 | 389,112 |
| Mortgage-Backed Securities | 32,097 | 29,404 | 21,924 | 139,799 | 223,224 |
| US Agencies | 42,887 | 23,214 | 34,495 | 3,069 | 103,665 |
| US Treasuries and Securities | 115,871 | 226,698 | 14,588 | 9,090 | 366,247 |
| **PIP:** | | | | | |
| Fixed Income and other | 24,006 | 67,723 | 26,278 | 31,019 | 149,026 |
| **Total** | $ 269,251 | $ 617,810 | $ 196,511 | $ 224,386 | $ 1,307,958 |

| June 30, 2014 | Maturity | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **0–1 year** | **1–5 years** | **6–10 years** | **>10 years** | **Totals** |
| Separately Managed US Agencies | $ 5 | $ 5 | $ - | $ - | $ 10 |
| **PIPC (formerly CMIP):** | | | | | |
| Asset-Backed Securities | 16,724 | 20,052 | 3,432 | 1,079 | 41,287 |
| Corporate Bonds | 30,190 | 226,553 | 83,231 | 28,582 | 368,556 |
| Mortgage-Backed Securities | 6,586 | 32,969 | 53,899 | 125,332 | 218,786 |
| US Agencies | 3,662 | 63,589 | 20,496 | 19,240 | 106,987 |
| US Treasuries and Securities | 145,466 | 215,062 | 1,172 | 5,947 | 367,647 |
| **PIP:** | | | | | |
| Fixed Income and other | 26,175 | 56,665 | 51,888 | 30,803 | 165,531 |
| **Total** | $ 228,808 | $ 614,895 | $ 214,118 | $ 210,983 | $ 1,268,804 |

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

In accordance with the PIPC, the University manages its exposure to changes in fair values by limiting the weighted average maturity of its investment portfolio to between 2 and 5 years.

The PIP, as a long-term pool of capital, has a fixed income policy target of 15% but does not limit the maturity of the individual holdings as a means to manage interest rate risk.

The distribution of investments by credit ratings is summarized below (dollars in thousands):

| | June 30, 2015 | % of Total | June 30, 2014 | % of Total |
|---|---|---|---|---|
| **Separately Held:** | | | | |
| A | $ 5 | 100.00% | $ 10 | 100.00% |
| Total Separately Held | 5 | 100.00% | 10 | 100.00% |
| **PIPC (formerly CMIP):** | | | | |
| A | 154,181 | 13.30% | 135,142 | 12.25% |
| AA | 60,575 | 5.23% | 55,829 | 5.06% |
| AAA | 682,456 | 58.89% | 691,515 | 62.68% |
| B | 546 | 0.05% | 556 | 0.05% |
| BA | 25,523 | 2.20% | 16,229 | 1.47% |
| BAA | 136,771 | 11.80% | 145,319 | 13.17% |
| CAA | 722 | 0.06% | 745 | 0.07% |
| Unrated | 98,153 | 8.46% | 57,928 | 5.25% |
| Total PIPC (formerly CMIP): | 1,158,927 | 99.99% | 1,103,263 | 100.00% |
| **PIP:** | | | | |
| A | 21,466 | 14.40% | 31,741 | 19.18% |
| AA | 7,857 | 5.27% | 32,074 | 19.38% |
| AAA | 77,565 | 52.05% | 70,632 | 42.67% |
| BA+ | 3,611 | 2.42% | 2,115 | 1.28% |
| BAA | 20,934 | 14.05% | 17,776 | 10.74% |
| Unrated | 17,593 | 11.81% | 11,193 | 6.76% |
| Total PIP | 149,026 | 100.00% | 165,531 | 100.00% |
| **Total** | **$ 1,307,958** | | **$ 1,268,804** | |

**Investment Custodial Credit Risk.** Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security.

Historically, the investment pool managed in accordance with the PIP was a shared investment pool managed by University personnel and the underlying investment instruments were held in the University's or PRF's name based on their ownership basis in the pool. Effective January 1, 2014, the Trustees transferred the investment function from the University to PRF, including the supporting personnel. With this change, the Trustees approved the movement of the investments to the PIP investment pool that is held in PRF's name. The transfer of the underlying investment vehicles from the University's name to PRF's name occurred over the course of 2014 based on the contractual terms of the underlying investment vehicles.

All Separately Held and PIPC investments were maintained in University accounts at the University's custodial banks with the exception of $340,000 at both June 30, 2015 and 2014 which was held in the State's name. All PIP investments are held at PRF including private placements and investments in limited partnerships which totaled approximately $696,743,000 and $659,022,000 respectively at June 30, 2015 and 2014.

**Foreign Currency Risk.** Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the University. Please refer to the Investment Type table for the University's exposure to international investments. In addition to those investments, the University estimates its international exposure in its PIP alternative investments was approximately $113,505,000 and $103,923,000 as of June 30, 2015 and 2014, respectively.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer. As of June 30, 2015 and 2014, consistent with policy limits, no single issuer, with the exception of U.S. Treasury and Agencies, held more than 5% of total investments.

**Donor-Restricted Endowments.** The University's endowment funds (including true, term, and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. The approved spending policy distributed 5% of the average of the ending values for the prior twelve quarters in semiannual distributions. The distribution includes both income and equity components.

As of June 30, 2015 and 2014, accumulated market appreciation of the PIP pool was approximately $506,676,000 and $588,811,000, respectively. Of this amount, 43.13% and 40.71% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2015 and 2014, respectively. The University's endowment policies are subject to the provisions of Indiana Code IC 30-2-12, "Uniform Management of Institutional Funds." Under this section, the Trustees may authorize expenditure — consistent with donors' intent — of net appreciation in the fair value of the assets of the endowment.


**Interest in Charitable Trusts and Contracts.** As of June 30, 2015 and 2014, the PRF PIP investment pool includes the following PRF Trusts assets (in thousands).

| | Assets at Fair Value | | Beneficiary Interest | |
|---|---|---|---|---|
| | June 30, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 |
| University | $ 24,004 | $ 22,670 | $ 13,244 | $ 11,046 |
| PRF | 45,425 | 48,653 | 17,361 | 18,585 |
| Related Parties | 8 | 8 | 2 | 1 |
| Other Affiliates | 223 | 231 | 101 | 93 |
| **Total** | **$ 69,660** | **$ 71,562** | **$ 30,708** | **$ 29,725** |

As of June 30, 2015 and 2014, the University PIP investment pool includes the following endowment assets (in thousands), which are offset by Funds Held in Trust obligations to the other beneficiaries (Note 7).

| | Assets at Fair Value | |
|---|---|---|
| | June 30, 2015 | June 30, 2014 |
| IPFW Foundation | $ 334 | $ 374 |
| Related Parties | 7,131 | 7,779 |
| **Total** | **$ 7,465** | **$ 8,153** |

The University also has beneficiary interest in insurance contracts of $790,000 and $756,000, respectively, as of June 30, 2015 and 2014.

# Note 3 — Accounts, Pledges, and Notes Receivable

Accounts and notes receivable consisted of the following (dollars in thousands):

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Grants and Contracts | $ 37,196 | $ 50,396 |
| Student and General | 20,041 | 22,736 |
| Other Accrued Revenues | 15,418 | 15,094 |
| Less: Allowance for Doubtful Accounts | (3,731) | (4,557) |
| **Total Accounts Receivable, Net** | **68,924** | **83,669** |
| | | |
| Pledges Receivable | 57,826 | 58,191 |
| Less: Allowance for Doubtful Pledges | (2,096) | (2,217) |
| Net Pledges Receivables | 55,730 | 55,974 |
| Less: Noncurrent Portion | (34,395) | (29,030) |
| **Pledges Receivable, Current Portion** | **21,335** | **26,944** |
| | | |
| Perkins Loans | 25,848 | 26,334 |
| Institutional Loans | 21,090 | 21,053 |
| State Appropriation and Bonds Receivable | 7,181 | 8,667 |
| Other Student Loans and Receivables | 12,207 | 11,017 |
| Less: Allowance for Doubtful Loans | (1,737) | (524) |
| Net Notes Receivables | 64,589 | 66,547 |
| Less: Noncurrent Portion | (48,332) | (53,996) |
| **Notes Receivable, Current Portion** | **$ 16,257** | **$ 12,551** |

# Note 4 – Capital Assets

| Capital Assets Activity | Balance July 1, 2014 | Additions | Retirements | Transfers | Balance June 30, 2015 |
|---|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | $ 28,179 | $ 9,084 | $ 82 | $ - | $ 37,181 |
| Construction in Progress | 130,141 | 80,761 | - | (80,041) | 130,861 |
| Total, Capital Assets, Not Being Depreciated | 158,320 | 89,845 | 82 | (80,041) | 168,042 |
| Capital Assets, Being Depreciated: | | | | | |
| Land Improvements | 73,046 | 1,607 | - | 821 | 75,474 |
| Infrastructure | 105,008 | 12,531 | 275 | 7,536 | 124,800 |
| Buildings | 2,881,489 | 68,587 | 14,187 | 71,563 | 3,007,452 |
| Equipment | 508,753 | 36,592 | 22,189 | 121 | 523,277 |
| Software | 58,369 | - | - | - | 58,369 |
| Total, Capital Assets, Being Depreciated | 3,626,665 | 119,317 | 36,651 | 80,041 | 3,789,372 |
| Less Accumulated Depreciation: | | | | | |
| Land Improvements | 59,074 | 2,149 | - | - | 61,223 |
| Infrastructure | 46,668 | 6,362 | 35 | - | 52,995 |
| Buildings | 1,221,281 | 106,035 | 7,346 | - | 1,319,970 |
| Equipment | 344,415 | 38,211 | 19,841 | - | 362,785 |
| Software | 41,422 | 4,994 | - | - | 46,416 |
| Total Accumulated Depreciation | 1,712,860 | 157,751 | 27,222 | - | 1,843,389 |
| **Total Capital Assets, Net of Accumulated Depreciation** | **$ 2,072,125** | **$ 51,411** | **$ 9,511** | **$ -** | **$ 2,114,025** |

| Capital Assets Activity | Balance July 1, 2013 | Additions | Retirements | Transfers | Balance June 30, 2014 |
|---|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | $ 28,179 | $ - | $ - | $ - | $ 28,179 |
| Construction in Progress | 215,560 | 54,836 | - | (140,255) | 130,141 |
| Total, Capital Assets, Not Being Depreciated | 243,739 | 54,836 | - | (140,255) | 158,320 |
| Capital Assets, Being Depreciated: | | | | | |
| Land Improvements | 69,410 | 1,959 | - | 1,677 | 73,046 |
| Infrastructure | 80,401 | 11,448 | - | 13,159 | 105,008 |
| Buildings | 2,656,040 | 100,795 | 226 | 124,880 | 2,881,489 |
| Equipment | 494,056 | 39,211 | 25,053 | 539 | 508,753 |
| Software | 58,362 | 7 | - | - | 58,369 |
| Total, Capital Assets, Being Depreciated | 3,358,269 | 153,420 | 25,279 | 140,255 | 3,626,665 |
| Less Accumulated Depreciation: | | | | | |
| Land Improvements | 56,802 | 2,272 | - | - | 59,074 |
| Infrastructure | 40,882 | 5,786 | - | - | 46,668 |
| Buildings | 1,123,915 | 97,509 | 143 | - | 1,221,281 |
| Equipment | 328,032 | 40,819 | 24,436 | - | 344,415 |
| Software | 39,452 | 1,970 | - | - | 41,422 |
| Total Accumulated Depreciation | 1,589,083 | 148,356 | 24,579 | - | 1,712,860 |
| **Total Capital Assets, Net of Accumulated Depreciation** | **$ 2,012,925** | **$ 59,900** | **$ 700** | **$ -** | **$ 2,072,125** |

During fiscal year 2015, the University incurred $34,580,000 in interest costs related to the acquisition and construction of capital assets. Of this total, $32,035,000 was charged as interest expense and $2,545,000 was capitalized.

# Note 5 —Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (dollars in thousands):

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Construction Payables | $ 22,134 | $ 17,334 |
| Accrued Insurance Liabilities | 24,261 | 22,329 |
| Interest Payable | 17,058 | 16,914 |
| Accrued Salaries and Wages | 8,391 | 7,870 |
| Vendor and Other Payables | 35,482 | 44,860 |
| **Total Accounts Payable** | **$ 107,326** | **$ 109,307** |

**Accrued Insurance Liabilities.** The University is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; accident, health, and other medical benefits provided to employees and their dependents; and long-term disability benefits provided to employees. The University handles these risks of loss through combinations of risk retention and commercial insurance. For buildings and contents, the University's risk retention is $250,000 per occurrence. There is $2,000,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. The maximum liability to the University for job-related illness or injury is $500,000 per incident, with a maximum annual aggregate liability of approximately $8,000,000 as of June 30, 2015 and 2014.

Separate funds have been established to account for these risks. All departments of the University are charged fees based on actuarial estimates of the amounts necessary to pay claims and to establish reserves for catastrophic losses. During the years ended June 30, 2015 and 2014, the University reflected approximately $0 and $793,000, respectively, of insurance proceeds as non-operating income.

The University accrues liabilities for claims if information indicates that a loss has been incurred as of June 30, and the amount of the loss can reasonably be estimated. Changes in the balances of accrued insurance liabilities were as follows (dollars in thousands):

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Beginning Liability | $ 22,329 | $ 22,475 |
| Claims Incurred | 107,536 | 125,672 |
| Claims Payments | (105,604) | (125,818) |
| **Ending Liability** | **$ 24,261** | **$ 22,329** |

## Note 6 — Debt Related to Capital Assets

Debt liability activity is summarized below (dollars in thousands):

| Debt Related Liabilities | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 | Current Portion |
|---|---|---|---|---|---|
| Commercial Paper | $ 18,308 | $ - | $ 18,308 | $ - | $ - |
| Notes Payable | 710 | - | 94 | 616 | 101 |
| Leases Payable to Affiliated Foundations | 144,968 | - | 12,741 | 132,227 | 38,245 |
| Bonds Payable | | | | | |
| Student Facilities System Revenue Bonds | 332,147 | 98,070 | 35,015 | 395,202 | 64,774 |
| Student Fee Bonds | 452,825 | 67,615 | 52,847 | 467,593 | 37,951 |
| Total Bonds Payable | 784,972 | 165,685 | 87,862 | 862,795 | 102,725 |
| **Total Debt Related Liabilities** | **$ 948,958** | **$ 165,685** | **$ 119,005** | **$ 995,638** | **$ 141,071** |

| Debt Related Liabilities | Balance July 1, 2013 | Increases | Decreases | Balance June 30, 2014 | Current Portion |
|---|---|---|---|---|---|
| Commercial Paper | $ 7,456 | $ 13,500 | $ 2,648 | $ 18,308 | $ 18,308 |
| Notes Payable | 795 | - | 85 | 710 | 93 |
| Leases Payable to Affiliated Foundations | 138,039 | 21,955 | 15,026 | 144,968 | 39,417 |
| Bonds Payable | | | | | |
| Student Facilities System Revenue Bonds | 352,730 | - | 20,583 | 332,147 | 67,168 |
| Student Fee Bonds | 487,677 | - | 34,852 | 452,825 | 31,990 |
| Total Bonds Payable | 840,407 | - | 55,435 | 784,972 | 99,158 |
| **Total Debt Related Liabilities** | **$ 986,697** | **$ 35,455** | **$ 73,194** | **$ 948,958** | **$ 156,976** |

**Commercial Paper.** On April 1, 2008, a commercial paper agreement was negotiated with Goldman, Sachs & Company. This agreement authorized a maximum outstanding at any time of $50,000,000 to finance portions of the costs of certain infrastructure, equipment, and facilities on various campuses. The interest rate is variable and reset based on market conditions. The University can set the maturity dates up to 270 days. As of June 30, 2015 there was no outstanding balance. At June 30, 2014 the balance outstanding was $18,308,000.

**Notes Payable.** As of June 30, 2015 and 2014, the balance of notes outstanding was approximately $616,000 and $710,000, respectively, representing financing for various activities.

On June 10, 2010, the University entered into a loan agreement with PRF to refinance its capital lease with PRF. This agreement authorized the transfer of the Schneider Avenue building from PRF to the Calumet campus in exchange for the original promise to pay approximately $1,140,000 over thirteen annual payments. The outstanding balance of this note was approximately $616,000 and $710,000 as of June 30, 2015 and 2014, respectively. The current portion of this note was approximately $101,000 and $93,000 as of June 30, 2015 and 2014, respectively. The interest rate for the note was fixed at 8.00% as of June 30, 2015 and 2014.

**Leases Payable.** Leases payable consisted of the following items (dollars in thousands):

| Issue | Issue Date | Interest Rates | Final Maturity Date | Outstanding June 30, 2015 | Outstanding June 30, 2014 | Current Outstanding June 30, 2015 |
|---|---|---|---|---|---|---|
| Certificates of Participation with Ross-Ade: | | | | | | |
| Series 1998 | 1998 | - | 2015 | $ - | $ 895 | $ - |
| Series 2006 | 2006 | 5.00 - 5.25% | 2025 | 32,520 | 35,455 | 3,075 |
| Series 2009A | 2009 | - | 2015 | - | 2,025 | - |
| Series 2009B | 2009 | 4.07 - 5.96% | 2031 | 42,795 | 42,795 | 2,080 |
| Series 2011A | 2011 | 0.06%* | 2035 | 32,185 | 32,185 | 32,185 |
| Series 2014A | 2014 | 2.66% | 2027 | 21,955 | 21,955 | 425 |
| Leases with Purdue Research Foundation: | | | | | | |
| Academic Learning Center | 2012 | - | 2030 | - | 6,235 | |
| Remo Property | 2011 | 6.38% | 2015 | - | 57 | |
| Kaplan | 2012 | 5.63% | 2022 | 755 | 841 | 91 |
| Leases with Indiana Purdue Fort Wayne Foundation: | | | | | | |
| Child Care Center | 2011 | 6.20% | 2016 | 116 | 225 | 116 |
| | | | | 130,326 | 142,668 | 37,972 |
| Net unamortized premiums and costs | | | | 1,901 | 2,300 | 273 |
| **Total** | | | | **$ 132,227** | **$ 144,968** | **$ 38,245** |

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2015.*

The Certificates of Participation are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. During the Fiscal Years June 30, 2015 and 2014, the University included approximately $32,185,000 in Current Liabilities related to variable rate Certificates of Participation (Series 2011A). The University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University.

As of June 30, 2015 and 2014, long-term debt included amounts relating to properties with a net book value (net of accumulated depreciation) of approximately $151,409,000 and $154,209,000, respectively, leased from Ross-Ade Foundation, Purdue Research Foundation, or the Indiana Purdue Fort Wayne Foundation.

On September 1, 2011, the University entered into a $615,000 lease agreement with the Indiana Purdue Fort Wayne Foundation for a child care center near the Fort Wayne campus. The lease was treated as a capital lease with a fair value of $515,000.

On December 21, 2012 the University entered into a $1,335,000 lease agreement with Purdue Research Foundation for the real estate commonly known as Kaplan Commons near the Calumet campus. The lease was treated as a capital lease with a fair value of $1,000,000.

