

**NEW ISSUE – BOOK ENTRY ONLY**

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "Tax Matters" herein.

**\$127,500,000**

**STATE OF OHIO HIGHER EDUCATIONAL FACILITY REVENUE REFUNDING BONDS  
(CASE WESTERN RESERVE UNIVERSITY PROJECT)  
CONSISTING OF**

**\$60,000,000**

**STATE OF OHIO HIGHER EDUCATIONAL FACILITY  
REVENUE REFUNDING BONDS  
(CASE WESTERN RESERVE UNIVERSITY PROJECT)  
2008 SERIES A**

**AND**

**\$67,500,000**

**STATE OF OHIO HIGHER EDUCATIONAL FACILITY  
REVENUE REFUNDING BONDS  
(CASE WESTERN RESERVE UNIVERSITY PROJECT)  
\$33,750,000 2008 SERIES B-1  
and  
\$33,750,000 2008 SERIES B-2**

**Dated:** Date of Original Issuance

**Due:** As shown on inside front cover

The \$60,000,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project), 2008 Series A (the "Series 2008A Bonds"), the \$33,750,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project), 2008 Series B-1 (the "Series 2008B-1 Bonds") and the \$33,750,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project), 2008 Series B-2 (the "Series 2008B-2 Bonds" and together with the Series 2008B-1 Bonds the "Series 2008B Bonds", and with the Series 2008A Bonds, collectively, the "Bonds"), when, as and if issued, will be special obligations of the State of Ohio issued by the Ohio Higher Educational Facility Commission (the "Commission") pursuant to the terms of two separate Trust Agreements (relating to the Series 2008A Bonds and the Series 2008B Bonds, respectively), each dated as of May 1, 2008 (the "Trust Agreements"), between the Commission and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Bonds will be used by Case Western Reserve University (the "University" or "CWRU") to (i) refund a portion of the State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University 2004 Project), Series B and (ii) pay costs of issuance of the Bonds. (See "PLAN OF FINANCE."). The Bonds will be issued in multiple series (each a "Series") as described above and on the inside front cover. The Bonds will be payable from the revenues and other money pledged by the Trust Agreements, which include the payments required to be made by the University under two separate Leases (relating to the Series 2008A Bonds and the Series 2008B Bonds, respectively), each dated as of May 1, 2008 (the "Leases") between the Commission and the University.



The Bonds are issuable as registered bonds without coupons, under a book entry system, and initially will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will be issuable only under the book-entry system maintained by DTC and purchasers of the Bonds will not receive physical delivery of bond certificates. See "The Bonds—Book-Entry System." While in the Weekly Rate Period, the Bonds will be issuable only as fully registered bonds in denominations of \$100,000 and multiples of \$5,000 in excess of \$100,000.

The Series 2008A Bonds will bear interest from the date of original delivery at the Weekly Rate until conversion to a Daily Rate, Commercial Paper Rate or Term Rate and the Series 2008B Bonds will bear interest from the date of original delivery at the Daily Rate until conversion to a Weekly Rate, Commercial Paper Rate or Term Rate.

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

The Bonds will be payable solely from and secured by a pledge of certain funds to the Trustee under the applicable Trust Agreement. The Series 2008A Bonds and the Series 2008B Bonds, respectively will be further secured by two separate but substantially identical, Assignments of Rights Under Leases, each dated as of May 1, 2008, whereby the Commission assigns substantially all of the Commission's right to and interest in and to the Leases to the Trustee. The University's obligation to make payments of the principal or Redemption Price of, and interest on the Series 2008A Bonds and the Series 2008B Bonds, respectively will be secured by two separate, but substantially identical Guaranty Agreements, each dated as of May 1, 2008 (the "Guaranties") from the University to the Trustee.

The Series 2008A Bonds will be further secured by an irrevocable transferable direct pay letter of credit (the "Allied Irish Banks Letter of Credit") issued by Allied Irish Banks, p.l.c., acting through its New York Branch ("Allied Irish Banks"). The Allied Irish Banks Letter of Credit will permit the Trustee to draw while the Series 2008A Bonds bear interest in a Weekly Rate up to an amount in the aggregate sufficient to pay with respect to the Series 2008A Bonds (1) an amount equal to the principal of the Outstanding Series 2008A Bonds (a) to pay the principal of the Series 2008A Bonds when due at maturity, upon redemption or upon acceleration or (b) to pay the portion of the purchase price corresponding to the principal of Series 2008A Bonds purchased pursuant to the Trust Agreement relating to the Series 2008A Bonds to the extent remarketing proceeds are not available for such purpose, plus (2) an amount equal to 50 days' interest accrued on the Outstanding Bonds at an interest rate of 12% per annum, (a) to pay interest on the Series 2008A Bonds when due or (b) to pay the portion of the purchase price of Series 2008A Bonds purchased pursuant to the Trust Agreements corresponding to the accrued interest, if any, on each Series 2008A Bond to the extent remarketing proceeds are not available for such purchase, all as described in this Offering Circular. The Allied Irish Banks Letter of Credit will expire on May 20, 2011 or on such earlier date as described herein.



The 2008B Bonds will be further secured by an irrevocable transferable direct pay letter of credit (the "Bank of America Letter of Credit", and together with the Allied Letter of Credit the "Credit Facility"), issued by Bank of America, N.A., ("Bank of America" and together with Allied, the "Credit Facility Issuer"). The Bank of America Letter of Credit will permit the Trustee to draw, while the Series 2008B Bonds bear interest in a Daily Rate or a Weekly Rate, up to an amount in the aggregate sufficient to pay with respect to the 2008B Bonds (1) an amount equal to the principal of the Outstanding 2008B Bonds (a) to pay the principal of the 2008B Bonds when due at maturity, upon redemption or upon acceleration or (b) to pay the portion of the purchase price corresponding to the principal of 2008B Bonds purchased pursuant to the Trust Agreement relating to the Series 2008B Bonds to the extent remarketing proceeds are not available for such purpose, plus (2) an amount equal to 50 days' interest accrued on the Outstanding Bonds at an interest rate of 12% per annum, (a) to pay interest on the 2008B Bonds when due or (b) to pay the portion of the purchase price of 2008B Bonds purchased pursuant to the Trust Agreements corresponding to the accrued interest, if any, on each 2008B Bond to the extent remarketing proceeds are not available for such purchase, all as described in this Offering Circular. The Bank of America Letter of Credit will expire on May 20, 2011 or on such earlier date as described herein.



The Series 2008A Bonds will bear interest from the date of original delivery at the Weekly rate until conversion to a Daily Rate, Commercial Paper Rate or Term Rate and the Series 2008B Bonds will bear interest from the date of original delivery at the Daily Rate until conversion to a Weekly Rate, Commercial Paper Rate or Term Rate as described herein. Interest will be payable on the first Business Day of each calendar month so long as the Bonds remain in the Daily Rate or Weekly Rate, commencing on June 2, 2008. The final Interest Payment Date for the Bonds will be the maturity date. The Interest Rate Period for the Series 2008A Bonds may be changed from time to time from the Weekly Rate Period to Daily Rate Period, Commercial Paper Rate Period or Term Rate Period. The Interest Rate Period for the Series 2008B Bonds may be changed from time to time from the Daily Rate Period to Weekly Rate Period, Commercial Paper Rate Period or Term Rate Period. Each interest rate for an Interest Rate Period for the Bonds will be determined by the applicable Remarketing Agent.

**THE BONDS WILL BE PURCHASED ON THE DEMAND OF THE OWNERS THEREOF AT THE TIMES AND SUBJECT TO THE CONDITIONS DESCRIBED HEREIN. THE BONDS ALSO WILL BE SUBJECT TO MANDATORY PURCHASE AND OPTIONAL, EXTRAORDINARY OPTIONAL AND MANDATORY REDEMPTION PRIOR TO MATURITY AS DESCRIBED HEREIN.**

The Bonds are offered when, as and if issued by the Commission and accepted by Morgan Stanley & Co. Incorporated, as representative for itself and the other underwriter listed below (collectively, the "Underwriters"), subject to the receipt of the approving legal opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel. Certain legal matters will be passed upon for the University by Jeanine Arden Ornt, Esq., its Vice President and General Counsel, and for the Underwriters by their counsel, Thompson Hine LLP. It is expected that the Bonds will be available for delivery through DTC in New York, New York, on or about May 21, 2008.

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

**MORGAN STANLEY**  
Underwriter for Series 2008 A Bonds and  
Series 2008 B-1 Bonds

**BANC OF AMERICA SECURITIES LLC**  
Underwriter for Series 2008 B-2 Bonds

**\$60,000,000 SERIES A BONDS (CUSIP No. 67756B VL1#)**

**Initial Price:** 100%

**Maturity Date:** December 1, 2044

The Series 2008A Bonds will bear interest, initially at a Weekly Rate, from the date of their issuance and delivery, payable on the first business day of each calendar month, commencing June 2, 2008, and on any Mandatory Tender Date or redemption date. The final Interest Payment Date for the Series 2008A Bonds shall be their Maturity Date.

For the period from and including the date of the issuance and delivery of the Series 2008A Bonds, such Bonds will bear interest at interest rates determined initially by the Underwriter and thereafter by the Remarketing Agent for the Weekly Rate until such Bonds are converted to another permitted Interest Rate Period as described herein. After the initial Weekly Rate Period, each interest rate for an Interest Rate Period for the Series 2008A Bonds will be determined by the Remarketing Agent, initially Morgan Stanley & Co. Incorporated.

**\$33,750,000 SERIES B-1 BONDS (CUSIP No. 67756B VM9#)**

**Initial Price:** 100%

**Maturity Date:** December 1, 2044

The Series 2008B-1 Bonds will bear interest, initially at a Daily Rate, from the date of their issuance and delivery, payable on the first business day of each calendar month, commencing June 2, 2008, and on any Mandatory Tender Date or redemption date. The final Interest Payment Date for the Series 2008B-1 Bonds shall be their Maturity Date.