**Bonds Payable.** As of June 30, 2015 and 2014, the balance of bonds payable was approximately $862,795,000 and $784,972,000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

| Issuance and Description | Issue Date | Interest Rates | Final Maturity Date | Total Outstanding June 30, 2015 | Total Outstanding June 30, 2014 | Current Outstanding June 30, 2015 |
|---|---|---|---|---|---|---|
| Student Facilities System Revenue Bonds: | | | | | | |
| Series 2004A | | | | | | |
| Finance construction of Calumet student housing and parking garage facilities | 2004 | 0.07%* | 2033 | 17,600 | 17,600 | 17,600 |
| Series 2005A | | | | | | |
| Finance construction and renovation of West Lafayette housing and food service facilities | 2005 | 0.06% * | 2029 | 6,020 | 6,020 | 6,020 |
| Series 2007A | | | | | | |
| Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B | 2007 | 5.00-5.25% | 2029 | 59,840 | 61,865 | 2,160 |
| Series 2007B | | | | | | |
| Finance construction of the new West Lafayette dining court and Fort Wayne student housing facility | 2007 | 5.00% | 2018 | 3,510 | 23,110 | 795 |
| Series 2007C | | | | | | |
| Renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility | 2007 | 0.06% * | 2032 | 25,520 | 25,520 | 25,520 |
| Series 2009A | | | | | | |
| Finance construction of new West Lafayette and Calumet student housing, renovate a West Lafayette student housing facility, and refund a portion of commercial paper | 2009 | 5.00% | 2028 | 19,930 | 33,495 | 1,010 |
| Series 2009B | | | | | | |
| Finance Fort Wayne and West Lafayette student housing facilities, and refund a portion of commercial paper | 2009 | 4.00-5.00% | 2035 | 37,510 | 38,520 | 1,065 |
| Series 2010A | | | | | | |
| Taxable Build America Bonds to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper | 2010 | 2.71-5.96% | 2030 | 22,750 | 23,875 | 1,145 |
| Series 2011A | | | | | | |
| Refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C | 2011 | 3.75-5.00% | 2025 | 41,295 | 44,100 | 2,935 |
| Series 2012A | | | | | | |
| Finance construction for the West Lafayette student housing and parking facilities, and to refund a portion of Student Facilities System Revenue Bond Series 2003B and a portion of commercial paper | 2012 | 3.13-5.00% | 2032 | 38,825 | 42,100 | 3,455 |
| Series 2015A | | | | | | |
| Finance a portion of construction of West Lafayette Honors College and Residence Hall, refund a portion of Series 2007B and of Series 2009A | 2015 | 3.00-5.00% | 2040 | 98,070 | - | 325 |
| | | | | 370,870 | $316,205 | $62,030 |
| Net unamortized premiums and costs | | | | 24,332 | 15,942 | 2,744 |
| **Total Student Facilities System Revenue Bonds** | | | | **$395,202** | **$332,147** | **$64,774** |

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2015.*

| Issuance and Description | | Issue Date | Interest Rates | Final Maturity Date | Total Outstanding June 30, 2015 | Total Outstanding June 30, 2014 | Current Outstanding June 30, 2015 |
|---|---|---|---|---|---|---|---|
| Student Fee Bonds: | | | | | | | |
| Series N | | | | | | | |
| | Refund Student Fee Bond Series B and D | 1998 | n/a | 2014 | $0 | $500 | |
| Series P | | | | | | | |
| | Refund Student Fee Bond Series M | 1998 | 5.25% | 2017 | 11,475 | 15,990 | 4,770 |
| Series U | | | | | | | |
| | Refund a portion of Student Fee Bond Series Q | 2005 | 3.85-5.25% | 2022 | 24,670 | 27,355 | 2,815 |
| Series W | | | | | | | |
| | Finance West Lafayette strategic infrastructure and utilities improvements | 2006 | 5.00% | 2015 | 1,895 | 31,515 | 1,895 |
| Series X | | | | | | | |
| | Finance the construction of the West Lafayette Health and Human Sciences facility, add a wing to the West Lafayette Mechanical Engineering Building, West Lafayette power improvements, construct the Fort Wayne Student Services and Library Complex, for repair and rehabilitation projects, and to refund a portion of commercial paper | 2009 | 5.00-5.25% | 2028 | 85,510 | 89,615 | 4,330 |
| Series Y | | | | | | | |
| | Refund Student Fee Bond Series S, T, and V | 2010 | 4.00-5.00% | 2027 | 58,255 | 61,490 | 3,370 |
| Series Z-1 | | | | | | | |
| | Finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects as well as refund Student Fee Bond Series H, K, L, O, and a portion of Series R and a portion of commercial paper | 2010 | 4.00-5.00% | 2024 | 42,155 | 51,490 | 7,790 |
| Series Z-2 | | | | | | | |
| | Taxable Build America Bonds to finance a portion of the construction of the West Lafayette Student Fitness and Wellness Center and the Fort Wayne Parking Garage, and a portion of West Lafayette Repair & Rehabilitation projects | 2010 | 1.61-5.33% | 2035 | 99,305 | 100,010 | 2,500 |
| Series AA | | | | | | | |
| | Finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Health and Human Sciences Facility, Repair & Rehabilitation projects on the West Lafayette campusand reallocation from Drug Discovery to Purdue North Central Student Services and Activities complex | 2012 | 3.25-5.00% | 2032 | 51,025 | 52,810 | 1,865 |
| Series BB1 | | | | | | | |
| | Finance a portion of construction of North Central Student Services and Activities Complex, Repair and Rehabilitation projects on the West Lafayette campus, refund energy improvement projects on all campuses originally financed with tax-exempt commercial paper and partially refund Series W. | 2015 | 2.00-5.00% | 2034 | 48,630 | - | 3,495 |
| Series BB2 | | | | | | | |
| | Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA | 2015 | 0.04-3.81% | 2032 | 18,985 | | 1,135 |
| | | | | | 441,905 | $430,775 | $33,965 |
| Net unamortized premiums and costs | | | | | 25,688 | 22,050 | 3,986 |
| **Total Student Fee Bonds** | | | | | **$467,593** | **$452,825** | **$37,951** |

The Student Facilities System Revenue Bonds are secured by a pledge of certain auxiliary net income and all other available funds, except student fees and state appropriations. Student Fee Bonds are secured by a pledge of mandatory student fees.

As of both June 30, 2015 and 2014, the University had approximately $49,140,000 included in Current Liabilities related to variable rate Student Facility System Revenue demand bonds (Series 2004A, Series 2005A, and Series 2007C). These bonds are backed by certain auxiliary revenues and other available funds, maturing serially through July 1, 2033. The bonds were issued under Indiana Code IC 21-34 and IC 21-35. The proceeds of the bonds were used to provide funds for certain capital improvements, refund certain interim financing, provide for construction period interest for a portion of the bonds, and pay costs incurred to issue the bonds.

The University may direct a change in the type of interest rate borne by the variable rate debt including variable rate COPs Series 2011A, in whole or in part, at any time from the weekly rate to a rate determined pursuant to one of six additional interest rate modes: a daily rate, a monthly rate, a quarterly rate, a semiannual rate, or a term rate (each an "adjustable rate"), or a fixed rate in accordance with the procedures provided in the indenture. However, if the debt is converted in whole or in part to a fixed rate, the interest rate on the debt so converted may not be subsequently changed to an adjustable rate.

The variable rate bonds and certificates of participation are subject to purchase on the demand of the holder, a "put," at a price equal to principal plus accrued interest on seven days' notice and delivery to the University's remarketing agent. The remarketing agent is authorized to use its best efforts to sell these bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The University is provided a 24-hour notice if the remarketing agent is unable to resell any debt that is put to the University. In such a case, the University is required to provide the funds to satisfy the repurchase of the debt at 100% par value, plus interest accrued to the settlement date of the put. The University has chosen to provide self-liquidity in the event of a put from any holder of these variable rate bonds or certificates of participation.

On February 20, 2014, the University issued $21,955,000 of Certificates of Participation Series 2014A to fund the construction of a softball field at the West Lafayette campus, to pay for allowable construction period interest and cost of issuance, and to refund a portion of Certificates of Participation Series 2006. As a result of the refunding, the university estimates a reduction in its aggregate debt service payments over the life of the debt of approximately $1,680,789. The refunding resulted in an estimated economic gain (difference between the present value of the debt service payment on the old and new debt) of approximately $1,388,980.

On January 7, 2015, tax-exempt Student Fee Bonds, Series BB-1 were issued at par value $48,630,000 and a premium of approximately $7,210,000. Concurrently, taxable Student Fee Bonds, Series BB-2 were issued for par value of $18,985,000. The Series BB-1 bonds provided funds for construction of the Student Service and Activities Complex at the Purdue North Central campus and financed various West Lafayette repair and rehabilitation projects. The series also refunded all outstanding commercial paper, a portion of which funded several energy conservation projects at each of the Purdue campuses. A portion of the outstanding Student Fee Bonds, Series W was also refunded, resulting in a reduction in the University's aggregate debt service payments over the life of the debt of approximately $4,109,000. The refunding resulted in an estimated economic loss of approximately $1,027,000. The taxable Series BB-2 was issued to reallocate a portion of previously issued tax-exempt Series AA proceeds due to a change in use of a financed facility, the West Lafayette Drug Discovery building. Proceeds of Series AA were reallocated to the Student Services and Activities Complex at the Purdue North Central campus while the taxable proceeds from BB-2 were allocated to the West Lafayette Drug Discovery building.

On March 31, 2015, tax-exempt Student Facilities System Revenue Bonds, Series 2015A, were issued at par value of $98,070,000 and a premium of approximately $11,712,000. The series was issued to finance a portion of the construction of the West Lafayette Honors College and Residence Hall. The series also refunded a portion of each of the outstanding Student Facilities System Revenue Bonds, Series 2007B and Series 2009A bonds, $18,835,000 and $12,750,000, respectively. As a result of the refunding, the University will have a reduction in its aggregate debt service payments over the life of the debts of approximately $5,661,000. The refunding resulted in an economic loss of approximately $1,380,000.

Scheduled payments related to the debt for capital assets for the fiscal years ending June 30 are as follows (dollars in thousands):

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $52,742 | $41,193 | $93,935 |
| 2017 | 52,885 | 40,009 | 92,894 |
| 2018 | 50,749 | 37,752 | 88,501 |
| 2019 | 51,199 | 35,462 | 86,661 |
| 2020 | 52,125 | 33,062 | 85,187 |
| 2021-2025 | 252,535 | 128,564 | 381,099 |
| 2026-2030 | 244,910 | 66,051 | 310,961 |
| 2031-2035 | 155,730 | 21,666 | 177,396 |
| 2036-2040 | 26,510 | 3,041 | 29,551 |
| 2041 | 4,330 | - | 4,330 |
| | $943,715 | $406,800 | $1,350,515 |
| Net unamortized premiums and costs | 51,921 | - | 51,921 |
| **Total** | 995,636 | 406,800 | 1,402,436 |

**Defeased Bond Issues.** The University defeases bonds by prepayment or issuing new debt. The University's defeased debt is shown below (dollars in thousands). US Treasury obligations have been purchased in amounts sufficient to pay principal and interest payments through maturity when due and have been deposited in irrevocable trusts with the trustee. Neither the defeased bonds nor the related trusts are reflected in the accompanying financial statements.

| | Final Maturity/ | Amount Outstanding | |
|---|---|---|---|
| **Description of Bonds** | **Call Date** | **June 30, 2015** | **June 30, 2014** |
| Student Fee and Facilities: | | | |
| Student Facilities System Revenue Bonds, Series 2007 | 1/1/2017 | $18,835 | 0 |
| Student Facilities System Revenue Bonds, Series 2009 | 1/1/2016 | 12,750 | 0 |
| Student Fee Bonds: | | | |
| Student Fee Bonds, Series W | 1/1/2016 | $27,800 | 0 |

**Operating Leases.** The University has entered into various operating leases for facilities. The scheduled payments related to these operating leases for the fiscal years ending June 30 are as follows (dollars in thousands):

| Fiscal Year | Lease Payments |
|---|---|
| 2016 | 4,245 |
| 2017 | 3,660 |
| 2018 | 3,637 |
| 2019 | 2,300 |
| 2020 | 2,329 |
| **Total Future Minimum Payments** | **$16,171** |

# Note 7— Other Debt Information

Other debt information is summarized below (dollars in thousands):

| Long-term Liabilities | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 | Current Portion |
|---|---|---|---|---|---|
| Accrued Compensated Absences | $ 57,357 | $ 27,917 | $ 26,361 | $ 58,913 | $ 26,407 |
| Other Post Employment Benefits | 38,568 | 7,672 | 9,547 | 36,693 | - |
| Funds Held in Trust for Others | 8,153 | 6,537 | 7,225 | 7,465 | - |
| Advances from Federal Government | 19,930 | - | 39 | 19,891 | - |
| **Total** | **$ 124,008** | **$ 42,126** | **$ 43,172** | **$ 122,962** | **$ 26,407** |

| Long-term Liabilities | Balance July 1, 2013 | Increases | Decreases | Balance June 30, 2014 | Current Portion |
|---|---|---|---|---|---|
| Accrued Compensated Absences | $ 60,645 | $ 23,568 | $ 26,856 | $ 57,357 | $ 26,361 |
| Other Post Employment Benefits | 36,179 | 7,523 | 5,134 | 38,568 | - |
| Funds Held in Trust for Others | 7,344 | 6,534 | 5,725 | 8,153 | - |
| Advances from Federal Government | 19,932 | - | 2 | 19,930 | - |
| **Total** | **$ 124,100** | **$ 37,625** | **$ 37,717** | **$ 124,008** | **$ 26,361** |

**Other Post-Employment Benefits.** The University offers medical insurance for official retirees and their dependents. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible.

Official retirees under the age of 65, and their dependents are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. The early retirees benefit in that the cost of the benefit exceeds the cost of the plans, which creates an implicit rate subsidy.

After the retiree reaches the age of 65, the above program is no longer offered, however they may participate in a Medicare Supplement plan. The post-retirement Medicare Supplement plans are single-employer plans administered by the University, as authorized by the Trustees, and financed on a pay-as-you-go basis. Purdue's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial assumptions included are shown on the following pages. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortizes any unfunded actuarial liabilities over a 20-year period.

During the year ended June 30, 2011, the Trustees approved a voluntary retirement incentive program for employees at least 60 years of age with at least 10 years of employment. The plan will contribute to a health reimbursement account (HRA) in the amount of $7,000 per year up to a total of $35,000, which can be used to pay health premiums and other allowable medical expenses. For both the years ended June 30, 2015 and 2014, there were 523 and 513, employees, respectively, participating in the voluntary retirement incentive program. For the years ending June 30, 2015 and 2014, the University had an outstanding liability associated with the health reimbursement accounts of approximately $5,661,000 and $4,347,000, respectively.

Purdue also offers a long-term disability program providing income continuation payments. Based on date of disability, some additional benefits may be extended. Prior to January 1, 2013, the program included retirement benefit payments, medical and life insurance premium payments for a small required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning January 1, 2013, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following tables show the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation (dollars in thousands):

**Determination of Annual Required Contribution (ARC)**

| Cost Element | For Fiscal Year Ending June 30, 2015 | For Fiscal Year Ending June 30, 2014 |
|---|---|---|
| Normal cost | $ 3,179 | $ 3,095 |
| Amortization of the Unfunded Actuarial Accrued Liability | 5,999 | 5,840 |
| **Total Annual Required Contribution (End of year)** | **$ 9,178** | **$ 8,935** |

**Schedule of Employer Contributions**

| Fiscal Year Ending | Annual Required Contributions | Actual Contributions | Percentage Contributed |
|---|---|---|---|
| June 30, 2008 | $ 11,014 | $ 4,880 | 44% |
| June 30, 2009 | $ 11,297 | $ 5,293 | 47% |
| June 30, 2010 | $ 12,750 | $ 6,242 | 49% |
| June 30, 2011 | $ 14,755 | $ 6,138 | 42% |
| June 30, 2012 | $ 11,463 | $ 8,032 | 70% |
| June 30, 2013 | $ 11,675 | $ 6,190 | 53% |
| June 30, 2014 | $ 7,523 | $ 5,134 | 68% |
| June 30, 2015 | $ 7,672 | $ 9,547 | 124% |

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded/ (Overfunded) AAL (UAAL) (b) - (a) | Funded Ratio (a)/(b) |
|---|---|---|---|---|
| January 1, 2007 | - | $ 72,948 | $ 72,948 | 0% |
| January 1, 2009 | - | $ 76,492 | $ 76,492 | 0% |
| January 1, 2009* | - | $ 97,703 | $ 97,703 | 0% |
| January 1, 2011** | - | $ 89,872 | $ 89,872 | 0% |
| January 1, 2013 | - | $ 72,335 | $ 72,335 | 0% |

* Updated to include the estimated effect of the Retirement Incentive Program

** Updated to incorporate new claim estimates and reduced disability rates based on historical trends

**Net OPEB Obligation (NOO)**

| Actuarial Valuation Date | Fiscal Year End | Annual Required Contribution (a) | Interest on Existing NOO (b) | ARC Adjustment (c) | Annual OPEB Cost (a) + (b) + (c) (d) | Actual Contribution Amount (e) | Net Increase in NOO (d) - (e) (f) | NOO as of End of Year (g) |
|---|---|---|---|---|---|---|---|---|
| January 1, 2007 | June 30, 2008 | $ 11,014 | $ - | $ - | $ 11,014 | $ 4,880 | $ 6,134 | $ 6,134 |
| January 1, 2007 | June 30, 2009 | $ 11,363 | $ 307 | $ (373) | $ 11,297 | $ 5,293 | $ 6,004 | $ 12,138 |
| January 1, 2009 | June 30, 2010 | $ 12,949 | $ 607 | $ (806) | $ 12,750 | $ 6,242 | $ 6,508 | $ 18,646 |
| January 1, 2009 | June 30, 2011 | $ 15,060 | $ 932 | $ (1,237) | $ 14,755 | $ 6,138 | $ 8,617 | $ 27,263 |
| January 1, 2011 | June 30, 2012 | $ 12,158 | $ 1,363 | $ (2,058) | $ 11,463 | $ 8,032 | $ 3,431 | $ 30,694 |
| January 1, 2011 | June 30, 2013 | $ 12,458 | $ 1,535 | $ (2,318) | $ 11,675 | $ 6,190 | $ 5,485 | $ 36,179 |
| January 1, 2013 | June 30, 2014 | $ 8,935 | $ 1,447 | $ (2,859) | $ 7,523 | $ 5,134 | $ 2,389 | $ 38,568 |
| January 1, 2013 | June 30, 2015 | $ 9,177 | $ 1,543 | $ (3,048) | $ 7,672 | $ 9,547 | $ (1,875) | $ 36,693 |

| | |
|---|---|
| Valuation Date | January 1, 2013 |
| Actuarial cost method | Entry age normal, level percent of pay |
| Amortization method | 20 years from date of establishment, closed, level percent of pay |
| Asset valuation method | N/A, no assets in trust |
| Actuarial assumptions: | |
| Discount rate | 4% |
| Projected payroll increases | 3% |
| Health care cost trend rate: | |
| Medical | 7.5% graded to 5% over 5 years |
| Prescription Drugs | 7.5% graded to 5% over 5 years |
| Vision | 3% |
| Administrative Costs | 3% |

| Plan membership: | January 1, 2013 |
|---|---|
| Current retirees and surviving spouses | 314 |
| Current disabled | 189 |
| Current active members | 11,981 |
| Total | 12,484 |

# Note 8—Operating Expenses by Function

Operating expenses by functional classification are summarized as follows (dollars in thousands):

**June 30, 2015**

| Function | Compensation & Benefits | Supplies and Services | Depreciation | Scholarships, Fellowships & Student Awards | Total |
|---|---|---|---|---|---|
| Instruction | $ 524,258 | $ 98,199 | $ - | $ - | $ 622,457 |
| Research | 159,195 | 62,909 | - | - | 222,104 |
| Extension and Public Service | 69,153 | 62,172 | - | - | 131,325 |
| Academic Support | 98,897 | 41,505 | - | - | 140,402 |
| Student Services | 38,582 | 9,091 | - | - | 47,673 |
| General Administration and Institutional Support | 111,520 | 33,006 | - | - | 144,526 |
| Physical Plant Operations and Maintenance | 76,855 | 55,247 | - | - | 132,102 |
| Depreciation | - | - | 157,751 | - | 157,751 |
| Student Aid | - | - | - | 72,079 | 72,079 |
| Auxiliary Enterprises | 140,347 | 76,878 | - | - | 217,225 |
| **Total** | **$ 1,218,807** | **$ 439,007** | **$ 157,751** | **$ 72,079** | **$ 1,887,644** |

**June 30, 2014**

| Function | Compensation & Benefits | Supplies and Services | Depreciation | Scholarships, Fellowships & Student Awards | Total |
|---|---|---|---|---|---|
| Instruction | $ 552,781 | $ 93,902 | $ - | $ - | $ 646,683 |
| Research | 158,597 | 76,410 | - | - | 235,007 |
| Extension and Public Service | 83,160 | 64,921 | - | - | 148,081 |
| Academic Support | 87,968 | 47,794 | - | - | 135,762 |
| Student Services | 39,017 | 6,968 | - | - | 45,985 |
| General Administration and Institutional Support | 107,851 | 55,155 | - | - | 163,006 |
| Physical Plant Operations and Maintenance | 79,940 | 51,296 | - | - | 131,236 |
| Depreciation | - | - | 148,356 | - | 148,356 |
| Student Aid | - | - | - | 72,291 | 72,291 |
| Auxiliary Enterprises | 92,164 | 89,110 | - | - | 181,274 |
| **Total** | **$ 1,201,478** | **$ 485,556** | **$ 148,356** | **$ 72,291** | **$ 1,907,681** |

# Note 9 — Retirement Plans

**Authorization.** Authorization to establish retirement plans is stated in Indiana Code IC 21-38-7.

**All Employees.** University employees are participants in various retirement programs, including the Federal Insurance Contributions Act (FICA). During the years ended June 30, 2015 and 2014, the University's contribution to FICA was approximately $53,524,000 and $52,405,000, respectively.

**Defined Contribution Plans.** Certain employees of the University participate in defined contribution plans. Benefit provisions are established and/or amended by the Trustees. University defined contribution plans are all administered through Fidelity Investments. Plan contributions are made at the time the associated payroll is issued, so there is not a material outstanding liability at June 30, 2015 or 2014.

**Faculty and Administrative/Professional Staff.** Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined contribution plans. Faculty and management personnel participate immediately upon employment; others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined contribution retirement plan. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined contribution plan also participate in the Purdue University 401(a) Profit Sharing Plan. This plan requires a mandatory employee contribution of 4% of their salary. Funds in all exempt employees defined contribution plans are immediately vested, so no forfeitures exist in these plans.

For the years ended June 30, 2015 and 2014, there were 6,884 and 6,973 employees, respectively, participating in the plans with annual pay equal to approximately $572,478,000 and $556,325,000, respectively. For the years ended June 30, 2015 and 2014, the University made contributions totaling approximately $56,445,000 and $55,868,000, respectively, to these plans.

**Clerical, Service, and Operations/Technical Assistants.** Clerical, service, and operations/ technical assistants hired on or after September 9, 2013 and employed at least half-time participate in the non-exempt employees' defined contribution plan. Benefits eligible employees in this category participate immediately upon date of employment. The University provides a base contribution of 4% of the participating employee's salary each pay period to the Purdue University 403(b) defined contribution retirement plan. This plan has a three year vesting period for this employee group, and there is not a material forfeiture balance at this time. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan. The University will match voluntary employee pre-tax contributions up to 4% of earnings each pay period. Employees may also contribute voluntarily to the Purdue University 457(b) Deferred Compensation Plan, but these contributions are not matched.

For the years ended June 30, 2015 and 2014, there were 1,088 and 385 employees, respectively, participating in the plan with annual pay equal to approximately $18,333,000 and $4,338,000, respectively. For the year ended June 30, 2015 and 2014, the University made base contributions totaling approximately $688,000 and $140,000, respectively, and matching contributions totaling approximately $540,000 and $89,000, respectively, to the plan.

**Defined Benefit Plans.** Certain employees of the University participate in defined benefit plans administered by other agencies. Actuarial information related to the University's portion of these plans are disclosed in the Required Supplementary Information (RSI) at the back of the Financial Report.

**PERF.** Regular clerical and service staff employed at least half-time and hired on or prior to September 8, 2013, participate in the Public Employees Retirement Fund (PERF), a retirement program administered by Indiana Public Retirement System (INPRS), an agency of the state of Indiana. PERF, as part of the implementation of GASB 67 changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2, and amended IC 5-10.1-1-11(b).

PERF was established to provide retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana. The PERF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Employees were eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. The monthly pension benefits for members in pay status may be increased periodically for cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The required contributions are determined by INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. For the years ended June 30, 2015 and 2014, the University was required to contribute 11.2% of the employee's salary. The employee contribution of 3% of the employee's salary is being made by the University on behalf of the employee.

The financial statements of INPRS, including PERF, have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to government units. Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. Both pooled and non-pooled investments are reported at fair value. Benefits are recognized when due and payable to members or other beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. INPRS issues a publicly available financial report that includes financial statements, notes, and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Indiana Public Retirement System, One North Capitol Ave., Suite 001, Indianapolis, IN 46204; or by visiting www.in.gov/inprs/annualreports.htm.

For the years ended June 30, 2015 and 2014, there were 3,967 and 4,651 employees, respectively, participating in PERF. The University's proportionate share of PERF's Net Pension Liability, based on covered payroll of approximately $138,081,000 was 2.82819% for the measurement date June 30, 2014, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was approximately $74,323,000 as of June 30, 2015. The University made contributions to the plan totaling approximately $16,942,000 and $19,746,000 for the years ending June 30, 2015 and 2014, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately $13,405,000 for the year ended June 30, 2015. The proportionate share of pension plan expense for the year ended June 30, 2015 as calculated under GASB 68 guidance was approximately $6,924,000, less net amortization of deferred amounts of approximately $1,212,000, leaving a net pension expense of approximately $5,712,000.

Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability follow. The valuation date for assets was June 30, 2014, and the valuation date for liabilities was June 30, 2013 with standard actuarial roll forward techniques used to project the total pension liability at June 30, 2014. The amortization method and period are Level Dollar Closed over 30 years. The actuarial cost method is entry age normal (Level Percent of Payroll) cost. The employer required contribution is determined using an asset smoothing method. The actuarial assumptions include a 6.75% investment rate of return (net of administrative expenses), inflation rate of 3.0% per year, projected salary increases of 3.25% - 4.5% per year, and 1% per year cost of living adjustments, all based on the period of 5 years ended June 30, 2010, the most recent study date. Mortality rates were based on the 2013 IRS Static Mortality table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

| | | Geometric Basis |
|---|---|---|
| | Target Asset Allocation | Long-Term Expected Real Rate of Return |
| Public Equity | 22.5% | 6.0% |
| Private Equity | 10.0% | 7.7% |
| Fixed Income - Ex Inflation-Linked | 22.0% | 2.1% |
| Fixed Income - Inflation-Linked | 10.0% | 0.5% |
| Commodities | 8.0% | 2.5% |
| Real Estate | 7.5% | 3.9% |
| Absolute Return | 10.0% | 1.8% |
| Risk Parity | 10.0% | 4.3% |

Total pension liability was calculated using the discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy, adopted by the Board. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 6.75%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

| 1% Decrease (5.75%) | Current (6.75%) | 1% Increase (7.75%) |
|---|---|---|
| $ 119,313,811 | $ 74,322,998 | $ 36,204,146 |

As a result of GASB 68 implementation, several new categories of deferred outflows and inflows of resources are now required to be reported and disclosed, as follows:

**Summary of Deferred Outflows and Inflows of Resources**
(Dollars in Thousands)

| | As of June 30, 2015 | |
|---|---|---|
| | **Deferred Outflows** | **Deferred Inflows** |
| Differences between expected and actual experience | $ - | $ 334 |
| Net difference between projected and actual investment earnings on pension plan investments | | 14,444 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 606 | 4,849 |
| Contribution made after the measurement date | 13,405 | |
| Total Deferred Outflows and Inflows | $ 14,011 | $ 19,627 |

These deferred outflows and inflows of resources are required to be amortized over either a 4.5 or 5 year life, depending upon the nature of the item. Amortization of these items is presented in the following table:

| Amortization of Net Deferred Outflows/Inflows of Resources | | |
|---|---|---|
| 2015 | $ | (4,918,492) |
| 2016 | | (4,918,492) |
| 2017 | | (4,918,492) |
| 2018 | | (4,264,770) |
| 2019 | | - |
| Thereafter | | - |
| Total | $ | (19,020,246) |

**Police/Fire.** A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Trustees on March 13, 1990, and was established on July 1, 1990. In conjunction with other retirement plans offered by the University, this plan provides police officers and firefighters employed by the University with a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. Benefit provisions are established and/or amended by the Trustees. The program is an agent single-employer defined benefit plan, funded through group annuities, and administered through the Teachers Insurance and Annuity Association (TIAA). The plan provides for vesting after the completion of 10 years of covered employment, and employees are eligible for normal retirement benefits after the completion of 20 years of covered employment, and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a nonprobationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF. Employees covered by this plan are required to make contributions equal to 3% of the current salary for a nonprobationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. Financial reports related to this plan may be obtained by writing to: Abby Daniels, Public Records Officer; Purdue University, Hovde Hall, 610 Purdue Mall, West Lafayette, IN 47907-2040.

For the years ending June 30, 2015 and 2014, there were 104 and 101 employees, respectively, participating in Police/Fire. The University made contributions to this plan totaling approximately $1,030,000 and $1,260,000 for the years ending June 30, 2015 and 2014, respectively.

The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2014. The actuarial valuation was the projected unit credit actuarial cost method over 30 years. The actuarial assumptions include a 6.25% investment rate of return, projected salary increases of 3% per year, and 3% per year cost of living adjustments.

**Three-Year-Trend Information (dollar amounts in thousands)**

| Plan | Annual Required Contribution | Interest on Net Pension Obligation | Adjustment to Annual Required Contribution | Annual Pension Cost | Contributions Made [2] | Increase (Decrease) in Net Pension Obligation | Net Pension Obligation, Beginning of Year | Net Pension Obligation, End of Year | Percentage of APC Contributed |
|---|---|---|---|---|---|---|---|---|---|
| **Police/Fire** | | | | | | | | | |
| July 1, 2014 [1] | 812 | 44 | (271) | 585 | 1,068 | (483) | (101) | (584) | 183% |
| July 1, 2013 | 780 | 70 | 180 | 1,030 | 1,307 | (277) | 176 | (101) | 127% |
| July 1, 2012 | 767 | 85 | 435 | 1,286 | 1,166 | 120 | 56 | 176 | 91% |

[1] Actuarial data for 2015 was not available at the time of this report.

[2] Police/Fire contributions include interest earnings.

**Cooperative Extension Service.** As of June 30, 2015 and 2014, there were 11 and 14 staff members, respectively, with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System. The University contributed $71,000 and $94,000 during the years ended June 30, 2015 and 2014, respectively, to this plan.

# Note 10 – Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2015 and 2014, for the University's discretely presented component units are presented in the tables below.

**Discretely Presented Component Unit Statement of Financial Position**

June 30, 2015 (Dollars in Thousands)

| | Purdue Research Foundation | Ross-Ade Foundation | IPFW Foundation | Component Unit Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and Cash Equivalents | $ 13,016 | $ 195 | $ 211 | $ 13,422 |
| Accounts Receivable, Net | 38,683 | 33 | 58 | 38,774 |
| Other Assets | - | 2 | 3 | 5 |
| Investments | 2,514,584 | 1,052 | 9,956 | 2,525,592 |
| Pledges Receivable, Net | - | - | - | - |
| Lease Purchase Agreements | - | 129,081 | 183 | 129,264 |
| Notes Receivable, Net | 10,546 | 1,079 | - | 11,625 |
| Interest in Charitable Perpetual Trusts | 15,677 | - | - | 15,677 |
| Capital Assets, Net of Accumulated Depreciation | 162,626 | 151 | 7,526 | 170,303 |
| **Total Assets** | **2,755,132** | **131,593** | **17,937** | **2,904,662** |
| **Liabilities:** | | | | |
| Accounts Payable and Accrued Expenses | 25,275 | - | 17 | 25,292 |
| Due on Split Interest Agreements | 57,100 | - | - | 57,100 |
| Deposits Held in Custody for Others | 1,607,232 | - | - | 1,607,232 |
| Bonds (Net), Leases and Notes Payable | 89,949 | 129,620 | - | 219,569 |
| Other Liabilities | 19,672 | - | - | 19,672 |
| **Total Liabilities** | **1,799,228** | **129,620** | **17** | **1,928,865** |
| **Net Assets:** | | | | |
| Temporarily Restricted | 695,258 | 1,973 | 4,061 | 701,292 |
| Permanently Restricted | 134,702 | - | 7,091 | 141,793 |
| Unrestricted | 125,944 | - | 6,768 | 132,712 |
| **Total Net Assets** | **$ 955,904** | **$ 1,973** | **$ 17,920** | **$ 975,797** |

**Discretely Presented Component Unit Statement of Financial Position**
June 30, 2014 (Dollars in Thousands)

| | Purdue Research Foundation | Ross-Ade Foundation | IPFW Foundation | Component Unit Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and Cash Equivalents | $ 4,593 | $ 218 | $ 176 | $ 4,987 |
| Accounts Receivable, Net | 32,985 | - | 30 | 33,015 |
| Other Assets | - | 2 | 3 | 5 |
| Investments | 2,598,365 | 1,926 | 10,379 | 2,610,670 |
| Pledges Receivable, Net | - | - | - | - |
| Lease Purchase Agreements | - | 121,910 | 281 | 122,191 |
| Notes Receivable, Net | 11,244 | 1,079 | - | 12,323 |
| Interest in Charitable Perpetual Trusts | 16,016 | - | - | 16,016 |
| Capital Assets, Net of Accumulated Depreciation | 153,757 | 4,770 | 7,547 | 166,074 |
| **Total Assets** | **2,816,960** | **129,905** | **18,416** | **2,965,281** |
| **Liabilities:** | | | | |
| Accounts Payable and Accrued Expenses | 25,708 | 1,134 | 33 | 26,875 |
| Due on Split Interest Agreements | 58,290 | - | - | 58,290 |
| Deposits Held in Custody for Others | 1,668,966 | - | - | 1,668,966 |
| Bonds (Net), Leases and Notes Payable | 86,752 | 127,110 | - | 213,862 |
| Other Liabilities | 21,112 | - | - | 21,112 |
| **Total Liabilities** | **1,860,828** | **128,244** | **33** | **1,989,105** |
| **Net Assets:** | | | | |
| Temporarily Restricted | 703,155 | 1,661 | 4,166 | 708,982 |
| Permanently Restricted | 131,799 | - | 7,297 | 139,096 |
| Unrestricted | 121,178 | - | 6,920 | 128,098 |
| **Total Net Assets** | **$ 956,132** | **$ 1,661** | **$ 18,383** | **$ 976,176** |

**Discretely Presented Component Unit Statement of Activities**
For the Year Ended June 30, 2015 (Dollars in Thousands)

| | Purdue Research Foundation | Ross-Ade Foundation | IPFW Foundation | Component Unit Total |
|---|---|---|---|---|
| **Revenue and Support** | | | | |
| Amount Received for Purdue University Research Projects | $ 3,591 | $ - | $ - | $ 3,591 |
| Less Payments to Purdue University | (3,591) | - | - | (3,591) |
| **Administrative Fee on Research Projects** | - | - | - | - |
| Contributions | 67,427 | 974 | 479 | 68,880 |
| Income on Investments | 14,904 | 4,663 | 452 | 20,019 |
| Net Unrealized and Realized Gains | 17,074 | - | (218) | 16,856 |
| Change in Value of Split Interest Agreements | (2,432) | - | - | (2,432) |
| Increase in Interests in Perpetual Trusts | (339) | - | - | (339) |
| Rents | 14,364 | 8 | 120 | 14,492 |
| Royalties | 5,105 | - | - | 5,105 |
| Other | 33,587 | - | 27 | 33,614 |
| **Total Revenue and Support** | **149,690** | **5,645** | **860** | **156,195** |
| **Expenses and Losses** | | | | |
| **Expenses for the Benefit of Purdue University** | | | | |
| Contributions to Purdue University | 19,233 | - | 1,130 | 20,363 |
| Patent and Royalty | 3,654 | - | - | 3,654 |
| Grants | 52,595 | - | - | 52,595 |
| Services for Purdue University | 830 | - | - | 830 |
| Development Office | - | - | - | - |
| Other | 3,596 | - | 65 | 3,661 |
| **Total Expenses for the Benefit of Purdue University** | **79,908** | **-** | **1,195** | **81,103** |
| **Administrative and Other Expenses** | | | | |
| Salaries and Benefits | 27,108 | - | - | 27,108 |
| Property Management | 13,601 | 974 | 116 | 14,691 |
| Professional Fees | 10,744 | - | - | 10,744 |
| Supplies | 1,578 | - | - | 1,578 |
| Interest | 4,403 | 4,349 | - | 8,752 |
| Research Park | 2,541 | - | - | 2,541 |
| Other | 10,035 | 10 | 12 | 10,057 |
| **Total Administrative and Other Expenses** | **70,010** | **5,333** | **128** | **75,471** |
| Change in Net Assets | (228) | 312 | (463) | (379) |
| Net Assets, Beginning of Period | 956,132 | 1,661 | $18,383 | 976,176 |
| **Net Assets, End of Period** | **$ 955,904** | **$ 1,973** | **$ 17,920** | **$ 975,797** |

**Discretely Presented Component Unit Statement of Activities**
For the Year Ended June 30, 2014 (Dollars in Thousands)

| | Purdue Research Foundation | Ross-Ade Foundation | IPFW Foundation | Component Unit Total |
|---|---|---|---|---|
| **Revenue and Support** | | | | |
| Amount Received for Purdue University Research Projects | $ 2,380 | $ - | $ - | $ 2,380 |
| Less Payments to Purdue University | (2,380) | - | - | (2,380) |
| **Administrative Fee on Research Projects** | - | - | - | - |
| Contributions | 14,651 | 1,728 | 1,106 | 17,485 |
| Income on Investments | 15,492 | 4,810 | 435 | 20,737 |
| Net Unrealized and Realized Gains | 131,415 | - | 737 | 132,152 |
| Change in Value of Split Interest Agreements | (9,044) | - | - | (9,044) |
| Increase in Interests in Perpetual Trusts | 1,424 | - | - | 1,424 |
| Rents | 11,820 | 8 | 126 | 11,954 |
| Royalties | 6,963 | - | - | 6,963 |
| Other | 17,259 | - | 19 | 17,278 |
| **Total Revenue and Support** | **189,980** | **6,546** | **2,423** | **198,949** |
| **Expenses and Losses** | | | | |
| **Expenses for the Benefit of Purdue University** | | | | |
| Contributions to Purdue University | 18,244 | - | 1,806 | 20,050 |
| Patent and Royalty | 6,281 | - | - | 6,281 |
| Grants | 12,589 | - | - | 12,589 |
| Services for Purdue University | 340 | - | - | 340 |
| Development Office | 750 | - | - | 750 |
| Other | 2,206 | - | 60 | 2,266 |
| **Total Expenses for the Benefit of Purdue University** | **40,410** | - | **1,866** | **42,276** |
| **Administrative and Other Expenses** | | | | |
| Salaries and Benefits | 18,062 | - | - | 18,062 |
| Property Management | 10,413 | 2,004 | 112 | 12,529 |
| Professional Fees | 3,874 | - | - | 3,874 |
| Supplies | 718 | - | - | 718 |
| Interest | 4,269 | 4,474 | 1 | 8,744 |
| Research Park | 1,384 | - | - | 1,384 |
| Other | 8,379 | 18 | 12 | 8,409 |
| **Total Administrative and Other Expenses** | **47,099** | **6,496** | **125** | **53,720** |
| Change in Net Assets | 102,471 | 50 | 432 | 102,953 |
| Net Assets, Beginning of Period | 853,661 | 1,611 | 17,951 | 873,223 |
| **Net Assets, End of Period** | **$ 956,132** | **$ 1,661** | **$ 18,383** | **$ 976,176** |

In addition to items in Note 6, Debt Related to Capital Assets, PRF provided grants, contracts, and gifts to the University totaling approximately $32,274,000 and $32,539,000 as of June 30, 2015 and 2014, respectively.

# Note 11 — Contingent Liabilities and Commitments

**Legal Actions.** In the normal course of its activities, the University is a party in various legal actions. Although it is involved in a number of claims, the University does not anticipate significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions, the University believes that the outcome thereof will not have a material effect on the financial statements.

**Construction Projects.** As of June 30, 2015 and 2014, contractual obligations for capital construction projects were approximately $84,776,000 and $42,386,000, respectively.

**Natural Gas Procurement.** The University has entered into various forward contracts to purchase natural gas at a specified time in the future at a guaranteed price. This activity allows the University to plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible that the market price before or at the specified time to purchase natural gas may be lower or higher than the price at which the University is committed to buy. This would reduce or increase the value of the contract. The University could sell the forward contract at a loss or gain and then buy natural gas on the open market. The University is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty if the counterparty fails to deliver quantity at the guaranteed price at the specified time resulting in the University having to procure natural gas on the open market.

**Limited Partnership Agreements.** For June 30, 2015, all PIP (Purdue Endowment Investment Policy) investments are held at PRF including private placements and investments in limited partnerships. As a result, the University no longer has an obligation to make periodic payments on these investments. Previously, under the terms of various limited-partnership agreements approved by the University's Board of Trustees, the University was obligated to make periodic payments for commitments to venture capital, private equity, natural resources, and real estate investments. As of June 30, 2014, the University had the following unfunded commitments: approximately $55,194,000 to approximately 55 private equity/venture capital managers, approximately $30,513,000 to approximately 20 private real estate managers, approximately $31,437,000 to approximately 25 natural resource managers. The University continues to have an unfunded commitment of approximately $77,000 at both June 30, 2015 and 2014 to the Indiana Future Fund. These amounts are not included as liabilities in the accompanying Statement of Net Position. For the June 30, 2014 reporting period, outstanding commitments were estimated to be paid based on the capital calls from the individual manager, subject to change due to market conditions.