For the period from and including the date of the issuance and delivery of the Series 2008B-1 Bonds, such Bonds will bear interest at interest rates determined initially by the Underwriter and thereafter by the Remarketing Agent for the Daily Rate until such Bonds are converted to another permitted Interest Rate Period as described herein. The Interest Rate Period for the Series 2008B-1 Bonds may be changed from time to time from the Daily Rate. After the initial Daily Rate Period, each interest rate for an Interest Rate Period for the Series 2008B-1 Bonds will be determined by the Remarketing Agent, initially Morgan Stanley & Co. Incorporated.

**\$33,750,000 SERIES B-2 BONDS (CUSIP No. 67756B VN7#)**

**Initial Price:** 100%

**Maturity Date:** December 1, 2044

The Series 2008B-2 Bonds will bear interest, initially at a Daily Rate, from the date of their issuance and delivery, payable on the first business day of each calendar month, commencing June 2, 2008, and on any Mandatory Tender Date or redemption date. The final Interest Payment Date for the Series 2008B-2 Bonds shall be their Maturity Date.

For the period from and including the date of the issuance and delivery of the Series 2008B-2 Bonds, such Bonds will bear interest at interest rates determined initially by the Underwriter and thereafter by the Remarketing Agent for the Daily Rate until such Bonds are converted to another permitted Interest Rate Period as described herein. The Interest Rate Period for the Series 2008B-2 Bonds may be changed from time to time from the Daily Rate. After the initial Daily Rate Period, each interest rate for an Interest Rate Period for the Series 2008B-2 Bonds will be determined by the Remarketing Agent, initially Banc of America Securities LLC.

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

The Bonds are exempt from registration under the Securities Act of 1933 and from registration under the securities laws of the State of Ohio. No dealer, broker, salesman or other person has been authorized by the Commission, the University or the Underwriters to give any information or to make any representations with respect to the Bonds, other than those contained in this Offering Circular, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Commission, the University, or the Underwriters. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any state, possession or territory, in which it is unlawful for such person to make such offer, solicitation or sale. The information contained herein has been obtained from the Commission (with respect to the Commission), the University, DTC and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above or any related parties since the date hereof. This Offering Circular is not to be construed as an agreement or contract with the Commission. Capitalized terms used in this Offering Circular and not otherwise defined have the meanings set forth in "CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT, THE LEASE AND THE TAX AGREEMENT" in APPENDIX C. All quotations from summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The Underwriters have provided the following sentence for inclusion in this Offering Circular. The Underwriters have reviewed the information in this Offering Circular 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.

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

This Offering Circular has been prepared in connection with the original offering for sale of the Bonds.

**\$127,500,000**  
**STATE OF OHIO HIGHER EDUCATIONAL FACILITY REVENUE REFUNDING BONDS**  
**(CASE WESTERN RESERVE UNIVERSITY PROJECT)**

**CONSISTING OF**

<b>\$60,000,000</b> <b>STATE OF OHIO HIGHER EDUCATIONAL FACILITY</b> <b>REVENUE REFUNDING BONDS</b> <b>(CASE WESTERN RESERVE UNIVERSITY PROJECT)</b> <b>2008 SERIES A</b>	<b>AND</b>	<b>\$67,500,000</b> <b>STATE OF OHIO HIGHER EDUCATIONAL</b> <b>FACILITY REVENUE REFUNDING BONDS</b> <b>(CASE WESTERN RESERVE UNIVERSITY</b> <b>PROJECT)</b> <b>\$33,750,000 2008 SERIES B-1</b> <b>and</b> <b>\$33,750,000 2008 SERIES B-2</b>
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**INTRODUCTION**

This Offering Circular, including the cover page, the inside front cover, the table of contents and the Appendices, is provided to furnish information in connection with the issuance by the Ohio Higher Educational Facility Commission (the "Commission") of \$60,000,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project), 2008 Series A (the "Series 2008A Bonds"), \$33,750,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project), 2008 Series B-1 (the "Series 2008B-1 Bonds"), and the \$33,750,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project), 2008 Series B-2 (the "Series 2008B-2 Bonds" and together with the Series 2008B-1 Bonds the "Series 2008B Bonds", and with the Series 2008A Bonds, collectively, the "Bonds"). The Series 2008A Bonds are being issued pursuant to a Trust Agreement, dated as of May 1, 2008 (the "Series 2008A Trust Agreement"), between the Commission and The Bank of New York Trust Company, N.A., as trustee (the "Series 2008A Trustee"). The Series 2008B Bonds are being issued pursuant to a Trust Agreement, dated as of May 1, 2008 (the "Series 2008B Trust Agreement", and together with the Series 2008A Trust Agreement, the "Trust Agreements" and each a "Trust Agreement"), between the Commission and The Bank of New York Trust Company, N.A., as trustee (the "Series 2008B Trustee").

The Bonds will be issued for the purpose of (i) refunding a portion of the State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University 2004 Project), Series B (the "2004 Bonds" or "Refunded Bonds") and (ii) paying costs of issuance of the Bonds and for such other uses as are permitted under the Leases (as defined below) and Chapter 3377 of the Ohio Revised Code (the "Act").

The 2004 Bonds were issued for the purpose of paying costs relating to the construction of student residential facilities (the North Residential Village), the renovation of and construction of an addition to the West Quad, the construction of a new building for the Cleveland Center for Structural Biology, the renovation and expansion of the School of Medicine's Animal Resource Center, the construction of the Case Medical Sciences Learning Center, the acquisition and construction of a new Research Building and renovation and replacement of systems for campus facilities including windows, HVAC systems, roofs, elevators, ADA and other improvements, all together with related equipment, furnishings, appurtenances and site improvements (including relocating existing buildings) thereof and the acquisition of real property in connection with these facilities and for other University purposes (collectively, the "Project"). All of the educational facilities constituting the Project are located on the Case Western Reserve University (the "University") campus in Cleveland, Ohio. The Project will be leased by the University to the Commission, with respect to the Series 2008A Bonds, under a Base Lease, dated as of May 1, 2008 (the "Series 2008A Base Lease"). The Project will be leased by the University to the Commission, with respect to the Series 2008B Bonds, under a Base Lease dated as of May 1, 2008 (the "Series 2008B Base Lease" and together with the Series 2008A Base Lease, the "Base Leases" and each a "Base Lease"). The Project will be leased by the Commission to the University, with respect to the Series 2008A Bonds, pursuant to a Lease dated as of May 1, 2008 between the Commission and the University (the "Series 2008A Lease"). The Project will be leased by the Commission to the University, with respect to the Series 2008B Bonds, pursuant to a Lease dated as of May 1, 2008 between the Commission and the University (the "Series 2008B Lease", and together with Series 2008A Lease, the "Leases" and each a "Lease"). The University is required by the Series 2008A Lease to make payments equal to the principal of and premium, if any, and interest on the Series 2008A Bonds, whether at maturity, upon acceleration or upon redemption (the "Series 2008A Bond Service Charges"). The University is required by the Series 2008B Lease to make payments equal to the principal of and premium, if any, and interest on the Series 2008B Bonds, whether at



maturity, upon acceleration or upon redemption (the "Series 2008B Bond Service Charges" and together with the Series 2008A Bond Service Charges, the "Bond Service Charges"). The Series 2008A Bond Service Charges on the Series 2008A Bonds will be required to be made by the University as rental payments (the "Series 2008A Rental Payments") under the Series 2008A Lease. The Series 2008B Bond Service Charges on the Series 2008B Bonds will be required to be made by the University as rental payments (the "Series 2008B Rental Payments", and together with the Series 2008A Rental Payments, the "Rental Payments") under the Series 2008B Lease. In the Leases, the University has agreed to purchase the Commission's interest in the Project after all of the Bond Service Charges have been paid.

The Commission expects to issue its Higher Educational Facility Revenue Refunding Bonds, Case Western Reserve University Project, 2008 Series C in the approximate principal amount of \$51,105,000 (the "Series 2008C Bonds") shortly after the issuance of the Bonds to refund a portion of the 2004 Bonds.

**The Bonds are special obligations of the State of Ohio (the "State") and the Bond Service Charges on the Bonds will be payable from revenues to be derived by the Commission from its interest in the Project, including the Rental Payments and certain other amounts, all as provided in the Leases, the Base Leases and the Trust Agreements and as hereinafter described under "THE BONDS - Sources of Payment and Security".**

The Series 2008A Bonds are secured by the Series 2008A Trust Agreement, which grants to the Trustee a security interest in the Series 2008A Revenues, and the Series 2008B Bonds are secured by the Series 2008B Trust Agreement, which grants to the Trustee a security interest in the Series 2008B Revenues, all as described herein under "SECURITY AND SOURCES OF PAYMENT." The Series 2008A Bonds are further secured by Guaranty Agreement, dated as of May 1, 2008, between the University and the Trustee (the "Series 2008A Guaranty"), and the Series 2008B Bonds are further secured by Guaranty Agreement, dated as of May 1, 2008, between the University and the Trustee (the "Series 2008B Guaranty", and together with the Series 2008A Guaranty, the "Guaranties", and each a "Guaranty"). In each Guaranty, the University unconditionally guarantees the payment of the Bond Service Charges on the applicable Bonds as described herein under "THE GUARANTIES."

The University will cause to be delivered to the Trustee an irrevocable transferable direct pay letter of credit (the "Allied Irish Banks Letter of Credit") issued by Allied Irish Banks, p.l.c., acting through its New York Branch ("Allied Irish Banks") pursuant to a Reimbursement Agreement dated as of May 1, 2008 between Allied Irish Banks and the University (the "Allied Irish Banks Reimbursement Agreement") to secure payment on the Series 2008A Bonds, and an irrevocable transferable direct pay letter of credit (the "Bank of America Letter of Credit", and together with the Allied Letter of Credit the "Initial Credit Facilities" and each individually an "Initial Credit Facility"), issued by Bank of America, N.A. ("Bank of America" and together with Allied, the "Credit Facility Issuers" and each a "Credit Facility Issuer") pursuant to a Reimbursement Agreement dated as of May 1, 2008 between Bank of America and the University (the "Bank of America Reimbursement Agreement") to secure payment on the Series 2008B Bonds. The applicable Initial Credit Facility and any Credit Facility thereafter provided to the Trustee may provide for direct payments to or upon the order of the Trustee as hereinafter set forth in amounts sufficient to pay to or upon the order of the Trustee, upon request and in accordance with the terms thereof, any or all of the following: (a) an amount equal to the principal amount of the applicable Bonds to pay (i) the principal amount of the applicable Bonds when due whether at stated maturity, upon redemption or acceleration or (ii) the portion of the purchase price equal to the principal amount of applicable Bonds purchase pursuant to the applicable Trust Agreement to the extent remarketing proceeds are not available for such purpose, and (b) the accrued interest on the applicable Bonds (which may be specified for a maximum Interest Period and at a rate up to the Maximum Rate) when due (i) to pay interest on the applicable Bonds when due or (ii) to pay the portion of the purchase price of the applicable Bonds purchased pursuant the Trust Agreement equal to the accrued and unpaid interest, if any, on such Bonds to the extent remarketing proceeds are not available for such purpose. The Allied Irish Banks Letter of Credit will expire on May 20, 2011 or on such earlier date as described therein. The Bank of America Letter of Credit will expire on May 20, 2011 or on such earlier date as described therein.