## Note 12 – Subsequent Events

On May 6, 2015, the State of Indiana passed HB1466 related to the public employees' retirement fund (PERF), effective July 1, 2015. This bill applies to employers who chose to discontinue adding new employees (freeze participation) to PERF's plan prior to the bill's effective date and requires these employers to pay PERF for the unfunded actuarial accrued liability (UAAL) associated with employees that remain in the plan. As discussed in Note 9, regular clerical and service staff employed at least half time and hired on or before September 8, 2013 are participants in the PERF plan and employees hired subsequently are enrolled in a defined contribution plan, therefore this bill applies to the University.

The portion of pension liability for our employees that remain in the PERF plan will be calculated by the Indiana Public Retirement System (INPRS). This House Bill discusses the payment options related to the UAAL as well as future contribution rates for the ongoing participants in the plan and other issues related to pension plan options. Since the financial statements and notes already reflect the university's unfunded actuarial accrued liability, this legislation does not result in an additional liability or disclosure, but is presented as information for financial statement users.

**Required Supplementary Information**

**SCHEDULE OF PURDUE'S SHARE OF THE NET PENSION LIABILITY**
**INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)**
***(Dollar Amounts in Thousands)***
**June 30,**

| | **2014*** | **2013*** |
|---|---|---|
| Proportion of the Net Pension Liability | 2.8% | 3.0% |
| Proportionate Share of the Net Pension Liability | $ 74,323 | $ 103,102 |
| Covered-employee payroll | $ 138,081 | $ 144,526 |
| Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll | 53.8% | 71.3% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.3% | 78.8% |

**SCHEDULE OF PURDUE'S CONTRIBUTIONS**
**INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)**
***(Dollar Amounts in Thousands)***
**June 30,**

| | **2014*** | **2013*** |
|---|---|---|
| Contractually required contribution | $ 15,471 | $ 13,894 |
| Contributions in relation to the contractually required contribution | $ 15,471 | $ 13,894 |
| Contribution deficiency | - | - |
| Covered-employee payroll | $ 138,081 | $ 144,526 |
| Contributions as a percentage of covered-employee payroll | 11.2% | 9.6% |

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts. Ie: FY2015 Purdue reported amounts based on INPRS FY2014 report.*

**Required Supplementary Information**
**Retirement Plans--Schedule of Funding Progress Police/Fire Supplemental**
**Fiscal Year Ended June 30, 2015**
**(Dollar Amounts in Thousands)**

| Actuarial Valuation Date* | Actuarial Value of Plan Assets | Actuarial Accrued Liability | Total Unfunded (Excess) Actuarial Liability | Funded Ratio | Annual Covered Payroll | Liability to Payroll | Annual Pension Cost (APC) | Actual Contribution | Percentage of APC Contributed | Net Pension Obligation (Benefit) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Police/Fire Supplemental** | | | | | | | | | | |
| 7/1/2005 | 16,209 | 18,724 | 2,515 | 86.6% | 4,675 | 53.8% | 822 | 825 | 100.4% | (228) |
| 7/1/2006 | 17,595 | 19,074 | 1,479 | 92.2% | 4,595 | 32.2% | 623 | 846 | 135.8% | (452) |
| 7/1/2007 | 19,679 | 19,984 | 305 | 98.5% | 4,854 | 6.3% | 528 | 645 | 122.2% | (569) |
| 7/1/2008 | 20,014 | 21,441 | 1,427 | 93.3% | 5,318 | 26.8% | 685 | 573 | 83.6% | (457) |
| 7/1/2009 | 19,026 | 22,190 | 3,164 | 85.7% | 5,537 | 57.1% | 899 | 670 | 74.5% | (228) |
| 7/1/2010 | 20,163 | 23,131 | 2,968 | 87.2% | 5,582 | 53.2% | 956 | 878 | 91.8% | (150) |
| 7/1/2011 | 22,560 | 26,385 | 3,825 | 85.5% | 5,677 | 67.4% | 1,182 | 976 | 82.6% | 56 |
| 7/1/2012 | 23,438 | 27,329 | 3,891 | 85.8% | 5,648 | 68.9% | 1,286 | 1,166 | 90.7% | 176 |
| 7/1/2013 | 25,809 | 27,780 | 1,971 | 92.9% | 5,611 | 35.1% | 1,030 | 1,307 | 126.9% | (101) |
| 7/1/2014 | 29,465 | 28,897 | (568) | 102.0% | 5,803 | -9.8% | 585 | 1,068 | 182.6% | (584) |

*Data for 2015 not available from actuaries at date of issuance

***Total In-State Enrollment by County***

***Fall, 2014-15 Academic Year***

The overall (in-state and out-of-state) enrollment at Purdue University was 68,649 students for the 2014-15 fall semester. The breakdown was West Lafayette, 38,770, Calumet, 9,501, Fort Wayne, 13,214, North Central 6,177, Statewide Technology, 987. Enrollment numbers do not include 5,767 Purdue University students at Indiana University-Purdue University Indianapolis. Although students came to Purdue from all over the world, 65% system-wide came from within Indiana.

| County | West Lafayette | Regional Campuses | Statewide Technology Locations | Total |
|---|---|---|---|---|
| Adams | 73 | 500 | 2 | 575 |
| Allen | 823 | 7,012 | 1 | 7,836 |
| Bartholomew | 185 | 30 | 63 | 278 |
| Benton | 79 | 4 | 5 | 88 |
| Blackford | 13 | 35 | 1 | 49 |
| Boone | 433 | 10 | 1 | 444 |
| Brown | 16 | 3 | 5 | 24 |
| Carroll | 134 | 7 | 8 | 149 |
| Cass | 119 | 29 | 9 | 157 |
| Clark | 81 | 3 | 65 | 149 |
| Clay | 35 | 2 | | 37 |
| Clinton | 156 | 7 | 15 | 178 |
| Crawford | 6 | 1 | 2 | 9 |
| Daviess | 23 | 1 | 3 | 27 |
| DeKalb | 81 | 562 | | 643 |
| Dearborn | 115 | 7 | 2 | 124 |
| Decatur | 68 | 3 | 8 | 79 |
| Delaware | 93 | 40 | 19 | 152 |
| Dubois | 138 | 4 | 5 | 147 |
| Elkhart | 316 | 204 | 21 | 541 |
| Fayette | 21 | 1 | 12 | 34 |
| Floyd | 108 | 7 | 52 | 167 |
| Fountain | 79 | - | 4 | 83 |
| Franklin | 58 | 5 | 3 | 66 |
| Fulton | 67 | 143 | 1 | 211 |
| Gibson | 51 | 4 | 1 | 56 |
| Grant | 90 | 85 | 4 | 179 |
| Greene | 35 | 4 | 1 | 40 |
| Hamilton | 1,847 | 52 | 15 | 1,914 |
| Hancock | 251 | 12 | 6 | 269 |
| Harrison | 39 | 1 | 31 | 71 |
| Hendricks | 548 | 27 | 4 | 579 |

| County | West Lafayette | Regional Campuses | Statewide Technology Locations | Total |
|---|---|---|---|---|
| Henry | 70 | 6 | 14 | 90 |
| Howard | 273 | 26 | 64 | 363 |
| Huntington | 77 | 347 | 2 | 426 |
| Jackson | 79 | 4 | 14 | 97 |
| Jasper | 110 | 318 | 1 | 429 |
| Jay | 27 | 23 | 3 | 53 |
| Jefferson | 49 | 4 | 7 | 60 |
| Jennings | 17 | 2 | 5 | 24 |
| Johnson | 295 | 18 | 8 | 321 |
| Knox | 57 | 3 | 8 | 68 |
| Kosciusko | 190 | 6,595 | 3 | 6,788 |
| La Porte | 196 | 1,644 | 2 | 1,842 |
| Lagrange | 53 | 320 | | 373 |
| Lake | 1,167 | 1,374 | 1 | 2,542 |
| Lawrence | 72 | 8 | 1 | 81 |
| Madison | 176 | 60 | 49 | 285 |
| Marion | 1,474 | 94 | 15 | 1,583 |
| Marshall | 145 | 103 | 11 | 259 |
| Martin | 10 | 3 | 3 | 16 |
| Miami | 73 | 25 | 13 | 111 |
| Monroe | 148 | 26 | 3 | 177 |
| Montgome | 143 | 3 | 3 | 149 |
| Morgan | 128 | 15 | 2 | 145 |
| Newton | 36 | 96 | 1 | 133 |
| Noble | 72 | 561 | | 633 |
| Ohio | 2 | - | | 2 |
| Orange | 22 | 1 | 4 | 27 |
| Owen | 16 | 2 | 1 | 19 |
| Parke | 32 | - | | 32 |
| Perry | 19 | - | 1 | 20 |
| Pike | 14 | 1 | | 15 |
| Porter | 455 | 2,992 | | 3,447 |

| County | West Lafayette | Regional Campuses | Statewide Technology Locations | Total |
|---|---|---|---|---|
| Posey | 71 | 2 | | 73 |
| Pulaski | 47 | 28 | 1 | 76 |
| Putnam | 76 | 2 | 1 | 79 |
| Randolph | 34 | 10 | 2 | 46 |
| Ripley | 68 | 5 | 3 | 76 |
| Rush | 32 | 2 | 3 | 37 |
| Scott | 14 | 1 | 9 | 24 |
| Shelby | 74 | 6 | 3 | 83 |
| Spencer | 51 | 1 | 3 | 55 |
| St Joseph | 748 | 186 | 103 | 1,037 |
| Starke | 36 | 197 | 1 | 234 |
| Steuben | 65 | 275 | 1 | 341 |
| Sullivan | 12 | 3 | | 15 |
| Switzerland | 9 | - | | 9 |
| Tippecanoe | 2,968 | 66 | 88 | 3,122 |
| Tipton | 58 | 5 | 11 | 74 |
| Union | 10 | 1 | 3 | 14 |
| Vanderburg | 218 | 9 | | 227 |
| Vermillion | 16 | - | | 16 |
| Vigo | 79 | 10 | 1 | 90 |
| Wabash | 73 | 204 | 3 | 280 |
| Warren | 59 | - | 2 | 61 |
| Warrick | 112 | 6 | | 118 |
| Washington | 41 | 1 | 24 | 66 |
| Wayne | 86 | 10 | 38 | 134 |
| Wells | 68 | 438 | | 506 |
| White | 150 | 12 | 4 | 166 |
| Whitley | 73 | 539 | | 612 |
| Unknown | 1,246 | 19 | 16 | 1,281 |
| **Total** | **18,472** | **25,517** | **928** | **44,917** |

## Acknowledgements


The following staff members of the Treasurer's Office prepared the 2014-15 Financial Report.

**Kendra A. Cooks**, *Comptroller*

**Kathleen E. Thomason**, *Assistant Comptroller of Accounting and Reporting Services*

**Stacy L. Brown**, *Endowment Accountant*

**Lisa A. Geisler**, *Property Accounting Manager*

**Kimberly K. Hoebel**, *Assistant Comptroller of Managerial Accounting Services*

**Aaron Jackson**, *Unrestricted/Restricted Funds Accountant*

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**Brigette L. Samuelson**, *Plant Funds Accountant*

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**Stacy L. Umlauf**, *Manager of Financial Reporting*

**Katherine Vanderwall,** *Manager of Fund Accounting*

**JoAnn Wiley**, *Gift Funds Accountant*





# APPENDIX C

## SUMMARY OF LEGAL DOCUMENTS:
## 2016A INDENTURE AND THE INDENTURE, AMENDED 2009 LEASE, 2014A LEASE, 2001 LEASE AND PARKING LEASE

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## THE 2016A INDENTURE AND THE INDENTURE

The following is a brief summary of certain provisions of the 2016A Indenture and the Indenture and does not purport to comprehensively describe those documents in their entirety.

### Definitions

As used in this Appendix the following definitions shall apply:

"1996 Indenture" means the Trust Indenture between the Foundation and the Trustee dated as of November 15, 1996 pursuant to which the Series 1996 Certificates were issued.

"1996 Lease" means the remaining lease purchase agreement assigned to the Trustee pursuant to the 1996 Indenture and the 2006 Indenture and identified in Exhibit D to the 2016A Indenture, as each of the same may be amended, modified or supplemented from time to time.

"2001 Lease" means the Lease-Purchase Agreement regarding the Stadium Project dated as of November 1, 2001, by and between the Corporation and the Foundation, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"2001 Lease Amendment" means the amendment to the 2001 Lease dated as of May 15, 2016 and referenced in Section 1.13(a) of the 2016A Indenture.

"2006 Indenture" means the Trust Indenture dated as of November 15, 2006 between the Foundation and the Trustee which supplements the 1996 Indenture and pursuant to which the Series 2006 Certificates were issued.

"2009 Indenture" means the Trust Indenture between the Foundation and Trustee dated as of August 15, 2009, pursuant to which the Series 2009B Certificates were issued.

"2009 Lease" means the Lease Purchase and Sublease Agreement between the Foundation and the Corporation dated as of August 15, 2009, as amended.

"2009 Project" means the renovation of Mackey Arena and related or adjacent athletic improvements as described more fully in the 2009 Indenture.

"2011 Indenture" means the Trust Indenture between the Foundation and the Trustee dated as of February 15, 2011, pursuant to which the Series 2011A Certificates were issued.

"2014A Indenture" means the Trust Indenture between the Foundation and the Trustee dated as of February 15, 2014, pursuant to which the Series 2014A Certificate was issued.

"2014A Lease" means the Softball Stadium Sublease Agreement constituting a lease-purchase agreement between the Foundation and the Corporation, dated as of February 15, 2014, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto.

“2014A Project” means the new softball stadium complex, related site work and infrastructure and associated facilities located at the northwest athletic site of the Corporation’s West Lafayette campus.

“2016A Amendment” means the Amendment dated as of May 15, 2016 to the 2009 Lease, related to the development of the 2016A Project.

“2016A Indenture” means the Trust Indenture between the Foundation and the Trustee dated as of May 15, 2016.

“2016A Participation Certificate Expense Account” means the account of the Project Fund.

“2016A Project” means the Mollenkopf Athletic Center Renovation and Football Performance Complex Addition.

“Additional Leases” means lease-purchase agreements between the Foundation, as lessor, and the Corporation, as lessee, which are assigned to the Trustee pursuant to supplements to the Indenture in connection with the issuance of Additional Participation Certificates.

“Additional Certificates” means Certificates issued pursuant to the Indenture including Section 1.09 of the 1996 Indenture and the 2016A Indenture.

“Amended 2009 Lease” means the 2009 Lease, as amended by the 2016A Amendment.

“Architect” means Populous, Kansas City, Missouri.

“Assignment of the 2016A Amendment” means the agreement by that name dated as of May 15, 2016, in substantially the form attached to the 2016A Indenture.

“Certificate Fund” means the fund created in Section 1.06 of the 2016A Indenture.

“Certificate Holder,” “holder” or “owner” means the registered owner of any Participation Certificate as the names appear on the registration books maintained by the Trustee.

“Certificates” or “Participation Certificates” means the Series 2016A Certificates, 2014A Certificate, Series 2011A Certificates, Series 2009 Certificates, the Series 2006 Certificates and any Additional Participation Certificates.

“Code” means the Internal Revenue Code of 1986 as amended or supplemented, and any successor provisions of law, and any applicable Treasury regulations appertaining thereto.

“Construction Manager” means the construction manager as contractor selected for the 2016A Project, Hunt/Harmon, a Joint Venture, Indianapolis, Indiana.

“Corporation” means The Trustees of Purdue University, a body corporate created by the General Assembly of the State of Indiana, and its lawful successors.

"Eligible Investments" means those investment instruments permitted by the Rebate Agreement.

"Escrow Agreement" means the Escrow Deposit Agreement dated as of May 15, 2016 between The Bank of New York Mellon Trust Company, N.A. (as trustee for the Refunded Certificates, as Escrow Trustee and as Trustee), and the Foundation.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all reasonable expenses properly incurred by the Trustee under the 2016A Indenture other than Ordinary Services and Ordinary Expenses.

"Foundation" means Ross-Ade Foundation and its lawful successors and assigns, including any surviving, resulting or transferee corporation.

"Indenture" means the 1996 Indenture, as supplemented by the 2014A Indenture and the 2009 Indenture, and as amended and supplemented by the 2016A Indenture and the 2006 Indenture.

"Leases" means the remaining 1996 Lease, the 2001 Lease, the Amended 2009 Lease, the 2014A Lease and any Additional Leases.

"Lessee Representative" means the person designated by the Corporation to act as its representative with respect to the 2016A Indenture or the 2016A Amendment.

"Lessor Representative" means the person designated by the Foundation to act as its representative with respect to the 2016A Indenture and the 2016A Amendment.

"Ordinary Services" and "Ordinary Expenses" means those services normally rendered and those expenses normally incurred by a trustee under instruments similar to the 2016A Indenture.

"Original Date" means June 15, 2016.

"Original Purchaser" with respect to the Series 2016A Certificates means, collectively, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Underwriters.

"Outstanding Certificates" or "Certificates Outstanding" means all Participation Certificates which have been executed and delivered by the Trustee under the Indenture except:

(a) Certificates canceled on surrender, exchange or transfer or canceled because of payment or redemption;

(b) Certificates for the payment or redemption of which sufficient cash funds shall have been theretofore irrevocably deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Participation Certificates), or which are deemed to have been paid and discharged, pursuant to the provisions of the Indenture; provided that if such Certificates are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Participation Certificates in lieu of which others have been executed under Section 2.06 of the Indenture.

"Person" means natural persons, firms, associations, corporations and public bodies.

"Projects" means the 2016A Project, the 2014A Project, the 2009 Project, the Stadium Project and the parking garages described in Exhibit C to the 2016A Indenture together with other "Projects" financed or refinanced under the Indenture.

"Rebate Agreement" means the Construction and Rebate Agreement dated as of May 15, 2016.

"Refunded Certificates" means the instruments being refunded by the Series 2016A Certificates, specifically the outstanding Series 2009 Certificates which mature on or after July 1, 2020.

"Refunding Account" means the Refunding Account of the Project Fund created pursuant to the 2016A Indenture.

"Series 1996 Certificates" means the $25,330,000 in original principal amount of Certificates of Participation, Series 1996 dated as of November 15, 1996.

"Series 2006 Certificates" means the $70,345,000 in original principal amount of Certificates of Participation, Series 2006 dated December 1, 2006.

"Series 2009 Certificates" means the $42,795,00 Taxable Certificates of Participation, Series 2009B (Build America Certificates - Direct Pay Option) evidencing a proportionate interest of the owners thereof in rental payments under the Leases to be made by the Corporation, as Lessee, and identified in Section 1.01 of the 2009 Indenture, a portion of which are being refunded by the Series 2016A Certificates.

"Series 2011A Certificates" means the $32,185,00 Certificates of Participation, Series 2011A (Adjustable Demand) evidencing a proportionate interest of the owners thereof in rental payments under the 2009 Lease to be made by the Corporation, as Lessee, and identified in Section 1.01 of the 2011 Indenture.

"Series 2014A Certificate" means the single Certificate of Participation, Series 2014A in a maximum amount of $21,955,000 evidencing a proportionate interest of the owner thereof in rental payments made under the 2014A Lease and the 2001 Lease previously allocable to refunded Series 2006 Certificates, to be made by the Corporation, as Lessee, and identified in Section 1.01 of the 2014A Indenture.

"Series 2016A Certificates" means the $85,120,000 Certificates of Participation, Series 2016A, evidencing a proportionate interest of the owners thereof in rental payments under the

Leases to be made by the Corporation, as Lessee, and identified in Section 1.01 of the 2016A Indenture.

"Stadium Project" means the land, buildings, structures, furnishings, equipment and other athletic facilities refinanced with the Series 2006 Certificates and leased under the 2001 Lease and any amendments or supplements to the 2001 Lease, together with any subsequent athletic facilities financed pursuant to supplemental indentures hereto, excluding those facility components originally financed with the taxable certificates.

"Trustee" means The Bank of New York Mellon Trust Company, N.A. and its successors and assigns, including any surviving, resulting or transferee corporation, and any successor trustee at the time serving as successor trustee under the Indenture.

"Undertaking Agreement" means the Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010, as previously supplemented, and as further supplemented by a Tenth Supplement to Amended and Restated Continuing Disclosure Undertaking Agreement dated as of May 15, 2016, of the Corporation supplemented and amended from time to time.