Brief descriptions of the Commission, the University, the Project, the Bonds, the Leases, the Trust Agreements and the Guaranties are included in this Offering Circular. The descriptions herein of the Bonds, the Leases, the Guaranties and the Trust Agreements are qualified in their entirety by reference to each such document. The description of the University consists of certain information and data provided by it (as set forth in Appendix A)

and its audited consolidated financial statements (as set forth in Appendix B). All descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of the above described documents are available for inspection during the initial offering period at the principal office of Morgan Stanley & Co. Incorporated, 1221 Avenue of the Americas, 30th Floor, New York, New York 10020 and thereafter at the corporate trust office of the Trustee.

### **THE COMMISSION**

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

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

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

The Commission consists of nine members, including the Chancellor of the Ohio Board of Regents (or a designee of the Chancellor) as an *ex officio* member. The other eight members are appointed to overlapping eight-year terms by the Governor with the advice and consent of the State Senate. The Chairman is designated by the Governor, and the other officers, including the Vice Chairman, the Secretary and the Deputy Secretary, are elected by the members from their own number.

The members of the Commission receive no compensation for their services but are entitled to reimbursement for their actual and necessary expenses. The Commission's offices are located in Columbus, Ohio. The Commission does not have any employees. The Ohio Board of Regents provides staffing assistance to the Commission when necessary.

### **CASE WESTERN RESERVE UNIVERSITY**

The University, an Ohio nonprofit corporation, is the largest independent research university in Ohio, providing undergraduate, graduate and professional programs in the arts and sciences, engineering, health (including medicine, nursing and dentistry), law, management and social work.

See APPENDIX A -- "CERTAIN INFORMATION ABOUT CASE WESTERN RESERVE UNIVERSITY" for a more complete description of the University.

### **PLAN OF FINANCE**

The Bonds and the Series 2008C Bonds (which are expected to be issued shortly after the issuance of the Bonds) are being issued to (i) refund the 2004 Bonds and (ii) pay costs of issuance of the Bonds and the Series 2008 C Bonds.

**Refunding.** The proceeds from the sale of the Bonds and the Series 2008 C Bonds that will be used to refund the 2004 Bonds will be deposited in escrow with the Trustee, as Escrow Agent, and will be (a) held in cash to the extent not needed to make the investments described in (b) below, and (b) invested in eligible investments that mature or are subject to redemption by and at the option of the holder, in amounts sufficient, together with any uninvested cash in the account but without further investment or reinvestment, for the payment of interest on the 2004 Bonds when due and payment of the principal of the 2004 Bonds on the redemption date. The separate series of 2004 Bonds are to be redeemed on various dates prior to June 30, 2008. Any amounts remaining in the Escrow Fund after redemption of all of the Refunded Bonds will applied toward the payment of debt service on the Bonds (or the reimbursement of Credit Facility Issuers for such payment) and debt service on the 2008C Bonds.

**Sources and Uses of Funds.** The proceeds of the Bonds and the estimated proceeds of the Series 2008C Bonds are expected to be applied as follows:

<b><u>Sources of Funds:</u></b>	<b>Series A/B</b>	<b>Series C (estimated)</b>	<b>Total (estimated)</b>
Par Amount	\$127,500,000	\$51,105,000	\$178,605,000
Net Premium/OID	N/A	1,642,518	1,642,518
Funds provided by the University	<u>1,000,000</u>	<u>N/A</u>	<u>1,000,000</u>
Total Sources	\$128,500,000	\$52,747,518	\$180,247,518
 <b><u>Uses of Funds:</u></b>			
Deposit to Escrow Fund	\$127,050,572	\$52,312,352	\$179,362,924
Cost of Issuance <sup>1</sup>	<u>1,449,428</u>	<u>435,166</u>	<u>1,884,594</u>
Total Uses	\$128,500,000	\$52,747,518	\$181,247,518

<sup>1</sup>Includes underwriters' discount, legal fees, letter of credit costs, rating agency fees and other costs of issuance.

## THE BONDS

**Description of the Bonds.** The Bonds will be issued in multiple series (each a "Series") under the Trust Agreements in the following principal amounts and with the following Series designations: \$60,000,000 Bonds designated "Series A" (the "Series 2008A Bonds"); \$33,750,000 Bonds designated "Series B-1" (the "2008B-1 Bonds"); and the \$33,750,000 Bonds designated "Series B-2" (the "2008B-2 Bonds" and with the 2008 B-1 Bonds, the "2008B Bonds").

Morgan Stanley & Co. Incorporated will act as the initial Remarketing Agent with respect to the Series 2008A Bonds and the Series 2008B-1 Bonds and Banc of America Securities LLC will act as the initial Remarketing Agent with respect to the Series 2008B-2 Bonds.

*The Series 2008A Bonds and the Series 2008B Bonds are separate series of Bonds and will be issued under separate Trust Agreements, although each Trust Agreement contains substantially the same terms and provisions. The occurrence of an event of default with respect to one series of the Bonds will not in and of itself constitute an event of default with respect to the other series of the Bonds. Redemption of one series of the Bonds may be made in the manner described below without the redemption of the Bonds of the other series. In the following summary of terms of the Bonds, references to the Bonds, the Trust Agreement, the Lease, the Guaranty, the Letter of Credit, the Reimbursement Agreement, the Remarketing Agent, the Remarketing Agreement and other defined terms should be read as separately referring to each issue of the Bonds and the related Trust Agreement, Lease, Guaranty, Letter of Credit, Reimbursement Agreement, Remarketing Agent, Remarketing Agreement and other defined terms, except as otherwise noted.*



The Bonds of each Series will bear interest from the date of original delivery through a date specified on the inside front cover at the rate established by the initial offering. Thereafter, the Series 2008A Bonds will bear interest at the Weekly rate until conversion to a Daily Rate, Commercial Paper Rate or Term Rate and the Series 2008B Bonds will bear interest at the Daily Rate until conversion to a Weekly Rate, Commercial Paper Rate or Term Rate. Each Series of Bonds, or any portion thereof, may be converted to a Daily Rate, a Weekly Rate, a Commercial Paper Rate or a Term Rate independent of any other Bonds.

The Bonds will be issued as fully registered bonds without coupons in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof so long as the Bonds bear interest at a Daily Rate or Weekly Rate; in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof if the Bonds bear interest at a Commercial Paper Rate; and in \$5,000 or any integral multiple thereof while a Bond bears interest at a Term Rate. The Bonds will be dated as of the date of first authentication and delivery of the Bonds under the Trust Agreements. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Payment of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee. See "Book-Entry System" under this section.

The Bonds are subject to mandatory, optional and extraordinary optional redemption prior to maturity and to optional and mandatory tender for purchase under certain circumstances as described below under the captions "THE BONDS – Optional Tender", "THE BONDS –Mandatory Tender" and "THE BONDS –Redemption."

The Bonds will be subject to mandatory tender for purchase (1) with respect to the Bonds in the Commercial Paper Rate Period, on the interest payment date applicable to such Bond, (2) upon conversion from one Rate Period to another Rate Period (except in connection with a conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period), (3) on the Business Day immediately succeeding the last day of a Term Rate Period, and (4) upon the delivery, cancellation or expiration of a Credit Facility or replacement with an Alternate Credit Facility. See "THE BONDS--Optional and Mandatory Tender of the Bonds." **The Trust Agreements does not provide Holders with a right to elect to retain the Bonds.**

Appendix D contains a summary of the terms applicable to the Bonds while they are in a Daily, Weekly, Commercial Paper or Term Rate Period. See APPENDIX D, "Summary of Applicable Interest Rates and Other Terms of the Bonds." Such summaries set forth therein do not purport to be comprehensive or definitive and are subject in all respects to the complete terms and provisions set forth in the Trust Agreements. Investors must read the entire Offering Circular to obtain information essential to making an informed decision. See also APPENDIX C, "Certain Defined Terms and Certain Provisions of the Trust Agreements, the Leases and the Tax Agreement." **So long as the Bonds are in book-entry form, each Beneficial Owner of a Bond may desire to make arrangements with a Participant in DTC to receive notices or communications with respect to matters described in the table.**

### **Interest Rates and Rate Periods**

General. The Bonds may bear interest at a Daily, Weekly, Commercial Paper or Term Rate. The Series 2008A Bonds will initially bear interest at the Weekly Rate and the Series 2008B Bonds will initially bear interest at the Daily Rate. The interest rate on the Bonds during a Daily, Weekly or Term Rate Period will be determined by the Remarketing Agent as the lowest rate of interest which in its judgment will cause the Bonds to have a market value, on the commencement date of such Rate Period, equal to the principal amount of the Bonds plus accrued and unpaid interest, if any, taking into account prevailing market conditions as of such date of determination; provided that the interest rate may not exceed the Maximum Rate (12% per annum). The interest rate on the Bonds during a Commercial Rate Period will be determined by the Remarketing Agent as the minimum rate of interest necessary, in the judgment of the Remarketing Agent, to enable the Remarketing Agent to sell such Bond on that day at a price equal to the principal amount thereof.

Payment of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee. See "THE BONDS-Book-Entry System." In the event the Bonds are not in a book-entry-only system, payment of principal of and interest on the Bonds will be made as described in the Trust Agreements and

summarized in APPENDIX C -"CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENTS, THE LEASES AND THE TAX AGREEMENT."

Interest on the Bonds will be calculated on the basis of (i) a 365 or 366-day year, as appropriate, for the actual number of days elapsed, while the Bonds bear interest at a Daily Rate, Weekly Rate or Commercial Paper Rate and (ii) a 360-day year of twelve 30-day months while the Bonds bear interest at a Term Rate.

In general, interest on the Bonds will be paid to the registered owners thereof with respect to (i) Bonds bearing interest at a Daily Rate or a Weekly Rate on the first Business Day of each calendar month following a month in which interest at such Rate has accrued, respectively; (ii) Bonds bearing interest at a Commercial Paper Rate on the first Business Day following the last day of the Commercial Paper Rate Period applicable to such Bonds; and (iii) Bonds bearing interest at a Term Rate on the first day of the sixth calendar month following the month in which the Rate Period begins and on the first day of each sixth calendar month thereafter.

Weekly Rate Period; Weekly Rate. A Weekly Rate Period will commence on a Wednesday and end on Tuesday of the following week and each Weekly Rate Period will be followed by another Weekly Rate Period until the Rate Period of the Bonds is converted to another type of Rate Period; provided that (i) with respect to the first Weekly Rate Period and in the case of a conversion to a Weekly Rate Period from a different Rate Period, the Weekly Rate Period will commence on the Conversion Date, and will end on Tuesday of the following week; and (ii) in the case of a conversion from a Weekly Rate Period to a different Rate Period, the last Weekly Rate Period prior to a conversion will end on the day immediately preceding the Conversion Date to the new Rate Period.

The Weekly Rate for each Weekly Rate Period will be effective from and including the commencement date of such period and will remain in effect through and including the last day thereof. Each such Weekly Rate will be determined by the Remarketing Agent no later than 10:00 a.m. (New York City time) on the commencement date of the Weekly Rate Period to which it relates and given to the Trustee and Paying Agent by the Remarketing Agent by telephone by the close of business on the day such Weekly Rate is determined. The Remarketing Agent will confirm in writing to the Trustee and Paying Agent the Weekly Rates in effect during each month.

Daily Rate Period; Daily Rate. A Daily Rate Period will commence on a Daily Rate Conversion Date, which will be a Business Day, and on each Business Day thereafter until the type of Rate Period for the Bonds is converted to another type of Rate Period and will extend to, but not include, the next succeeding Business Day. Bonds in a Daily Rate Period will bear interest at a Daily Rate.

When interest on the Bonds is payable at a Daily Rate, the Remarketing Agent will determine the Daily Rate by 10:00 a.m., (New York City time) on the first Business Day of the Daily Rate Period to which it relates and will advise the Trustee and Paying Agent of any change in the Daily Rate by the close of business on the day such Daily Rate is determined, by telephone, and will confirm in writing to the Trustee and Paying Agent each month the Daily Rates in effect during that month, provided that if there has been no change in the Daily Rate for a Daily Rate Period, the Remarketing Agent is not required to notify the Trustee or Paying Agent of the determination of such Daily Rate. The Daily Rate for each Daily Rate Period will be effective from and including the commencement date thereof to, but not including, the next succeeding Business Day.

Commercial Paper Rate Period; Commercial Paper Rate. The Commercial Paper Rate Period for each Bond to which such Rate Period applies shall be determined separately by the Remarketing Agent on or prior to the first day of such Commercial Paper Rate Period as being the Commercial Paper Rate Period permitted under the applicable Trust Agreement which, in the judgment of the Remarketing Agent, will, with respect to each such Bond, produce the lowest overall interest cost on such Bonds during the Commercial Paper Rate Period; provided that each Commercial Paper Rate Period shall be from one day to 270 days in length, shall begin on a Business Day and end on a day preceding a Business Day or the day preceding the Maturity Date. The Commercial Paper Rate for each Commercial Paper Rate Period shall be effective from and including the commencement date of such period and remain in effect to and including the last day thereof. Each such Commercial Paper Rate shall be determined by the Remarketing Agent no later than 1:00 p.m. (New York City time) on the first day of the Commercial Paper Rate Period as the minimum rate of interest necessary, in the judgment of the Remarketing Agent, to enable the Remarketing Agent to sell such Bond on that day at a price equal to the principal amount thereof plus accrued interest. If the Remarketing Agent has received notice of any conversion to a Term Rate Period, the remaining

number of days prior to the Conversion Date or, if the Remarketing Agent has received notice of any conversion from a Commercial Paper Rate Period to a Daily or Weekly Rate Period, the length of each Commercial Paper Rate Period for each such Bond shall be determined by the Remarketing Agent to be either (A) that length of period that, as soon as possible, shall enable the Commercial Paper Rate Periods for all such Bonds to end on the day before the Conversion Date, or (B) that length of period which, based on the Remarketing Agent's judgment, will best promote an orderly transition to the next Rate Period. If a Credit Facility is then in effect, no Commercial Paper Rate Period may be established which is longer than a period equal to the maximum number of days' interest coverage provided by such Credit Facility minus 15 days or which extends beyond the remaining term of such Credit Facility minus 15 days.

Rates Binding. All determinations of the rates and the calculation of interest payable on the Bonds as described above will be conclusive and binding on the Holders of the Bonds, the University, the Commission, the Paying Agent, the Trustee and the Credit Facility Issuer. The Applicable Rate in effect for the Bonds will be available to the Holders of the Bonds on the date such Applicable Rate is determined, on or after 5:00 p.m., (New York City time), from the Remarketing Agent or the Trustee at their respective principal or designated offices. In any case, where the date of payment of any principal or purchase price of or interest on any Bond is a day that is not a Business Day, then such payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of payment, and no interest on such payment will accrue for the period after such date.

Failure of Remarketing Agent to Determine Rate. Except as otherwise provided upon failure of a conversion (as described below), if the applicable Remarketing Agent fails for any reason to determine the Applicable Rate for any Rate Period (except Term Rate Periods), then the Bonds to which such Rate Period applies will bear interest at the last effective rate established for such Rate Period. The Trustee will promptly notify the University and each Holder of such Bonds of such fact.

### **Conversion Between Rate Periods**

At the option of the University, all or a portion of each Series of the Bonds may be converted from one Rate Period to another Rate Period, provided that such portion of the Bonds is an Authorized Denomination.

Conversion Date. The Conversion Date will be an Interest Payment Date for the Rate Period from which the conversion is to be made; provided, however, that (a) if the conversion is from a Term Rate Period to another Rate Period, including a Term Rate Period of a different duration, the Conversion Date will be limited to any Interest Payment Date upon which the Bonds being converted are subject to optional redemption or the last Interest Payment Date of that Term Rate Period; (b) if the conversion is from a Daily Rate Period to a Weekly Rate Period, or from a Weekly Rate Period to a Daily Rate Period, the Conversion Date may be any Wednesday, regardless of whether the Wednesday is an Interest Payment Date; and (c) if the conversion is from a Commercial Paper Rate Period, the Conversion Date shall be the last Interest Payment Date on which interest is payable for all Bonds bearing Commercial Paper Rates theretofore established pursuant to Section 2.03(b) of the Trust Agreements provided, however, that if the conversion is from a Commercial Paper Rate Period to a Daily or Weekly Rate Period, there may be more than one Conversion Date and in that case the Conversion Date with respect to each Bond being converted must be an Interest Payment Date for such Bond.

Notice of Conversion by the University. The University will give written notice of any such conversion to the Commission, the Remarketing Agent, the Credit Facility Issuer, if any, the Trustee, and the Paying Agent, if any, not fewer than 7 Business Days prior to the date the Trustee is required to give notice to Holders as described in "Notice of Conversion to Holders" below. Such notice will specify (a) the proposed Conversion Date, (b) the type of Rate Period to which the conversion will be made, (c) if a Credit Facility will be in effect during the Rate Period commencing on the Conversion Date, and (d) in the case of conversion to a Term Rate Period, the length of such Term Rate Period.

Notice of Conversion to Holders. Not fewer than 15 days prior to the Conversion Date in the case of a conversion from a Daily Rate Period, a Weekly Rate Period or a Commercial Paper Rate Period, not fewer than 30 days prior to the Conversion Date in the case of a conversion from a Term Rate Period, and not fewer than 30 days prior to the last Business Day before the commencement of the Term Rate Period, the Trustee will mail, by

first class mail, a written notice of the conversion or commencement of a new Term Rate Period to each Holder of Bonds being converted at the Holder's address as it appears on the registration books kept by the Registrar. Such notice will state (a) the type of Rate Period to which the conversion will be made and the Conversion Date; (b) that the Bonds being converted will be subject to mandatory tender for purchase on the Conversion Date; and (c) the Purchase Price of such Bonds and information with respect to required delivery of bond certificates no longer in Book Entry form.

Conditions Precedent to Conversions. Any conversion (i) from a Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period to a Term Rate Period, and (ii) from a Term Rate Period to a Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period, or (iii) from a Term Rate Period to a Term Rate Period shall be subject to the condition that on or before the Conversion Date, the University has delivered to the Commission, the Trustee, the Paying Agent, any Credit Facility Issuer and the Remarketing Agent an Opinion of Bond Counsel to the effect that the conversion is authorized under the Trust Agreements and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Any Credit Facility to be held by the Trustee after the Conversion Date must be sufficient to cover the principal of and accrued interest on the outstanding Bonds for the maximum Interest Period permitted for that particular Rate Period plus 15 days.

### **Failure of Conversion**

If for any reason a condition precedent to a conversion of all or any portion of the Bonds is not met, such conversion will not be effective, and such Bonds, (a) if they bore interest at any Variable Rate, or a Term Rate for a Term Rate Period of a duration of one year, will be converted to a Weekly Rate Period and bear interest at the Weekly Rate determined by the Remarketing Agent as of the date on which the conversion was to occur; or (b) if they bore interest at a Term Rate for a Term Rate Period of a duration of more than one year, may be converted to a Weekly Rate Period so long as an opinion of Bond Counsel has been delivered to the Trustee to the effect that the conversion to a Weekly Rate Period will not adversely affect the exclusion of interest on the Bonds from gross income and, in that case, will bear interest at the Weekly Rate determined by the Remarketing Agent as of the date on which the conversion was to occur; in the event that such opinion of Bond Counsel has not been delivered, such Bonds automatically will be converted to a Term Rate Period of a duration of two years, and will bear interest at a Term Rate equal to a Term Rate for such period determined by the Remarketing Agent as of the date on which the conversion was to occur, or if in that instance the Remarketing Agent fails to determine that rate, then at a rate of interest equal to the lesser of (i) 125% of the most recently published Securities Industry and Financial Markets Association Municipal Swap Index or (ii) the Maximum Rate. The Trustee will promptly notify the University, and each Holder of such Bonds of such fact.