**Application of Series 2016A Certificate Proceeds and Project Fund**

The proceeds of the Series 2016A Certificates shall be deposited (or transferred as the case may be) by the Trustee as follows:

(i) $362,385.36 to (or to the order of) the Foundation from proceeds of the Series 2016A Certificates for deposit into the Series 2016A Participation Certificate Expense Account of the Project Fund, for payment of costs of issuance as prescribed in the Rebate Agreement;

(ii) $62,000,000.00 to (or to the order of) the Foundation from the proceeds of the Series 2016A Certificates for deposit into the 2016A Project Construction Account of the Project Fund (which is hereby established);

(iii) $37,600,754.19 into the Refunding Account of the Project Fund to be immediately transferred to the Escrow Trustee for deposit into the Escrow Fund established under the Escrow Agreement; and

(iv) $3,061,022.78 to (or to the order of) the Foundation from the proceeds of the Series 2016A Certificates for deposit into the Series 2016A Capitalized Interest Account of the Project Fund.

In addition, the Foundation will deposit Prepaid Lease Rentals, if any, when received from the Corporation during the Construction Period, as required under the 2016A Amendment, into the "Equity Account of the Project Fund", which is hereby established with the Foundation.

**Certificate Fund and Rebate Fund**

Under the Indenture the Trustee holds in trust the Certificate Fund and the Rebate Fund.

There shall be deposited into the Certificate Fund, as and when received (a) all rent payments specified in the 2016A Amendment; (b) all other moneys received by the Trustee under and pursuant to any of the provisions of the 2016A Amendment which are to be paid into the Certificate Fund; and (c) any moneys received by the Trustee from the sale or disposition of the 2016A Project.

All moneys deposited in the Certificate Fund shall be invested as provided in the 2016A Indenture and Rebate Agreement. Investment earnings derived therefrom shall be available for transfer to the Rebate Fund upon the written direction of the Corporation to satisfy the rebate requirement, if any, to the United States of America and thereafter shall be applied to the payment of the Trustee's fees for Ordinary and Extraordinary Services and Ordinary and Extraordinary Expenses due and payable at such time. All moneys deposited in the Certificate Fund that are not needed to pay the principal of and premium, if any, and interest on the Certificates or to transfer to the Rebate Fund or to pay the Trustee's fees for Ordinary Services and Ordinary Expenses shall be applied by the Trustee as a credit to reduce the next immediately succeeding rent payment to become due under the Leases or, if the final rent payment has been made or provided for, shall be returned to the Corporation.

Except as provided above with respect to investment earnings, moneys in the Certificate Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Certificates and the payment of the Trustee's fees for its Ordinary Expenses and Ordinary Services (as defined in the Indenture); provided that no Trustee's fees may be paid from a rent payment deposited in the Certificate Fund until after all payments of principal of and premium, if any, and interest on the Certificates due within twenty (20) days of the receipt of such rent payment shall have been made; and provided further, that no part of said moneys in the Certificate Fund (other than any amounts paid into the Certificate Fund under the terms of the Leases for use in the exercise of the Corporation's option to purchase the Projects or designated by the Foundation or the Corporation under the terms of the Indenture for the purpose of redemption in accordance with the terms of the Indenture) shall be used to redeem, prior to maturity, any part of the Certificates Outstanding.

The Rebate Fund shall be used to make any rebate to the United States of America required to prevent the Certificates (other than those intended to be taxable and so designated and except for any Build America Certificates) from becoming "arbitrage bonds" under the Code. The Foundation shall cause the rebate amount to be calculated in the manner and in the intervals as required by Section 148(f) of the Code. Such calculations shall be provided to the Trustee as soon as practicable after the completion thereof. If a deposit to the Rebate Fund is required, the Foundation shall transfer moneys equal to such amount to the Rebate Fund from moneys on deposit in the Project Fund. If such amounts are not sufficient to make such deposit, then the Trustee shall transfer moneys from the Certificate Fund to make up the deficiency in the required deposit. If the amounts held in such funds are not sufficient to make the required deposit, then the Trustee shall notify the Foundation, which shall request the Corporation to make the additional payment under the Lease. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee shall upon direction from the Foundation transfer such amount to the Certificate Fund.

No later than 60 days after June 15, 2021 and every five years thereafter, the Trustee shall, upon written request of the Foundation, pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund with respect to the Certificates as of such payment date. Not later than 60 days after final retirement of the Certificates, the Trustee shall, upon written request from the Foundation, pay to the United States of America 100% of the balance remaining in the Rebate Fund with respect to the Certificates.

**Investment of Funds**

The original proceeds of the Series 2016A Certificates held as a part of the Project Fund shall be invested by the Foundation in Eligible Investments. All moneys in the Certificate Fund shall be invested by the Trustee at the written direction of the Foundation in Eligible Investments. The type, amount and maturity shall be such so that the moneys invested will be available to make payments from the respective funds in accordance with the provisions of the Leases and the Indenture as applicable. Any such investment may be purchased from the Trustee, and such investments shall be deemed at all times a part of the Project Fund or the Certificate Fund, as appropriate, and the interest accruing thereon and any profit realized therefrom shall be credited to the respective fund or account and any loss resulting from such investments shall be charged to the respective fund or account. The Trustee shall sell and reduce to cash a sufficient portion of investments in the Certificate Fund under the provisions of this Section whenever the cash balance in the Certificate Fund is insufficient to pay the current interest and principal requirements on the Certificates when due. The Trustee shall not be liable for any losses occurring as a result of any such sales of investments. The Trustee shall have no responsibility with respect to the compliance by the Corporation or the Foundation with respect to any covenant herein regarding investments made in accordance with this Article, other than to use its best reasonable efforts to comply with instructions from the Foundation regarding such investments. Since the investments permitted by this Section have been included at the request of the Foundation and the making of such investments will be subject to the Foundation's direction, the Trustee specifically disclaims any obligation to the Foundation or the Corporation for any loss arising from, or tax consequences of, investments pursuant to the provisions of this Section.

All moneys in the Refunding Account of the Project Fund shall be transferred to the Escrow Trustee for deposit in the Escrow Fund.

**Covenants of Foundation and Trustee**

The Foundation and the Trustee covenant in the 2016A Indenture, among other things, that:

(a) There will be paid, solely from the Trust Estate, the principal of and premium, if any, and interest on every Certificate on the dates and at the place and in the manner mentioned in the Certificates according to the true intent and meaning thereof.

(b) There will be faithful observation and performance at all times of all agreements, covenants, undertakings, stipulations and provisions contained in the Indenture and in any and every Certificate executed and delivered under the Indenture pertaining to the Certificates or the Lease.

(c) Upon delivery of the Series 2016A Certificates, the Foundation will assign the rentals and other moneys payable by the Corporation under the 2016A Amendment to the Trustee for the payment of principal of and premium, if any, and interest on the Series 2016A Certificates.

(d) Except as otherwise provided in the Indenture and the Leases, the Trustee and the Foundation will not sell or otherwise dispose of all or any part of the Project or create or suffer to be created any debt, lien or charge thereon, or make any other pledge or assignment of or create any lien or encumbrance upon the rentals, revenues and other income, charges and moneys realized from the lease, sale or other disposition of the Project other than the pledge and assignment thereof under the Indenture.

(e) Pursuant to the provisions of the Leases, the Corporation has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, provided, however, that this shall not require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of the Leases.

(f) Pursuant to the provisions of the Leases, the Corporation has agreed at its own expense to cause the Projects to be kept in good repair and good condition, and the Corporation may, at its own expense, from time to time undertake additions, remodeling, modifications and improvements to the Projects under the terms and conditions set forth in the Leases.

(g) The Leases and any amendments or supplements thereto, the Indenture and any amendments or supplements hereto, and all necessary financing statements, amendments thereto, continuation statements and instruments of similar character relating to the pledges made to secure the Certificates, shall be recorded and filed by, or on behalf of, the Foundation in such manner and in such places as may be required by law in order to fully preserve and protect the security of the Certificate holders and the rights of the Trustee.

(h) The Leases, certified counterparts of which will have been filed with the Trustee upon delivery of the Series 2016A Certificates, set forth the covenants and obligations of the Corporation, and subsequent to the issuance of the Series 2016A Certificates and prior to payment of the Certificates in full or provision for payment thereof in accordance with the provisions thereof, the Leases may not be effectively amended, changed, modified, altered or terminated (other than as provided in the Indenture) without the prior written consent of the Trustee, and reference is hereby made to the Leases for a detailed statement of said covenants and obligations of the Corporation under the Leases, and the Trustee in its name may enforce all obligations of the Corporation under and pursuant to the Leases for and on behalf of the Certificate holders.

(i) The Trustee covenants that it shall do all things on its part necessary to maintain the Leases in effect in accordance with the terms thereof and will take all actions necessary to enforce and protect its rights under the Lease, including actions at law and in equity, as may be appropriate.

(j) The Foundation covenants that it will restrict the use of the proceeds of the Series 2016A Certificates and moneys in the Certificate Fund in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of the delivery of and payment for the Certificates, so that the Series 2016A Certificates will not constitute arbitrage bonds under Section 148 of the Code. The Treasurer of the Foundation and any officer of the Trustee having responsibility with respect to the Leases or issuance of the Series 2016A Certificates is authorized and directed, alone or in conjunction with any other officer, employee, consultant or agent of the Foundation, the Corporation or the Trustee, to give an appropriate certificate for inclusion in the transcript of proceedings, setting forth the reasonable expectations on the date of delivery of and payment for the Series 2016A Certificates regarding the amount and use of the proceeds of the Series 2016A Certificates pursuant to said Sections 148.

(k) The Foundation covenants that it will not permit the Projects to be used by nongovernmental persons in such a manner as to cause the Series 2016A Certificates to be or become "private activity bonds" within the meaning of Section 141 of the Code of 1986.

(l) The Foundation covenants that it will not take any action nor fail to take any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2016A Certificates pursuant to Section 103 of the Code, nor will the Foundation act in any other manner which would adversely affect such exclusion. The foregoing covenant is based solely on existing law in effect and in existence on the date of delivery of the Series 2016A Certificates.

(m) <u>Construction Contracts</u>. The Foundation represents, warrants and covenants that it has already entered into on behalf of the Corporation, or will hereafter enter into, all necessary construction contracts (the "Construction Contracts") and covenants to obtain payment and performance bonds (the "Performance Bonds") from each of the contractors (the "Contractors") for the construction of the 2016A Project in accordance with the plans and specifications prepared by the Architect.

(n) <u>Tax Covenants</u>. The Foundation covenants that it will not take any action nor fail to take any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2016A Certificates nor will the Foundation or the Trustee (to the extent it exercises its own discretion) act in any other manner which would adversely affect such exclusion. The foregoing covenant is based solely on existing law in effect and in existence on the date of delivery of the Series 2016A Certificates.

It shall not be an event of default under the Indenture if the interest on the Series 2016A Certificates becomes includable in gross income for federal income tax purposes or otherwise subject to federal income taxes pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Series 2016A Certificates.

**<u>Representations and Warranties of Foundation</u>**

The Foundation represents, warrants and agrees in the Indenture, as follows:

(a) The Foundation is a duly organized and validly existing corporation in good standing under the laws of the State of Indiana and has the full corporate power and authority to own its property and assets and to transact the business in which it is engaged or presently proposes to engage; and has the full corporate power and authority to execute, deliver and carry out the terms and provisions of the Indenture, the Leases and any other documents connected herewith or therewith to which it is a party and has taken all necessary corporate action to authorize the execution and delivery of the 2016A Indenture, the 2016A Amendment and any other documents connected herewith or therewith to which it is a party and the carrying out by it of the terms and provisions hereof and thereof.

(b) No default and no condition, event or act which, with the giving of notice or lapse of time, or both, could become a default, exist under the Indenture, the Leases or any other document connected herewith or therewith to which the Foundation is a party or by which it is bound.

(c) Neither the execution and delivery of the 2016A Indenture, the 2016A Amendment or any other documents connected herewith or therewith to which the Foundation is a party, nor the consummation of the transactions herein and therein contemplated, nor the compliance with the terms and provisions hereof and thereof, will contravene any provision of present law, statute, rule or regulation to which it is subject or any judgment, decree, order, franchise or permit applicable to it, or will conflict or will be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property or assets of it pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which it is a party or by which it or its property may be subject (other than the 2016A Indenture), or violate any provision of its Articles of Incorporation or By-Laws.

(d) There are no actions, suits or proceedings pending, or to the Foundation's knowledge threatened, against or affecting it or its property before any court or before any governmental or administrative body or agency (domestic or foreign), the outcome of which might have a material adverse effect upon the Foundation's ability to meet and carry out its obligations under the Indenture, the Leases or any other documents connected herewith or therewith to which it is a party, or of preventing or interfering with the execution or delivery of, or carrying out the provisions of, the foregoing instruments or agreements.

(e) No consent or approval of, or exemption by, any governmental or public body or authority, which has not now been obtained, is required to authorize, or is required in connection with, the execution, delivery and performance by the Foundation of the Indenture, the Leases or the taking of any action hereby or thereby contemplated; nor is any filing, recording, registration, giving of notice or other similar action required or permitted by law, which has not now been performed, to establish, perfect, protect or preserve the rights and titles, interests, remedies, powers or privileges of the Trustee hereunder or thereunder.

(f) The Foundation is the owner in fee simple of, or the owner of a leasehold estate in, the real estate described in Exhibit A of the 2016A Indenture and the owner in fee simple of, or the owner of a leasehold estate in, the improvements constituting the 2016A Project located on the real estate described in said Exhibit A, subject to the 2016A Indenture and the 2016A Amendment. Neither the 2016A Project, nor any part of it, is subject to any lien or encumbrance of any character except for (i) easements and restrictions of record, including existing streets and alleys, (ii) current real and personal property taxes and non-delinquent assessments, and (iii) the 2016A Amendment and the 2016A Indenture.

(g) To the best of the Foundation's knowledge, there are no pending or threatened condemnation proceedings affecting the real estate described in Exhibit A of the 2016A Indenture.

**Insurance**

The Foundation covenants that it will carry, or will cause other persons to carry for its benefit with respect to the Projects, with the Trustee as a co-loss payee (except as to general liability coverage), such insurance coverage as the Corporation would customarily maintain with respect to its other properties, including but not limited to that commonly known as builder's risk insurance, fire and extended coverage and comprehensive general liability coverage.

The policies evidencing all such insurance shall contain the customary provisions and such other provisions and endorsements as the Corporation shall reasonably require. Certificates of insurance showing the Trustee as co-loss payee shall be forwarded by the Foundation to the Trustee.

**Subordination to Rights of Corporation**

The Indenture and the rights and privileges hereunder of the Trustee and the Certificate holders are specifically made subject and subordinate to the rights and privileges of the Corporation set forth in the applicable Lease. The Corporation shall be permitted to possess, use and enjoy respective Project so as to carry out its obligations under the Lease.

**Granting of Easements**

The Foundation, at the request of the Corporation, may grant or release easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to each Project, which the Foundation, acting upon the advice of the Corporation, determines are necessary or desirable for the use of the Project and which will not result in any reduction of rent payable under the applicable Lease to the Trustee. Any consideration paid for such grant or release shall be prorated between the Corporation and the Foundation as their interests may appear and any amounts received by the Foundation under this Section shall be submitted to the Trustee and deposited in the Certificate Fund. The Foundation shall, upon request of the Corporation, certify that the rights or privileges so granted or released are no longer part of such Project for purposes of the Indenture.

**Events of Default and Remedies**

Events of default under the Indenture include:

(a) Default in the payment of any interest on any Certificates when and as the same shall have become due; or

(b) Default in the payment of the principal of or any premium on any Certificate when and as the same shall become due, whether at the stated maturity thereof, or by call for redemption; or

(c) Failure by the Corporation to insure the Projects or any portion thereof, to the extent and in the manner required by the terms of the Leases; or

(d) Default in the performance or observance of any other of the covenants, agreements or conditions included in the Indenture or in the Certificates which default shall continue unremedied for a period of sixty (60) days after written notice thereof has been sent by the Trustee to the Foundation or a default on the part of the Corporation under the Leases, other than as described in clause (c) above, which default shall continue unremedied for a period of sixty (60) days after written notice thereof has been sent by the Trustee or the Foundation to the Corporation; or

(e) If any representation, warranty or statement made by the Foundation in the Indenture or otherwise in writing in connection therewith, or in any certificate or statement signed by an officer of the Foundation and furnished pursuant to any provision of the Indenture, shall be breached or shall prove to be untrue in any material respect on the date as of which made; or

(f) Ejection of the Corporation from any material portion of the Projects and the use and occupancy thereof by reason of a defect in title to the Projects; or

(g) Default in the performance of any obligation or in the observance of any covenant imposed on the Foundation under the Leases; or

(h) The assignment of any rights under the Indenture or any interest therein by the Foundation or the conveyance or encumbrance in any way of any material portion of the Projects by the Foundation without the written consent of the Trustee; or

(i) The filing of a petition in bankruptcy by or against the Foundation, or the appointment of a receiver or trustee of the property of the Foundation, or the filing by the Foundation of a petition for reorganization under any of the provisions of the bankruptcy laws or of any other law, state or federal, or the making of an assignment by the Foundation for the benefit of creditors, or the judgment of the Foundation as insolvent by any state or federal court of competent jurisdiction; or

(j) The refusal of the Foundation to permit the Trustee or its representatives to enter upon and inspect the Projects at all reasonable times, or the failure by the Foundation to comply with any requirement of any governmental authority having jurisdiction which relates to the Projects within sixty (60) days after notice in writing of such requirements has been given to the Foundation; or

(k) The legal documents, evidence of title, title opinion or survey are subject to objections or encumbrances other than those mentioned in this Indenture or are in form not reasonably satisfactory to the Trustee.

The term "default" shall mean default in the performance or observance of any of the covenants, agreements or conditions contained in the Indenture or in the Certificates or default on the part of the Corporation under the Leases, exclusive of any period of grace required to constitute a default an "event of default" as hereinabove or therein provided. If a default shall occur under the provisions of this Section, the Trustee shall immediately give written notice of such default to the Corporation.

Upon the happening and continuance of any event of default, the Trustee may, and upon written request of the holders of twenty-five percent (25%) in principal amount of the Certificates then outstanding and upon being indemnified to its reasonable satisfaction shall, declare the principal amount of and interest accrued on all Outstanding Certificates immediately due and payable; subject, however, to the rights of the holders of 51% in principal amount of all the Outstanding Certificates to annul such declaration if all such events have been cured, all arrears of interest have been paid and all other indebtedness secured by the Indenture (except the principal and interest not then due) has also been paid.

**Surrender of Possession of Project; Rights and Duties of Trustee in Possession**

Under the terms of the Leases, upon the failure of the Corporation to pay rentals as due or upon the occurrence of a default under any of the Leases and the continuance of such default for a period of sixty (60) days after written notice to correct such default, the Corporation, upon demand of the Trustee, as lessor (which demand may be made at the discretion of the Trustee as provided in the Indenture), shall forthwith surrender the possession of the corresponding Projects. Thereafter, it shall be lawful for, and the Trustee, subject to the Indenture, agrees to, take possession of all or any part of the corresponding Project, and to hold and manage the same, and from time to time to make all needful repairs and improvements as the Trustee shall be deemed wise; and the Trustee may lease the corresponding Project or any part thereof in its name and collect, receive and sequester the rentals, revenues and other income, charges and moneys therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee under the Indenture, and any taxes and assessments and other charges prior to the lien of the Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of the Indenture. Whenever all that is due upon the Certificates shall have been paid and all defaults made good, the Trustee shall surrender possession to the Corporation, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render to the Corporation and also to the holders of all Certificates at their addresses shown on the registration books maintained by the Trustee pursuant to Section 2.03 of the 2016A Indenture, upon their written request, a summarized statement of income and expenditures in connection therewith.

**Other Remedies: Rights of Certificate Holders**

Upon the occurrence of an event of default the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy to enforce the payment of the principal of and premium, if any, and interest on the Certificates then outstanding or of compliance with any other obligation or requirement of the Indenture.

Subject to the 2016A Indenture, if an event of default shall have occurred, and if requested so to do by the holders of at least twenty-five percent in aggregate principal amount of Certificates then outstanding, and indemnified as provided in Section 10.01 of the 2016A Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the holders or owners of the Certificates.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the holder or owners of the Certificates) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the holders or owners of the Certificates hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the holders or owners of the Certificates, shall extend or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

In exercising its rights given the Trustee under the Indenture, the Trustee shall take such action as, in the judgment of the Trustee, applying the standards described in Section 10.01 of the 2016A Indenture, would best serve the interests of the holders of the Certificates.

**Right of Certificate Holders to Direct Proceedings**

Anything in the Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Certificates then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

**Waiver of Events of Default**

The Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the holders of at least (1) 51% in aggregate principal amount of all the

Certificates then outstanding in respect of which default in the payment of principal and/or interest exists, or (2) 51% in principal amount of all Certificates then outstanding in case of any other default; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any Outstanding Certificates at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Certificates and there shall be no rescission of a declaration of maturity unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Certificates in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee, in connection with such default, shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Corporation, the Foundation, the Trustee and the Certificate holders shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

**Application of Moneys**

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Certificate Fund and all moneys in the Certificate Fund shall be applied as follows:

(a) Unless the principal of all the Certificates shall have become or have been declared due and payable, all such moneys shall be applied:

First -- To the payment of the persons entitled thereto of all installments of interest then due on the Certificates, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, of the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment of the persons entitled thereto of the unpaid principal of any of the Certificates which shall have become due (other than Certificates previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Certificates from the respective dates upon which they become due and if the amount available shall not be sufficient to pay in full all Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the person entitled thereto without any discrimination or privilege.

(b) If the principal of all the Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Certificates, without preference or priority of principal over interest or of interest over principal, or of any installment of interest or of preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amount due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied as stated above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever (i) all Certificates and interest thereon have been paid, (ii) all expenses and charges of the Trustee and paying agents have been paid, and (iii) any rebate owed to the United States of America under Section 148 of the Code has been paid, any balance remaining in the Certificate Fund shall be paid to the Corporation as provided in the Indenture.

**Supplemental Indentures**

The Foundation and the Trustee, without obtaining the approval of the holders of Certificates, may enter into supplemental indentures to cure any ambiguity or formal defect or omission in the Indenture or to grant to the Trustee for the benefit of such holders any additional rights, remedies, powers, authority or security that may be lawfully granted; or to provide for the issuance of Additional Certificates on a parity to finance or refinance additional athletic or parking facilities. See “Additional Participation Certificates” herein.

The holders of not less than 51% in aggregate principal amount of the Certificates then outstanding shall have the right, from time to time except when contrary to the Indenture, to approve the execution by the Foundation and the Trustee of such supplemental indentures, except no supplemental indenture shall permit:

(a) An extension of the maturity of the principal of or interest on any Certificate without the consent of the holder of each Certificate so affected;

(b) A reduction in the principal amount of any Certificate or the redemption premium or the rate of interest without the consent of the holder of each Certificate so affected;

(c) A preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the holders of all Certificates then outstanding; or

(d) A reduction in the aggregate principal amount of the Certificates required for consent to supplemental indentures without the consent of the holders of all Certificates then outstanding.

**Lease Amendments**

The Corporation and the Trustee may without the consent of or notice to the Certificate Holders consent to any amendment, change or modification of the Leases or any other documents in connection therewith, as may be required (i) by the provisions of the Leases and the Indenture, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission or (iii) in connection with any other change therein which, in the judgment of the Trustee, having relied on an opinion of Bond Counsel, is not to the prejudice of the Trustee or the holders of the Certificates.

Except for the amendments, changes, or modifications as provided in the preceding paragraph, the Trustee will not consent to any amendment, change or modification of the Leases which would change the rental payments required to be paid under the terms of the Leases or which would alter, change or amend the obligations of the Foundation under the Indenture or any other documents in connection therewith, without notice to and the written approval or consent of the holders of all of the then outstanding Certificates, or to any other amendment, change or modification of the Leases or any other documents in connection herewith or therewith, without publication of notice and the written approval or consent of the holders of not less than 51% in aggregate principal amount of the Certificates at the time outstanding given and procured.

**Possession Until Default, Defeasance, Payment, Release**

If, prior to the last maturity date of any Outstanding Certificates or prior to their redemption date (if Certificates have been or are to be called for redemption), the Trustee shall hold sufficient funds as described in the next succeeding paragraph and there shall have been paid all fees and charges of the Trustee due or to become due through the date on which the Certificates are to be retired (whether at maturity or by redemption), then the lien of the Indenture with respect to such Certificates shall thereafter be imposed only on the moneys and direct obligations of the United States of America held by the Trustee and payment of the principal of and premium, if any, and interest on those Outstanding Certificates shall be made solely from said moneys and direct obligations of the United States of America and the holders of those Certificates shall not be entitled to enforce payment of any principal of or premium or interest on those Certificates from any other source.

Within the meaning of the preceding paragraph, sufficient funds are held:

(i) if the Trustee shall hold, in trust for and irrevocably committed to the payment of the principal of and premium, if any, and interest on the Certificates, sufficient moneys, or

(ii) if the Trustee shall hold, in trust for and irrevocably committed to the payment of the principal of and premium, if any, and interest on the Certificates, noncallable direct obligations of the United States of America of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed), be sufficient together with moneys referred to in subsection (i) above, for the payment, at their maturity or redemption date, of the principal of the Certificates together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Certificates are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been duly made for the giving of such notice. Any income or interest earned by, or increment to, the investments held under this section shall, to the extent not required for the purposes of this section, be transferred to the Certificate Fund.

**Release of Indenture and Payment of Certificates**

When (a) all of the Certificates shall have matured according to their terms or have been called for redemption and the date set for such redemption has occurred and all Certificates presented have been redeemed, or (b) all of the Certificates appertaining thereto have been paid and discharged or the Trustee holds sufficient moneys together with any amounts held by the Trustee for the payment of any Certificates not surrendered on their maturity date or redemption date, and (c) there shall have been paid all fees and charges of the Trustee due, then the Indenture shall cease, determine and become null and void, and thereupon the Trustee shall release the Indenture including the cancellation and discharge of the lien thereof, and execute and deliver such instruments in writing as shall be requisite to satisfy the lien thereof and to enter on the records such satisfaction and discharge as may be reasonably required, and, if the Corporation has exercised its option to purchase the Project or has fully discharged and performed its obligations under the Leases, the Trustee shall assign and deliver to the Corporation any property at the time subject to the lien of the Indenture which may then be in its possession, except such cash and investments as are held by the Trustee for the payment of principal, interest and premium, if any, on retirement of the Certificates.

**Additional Participation Certificates**

The Trustee, at the written direction of the Foundation or the Corporation, to the extent permitted by law, shall cause to be issued Additional Certificates from time to time to provide for (i) the refunding of Outstanding Certificates in whole or in part, (ii) refunding of certificates of participation in other leases to the Corporation, (iii) the completion of any athletic or parking project or (iv) the financing or refinancing of additional athletic or parking projects; provided that the issuance of such Additional Certificates shall not result in the interest on the Certificates Outstanding immediately prior to such issuance losing the exclusion from gross income for federal income tax purposes. Before any Additional Certificates are executed there shall be delivered to the Trustee the items required by the Indenture. Any series of Additional Certificates shall have maturities, interest rates, interest payment dates, denominations and other terms as provided in the supplemental indenture entered into in connection with such Additional Certificates, and the proceeds thereof shall be held, invested and paid out as therein provided, provided that such terms and provisions shall not be otherwise inconsistent with the Indenture.

Before any Additional Certificates authorized by the 1996 Indenture and the 2016A Indenture shall be executed and delivered by the Trustee, there shall be filed with the Trustee:

1. A written request from the Foundation to the Trustee for the execution and delivery of the Additional Certificates.

2. An original executed counterpart of the supplemental indenture entered into in connection with the execution and delivery of the Additional Certificates, in which supplemental indenture the Foundation, in order to secure the payment of the principal of and premium, if any, and interest on the Certificates, and to secure the performance and observance of all covenants and conditions in the Indenture and the Certificates contained, pledges, mortgages and assigns to the Trustee, and grants to the Trustee a security interest in, all right, title and interest of the Foundation in, to or under the property leased by the Foundation to the Corporation under the Additional Leases described in paragraph 3 below.

3. Executed Additional Leases relating to any additional facilities financed or refinanced thereby, which Additional Leases require the Corporation to pay rent to the Foundation at times and in amounts sufficient to pay the principal of and premium, if any, and interest on such Additional Participation Certificates and the fees for all Ordinary Services and Extraordinary Services and all Ordinary Expenses and Extraordinary Expenses related thereto.

4. The written opinion of counsel satisfactory to the Trustee, to the effect that the documents submitted to the Trustee in connection with the request then being made comply with the requirements of the Indenture, that all filings required to be made under the 2016A Indenture have been made, and that in his opinion all conditions precedent to the delivery of such Additional Certificates have been fulfilled.

5. The written opinion of nationally recognized bond counsel (who may also be the counsel referred to above in paragraph 4) that the Certificates the issuance of which is then applied for, when duly executed, delivered, and authenticated by the Trustee, will be valid and legal special obligations in accordance with their terms and will be secured by the Indenture with all Certificates at the time outstanding hereunder.

6. Executed assignments of the Additional Leases described in paragraph 3 above.

7. The written opinion of counsel to the Corporation (or nationally recognized bond counsel) to the effect that the Corporation's obligations to make lease rental payments, as described in paragraph 3 above, are valid and binding obligations of the Corporation, enforceable in accordance with their terms (which opinion may be subject to standard limitations, exceptions and qualifications).

8. Such other documents as may be necessary and appropriate hereunder.

When the foregoing documents have been duly filed and the Additional Certificates have been executed, the Trustee shall deliver them to or upon the order of the original purchaser thereof, but only upon payment to the Trustee of the aggregate purchase price provided in the supplemental indenture referred to in the numbered paragraph 2 above, and accrued interest to the date of delivery.

The proceeds of the sale of the Additional Certificates shall be used solely for the purpose of paying costs for which such Additional Certificates shall have been issued.

**Trustee's Fees, Charges and Expenses**

On or after the date on which the Series 2016A Certificates are first delivered to the Original Purchaser, the fees for Ordinary Services and Ordinary Expenses of the Trustee to be performed under the Indenture in connection with the authorization, issuance, delivery and payment of such series of Certificates shall be withdrawn by the Trustee from time to time from the Certificate Fund in payment of such Ordinary Services and Ordinary Expenses, in accordance with Section 1.06 hereof. The Trustee shall be entitled to reasonable fees and charges of the Trustee for necessary Extraordinary Services and Extraordinary Expenses under the Indenture, provided, that either the Foundation or the holders of at least 25% in aggregate principal amount of Certificates then outstanding may, without creating a default under the Indenture, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such fees, charges or expenses. Amounts equal to the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under the Indenture shall be withdrawn by the Trustee from time to time from the Certificate Fund in payment of such Extraordinary Services and Extraordinary Expenses in accordance with Section 1.06 hereof; provided, however, that in the event the amount of money in the Certificate Fund is insufficient to satisfy in full the amount due with respect to such Extraordinary Services and Extraordinary Expenses, then the amount unsatisfied shall be cumulated and paid in succeeding years from the balance remaining in the Certificate Fund after first having paid all principal of and premium, if any, and interest on the Certificates which is then next due and payable and its annual fee for its Ordinary Services and Ordinary Expenses then due at the time payment is sought by the Trustee. In the event that upon the termination of the Indenture, at the time that all Certificates issued hereunder have been paid at maturity or through redemption or have been defeased, the Corporation and the Foundation jointly and severally agree to promptly pay any remaining unpaid fees for Ordinary Services and Extraordinary Services and Ordinary Expenses and Extraordinary Expenses.

**Appointment of Successor Trustee**

In case the Trustee shall resign or be removed, or be dissolved, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the Foundation; provided that if a successor Trustee is not so appointed within ten days after the notice of resignation is mailed or instrument of removal is delivered, respectively, or the Trustee is dissolved, taken under control or otherwise incapable of action as above provided, then the holders of a majority in aggregate principal amount of Certificates then outstanding, by an instrument or concurrent instruments in writing signed by or on behalf of such holders, may designate a successor Trustee. Every such successor Trustee appointed shall be a trust company or bank in good standing, duly authorized to exercise trust powers within the State of Indiana, having a reported capital and surplus of not less than $50,000,000 and willing to accept the trusteeship under the terms and conditions of the Indenture.

## THE AMENDED 2009 LEASE

The following is a brief summary of certain provisions of the 2016A Amendment to the 2009 Lease (collectively, the "Amended 2009 Lease"), and does not purport to comprehensively describe the documents in their entirety.

### Leasing

In the 2016A Amendment, the Foundation leases to the Corporation the 2016A Project, and certain adjoining facilities, utilities and appurtenances located on the Purdue University Campus at West Lafayette, Indiana for a term ending on September 9, 2049, unless expressly extended in writing by the parties or earlier terminated as described below. See "Option to Purchase Leased Property by the Corporation" and "Condemnation."

In the Amended 2009 Lease, the Foundation leases to the Corporation the 2009 Project, consisting of Mackey Arena and certain adjoining facilities, utilities and appurtenances located on the Purdue University Campus at West Lafayette, Indiana, for a term of 40 years, beginning on August 15, 2009 and ending on the day prior to such date 40 years thereafter, unless expressly extended in writing by the parties or earlier terminated as described below. See "Option to Purchase Leased Property by the Corporation" and "Condemnation."

### Rental Payments

Rental payments under the Amended 2009 Lease are assigned to the Trustee for payments of the Series 2016A Certificates, the Series 2011A Certificates and the Series 2009 Certificates.

The Corporation agrees to make rental payments to the Foundation in periodic amounts equal to the Foundation's debt service, including principal and interest, plus redemption premiums, if any, on the Certificates or other Foundation securities issued for the 2016A Project and the 2009 Project, trustee's fees, any debt service reserves, any costs for bond or reserve insurance, any rebate payments and similar financing expenses, on such Participation Certificates for each year of the Amended 2009 Lease (collectively, "Lease Rentals"); provided, that such Lease Rental requirements shall be subject to credits for earnings or other amounts available to the Foundation related to proceeds from its financing of the costs related to the Leased Property and amounts in sinking or reserve funds, if any. Such amounts shall be paid in installments coordinated, in time and amount, to match and enable the Foundation to meet and comply with the Foundation's periodic debt service payments, as established under any and all Certificates outstanding from time to time with respect to the 2009 Project and the 2016A Project, or those of any trustee for the Foundation. All payments made by the Corporation directly to any assignee, trustee or other third party, as authorized from time to time, shall constitute payment to the Foundation.

Prior to the scheduled redemption date of the Refunded Certificates, the Corporation shall pay Special Lease Rentals equal to interest and other amounts due on the Series 2016A Certificates allocable to the refunding of the Refunded Certificates. Such Special Lease Rentals shall be made from earnings and other sums to be derived from the Escrow Fund under the

Escrow Agreement, which shall be transferred by the Escrow Trustee to the Trustee in a timely fashion.

In addition, the Corporation may make certain equity contributions to the 2016A Project, as amended from time to time in the form of Prepaid Lease Rentals during the construction period, if required to complete the 2016A Project. Actual Prepaid Lease Rentals, if any, shall be in the amount necessary to complete the Project after the application of the proceeds of Series 2016A Certificates. Schedule A to the Amended 2009 Lease shall be amended from time to time to reflect the amount of actual Prepaid Lease Rentals, if any, during the construction period.

The Corporation and Foundation, in fulfillment of their respective obligations to coordinate the amount and timing of the periodic Lease Rental payments, shall keep, at the initiation of the Corporation, an ongoing record of actual Lease Rentals as well as projected Lease Rentals, and all components of the same.

In the event that the Corporation is obligated to make additional payments of Lease Rentals, as a result of liquidity requirements for the purchase of the Series 2011A Certificates for the 2009 Project, the Corporation shall be entitled to a refund of any such Lease Rental payments from the proceeds of subsequent remarketing of such Participation Certificates, if and to the extent that such Certificates are successfully remarketed as variable rate demand certificates or otherwise. In the event that any such Certificates are not successfully remarketed and are cancelled or deemed cancelled, such payments of Lease Rentals shall be allocated to the reduction of principal and/or interest on the Certificates as appropriate.

**Corporation's Obligations Payable From and Subject to Available Funds**

The Corporation has covenanted and agreed that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the Amended 2009 Lease; provided, however, that (i) mandatory student fees (which include all academic fees, however denominated, assessed by the Corporation against students attending Purdue University) and (ii) appropriations from the State of Indiana, shall not be considered available for the payment of such obligations. Notwithstanding any other provisions of the Amended 2009 Lease, the obligations imposed upon the Corporation by the Lease for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the Amended 2009 Lease shall be or become an obligation, indebtedness or liability of the State of Indiana.

**Additional Rental Payments and Other Charges**

Additional Rental Payments. The Corporation shall pay as further rental for the Leased Property all real property taxes and assessments levied against the Leased Property, payable during the term of the Amended 2009 Lease. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Foundation by the Corporation, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Corporation shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Foundation, and shall famish bond with surety to the approval of the Foundation conditioned upon the payment of the charges so desired to be contested and all damages or losses resulting to the Foundation from the nonpayment thereof when due, the Corporation shall not be obligated to pay the same until such contests shall have been determined.

Public Utility Charges. The Corporation shall pay all charges for gas, electricity, water, light, heat or power, telephone or other communications services, sewage treatment or disposal, or other utility equipment or services used on or in connection with the Leased Property and to indemnify, to the extent permitted by law, the Foundation and save it harmless against any liability or damages on such account.

## Repairs and Maintenance

The Corporation covenants throughout the term of the Amended 2009 Lease, at its sole cost and expense, to maintain the Leased Property (including any roadways, sidewalks, parking lots and curbs thereon or adjacent thereto) and to keep the same in good order and condition, excepting reasonable wear and tear, and promptly at the Corporation's own cost or expense to make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen, to the Leased Property as may be required to satisfy this covenant. The term "repairs" shall include replacements or renewals when necessary.

All items of equipment and personal property initially furnished by the Foundation shall remain the property of the Foundation during the term of the Amended 2009 Lease, but shall be maintained and kept in repair by the Corporation. When, in the judgment of the Corporation, any such item is no longer useful or usable, it shall be retired, and may be disposed of by the Corporation which shall no longer be responsible for its maintenance. The Corporation may replace any such retired items, and all replacements shall be owned by the Corporation. Any original items of equipment or other personal property remaining upon termination of the Amended 2009 Lease (other than by reason of default by the Corporation) shall thereupon become the property of Corporation.

## Damage or Destruction

The Corporation covenants and agrees that, in the case of damage to, or destruction of, any improvements located on or constituting a part of the Leased Property, the Corporation will promptly, at its sole cost and expense, repair or replace the same as nearly as possible to their condition immediately prior to such damage or destruction, to the extent necessary to restore the value and utility of such improvements. The Corporation's obligation to make payment of the rent and all other charges on the part of the Corporation to be paid, and to perform all other covenants or agreements on the part of the Corporation to be performed, shall not be affected by any such damage or destruction, regardless of the cause thereof.

## Insurance

During the term of the Amended 2009 Lease, the Corporation shall at its expense procure and at all times keep and maintain in force for the benefit of the Foundation and the Corporation such insurance coverage with respect to the Leased Property as the Corporation would customarily maintain with respect to its other properties, including but not limited to fire and extended risk coverage and comprehensive general liability coverage. The policies evidencing all such insurance shall contain customary provisions, and such other provisions and endorsements as the Foundation may reasonably require. All such policies shall be issued in amounts and by companies satisfactory to the Foundation. The proceeds of such policies (other than liability policies) shall be first applied, to the extent necessary, to satisfy the Corporation's obligations described under the caption "Damage or Destruction," and, if any excess proceeds remain, such excess shall become the sole property of the Corporation.

**Corporation's Use, Occupancy. Management and Control**

The Corporation covenants and agrees that it will use, occupy, manage and control the Leased Property in the exercise of its responsibilities for the management and operation of the Purdue University Campus at West Lafayette, Indiana, for the educational and other purposes of Purdue University, in a manner consistent with the desired tax status of the Series 2016A Certificates, the Series 2011A Certificates or the Series 2009 Certificates, and in the discharge of its statutory responsibilities, and for the management, operation and servicing of said institution. All revenues derived by the Corporation from the operation of the Leased Property shall belong to the Corporation and all expenses incurred in connection with said operation shall be paid by the Corporation.

**General Covenants**

The Corporation shall not assign the Lease or sublet any part of the Leased Property without the prior consent of the Foundation nor, in any event, in such manner as to adversely affect the tax-exempt status of the rents.

**Option to Purchase Leased Property by the Corporation**

The Foundation has granted to the Corporation the right and option, upon sixty (60) days' written notice to the Foundation and the Trustee, to terminate the Amended 2009 Lease with respect to the 2016A Project or the 2009 Project and purchase the Leased Property at a price equal to either (i) the sum of the then unpaid principal, premium, if any, and accrued interest to the date of redemption of the Certificates, plus any other amounts due and payable by the Corporation under the Amended 2009 Lease, or (ii) the amount sufficient to defease the Certificates under the terms of the Indenture, including all costs and expenses incurred in connection therewith, plus all other amounts due and payable by the Corporation under the Amended 2009 Lease. Upon the exercise of the option to purchase granted in the Amended 2009 Lease, the Foundation will, upon payment of the option price, convey the Leased Property to the Corporation, subject only to existing streets and utility or other easements, if any. Thereupon, the Amended 2009 Lease will terminate. All expenses incurred by the Foundation in connection with such transfer of title shall be paid or reimbursed by the Corporation.