### **Optional Tender**

The Holders of any Bonds bearing interest at a Daily Rate or a Weekly Rate may elect to have their Bonds (or portion thereof in an authorized denomination) purchased at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, accrued from the immediately preceding Interest Payment Date ("Purchase Price") as described below:

Daily Rate Tender. Bonds bearing interest at Daily Rates may be tendered for purchase on any Business Day upon electronic notice of tender given to the Paying Agent not later than 10:30 a.m., (New York City time), on the date of purchase.

Weekly Rate Tender. Bonds bearing interest at Weekly Rates may be tendered for purchase on any Business Day upon electronic notice of tender to the Paying Agent, not later than 5:00 p.m., (New York City time), on a Business Day not fewer than seven days prior to the date of purchase.

Notice of Tender. Each notice of tender (i) must, in the case of a written notice, be delivered to the Paying Agent at its notice address (initially, The Bank of New York Trust Company, N.A., 1660 West Second Street, Suite 830, Cleveland, Ohio 44113, Attention: Corporate Trust Department) and be in form satisfactory to the Paying Agent; (ii) must state (A) the principal amount of Bonds to which the notice relates, (B) that the Holder irrevocably demands purchase of such Bonds or a specified portion thereof in Authorized Denominations, (C) the date on which such Bonds or portion thereof is to be purchased, and (D) payment instructions with respect to the Purchase Price;

and (iii) will automatically constitute (A) an irrevocable offer to sell the Bonds (or portion thereof) to which the notice relates on the specified purchase date at the purchase price, (B) an irrevocable authorization and instruction to the Registrar to effect transfer of such Bonds (or portion thereof) upon payment of the Purchase Price to the Paying Agent on the purchase date, (C) an irrevocable authorization and instruction to the Paying Agent to effect the exchange of the Bonds to be purchased in whole or in part for other Bonds (or portion thereof to be purchased), and (D) an acknowledgment that such Holder will have no further rights with respect to such Bond or portion thereof upon payment of the Purchase Price thereof to the Paying Agent on the purchase date, except for the right of such Holder to receive such Purchase Price upon delivery of such Bonds to the Paying Agent, and that after the purchase date such Holder will hold any undelivered certificate as agent for the Paying Agent. The determination of the Paying Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing is conclusive and binding upon the Holder.

### **Mandatory Tender**

The Bonds are subject to mandatory tender for purchase at the Purchase Price equal to 100% of the principal amount of the affected Bonds (or portion in an authorized denomination) plus accrued and unpaid interest, if any, to the date of purchase, as follows:

Commercial Paper Rate Periods. Each Bond bearing interest at a Commercial Paper Rate shall be subject to mandatory tender for purchase, on the Interest Payment Date applicable to such Bond.

Mandatory Tender upon Conversion between Certain Rate Periods or to a New Term Rate Period. The Series 2008A Bonds may be converted from the Weekly Rate Period to another Rate Period, and the Series 2008B Bonds may be converted from a Daily Rate Period to another Rate Period, and thereafter Bonds converted from any Rate Period to a different Rate Period, are subject to mandatory tender for purchase on the Conversion Date; provided there is no mandatory tender for purchase in connection with conversions of either of the Series 2008A Bonds or the Series 2008B Bonds from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period.

Term Rate Periods. On the Business Day immediately succeeding the last day of a Term Rate Period, the Bonds shall be subject to mandatory tender for purchase on such date at a purchase price equal to 100% of the principal amount thereof.

Mandatory Tender Upon Delivery, Cancellation or Expiration of Credit Facility or Replacement with Alternate Credit Facility. If the Bonds are secured by a Credit Facility, such Bonds shall be subject to mandatory tender for purchase at a purchase price equal to 100% of the principal amount thereof, (i) on the Interest Payment Date at least five days prior to the date of the cancellation of or the expiration of the term of the then current Credit Facility and (ii) on the Interest Payment Date on which a Credit Facility is replaced with an Alternate Credit Facility pursuant the Trust Agreement.

Notice by Trustee. Notice of a mandatory tender for purchase in the case of mandatory tender upon conversion between certain rate periods or to a new Term Rate Period shall be given to each Holder of a Bond subject to such mandatory tender for purchase. When applicable, this notice may be combined with the notice of conversion of Rate Period delivered by the Trustee as described herein under the caption "THE BONDS - Conversion Between Rate Periods." No notice of a mandatory tender for purchase need be given to the Holders of Bonds bearing interest in a Commercial Paper Rate Period in respect of the mandatory tender on the Interest Payment Date applicable to those Bonds. Notice of a mandatory tender for purchase upon conversion (other than as described in – Mandatory Tender Upon Conversion between Certain Rate Periods or to a New Term Rate Period and in – Term Rate Periods above) hereof shall be given to each Holder. In the event of a mandatory tender upon delivery of an Alternate Credit Facility or cancellation or expiration of a then current Credit Facility, the Trustee shall immediately notify the Paying Agent, the Commission, the University, the Remarketing Agent and, except with respect to the delivery of the Initial Credit Facility, the Credit Facility Issuer, in each case by telephone, electronically or other similar communication. Not later than fifteen (15) days prior to the purchase date, the Trustee shall mail by first class mail a written notice of the mandatory tender for purchase relating to a change in the Credit Facility to each Holder at the Holder's address as it appears on the Register, which notice shall (i) state that



the subject Bonds are subject to mandatory tender for purchase on the purchase date specified therein, (ii) specify the event requiring the purchase and (iii) state the purchase price of the applicable Bonds.

### **Delivery of Bonds**

A Holder of a Bond tendered or required to be tendered for purchase must deliver its Bond to the Paying Agent at or before (A) 11:00 a.m., New York City time, on the purchase date in the case of Bonds accruing interest at a Daily or Weekly Rate; (B) 1:00 p.m., New York City time, on the purchase date in the case of Bonds bearing interest at a Commercial Paper Rate; or (C) 3:00 p.m., New York City time, on the purchase date in the case of Bonds bearing interest at a Term Rate. (Delivery of a beneficial owner's interest in a Bond while Cede & Co. is the sole registered owner of the Bonds will occur when the ownership rights in such Bond are transferred by a Direct Participant on DTC's records (as these terms are defined below) in accordance with DTC's customary procedures).

If a Holder has elected to tender any Bond for purchase, or if any Bond is subject to mandatory tender for purchase, and if, in either case, the Paying Agent is in receipt of an amount sufficient to pay the Purchase Price, then such Bond (or portion) will be deemed purchased on the purchase date, and ownership of such Bond (or portion) will be transferred to the purchaser thereof. Any Holder who fails to deliver such Bond for purchase will not be entitled to any payment other than the Purchase Price for such Bond upon surrender of such Bond to the Paying Agent.

### **Payment of Purchase Price**

Payment of the Purchase Price of Bonds to be purchased upon optional or mandatory tender as described herein will be made by the Paying Agent at or before close of business., (New York City time), on the date of purchase and upon receipt by the Paying Agent of 100% of the aggregate Purchase Price of the tendered Bonds, in immediately available funds. The Purchase Price of the Bonds tendered for purchase will be paid by the Paying Agent from the proceeds of the remarketing of such Bonds by the Remarketing Agent and, if such remarketing proceeds are insufficient, from a draw on the Credit Facility and then from other moneys made available by the University.

### **Remarketing**

Unless otherwise instructed by the University, the applicable Remarketing Agent will offer for sale and use its best efforts to find purchasers for all Bonds or portions thereof for which notice of optional tender has been received or which are subject to mandatory tender. The terms of any sale by the applicable Remarketing Agent will provide for the payment of the Purchase Price for tendered Bonds by the applicable Remarketing Agent to the Paying Agent on the purchase date in immediately available funds at or before 11:00 a.m. for Bonds bearing interest at Daily and Weekly Rates (12:00 noon for Bonds bearing interest in a Term Rate Period and 12:30 p.m. for Bonds bearing interest at Commercial Paper Rates), New York City time, on the purchase date. The applicable Remarketing Agent will not sell any Bond as to which notice by the Trustee has been given of either (i) the conversion from one type of Rate Period to another type of Rate Period, (ii) any other mandatory tender for purchase, or (iii) redemption thereof, unless such Remarketing Agent has advised the person to whom the sale is made of such proposed conversion, tender or redemption. Any purchaser so advised must deliver a notice to the Paying Agent stating that such purchaser will tender such Bonds for purchase on the related mandatory tender date or redemption date. The Remarketing Agent will not remarket any Bond if an Event of Default (as defined in the Trust Agreements and described here in Appendix C - "CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENTS, THE LEASES AND THE TAX AGREEMENT - Events of Default") has occurred and is continuing with respect to the Bonds.

### **Redemption**

The Bonds are subject to redemption at the option of the University, as described below:

Optional Redemption During Daily, Weekly or Commercial Paper Rate Period. While the Bonds bear interest at a Daily Rate or Weekly Rate, the Bonds are subject to optional redemption in whole or in part, by the

Commission at the direction of the University, on any Business Day, at an optional redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon, if any, to the redemption date. While the Bonds bear interest at a Commercial Paper Rate, the Bonds are subject to optional redemption in whole or in part, by the Commission at the direction of the University, on any Interest Payment Date with respect to Bonds bearing interest at a Commercial Paper Rate, at an optional redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon, if any, to the redemption date.

Redemption of the Bonds Required by the Reimbursement Agreement.