If the Corporation does not exercise its option to purchase the Leased Property described in the preceding paragraph, then upon the expiration of the Amended 2009 Lease and the full discharge and performance by the Corporation of its obligations under the Amended 2009 Lease, the Leased Property will be transferred to the Corporation.

**Defaults**

If the Corporation shall default (a) in the payment of any rentals or other sums payable to the Foundation under the Amended 2009 Lease, or in the payment of any other sum in the Amended 2009 Lease required to be paid for the Foundation; or (b) in the observance of any other covenant, agreement or condition in the Amended 2009 Lease, and such default shall continue for sixty (60) days after written notice to correct the same; then, in any or either of such events, the Foundation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the Amended 2009 Lease, or for the enforcement of any other appropriate legal or equitable remedy; or the Foundation, at its option, without further notice, may terminate the Amended 2009 Lease and take possession of the Leased Property, and the Corporation covenants to surrender the same forthwith upon demand. The Foundation's option to terminate the Amended 2009 Lease and take possession of the Leased Property shall be equally applicable as the remedy in the event the Corporation is unable to meet its rental obligations under the Amended 2009 Lease as a result of a lack of available funds, as described under the caption "Corporation's Obligations Payable From and Subject to Available Funds."

In the event of such termination, the Corporation and the Foundation shall mutually endeavor to reach a satisfactory settlement of the Foundation's claims against the Corporation, as the basis for the transfer of ownership and possession of the Leased Property to the Corporation, in the manner which, absent such default, would have occurred upon expiration of the Amended 2009 Lease, as described above.

The exercise by the Foundation of the above right to terminate the Amended 2009 Lease shall not release the Corporation from the performance of any obligation under the Amended 2009 Lease maturing prior to the Foundation's actual entry into possession. No waiver by the Foundation of any right to terminate the Amended 2009 Lease upon any default shall operate to waive such right upon the same or other default subsequently occurring.

**Condemnation**

If the entire Leased Property should be taken by any governmental body having the power of eminent domain, the Amended 2009 Lease shall terminate effective on the date when the Corporation is deprived of possession of the Leased Property. In such event the Corporation's obligations as to rentals or other payments to the Foundation, shall be accelerated, but shall be limited to the difference, if any, between the amount of the Purchase Price for each of the 2016A Projects and the 2009 Project under the Amended 2009 Lease and the proceeds of the condemnation which shall be payable to the Foundation, and each party shall look to the condemning authority for compensation for any and all damage, loss and injury it may have incurred by reason of such taking and condemnation. In the event part but less than all of the Leased Property should be so taken, the Amended 2009 Lease shall not terminate, but the Corporation's obligations thereunder as to payment of rentals and other amounts shall be decreased by the amount of compensation payable to the Foundation by the condemning authority. The Foundation shall transfer the proceeds of any condemnation award to the Trustee, together with any accelerated Rental Payments by the Corporation to repay or defease allocable Certificates in full.

## THE 2014A LEASE

The following is a brief summary of certain provisions of the 2014A Lease, and does not purport to comprehensively describe the document in its entirety.

### Leasing

In the 2014A Lease, the Foundation leases to the Corporation the 2014A Project and certain adjoining facilities, utilities and appurtenances located on the Purdue University Campus at West Lafayette, Indiana, for a term of 40 years, beginning on the date of issuance of the Series 2014A Certificate and ending on the day prior to such date 40 years thereafter, unless expressly extended in writing by the parties or earlier terminated as described below. See "Option to Purchase Leased Property by the Corporation" and "Condemnation."

### Source of Rental Payments

Rental Payments. The Corporation will pay rental under the 2014A Lease during its term in yearly amounts equal to the Foundation's debt service on the applicable Certificates, plus fees for the Trustee, coordinated in installments in time and amount to match and enable the Foundation to meet and comply with the periodic debt service payment dates as established under the Certificates. The Corporation shall receive credit toward rentals for earnings or other amounts available to the Foundation, related to proceeds from its financing of the costs related to the Leased Property and amounts in sinking or reserve funds, if any. All rentals payable under the terms of the 2014A Lease shall be paid by the Corporation to the Trustee, or to such other bank or trust company as may from time to time succeed such bank as Trustee. All payments made by the Corporation to the Trustee shall be considered as payment to the Foundation of the rentals payable thereunder.

### Corporation's Obligations Payable From and Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the 2014A Lease; provided, however, that (i) mandatory student fees (which include all academic fees, however denominated, assessed by the Corporation against students attending Purdue University) and (ii) appropriations from the State of Indiana, shall not be considered available for the payment of such obligations. Notwithstanding any other provisions of the 2014A Lease, the obligations imposed upon the Corporation by the Lease for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the 2014A Lease shall be or become an obligation, indebtedness or liability of the State of Indiana.

### Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation shall pay as further rental for the Leased Property all real property taxes and assessments levied against the Leased Property, payable during the term of the 2014A Lease. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Foundation by the

Corporation, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Corporation shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Foundation, and shall famish bond with surety to the approval of the Foundation conditioned upon the payment of the charges so desired to be contested and all damages or losses resulting to the Foundation from the nonpayment thereof when due, the Corporation shall not be obligated to pay the same until such contests shall have been determined.

Public Utility Charges. The Corporation shall pay all charges for gas, electricity, water, light, heat or power, telephone or other communications services, sewage treatment or disposal, or other utility equipment or services used on or in connection with the Leased Property and to indemnify, to the extent permitted by law, the Foundation and save it harmless against any liability or damages on such account.

**Repairs and Maintenance**

The Corporation covenants throughout the term of the 2014A Lease, at its sole cost and expense, to maintain the Leased Property (including any roadways, sidewalks, parking lots and curbs thereon or adjacent thereto) and to keep the same in good order and condition, excepting reasonable wear and tear, and promptly at the Corporation's own cost or expense to make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen, to the Leased Property as may be required to satisfy this covenant. The term "repairs" shall include replacements or renewals when necessary.

All items of equipment and personal property initially furnished by the Foundation shall remain the property of the Foundation during the term of the 2014A Lease, but shall be maintained and kept in repair by the Corporation. When, in the judgment of the Corporation, any such item is no longer useful or usable, it shall be retired, and may be disposed of by the Corporation which shall no longer be responsible for its maintenance. The Corporation may replace any such retired items, and all replacements shall be owned by the Corporation. Any original items of equipment or other personal property remaining upon termination of the 2014A Lease (other than by reason of default by the Corporation) shall thereupon become the property of Corporation.

**Damage or Destruction**

The Corporation covenants and agrees that, in the case of damage to, or destruction of, any improvements located on or constituting a part of the Leased Property, the Corporation will promptly, at its sole cost and expense, repair or replace the same as nearly as possible to their condition immediately prior to such damage or destruction, to the extent necessary to restore the value and utility of such improvements. The Corporation's obligation to make payment of the rent and all other charges on the part of the Corporation to be paid, and to perform all other covenants or agreements on the part of the Corporation to be performed, shall not be affected by any such damage or destruction, regardless of the cause thereof.

**Insurance**

During the term of the 2014A Lease, the Corporation shall at its expense procure and at all times keep and maintain in force for the benefit of the Foundation and the Corporation such insurance coverage with respect to the Leased Property as the Corporation would customarily maintain with respect to its other properties, including but not limited to fire and extended risk coverage and comprehensive general liability coverage. The policies evidencing all such insurance shall contain customary provisions, and such other provisions and endorsements as the Foundation may reasonably require. All such policies shall be issued in amounts and by companies satisfactory to the Foundation. The proceeds of such policies (other than liability policies) shall be first applied, to the extent necessary, to satisfy the Corporation's obligations described under the caption "Damage or Destruction," and, if any excess proceeds remain, such excess shall become the sole property of the Corporation.

**Corporation's Use, Occupancy. Management and Control**

The Corporation covenants and agrees that it will use, occupy, manage and control the Leased Property in the exercise of its responsibilities for the management and operation of the Purdue University Campus at West Lafayette, Indiana, for the educational and other purposes of Purdue University, in a manner consistent with the desired tax status of the 2014A Certificate and the Series 2006 Certificates, and in the discharge of its statutory responsibilities, and for the management, operation and servicing of said institution. All revenues derived by the Corporation from the operation of the Leased Property shall belong to the Corporation and all expenses incurred in connection with said operation shall be paid by the Corporation.

**General Covenants**

The Corporation shall not assign the Lease or sublet any part of the Leased Property without the prior consent of the Foundation nor, in any event, in such manner as to adversely affect the tax-exempt status of the rents.

**Option to Purchase Leased Property by the Corporation**

The Foundation has granted to the Corporation the right and option, upon sixty (60) days' written notice to the Foundation and the Trustee, to terminate the 2014A Lease and purchase the Leased Property at a price equal to either (i) the sum of the then unpaid principal, premium, if any, and accrued interest to the date of redemption of the Certificates, plus any other amounts due and payable by the Corporation under the 2014A Lease, or (ii) the amount sufficient to defease the Certificates under the terms of the Indenture, including all costs and expenses incurred in connection therewith, plus all other amounts due and payable by the Corporation under the 2014A Lease. Upon the exercise of the option to purchase granted in the 2014A Lease, the Foundation will, upon payment of the option price, convey the Leased Property to the Corporation, subject only to existing streets and utility or other easements, if any. Thereupon, the 2014A Lease will terminate. All expenses incurred by the Foundation in connection with such transfer of title shall be paid or reimbursed by the Corporation.

If the Corporation does not exercise its option to purchase the Leased Property described in the preceding paragraph, then upon the expiration of the 2014A Lease and the full discharge and performance by the Corporation of its obligations under the 2014A Lease, the Leased Property will be transferred to the Corporation.

**<u>Defaults</u>**

If the Corporation shall default (a) in the payment of any rentals or other sums payable to the Foundation under the 2014A Lease, or in the payment of any other sum in the 2014A Lease required to be paid for the Foundation; or (b) in the observance of any other covenant, agreement or condition in the 2014A Lease, and such default shall continue for sixty (60) days after written notice to correct the same; then, in any or either of such events, the Foundation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the 2014A Lease, or for the enforcement of any other appropriate legal or equitable remedy; or the Foundation, at its option, without further notice, may terminate the 2014A Lease and take possession of the Leased Property, and the Corporation covenants to surrender the same forthwith upon demand. The Foundation's option to terminate the 2014A Lease and take possession of the Leased Property shall be equally applicable as the remedy in the event the Corporation is unable to meet its rental obligations under the 2014A Lease as a result of a lack of available funds, as described under the caption "Corporation's Obligations Payable From and Subject to Available Funds."

In the event of such termination, the Corporation and the Foundation shall mutually endeavor to reach a satisfactory settlement of the Foundation's claims against the Corporation, as the basis for the transfer of ownership and possession of the Leased Property to the Corporation, in the manner which, absent such default, would have occurred upon expiration of the 2014A Lease, as described above.

The exercise by the Foundation of the above right to terminate the 2014A Lease shall not release the Corporation from the performance of any obligation under the 2014A Lease maturing prior to the Foundation's actual entry into possession. No waiver by the Foundation of any right to terminate the 2014A Lease upon any default shall operate to waive such right upon the same or other default subsequently occurring.

**<u>Condemnation</u>**

If the entire Leased Property should be taken by any governmental body having the power of eminent domain, the 2014A Lease shall terminate effective on the date when the Corporation is deprived of possession of the Leased Property. In such event the Corporation shall have no further obligations as to rentals or other payments to the Foundation, and each party shall look to the condemning authority for compensation for any and all damage, loss and injury it may have incurred by reason of such taking and condemnation. In the event part but less than all of the Leased Property should be so taken, the 2014A Lease shall not terminate, but the Corporation's obligations thereunder as to payment of rentals and other amounts shall be decreased by the amount of compensation payable to the Foundation by the condemning authority.

## THE 2001 LEASE

The following is a brief summary of certain provisions of the 2001 Lease, and does not purport to comprehensively describe the documents in its entirety.

### Leasing

In the 2001 Lease, the Foundation leases to the Corporation the Leased Property, consisting of Ross-Ade Stadium and certain adjoining facilities, utilities and appurtenances located on the Purdue University Campus at West Lafayette, Indiana, for a term of 40 years, beginning on the date of issuance of the Corporation's Certificates of Participation, Series 2001A and Series 2001B and ending on the day prior to such date 40 years thereafter, unless expressly extended in writing by the parties or earlier terminated as described below. See "Option to Purchase Leased Property by the Corporation" and "Condemnation."

### Source of Rental Payments

Rental Payments. The Corporation will pay rental under the 2001 Lease during its term in yearly amounts equal to the Foundation's debt service on the applicable Certificates, plus fees for the Trustee, coordinated in installments in time and amount to match and enable the Foundation to meet and comply with the periodic debt service payment dates as established under the Certificates. The Corporation shall receive credit toward rentals for earnings or other amounts available to the Foundation, related to proceeds from its financing of the costs related to the Leased Property and amounts in sinking or reserve funds, if any. All rentals payable under the terms of the 2001 Lease shall be paid by the Corporation to the Trustee, or to such other bank or trust company as may from time to time succeed such bank as Trustee. All payments made by the Corporation to the Trustee shall be considered as payment to the Foundation of the rentals payable thereunder.

### Corporation's Obligations Payable From and Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the 2001 Lease; provided, however, that (i) mandatory student fees (which include all academic fees, however denominated, assessed by the Corporation against students attending Purdue University) and (ii) appropriations from the State of Indiana, shall not be considered available for the payment of such obligations. Notwithstanding any other provisions of the 2001 Lease, the obligations imposed upon the Corporation by the Lease for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the 2001 Lease shall be or become an obligation, indebtedness or liability of the State of Indiana.

### Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation shall pay as further rental for the Leased Property all real property taxes and assessments levied against the Leased Property, payable during the term of the 2001 Lease. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Foundation by the Corporation, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Corporation shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Foundation, and shall famish bond with surety to the approval of the Foundation conditioned upon the payment of the charges so desired to be contested and all damages or losses resulting to the Foundation from the nonpayment thereof when due, the Corporation shall not be obligated to pay the same until such contests shall have been determined.

Public Utility Charges. The Corporation shall pay all charges for gas, electricity, water, light, heat or power, telephone or other communications services, sewage treatment or disposal, or other utility equipment or services used on or in connection with the Leased Property and to indemnify, to the extent permitted by law, the Foundation and save it harmless against any liability or damages on such account.

**Repairs and Maintenance**

The Corporation covenants throughout the term of the 2001 Lease, at its sole cost and expense, to maintain the Leased Property (including any roadways, sidewalks, parking lots and curbs thereon or adjacent thereto) and to keep the same in good order and condition, excepting reasonable wear and tear, and promptly at the Corporation's own cost or expense to make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen, to the Leased Property as may be required to satisfy this covenant. The term "repairs" shall include replacements or renewals when necessary.

All items of equipment and personal property initially furnished by the Foundation shall remain the property of the Foundation during the term of the 2001 Lease, but shall be maintained and kept in repair by the Corporation. When, in the judgment of the Corporation, any such item is no longer useful or usable, it shall be retired, and may be disposed of by the Corporation which shall no longer be responsible for its maintenance. The Corporation may replace any such retired items, and all replacements shall be owned by the Corporation. Any original items of equipment or other personal property remaining upon termination of the 2001 Lease (other than by reason of default by the Corporation) shall thereupon become the property of Corporation.

**Damage or Destruction**

The Corporation covenants and agrees that, in the case of damage to, or destruction of, any improvements located on or constituting a part of the Leased Property, the Corporation will promptly, at its sole cost and expense, repair or replace the same as nearly as possible to their condition immediately prior to such damage or destruction, to the extent necessary to restore the value and utility of such improvements. The Corporation's obligation to make payment of the rent and all other charges on the part of the Corporation to be paid, and to perform all other covenants or agreements on the part of the Corporation to be performed, shall not be affected by any such damage or destruction, regardless of the cause thereof.

**Insurance**

During the term of the 2001 Lease, the Corporation shall at its expense procure and at all times keep and maintain in force for the benefit of the Foundation and the Corporation such insurance coverage with respect to the Leased Property as the Corporation would customarily maintain with respect to its other properties, including but not limited to fire and extended risk coverage and comprehensive general liability coverage. The policies evidencing all such insurance shall contain customary provisions, and such other provisions and endorsements as the Foundation may reasonably require. All such policies shall be issued in amounts and by companies satisfactory to the Foundation. The proceeds of such policies (other than liability policies) shall be first applied, to the extent necessary, to satisfy the Corporation's obligations described under the caption "Damage or Destruction," and, if any excess proceeds remain, such excess shall become the sole property of the Corporation.

**Corporation's Use, Occupancy. Management and Control**

The Corporation covenants and agrees that it will use, occupy, manage and control the Leased Property in the exercise of its responsibilities for the management and operation of the Purdue University Campus at West Lafayette, Indiana, for the educational and other purposes of Purdue University, in a manner consistent with the desired tax status of the Series 2014A Certificate and Series 2006 Certificates, and in the discharge of its statutory responsibilities, and for the management, operation and servicing of said institution. All revenues derived by the Corporation from the operation of the Leased Property shall belong to the Corporation and all expenses incurred in connection with said operation shall be paid by the Corporation.

**General Covenants**

The Corporation shall not assign the Lease or sublet any part of the Leased Property without the prior consent of the Foundation nor, in any event, in such manner as to adversely affect the tax-exempt status of the rents.

**Option to Purchase Leased Property by the Corporation**

The Foundation has granted to the Corporation the right and option, upon sixty (60) days' written notice to the Foundation and the Trustee, to terminate the 2001 Lease and purchase the Leased Property at a price equal to either (i) the sum of the then unpaid principal, premium, if any, and accrued interest to the date of redemption of the Certificates, plus any other amounts due and payable by the Corporation under the 2001 Lease, or (ii) the amount sufficient to defease the Certificates under the terms of the Indenture, including all costs and expenses incurred in connection therewith, plus all other amounts due and payable by the Corporation under the 2001 Lease. Upon the exercise of the option to purchase granted in the 2001 Lease, the Foundation will, upon payment of the option price, convey the Leased Property to the Corporation, subject only to existing streets and utility or other easements, if any. Thereupon, the 2001 Lease will terminate. All expenses incurred by the Foundation in connection with such transfer of title shall be paid or reimbursed by the Corporation.

If the Corporation does not exercise its option to purchase the Leased Property described in the preceding paragraph, then upon the expiration of the 2001 Lease and the full discharge and performance by the Corporation of its obligations under the 2001 Lease, the Leased Property will be transferred to the Corporation.

**Defaults**

If the Corporation shall default (a) in the payment of any rentals or other sums payable to the Foundation under the 2001 Lease, or in the payment of any other sum in the 2001 Lease required to be paid for the Foundation; or (b) in the observance of any other covenant, agreement or condition in the 2001 Lease, and such default shall continue for sixty (60) days after written notice to correct the same; then, in any or either of such events, the Foundation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the 2001 Lease, or for the enforcement of any other appropriate legal or equitable remedy; or the Foundation, at its option, without further notice, may terminate the 2001 Lease and take possession of the Leased Property, and the Corporation covenants to surrender the same forthwith upon demand. The Foundation's option to terminate the 2001 Lease and take possession of the Leased Property shall be equally applicable as the remedy in the event the Corporation is unable to meet its rental obligations under the 2001 Lease as a result of a lack of available funds, as described under the caption "Corporation's Obligations Payable From and Subject to Available Funds."

In the event of such termination, the Corporation and the Foundation shall mutually endeavor to reach a satisfactory settlement of the Foundation's claims against the Corporation, as the basis for the transfer of ownership and possession of the Leased Property to the Corporation, in the manner which, absent such default, would have occurred upon expiration of the 2001 Lease, as described above.

The exercise by the Foundation of the above right to terminate the 2001 Lease shall not release the Corporation from the performance of any obligation under the 2001 Lease maturing prior to the Foundation's actual entry into possession. No waiver by the Foundation of any right to terminate the 2001 Lease upon any default shall operate to waive such right upon the same or other default subsequently occurring.

**Condemnation**

If the entire Leased Property should be taken by any governmental body having the power of eminent domain, the 2001 Lease shall terminate effective on the date when the Corporation is deprived of possession of the Leased Property. In such event the Corporation shall have no further obligations as to rentals or other payments to the Foundation, and each party shall look to the condemning authority for compensation for any and all damage, loss and injury it may have incurred by reason of such taking and condemnation. In the event part but less than all of the Leased Property should be so taken, the 2001 Lease shall not terminate, but the Corporation's obligations thereunder as to payment of rentals and other amounts shall be decreased by the amount of compensation payable to the Foundation by the condemning authority.