The Allied Irish Banks Reimbursement Agreement requires the University to optionally redeem the Series A Bonds at a redemption price of 100% of the principal amount redeemed plus accrued interest to the redemption date on December 1 in each of the years listed below and in the aggregate principal amount shown opposite such year:

<u>Redemption Date</u>	<u>Amount</u>
2030	\$1,750,000
2031	1,330,000
2032	7,180,000
2033	3,530,000
2034	4,625,000
2035	4,795,000
2036	5,275,000
2037	4,890,000
2038	2,820,000
2039	2,850,000
2040	4,655,000
2041	3,125,000
2042	6,390,000
2043	3,340,000

Unless otherwise redeemed prior to maturity, the remaining principal amount of the Series 2008A Bonds (\$3,445,000) will be payable on December 1, 2044. These optional redemptions required pursuant to the Allied Irish Banks Reimbursement Agreement are subject to change at any time upon agreement of the University and Allied Irish Banks.

The Bank of America Reimbursement Agreement requires the University to optionally redeem the Series 2008B-1 Bonds at a redemption price of 100% of the principal amount redeemed plus accrued interest to the redemption date on December 1 in each of the years listed below and in the aggregate principal amount shown opposite such year:

<u>Redemption Date</u>	<u>Amount</u>
2030	\$875,000
2031	670,000
2032	3,590,000
2034	4,620,000
2035	2,395,000
2036	2,635,000
2037	365,000
2038	2,825,000
2039	2,850,000
2040	3,020,000
2041	3,120,000
2043	3,340,000

Unless otherwise redeemed prior to maturity, the remaining principal amount of the Series 2008B-1 Bonds (\$3,445,000) will be payable on December 1, 2044. These optional redemptions required pursuant to the Bank of

America Reimbursement Agreement are subject to change at any time upon agreement of the University and Bank of America.

The Bank of America Reimbursement Agreement requires the University to optionally redeem the Series 2008B-2 Bonds at a redemption price of 100% of the principal amount redeemed plus accrued interest to the redemption date on December 1 in each of the years listed below and in the aggregate principal amount shown opposite such year:

<u>Redemption Date</u>	<u>Amount</u>
2030	\$870,000
2031	665,000
2032	3,590,000
2033	1,210,000
2034	4,620,000
2037	2,625,000
2038	2,825,000
2039	2,855,000
2040	1,385,000
2041	3,125,000
2042	3,200,000
2043	3,335,000

Unless otherwise redeemed prior to maturity, the remaining principal amount of the Series 2008B-2 Bonds (\$3,445,000) will be payable on December 1, 2044. These optional redemptions required pursuant to the Bank of America Reimbursement Agreement are subject to change at any time upon agreement of the University and Bank of America.

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

**Book-Entry System.** The ownership of one fully registered Bond for each maturity in the aggregate principal amount of such maturity will be registered in the name of Cede & Co., as nominee for DTC. In the event that (1) DTC resigns as securities depository for the Bonds, after giving reasonable notice thereof to the Commission or the Trustee, or (2) with the consent of the Commission, the Registrar and the University, DTC is determined to be no longer able to discharge its duties or no longer qualified to perform book-entry services, or (3) the University in its sole discretion (but with the consent of the Commission) determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interest of the Beneficial Owners (hereinafter defined) of the Bonds, the University may discontinue the book-entry system with DTC. If the Commission and the University fail to identify another qualified securities depository to replace DTC, the Commission will execute and the Trustee will authenticate and deliver replacement Bonds in the form of fully registered certificates. If no qualified securities depository is the registered owner of the Bonds, the Paying Agent will pay interest to the Beneficial Owners by check mailed to the person registered at the close of business on the Record Date as owner of the Bonds. Principal of and premium, if any, on the Bonds are payable upon presentation at the principal corporate trust office of the Paying Agent. Upon the issuance of replacement bonds, the Trustee and the Registrar may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to the issuance of such replacement bond.

**Book-Entry System.** The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal, premium, if any, and interest on the Bonds to DTC, its nominee, Participants, defined below, or Beneficial Owners, confirmation and transfer

**of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.**

DTC will act as securities depository for the Bonds. The Bonds will be issued as full-registered securities registered in the name of Cede & Co., DTC's nominee. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation ("*NSCC*"), Government Securities Clearing Corporation ("*GSCC*"), MBS Clearing Corporation ("*MBSCC*") and Emerging Markets Clearing Corporation ("*EMCC*") (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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](http://www.dtcc.com).

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

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

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

Owners may wish to provide their names and addresses to the Trustee as registrar and request that copies of notices be provided directly to them.

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

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

Distributions and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the University, on payable dates 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 (nor its nominee), the Trustee, the Commission, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and neither the Commission, the University nor the Underwriters takes any responsibility for the accuracy thereof.

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

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



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

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

## LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENTS

*Each Credit Facility and Reimbursement Agreement is separate from and will operate independently of the other Credit Facility and Reimbursement Agreement and will relate only to the related series of Bonds, and the occurrence of an event of default under one Reimbursement Agreement will not, in and of itself, constitute an event of default under the other Reimbursement Agreement. The Credit Facilities and Reimbursement Agreements contain substantially the same terms and provisions other than the stated amount of the Letter of Credit being related to the related series of Bonds. All references in this summary to the Bonds, the Letter of Credit, the Reimbursement Agreement, the Credit Facility Issuer, the Refunded Bonds, the Trust Agreement, the Lease, the Guaranty, the Project and other defined terms and to the percentages of holders of Bonds should be read as referring separately to each issue of the Bonds and to the related Refunded Bonds, Trust Agreement, Lease, Guaranty, Project and other defined terms except as otherwise noted. Reference is made to each Reimbursement Agreement for the detailed provisions thereof.*

The Initial Credit Facility will be issued by the Credit Facility Issuer pursuant to the Reimbursement Agreement. The following summarizes certain provisions of the Initial Credit Facility and the Reimbursement Agreement, to which documents reference is made for the complete provisions thereof. The provisions of any substitute letter of credit and related reimbursement agreement may be different from those summarized below.

**The Letter of Credit.** The Initial Credit Facility is an irrevocable obligation of the Credit Facility Issuer. The Initial Credit Facility will be issued in an amount equal to the aggregate principal amount of the outstanding Bonds, plus 50 days' of interest at a rate of 12% per annum. The Trustee, upon compliance with the terms of the Initial Credit Facility, is authorized and directed to draw (with respect to the Allied Irish Banks Letter of Credit, while the Series 2008A Bonds bear interest in the Weekly Rate, and with respect to the Bank of America Letter of Credit while the Series 2008B Bonds bear interest in the Daily Rate or a Weekly Rate) up to (a) an amount sufficient (i) to pay principal of the Bonds when due, whether at maturity or upon redemption or acceleration, and (ii) to pay the portion of the purchase price of Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed (a "Liquidity Drawing") equal to the principal amount of such Bonds, plus (b) an amount not to exceed 50 days of accrued interest on such Bonds when due at a rate of 12% per annum (i) to pay interest on Bonds when due, and (ii) to pay the portion of the purchase price of Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on such Bonds. No drawings will be made under the Initial Credit Facility for Pledged Bonds (as defined in the Reimbursement Agreement) or Bonds owned by or on behalf of the University.

The amount available under the Initial Credit Facility will be reduced to the extent of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing by the Trustee solely to pay interest on the Bonds on an interest payment date, the amount available under the Initial Credit Facility will be automatically reinstated six Business Days following such drawing unless the Trustee has received written notice from the Credit Facility Issuer prior to such time that it has not been reimbursed in full for such drawing or that any event of default has occurred under the Reimbursement Agreement and, as a result thereof, the amount of such drawing shall not be reinstated as of the opening of business on the Business Day following the date of payment by

the Credit Facility Issuer in respect of such drawing by an amount equal to the amount thereof. After payment by the Credit Facility Issuer of a Liquidity Drawing, prior to the date that interest on the Bonds is converted to a rate other than the Weekly Rate with respect to the Series 2008A Bonds, or the Daily Rate or the Weekly Rate with respect to the Series 2008B Bonds, upon a remarketing of Bonds (or portions thereof) purchased with the proceeds of such Liquidity Drawing, the amount available under the Initial Credit Facility will be reinstated in an amount equal to the principal amount of the Bonds purchased with the proceeds of such Liquidity Drawing, plus the amount of accrued interest thereon paid with the proceeds of such Liquidity Drawing, upon receipt by the Credit Facility Issuer (or the Trustee on behalf of the Bank) of the amount of any Liquidity Drawing relating to Bonds purchased with the proceeds of such Liquidity Drawing plus all accrued interest thereon.

The Initial Credit Facility will terminate on the earliest of the Credit Facility Issuer's close of business on (i) the stated expiration date May 20, 2011, unless renewed or extended, (ii) the earlier of (A) the date which is fifteen (15) days following the date on which the Bonds bear interest at a rate other than a Daily Rate or a Weekly Rate or (B) the date on which the Credit Facility Issuer honors a Liquidity Drawing relating to a mandatory tender in connection with a conversion of the interest rate on the Bonds to a rate other than a the Weekly Rate with respect to the Series 2008A Bonds, or the Daily Rate or a Weekly Rate with respect to the Series 2008B Bonds,, (iii) the date which the Credit Facility Issuer receives written notice from the Trustee that all Bonds have been paid or that a letter of credit has been issued in substitution for the Initial Credit Facility in accordance with the terms of the Trust Agreement and the Reimbursement Agreement; (iv) the date on which an acceleration drawing is honored by the Credit Facility Issuer, and (v) the date which is fifteen (15) days following receipt by the Trustee of a written notice from the Credit Facility Issuer specifying the occurrence of an event of default under the Reimbursement Agreement and directing the Trustee to accelerate the Bonds.

**Events of Default.** "Events of Default" under the Reimbursement Agreement include the following:

(a) any representation or warranty made by the University in the Reimbursement Agreement (or incorporated therein by reference) or in any of the other Related Documents (as defined in the Reimbursement Agreement) or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the Reimbursement Agreement or with any of the other Related Documents shall prove to have been incorrect, incomplete or misleading in any material respect;

(b) any "event of default" shall have occurred under any of the Related Documents (as defined respectively therein);

(c) failure to reimburse the Credit Facility Issuer for any drawings under the Initial Credit Facility when and as due under the Reimbursement Agreement, failure to pay to the Credit Facility Issuer any principal of or interest on any Liquidity Advance (as defined in the Reimbursement Agreement) when and as due under the Reimbursement Agreement or the failure to pay to the Credit Facility Issuer any other Obligations (as defined in the Reimbursement Agreement) within five (5) days when and as due under the Reimbursement Agreement;

(d) default in the due observance or performance by the University of certain covenants under the Reimbursement Agreement;

(e) default in the due observance or performance by the University of any other term, covenant or agreement set forth in the Reimbursement Agreement and the continuance of such default for 30 days after the occurrence thereof, unless, in the case of any such default, the University (x) shall have notified the Credit Facility Issuer within such 30-day period that such default is capable of being cured but not within such 30-day period, (y) has commenced curing such default within such 30-day period and (z) continues to diligently pursue such cure until such default is cured; provided, however, that in no event shall such 30-day period be extended for a period of more than 60 days;

(f) any material provision of the Reimbursement Agreement or any of the Related Documents shall cease to be valid and binding, or the University shall contest any such provision, or the

University or any agent or trustee on behalf of the University shall deny that it has any or further liability under the Reimbursement Agreement or any of the Related Documents;

(g) the occurrence of certain events of bankruptcy, insolvency or liquidation of the University or any Subsidiary (as defined in the Reimbursement Agreement);

(h) dissolution or termination of the existence of the University or any Subsidiary (other than an Immaterial Subsidiary as defined in the Reimbursement Agreement);

(i) default by the University or any Subsidiary under certain evidences of indebtedness issued, assumed or guaranteed by the University or any Subsidiary; or

(j) certain judgments or writs are entered or filed against the University or any Subsidiary or against any of their respective property and remain unvacated, unbonded or unstayed for a period of 30 days;

(k) the occurrence of certain events with respect to certain retirement plans maintained by the University or certain related entities; or

(l) a default shall occur and be continuing under any agreement between the University and the Credit Facility Issuer or under any obligation owed by the University to the Credit Facility Issuer; or

(m) S&P or Moody's shall have assigned a rating to the long-term, unenhanced debt rating of the University below "BBB" (or its equivalent) or "Baa2" (or its equivalent), respectively, or suspended or withdrawn its rating.

**Remedies.** Upon the occurrence and during the continuance of any Event of Default, the Credit Facility Issuer may exercise any one or more of the following rights and remedies in addition to any other remedies in the Reimbursement Agreement or by law provided:

(a) by written notice to the University require that the University immediately prepay to the Credit Facility Issuer in immediately available funds an amount equal to the available amount under the Initial Credit Facility;

(b) by notice to the University, declare all obligations owing under the Reimbursement Agreement to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind;

(c) give notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to accelerate the Bonds, thereby causing the Initial Credit Facility to expire 15 days thereafter;

(d) pursue any rights and remedies it may have under the Related Documents; or

(e) pursue any other action available at law or in equity.

## **SECURITY AND SOURCES OF PAYMENT**

The Series 2008A Bond Service Charges due on the Series 2008A Bonds are payable from the Series 2008A Revenues, including primarily all amounts payable to the Trustee by the Credit Facility Issuer, the Series 2008A Rental Payments to be derived by the Commission under the Series 2008A Lease, amounts held in, or for the credit of, the Series 2008A Bond Fund, and any other funds or accounts permitted by, established under or identified in the Series 2008A Trust Agreement or the Bond Legislation (collectively, the "Series 2008A Special Funds"), except the Series 2008A Rebate Fund and the Series 2008A Issuance Expenses Fund, all other rentals, revenue, income, charges and money received or to be received by the Commission, or the Series 2008A Trustee for the account of the Commission, from the lease, sale or other disposition of the Project, and all income and profit from

the investment of the Series 2008A Rental Payments and the Series 2008A Special Funds and such other money (the "Series 2008A Revenues"). The Series 2008A Bonds are further secured by a security interest in the Series 2008A Revenues created in the Series 2008A Trust Agreement, by the Series 2008A Trust Agreement and (except for the Unassigned Rights) the Series 2008A Lease and by the Series 2008A Guaranty.

The Series 2008B Bond Service Charges due on the Series 2008B Bonds are payable from the Series 2008B Revenues, including primarily all amounts payable to the Trustee by the Credit Facility Issuer, the Series 2008B Rental Payments to be derived by the Commission under the Series 2008B Lease, amounts held in, or for the credit of, the Series 2008B Bond Fund, and any other funds or accounts permitted by, established under or identified in the Series 2008B Trust Agreement or the Bond Legislation (collectively, the "Series 2008B Special Funds"), except the Series 2008B Rebate Fund and the Series 2008B Issuance Expenses Fund, all other rentals, revenue, income, charges and money received or to be received by the Commission, or the Series 2008B Trustee for the account of the Commission, from the lease, sale or other disposition of the Project, and all income and profit from the investment of the Series 2008B Rental Payments and the Series 2008B Special Funds and such other money (the "Series 2008B Revenues"). The Series 2008B Bonds are further secured by a security interest in the Series 2008B Revenues created in the Series 2008B Trust Agreement, by the Series 2008B Trust Agreement and (except for the Unassigned Rights) the Series 2008B Lease and by the Series 2008B Guaranty.

The facilities comprising the 2004 Project have been specifically constructed, equipped and improved for the benefit of the University for use in its educational programs, and by reason of their location may be subject to practical restrictions that may limit the use thereof by others. Therefore, in the event of a default, the Trustee's ability to lease or sell the Project or portions thereof to third parties may be limited. The rentals or sale price, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the sale, lease or other disposition of the Project would be sufficient to allow payment in full of the Bonds.

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

As described above, the Bonds are secured by a pledge of and security interests in the equipment and other tangible personal property included in the Project. The security interests in such property are intended to be prior to any security interest in, lien on or pledge or assignment of such property except for Permitted Encumbrances.

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

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

## THE GUARANTIES

Pursuant to a Guaranty Agreement, dated as of May 1, 2008, between the University and the Trustee (the "Series 2008A Guaranty"), the University unconditionally guarantees to the Trustee for the benefit of the Holders of the Series 2008A Bonds (a) the full and prompt payment of the principal of and redemption premium, if any, on any Series 2008A Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, by call for redemption or otherwise, (b) the full and prompt payment of any interest on any Series 2008A Bond when and as the same shall become due and (c) the full and prompt payment of all expenses and charges paid or incurred in enforcing the Series 2008A Guaranty.

Pursuant to a Guaranty Agreement, dated as of May 1, 2008, between the University and the Trustee (the "Series 2008B Guaranty" and together with the Series 2008A Guaranty, the "Guaranties"), the University unconditionally guarantees to the Trustee for the benefit of the Holders of the Series 2008B Bonds (a) the full and prompt payment of the principal of and redemption premium, if any, on any Series 2008B Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, by call for redemption or otherwise, (b) the full and prompt payment of any interest on any Series 2008B Bond when and as the same shall become due and (c) the full and prompt payment of all expenses and charges paid or incurred in enforcing the Series 2008B Guaranty.

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

No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind which the University has or may have against the State, the Commission, the Trustee or any Holder will be available to the University against the Trustee under the Guaranties. The University has entered into a similar guaranty agreement in connection with each of its obligations to the Commission described herein in APPENDIX A - "Certain Information About Case Western Reserve University - Outstanding Indebtedness."

### **ENFORCEABILITY OF REMEDIES**

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

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

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

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



## **ABSENCE OF MATERIAL LITIGATION**

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

The University is a party to various legal proceedings seeking damages or injunctive relief which are generally incidental to its operations, and unrelated to the Bonds, the security for the Bonds, or the Project. The University administration does not believe that the outcome of any pending litigation will materially adversely affect the consolidated financial position, operations or cash flows of the University.

## **ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT**

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

## **TAX MATTERS**

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

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

The Commission also authorized the issuance of the Series 2008C Bonds. If sold and issued as contemplated, the Series 2008C Bonds and the Bonds will be treated as a single issue of governmental obligations under the Code. In that event, the foregoing opinion as to federal tax matters concerning the Bonds also will be dependent upon the accuracy of certain representations and certifications, and continuing compliance with certain covenants, that will be required to be made by the Commission and the University in connection with the issuance of the Series 2008C Bonds and that will be intended to evidence and assure that the Series 2008C Bonds will be, and the Bonds are and will remain, obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations or continuing compliance with those covenants.

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

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

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

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress, and legislation affecting the exemption of interest or other income thereon for purposes of taxation by the State may be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value of the Bonds.

On May 19, 2008, the United States Supreme Court decided *Department of Revenue of Kentucky v. Davis*, in which it held that the Commerce Clause of the United States Constitution generally permits a state to tax the interest on bonds issued by other states or their political subdivisions even though the state does not tax the interest

on its own bonds or those issued by its own political subdivisions. The Court, however, reserved judgment as to whether the same conclusion would apply with respect to interest on "private activity bonds," such as the Bonds. The State exempts from taxation interest on bonds, including private activity bonds, issued by the State or its political subdivisions and taxes interest on such bonds issued by other states or their political subdivisions. It is not possible to predict whether the United States Supreme Court would decide that the Commerce Clause prevents the State from taxing interest on private activity bonds issued by other states or their political subdivisions while it exempts from taxation interest on the Bonds, or to predict any change in state law that would be occasioned by any such decision. Nor is it possible to predict the effect, if any, of any such decision or any such change in law on the tax status of interest on the Bonds for state tax purposes or on the market value of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation, and any court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the cover of this Offering Circular should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

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

#### **APPROVAL OF LEGAL PROCEEDINGS**

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon (see "Tax Matters") are subject to the legal opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of the original delivery of the Bonds, will be delivered to the Underwriters, and a copy of that opinion will be printed on the Bonds.

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

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

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

Certain legal matters in connection with the Bonds will be passed upon for the University by Jeanine Arden Ornt, Esq., its Vice President and General Counsel, for the Underwriters by Thompson Hine LLP, their counsel, and for the Credit Facility Issuers by Chapman and Cutler LLP, their special U.S. counsel and, with respect to Allied Irish Banks, Eugene F. Collins, its special Ireland counsel.