## PARKING LEASE

The following is a brief summary of certain provisions of the Lease Agreement for the Fort Wayne Parking Garage II, and does not purport to comprehensively describe the document in its entirety.

### Source of Rental Payments

Rental Payments. The Corporation will pay rental under the Lease Agreement during the term of the Lease Agreement in yearly amounts equal to the Foundation's debt service on the applicable Certificates, plus fees for the Trustee, coordinated in installments in time and amount to match and enable the Foundation to meet and comply with the periodic debt service payment dates as established under the applicable Certificates. The Corporation shall receive credit toward rentals for earnings or other amounts available to the Foundation, related to proceeds from its financing of the costs related to the applicable Project. All rentals payable under the terms of the Lease Agreement shall be paid by the Corporation to the Trustee, or to such other bank or trust company as may from time to time succeed such bank as Trustee. All payments made by the Corporation to the Trustee shall be considered as payment to the Foundation of the rentals payable thereunder.

### Corporation's Obligations Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the Lease Agreement; provided, however, that (i) mandatory student fees (which include all academic fees, however denominated, assessed by the Corporation against students attending Purdue University) and (ii) appropriations by the State of Indiana, shall not be considered available for the payment of such obligations. Notwithstanding any other provisions of the Lease Agreement, the obligations imposed upon the Corporation by the Lease Agreement for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the Lease Agreement shall be or become an indebtedness of or liability against the State of Indiana.

### Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation shall pay as further rental for the applicable Project all taxes and assessments levied against or on account of said Project. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Foundation by the Corporation, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Corporation shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Foundation, and shall furnish bond with surety to the approval of the Foundation conditioned upon the payment of the charges so desired to be contested and all damages or losses resulting to the Foundation from the nonpayment thereof when due, the Corporation shall not be obligated to pay the same until such contests shall have been determined.

Public Utility Charges. The Corporation shall pay all charges for gas, electricity, water, light, heat or power, telephone or other communications services, sewage treatment or disposal, or other utility equipment or services used on or in connection with the applicable Project and to indemnify to the extent permitted by law, the Foundation and save it harmless against any liability or damages on such account.

**Repairs and Maintenance**

The Corporation covenants throughout the term of the Lease Agreement, at its sole cost and expense, to take care of the applicable Project and the sidewalks and curbs thereon or adjacent thereto and to keep the same in good order and condition, excepting reasonable wear and tear, and promptly at the Corporation's own cost or expense to make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen. The term repairs shall include replacements or renewals when necessary.

All items of equipment and personal property initially furnished by the Foundation shall remain the property of the Foundation but shall be maintained and kept in repair by the Corporation. When, in the judgment of the Corporation, any such item is no longer useful or usable, it shall be retired, and the Corporation shall no longer be responsible for its maintenance. The Corporation may replace any such retired items and all replacements shall be owned by the Corporation.

**General Covenants**

The Corporation shall not assign the Lease Agreement or sublet the applicable Project without the prior consent of the Foundation nor, in any event, in such manner as to adversely affect the tax-exempt status of the rents.

**Option to Purchase Leased Property by the Corporation**

The Foundation has granted to the Corporation the right and option, upon sixty (60) days' written notice to the Foundation and the Trustee, to purchase any of the Projects at a price equal to an amount sufficient to (i) pay unpaid principal, premium, if any, and accrued interest to the date of redemption of the allocable Outstanding Certificates, plus any other amounts due and payable by the Corporation, or (ii) defease the allocable Certificates in accordance with the terms of the Indenture. Upon the exercise of the option to purchase granted in the Lease Agreement, the Foundation will, upon payment of the option price, convey the applicable Project to the Corporation, subject only to existing streets and utility or other easements, if any. All expenses incurred by the Foundation in connection with such transfer of title shall be paid or reimbursed by the Corporation.

**Defaults**

If the Corporation shall default (a) in the payment of any rentals or other sums payable to the Foundation under the Lease Agreement, or in the payment of any other sum in such Lease Agreement required to be paid for the Foundation; or (b) in the observance of any other covenant, agreement or condition in such Lease Agreement, and such default shall continue for sixty (60) days after written notice to correct the same; then, in any or either of such events, the

Foundation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in such Lease Agreement, or for the enforcement of any other appropriate legal or equitable remedy; or the Foundation, at its option, without further notice, may terminate such Lease Agreement and take possession of the applicable Project, and the Corporation covenants to surrender the same forthwith upon demand.

The exercise by the Foundation of the above right to terminate the Lease Agreement shall not release the Corporation from the performance of any obligation under such Lease Agreement maturing prior to the Foundation's actual entry into possession. No waiver by the Foundation of any right to terminate a Lease Agreement upon any default shall operate to waive such right upon the same or other default subsequently occurring.

## APPENDIX D

## FORM OF OPINION OF BOND COUNSEL

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June 15, 2016

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as representative of the Underwriters
New York, New York

The Trustees of Purdue University
West Lafayette, Indiana

The Bank of New York Mellon Trust Company, N.A.,
as Trustee
Indianapolis, Indiana

Ross-Ade Foundation
West Lafayette, Indiana

Re: Certificates of Participation, Series 2016A, Evidencing a Proportionate Interest of Owners Thereof in Lease Payments to Be Made by The Trustees of Purdue University, as Lessee; Total Issue $85,120,000

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), of Certificates of Participation, Series 2016A, originally dated the date hereof in the aggregate principal amount of $85,120,000 (the "Series 2016A Certificates"). Each of the Series 2016A Certificates represents a proportionate interest of the owners thereof in lease payments to be made by The Trustees of Purdue University, as Lessee (the "Corporation") under an Amendment dated as of May 15, 2016 to a Lease-Purchase and Sublease Agreement dated as of August 15, 2009 (the "2016A Amendment" and collectively, the "Amended 2009 Lease"), the Amended 2009 Lease and certain other lease purchase agreements described in the 2016A Indenture (as defined below) (collectively, the "Leases"), to the Corporation from the Ross-Ade Foundation, as Lessor (the "Foundation") of certain property described in the Leases, all as described in the Trust Indenture, dated as of May 15, 2016 (the "2016A Indenture") (which supplements and amends a Trust Indenture dated as of November 15, 1996, a Trust Indenture dated as of November 15, 2006, a Trust Indenture dated as of August 15, 2009, a Trust Indenture dated as of February 15, 2011 and a Trust Indenture dated as of February 15, 2014 (collectively, the "Indenture")), between the Foundation and the Trustee, pursuant to which the Series 2016A Certificates are issued and secured. The Foundation has assigned its interest in the 2016A Amendment to the Trustee on the date hereof. We have relied upon a certified transcript of proceedings, including the opinions of Stuart & Branigin LLP as counsel to the Foundation and as counsel to the Corporation, as well as other certificates and representations of the Corporation, the Foundation and the Trustee, including the Arbitrage and Federal Tax Certificate of The Trustees of Purdue University (the "Tax Covenants"), and have not undertaken to verify any facts by independent investigation.

Based on the foregoing and our review of such other information, papers, and documents as we believe necessary or advisable, we are of the opinion that:

1. The 2016A Indenture has been duly authorized, executed and delivered by the Foundation, and assuming due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Foundation, enforceable in accordance with its terms.

2. The Series 2016A Certificates have been duly authorized, executed and issued and are the valid and binding obligations of the Trustee, enforceable in accordance with their terms.

3. Under existing laws, judicial decisions, regulations, and rulings, the interest on the Series 2016A Certificates is exempt from income taxes in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

4. Under existing federal statutes, laws, regulations, rulings and judicial decisions, the interest on the Series 2016A Certificates paid from that portion of the lease rental payments designated as interest is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Corporation, the Foundation and the Trustee with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2016A Certificates to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue.

It is to be understood that the rights of the owners of the Series 2016A Certificates, the Corporation, the Foundation and the Trustee and the enforceability of the Series 2016A Certificates, the Indenture and the Leases may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be understood that the rights of the owners of the Series 2016A Certificates, the Corporation, the Foundation and the Trustee and the enforceability of the Series 2016A Certificates, the Indenture and the Leases may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

Very truly yours,

# APPENDIX E

# SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

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## SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into an Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010, as previously supplemented and as further supplemented by a Tenth Supplement to Continuing Disclosure Undertaking Agreement, dated as of May 15, 2016 (as supplemented, the "Undertaking"). Each Underwriter, by its agreement to purchase any Series 2016A Certificates, accepts and assents to the Undertaking and the exchange of (i) such agreement for (ii) the promises of Corporation, and assigns all its rights under the Undertaking to the holders of Series 2016A Certificates or Beneficial Owners (as such terms are defined in the Undertaking). Beneficial Owners and holders of Bonds (including the Series 2016A Certificates) are named as third party beneficiaries of the Undertaking.

Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the Series 2016A Certificates are Outstanding:

- <u>Audited Financial Statements</u>. To the Municipal Securities Rulemaking Board ("MSRB"), when and if available, the audited financial statements of the Corporation for each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2016, together with the auditor's report and all notes thereto; and

- <u>Financial Information in Official Statement</u>. To the MSRB, within 180 days of the close of each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2016, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described above, including (i) unaudited financial statements of the Corporation if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type provided under the following headings in this Official Statement (collectively, the "Annual Information"); provided, however, that the updating information may be provided in such format as the Corporation deems appropriate:

  ANNUAL DEBT SERVICE REQUIREMENTS

  (Total Debt Service Column Only)

  APPENDIX A

  — Student Admissions
  — Tuition and Fees
  — Student Enrollment
  — Financial Operations of the Corporation
  — State Appropriations
  — Student Financial Aid
  — Endowment and Similar Funds
  — Related Foundations

— Fund Raising Activity
— Grants and Contracts
— Other Outstanding Indebtedness
— Physical Property

- Event Notices. In a timely manner within 10 business days after the occurrence thereof, to the MSRB, notice of the occurrence of any of the following events with respect to the Series 2016A Certificates, in each case (i) in an electronic format as prescribed by MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

— principal and interest payment delinquencies;
— non-payment related defaults, if material;
— unscheduled draws on debt service reserves reflecting financial difficulties;
— unscheduled draws on credit enhancements reflecting financial difficulties;
— substitution of credit or liquidity providers, or their failure to perform;
— 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 Series 2016A Certificates, or other material events affecting the tax status of the Series 2016A Certificates;
— modifications to the rights of owners of the Series 2016A Certificates, if material;
— Series 2016A Certificates calls, if material, and tender offers;
— defeasances;
— release, substitution or sale of property securing repayment of the Series 2016A Certificates, if material;
— rating changes;
— bankruptcy, insolvency, receivership or similar event of the Corporation;
— the consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, 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; or
— appointment of a successor or additional trustee or the change of name of a trustee, if material.

Determination of materiality will be made by the Corporation in accordance with the standards established by federal securities laws, as then in existence.

- Failure to Disclose. In a timely manner, to the MSRB, notice of the Corporation's failing to provide the Annual Information as required by the Undertaking.

If any Annual Information or audited financial statements relating to the Corporation referred to above no longer can be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Corporation to the MSRB, along with any other Annual Information or audited financial statements required to be provided under the Undertaking, will satisfy the Undertaking. To the extent available, the Corporation will cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

The Corporation has agreed to make a good faith effort to obtain Annual Information. However, failure to provide any component of Annual Information, because it is not available to the Corporation on the date by which Annual Information is required to be provided under the Undertaking, will not be deemed to be a breach of the Undertaking. The Corporation has further agreed to supplement the Annual Information filing when such data is available.

Dissemination Agent. The Corporation may, at its sole discretion, utilize an agent in connection with the dissemination of any information required to be provided by the Corporation pursuant to the Undertaking.

Remedy. The sole remedy against the Corporation for any failure to carry out any provision of the Undertaking will be for specific performance of the Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or for any other remedy. The Corporation's failure to honor its covenants under the Undertaking will not constitute a breach or default of the Series 2016A Certificates, the Indenture or any other agreement to which the Corporation is a party.

In the event the Corporation fails to provide any information required of it by the terms of the Undertaking, any holder or beneficial owner of Series 2016A Certificates may pursue the remedy set forth above in any court of competent jurisdiction in the State of Indiana. Any challenge to the adequacy of the information provided by the Corporation by the terms of the Undertaking may be pursued only by holders or beneficial owners of not less than 25% in principal amount of Series 2016A Certificates then Outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are holders or beneficial owners of Series 2016A Certificates supported by reasonable documentation of such claim will be sufficient to evidence standing to pursue the remedy set forth above.

Prior to pursuing any remedy for any breach of any obligation under the Undertaking, a holder or beneficial owner of Series 2016A Certificates must give notice to the Corporation, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty days after the receipt of such notice, or upon earlier response from the Corporation to the notice indicating continued noncompliance, such remedy may be pursued under the Undertaking if and to the extent the Corporation has failed to cure such breach.

If specific performance is granted by any such court, the party seeking such remedy will be entitled to payment of costs by the Corporation and to reimbursement by the Corporation of reasonable fees and expenses of attorneys incurred in the pursuit of such claim. If specific performance is not granted by any such court, the Corporation will be entitled to payment of costs by the party seeking such remedy and to reimbursement by such party of reasonable fees and expenses of attorneys incurred in the pursuit of such claim.

Modification of Undertaking. The Corporation may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Series 2016A Certificates if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Corporation, or type of business conducted, (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Series 2016A Certificates, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the Trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of 51% or more of Outstanding Series 2016A Certificates as required under the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

Prior Compliance. In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the Corporation represents that in the previous five years it has not fully complied with its previous undertakings including, but not limited to, the following instances: (i) in April 2010, Moody's Investors Service, Inc., recalibrated all U.S. municipal ratings to a global scale, changing the Corporation's rating from "Aa1" to "Aaa" (no event notice being filed as this was a system-wide recalibration and was not considered by Moody's to be a rating upgrade of the Corporation); (ii) in November 2010, Standard & Poor's Ratings Services upgraded the rating of the Corporation from "AA" to "AA+" in connection with the issuance of the Corporation's Purdue University Student Fee Bonds, Series Z (no event notice being filed as the rating upgrade was readily available to the marketplace in connection with the concurrent primary offering of the Corporation's Purdue University Student Fee Bonds, Series Z); and (iii) annual and event filings in some instances were not attached to all CUSIP numbers assigned to obligations of the Corporation. In November 2014, the Corporation provided to the MSRB notice of such prior instances.

The Corporation makes no representation as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances.

# APPENDIX F

# FORM OF OPINION OF COUNSEL TO CORPORATION

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June 15, 2016

The Trustees of Purdue University
West Lafayette, Indiana

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Ice Miller LLP
Indianapolis, Indiana

Loop Capital Markets LLC
Chicago, Illinois

The Bank of New York Mellon Trust Company, N.A., as Trustee
Indianapolis, Indiana

City Securities Corporation
Indianapolis, Indiana

Re: Certificates of Participation, Series 2016A, Evidencing a Proportionate Interest of Owners Thereof in Lease Payments to Be Made By The Trustees of Purdue University (the "Certificates"); Total Issue $85,120,000

Ladies and Gentlemen:

The undersigned is counsel for The Trustees of Purdue University (the "Corporation") and in such capacity has examined and is familiar with the following:

1. The duly executed Amendment dated as of May 15, 2016 ("2016A Amendment") to a Lease-Purchase and Sublease Agreement between the Corporation and the Ross-Ade Foundation (the "Foundation"), dated as of August 15, 2009 (collectively, the "Amended 2009 Lease");

2. A certified copy of the Mackey Complex Lease Agreement between the Corporation and the Foundation dated as of August 15, 2009 (the "Lease");

3. The duly executed "2001 Lease Amendment" as described in Section 1.13(a) of the Trust Indenture dated as of May 15, 2016 pursuant which the Certificates are issued.

4. The Agreement for Mollenkopf Athletic Center Renovation and Football Performance Complex Addition dated as of August 15, 2009 (the "Renovation Agreement");

5. The Certificate Purchase Agreement dated May 13, 2016 including Exhibit A thereto (the "Purchase Agreement");

6. The Construction and Rebate Agreement dated as of May 15, 2016, by and among the Corporation, the Foundation and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Rebate Agreement");

7. The Escrow Deposit Agreement dated as of May 15, 2016, by and among the Corporation, the Foundation and The Bank of New York Mellon Trust Company, N.A., as Trustee and Escrow Trustee (the "Escrow Agreement");

8. The Tenth Supplement dated as of May 15, 2016 to an Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010 of the Corporation (the "Disclosure Agreement");

9. All proceedings of the Corporation authorizing the execution and delivery of the Lease, the Amended 2009 Lease, the 2016A Amendment, the Renovation Agreement, Exhibit A to the Purchase Agreement, the Rebate Agreement, the 2001 Lease Amendment and the Disclosure Agreement (collectively, the "Corporation Documents");

10. The applicable constitutional provisions and laws of the State of Indiana; and

11. Resolutions relating to the transactions referred to herein by the Board of Trustees of the Corporation or its Executive Committee dated December 19, 2015 and by the Board of Directors of the Foundation on December 18, 2015.

Based upon the foregoing, and upon examination of such other documents and instruments as we have deemed necessary to enable us to render this opinion, we are of the opinion that:

(i) The Corporation is a duly organized statutory body corporate of the State of Indiana and is validly existing and is in good standing as such and has the authority and power to enter into the Corporation Documents;

(ii) The real estate and interests therein which are the subject of the Lease and the Amended 2009 Lease is located entirely within Tippecanoe County, Indiana;

(iii) The Corporation had and now has full authority and power to execute and deliver the Corporation Documents, and said documents have been duly authorized, executed and delivered by the Corporation and are the legal, valid and binding obligations of the Corporation enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iv) The execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder, do not and will not constitute a default under or conflict with or violate any provisions of the constitution or statutes of the State of Indiana or any state or federal administrative regulation or other decree by which the Corporation is bound or any indenture, agreement, contract or other instrument to which the Corporation is a party or by which it or any of its property is bound;

(v) The resolutions of the Corporation authorizing the approval, execution and delivery by the Corporation's Treasurer of the Corporation Documents (A) were duly adopted at meetings of the governing body of the Corporation, or Committees thereof, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, (B) have not been amended, and (C) remain in full force and effect;

(vi) To the best of our knowledge, the information contained in the Official Statement dated May 13, 2016, under the headings "Introduction", "Plan of Finance", "Plan of Refunding", "Security and Sources of Payments for the Series 2016A Certificates", "Ross-Ade Foundation", "Litigation" and Appendix A (except for statistical and financial data therein as to which we offer no opinion) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) The Corporation has duly authorized the taking of any and all action necessary to carry out and give effect to the transactions contemplated to be performed on its part by the Lease, the 2016A Amendment, the Amended 2009 Lease and other documents to which it is a party referred to in this opinion;

(viii) To the best of our knowledge, no stop-order suspending the execution and delivery of the Corporation Documents is in effect and no proceedings for that purpose are pending before or threatened by the Securities and Exchange Commission or any regulatory body of the State of Indiana; and

(ix) To the best of our knowledge, there is no action, suit or proceeding or investigation at law or in equity or before any court, public board or body pending or threatened, or any basis for such, against the Corporation affecting the organization, existence or boundaries of the Corporation or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale or delivery of the Certificates, the payment of rentals under the Amended 2009 Lease, or the pledge by the Foundation of its interest in the rental payments to the Trustee, or contesting the validity or enforceability of the Corporation Documents or contesting the power of the Corporation or its authority to enter into, adopt or perform its obligations under the Corporation Documents wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Corporation or would adversely affect the Corporation's ability to perform its obligations under the Corporation Documents or adversely affect the validity or enforceability of the Certificates, the Corporation Documents or any other agreement or instrument to which the Corporation is a party or the performance of any of the Corporation's obligations under the Corporation Documents, including the payment of rentals under the Amended 2009 Lease.

(x) With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (a) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (b) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (c) any provision of such document or instrument which purports to release, exculpate or exempt any person from any liability, or to require indemnification of or contribution to any person for any liability, may be unenforceable; (d) the enforceability of such document or instrument may be limited by public policy; and (e) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This letter speaks only as of its date. We undertake no obligation to advise you or any other person of any change of law or fact that occurs after the date of this letter, even though such change may affect a legal analysis, a legal conclusion or an informational confirmation in this letter. This letter may be relied upon by only you and only in connection with the issuance and purchase by the Underwriters of the Certificates, and may not be used or relied upon by you for any other purpose or by any other person for any purpose whatsoever, without in each instance our prior written consent.

Very truly yours,

STUART & BRANIGIN LLP

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The Trustees of Purdue University • Certificates of Participation, Series 2016A

PURDUE
UNIVERSITY

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