## RATINGS

The Series 2008A Bonds have been assigned a rating of "Aaa/VMIG 1" by Moody's and a rating of "AAA/A-1" by S&P, with the understanding that upon delivery of the Series 2008A Bonds that the Series 2008A Bonds will be supported by the Allied Irish Letter of Credit. The Series 2008B Bonds have been assigned a rating of "Aaa/VMIG 1" by Moody's and a rating of "AAA/A-1+" by S&P, with the understanding that upon delivery of the Series 2008B Bonds that the Series 2008B Bonds will be supported by the Bank of America Letter of Credit. Moody's and S&P have assigned underlying ratings of "A1" and "AA-", respectively, to the bonds of the Commission reflecting long-term debt of the University. The University furnished to such rating agencies the information contained in this Offering Circular and certain other materials and information about the University. Generally, rating agencies base their ratings on such materials and information, as well as separate investigations, studies and assumptions.

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

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

## UNDERWRITING

Morgan Stanley & Co. Incorporated, as representative of the Underwriters, has agreed to purchase the Bonds at an aggregate purchase price of \$127,073,377.48 (equal to the aggregate principal amount of the Bonds, less Underwriters' discount of \$426,622.52). The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The public offering price set forth on the cover page hereof may be changed after the initial offering by the Underwriters. The Bond Purchase Agreement provides that the Underwriters will purchase all the Bonds, if any are purchased, and requires the University to indemnify the Underwriters and the Commission against losses, claims, damages and liabilities arising out of any incorrect statements or information including the omission of material facts, contained in this Offering Circular pertaining to the University and other specified matters. Morgan Stanley & Co. Incorporated will serve as the Underwriter and initial Remarketing Agent with respect to the Series 2008A Bonds and 2008B-1 Bonds. Banc of America Securities LLC will serve as the Underwriter and initial Remarketing Agent with respect to the 2008 B-2 Bonds.

## THE REMARKETING AGENTS

**General.** The University has appointed Morgan Stanley & Co. Incorporated to serve as the remarketing agent ("Morgan Stanley") in connection with the Series 2008A Bonds and the 2008B-1 Bonds pursuant to a Remarketing Agreement, dated May 1, 2008, between the University and the Remarketing Agent (the "Morgan Stanley Remarketing Agreement"). The University has appointed Banc of America Securities LLC to serve as the remarketing agent ("Banc of America" and together with Morgan Stanley the "Remarketing Agents") in connection with the 2008B-2 Bonds pursuant to a Remarketing Agreement, dated May 1, 2008, between the University and the Banc of America (the "Banc of America Remarketing Agreement" and together with the Morgan Stanley Remarketing Agreement, the "Remarketing Agreements"). In accordance with, and subject to the terms of, the Remarketing Agreements, the Remarketing Agents' duties include (i) remarketing the Bonds upon any optional or mandatory tender for purchase and (ii) determining the interest rate on the Bonds. Each Remarketing Agent may resign, or the University may remove either Remarketing Agent, at any time, in each instance upon 30 days written notice.

**The Remarketing Agents are Paid by the University.** The Remarketing Agents are appointed by the University and are paid by the University for their services. As a result, the interests of the Remarketing Agents may differ from those of existing holders and potential purchasers of the Bonds.

**The Remarketing Agents Routinely Purchase the Bonds for their Own Account.** Each Remarketing Agents act as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. Each Remarketing Agents is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, routinely acquires such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, neither Remarketing Agent is obligated to purchase the Bonds, and may cease doing so at any time without notice. Each Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling the Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, neither Remarketing Agents is required to make a market in the Bonds. Each Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of the Bonds by a Remarketing Agent may cause the interest rate to be lower than it would be if the Remarketing Agent did not purchase the Bonds and may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

**The Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.** Pursuant to the Remarketing Agreements, the Remarketing Agents are required to determine the applicable rate of interest that, in their respective judgments, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agents are willing to purchase the Bonds for its own account). The purchase of the Bonds by the Remarketing Agents may cause the interest rate to be lower than it would be if the Remarketing Agents did not purchase the Bonds. There may or may not be Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agents may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agents may sell the Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Bonds at the remarketing price. The Remarketing Agents, in their sole discretion, may offer the Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

**The Ability to Sell the Bonds other than through Tender Process May Be Limited.** The Remarketing Agents may buy and sell the Bonds other than through the tender process. However, they are not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

#### **CERTAIN RELATIONSHIPS**

At the request of the University, pursuant to the Reimbursement Agreement between Bank of America, N.A. and the University, Bank of America, N.A. is issuing the initial Letter of Credit which secures the Series 2008 B Bonds and, pursuant to the Bond Purchase Agreement, Banc of America Securities LLC will underwrite the Series B-2 Bonds. Bank of America, N.A. and Banc of America Securities LLC are affiliates.

#### **UNIVERSITY FINANCIAL STATEMENTS**

The financial statements of the University as of June 30, 2007, and for the fiscal year ending June 30, 2007, appended hereto as Appendix B to this Offering Circular, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in the report therein.

#### **CONTINUING DISCLOSURE**

The initial issuance of the Bonds is not subject to Securities and Exchange Commission Rule 15c2-12 (the "Rule"), however, the University will agree for the benefit of the holders and beneficial owners from time to time of the Bonds, in accordance with, and as the only obligated person with respect to the Bonds under the Rule, to provide



or cause to be provided such financial information and operating data ("Annual Information"), financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5) of the Rule (the "Continuing Disclosure Agreement"). The University will agree expressly to provide or cause to be provided:

(a) to each nationally recognized municipal securities information repository designated from time to time by the SEC in accordance with the Rule ("NRMSIR") and to any state information depository with which filings are required to be made by the University in accordance with the Rule ("SID"), (i) Annual Information for each Fiscal Year of the University, commencing with Annual Information for the fiscal year ending June 30, 2008 not later than 270 days following each Fiscal Year, and (ii) when and if available, the University's audited consolidated financial statements for each such Fiscal Year; and

(b) to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and to any SID, in a timely manner, (i) notice of any Specified Event described below if that Event is material, (ii) notice of the University's failure to provide the Annual Information with respect to itself within the time specified above, and (iii) notice of any change in the accounting principles applied in the preparation of annual consolidated financial statements, any change in the University's fiscal year, the University's failure to appropriate funds to meet costs to be incurred to perform the Continuing Disclosure Agreement, and the termination of that Agreement.

Annual Information to be provided will consist of annual financial information and operating data of the type included in Appendix A under the captions "Research at CWRU", "Faculty", "Employees", "Pension Plans", "Enrollment", "Summarized Financial Information" (to the extent not included in the provided financial statements), "Tuition and Fees", "Financial Aid", "Gifts, Grants and Bequests", "Endowment Assets", "Endowment Spending Policy" and "Financial Obligations". Specified Events to be disclosed, if material, include the occurrence of any of the following events, within the meaning of the Rule, with respect to the Bonds: principal and interest payment delinquencies; non-payment related defaults; 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 or events affecting the tax-exempt status of the Bonds; modifications to rights of Holders or beneficial owners; bond calls; defeasances; release, substitution, or sale of property securing repayment of the Bonds; and rating changes. The scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Specified Event within the meaning of the Rule; notice of any such call for redemption will be given to Holders as described under "THE BONDS – Description of the Bonds – Redemption – Notice of Redemption".

The University expects that its audited consolidated financial statements will be prepared, that any such statements will be available together with the Annual Information, and that the accounting principles to be applied in the preparation of those financial statements will be as described in generally accepted accounting principles. The University expects that Annual Information will be provided directly by the University and, in part, by cross-reference to other documents to each NRMSIR and any SID.

The Continuing Disclosure Agreement may be amended as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature or status of the University, or type of business conducted by the University. Any such amendment shall not be effective unless the Continuing Disclosure Agreement (as amended) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the University and the Trustee shall have received either (a) a written opinion of Bond Counsel or other qualified independent special counsel or determination of the Trustee that the amendment would not materially impair the interest of Holders or beneficial owners of the Bonds or (b) the written consent to the amendment of the holders or beneficial owners of a majority of the principal amount of the Bonds then outstanding. Annual information containing any amended operating data or financial information will explain, in narrative form, the reasons for any such amendment and the impact of the change on the type of operating data or financial information being provided.

The Continuing Disclosure Agreement is solely for the benefit of the Holders and beneficial owners from time to time of the Bonds, and the exclusive remedy for its breach will be a right to obtain its specific performance (by mandamus or other lawful means). The Trustee may, and upon request of holders and beneficial owners of 25% in principal amount of the Bonds then outstanding is required to, institute and maintain proceedings to enforce any obligation of the University under the Continuing Disclosure Agreement. In addition, in the absence of any pertinent filing when a filing is due, any individual holder or beneficial owner may institute and maintain proceedings to enforce the University's obligation to provide or cause to be provided a pertinent filing; provided, that an individual Holder or beneficial owner shall not be entitled to institute or maintain proceedings to challenge the sufficiency of any pertinent filing that is made.

The Continuing Disclosure Agreement will remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the University remains an obligated person with respect to the Bonds within the meaning of the Rule. The obligation of the University to provide the Annual Information and notices of the events described above will terminate, if and when the University no longer remains such an obligated person.

The Treasurer of the State of Ohio has designated the Ohio Municipal Advisory Council as the SID for the State pursuant to SEC Rule 15c2-12 and legislation enacted by the Ohio General Assembly.

Any failure by the University to comply with any provision of the Continuing Disclosure Agreement will not constitute a failure or a default, or an Event of Default, under the Lease, the Guaranty or the Trust Agreement.

Any filing required to be made by the Trustee or the University in order to comply with the Rule may, in the alternative, be made by transmitting such filing to the Texas Municipal Advisory Counsel (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

#### **MISCELLANEOUS**

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

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

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

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

**CONSENT TO DISTRIBUTION**

The University has authorized distribution of this Offering Circular.

**CASE WESTERN RESERVE UNIVERSITY**

By: /s/ John F. Sideras  
Interim Chief Financial Officer

By: /s/ Robert Clarke Brown  
Treasurer

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## APPENDIX A

### CERTAIN INFORMATION ABOUT CASE WESTERN RESERVE UNIVERSITY

#### General

Case Western Reserve University ("CWRU" or the "University"), an Ohio nonprofit corporation, is the largest independent research university in Ohio, providing undergraduate, graduate and professional programs in the arts and sciences, engineering, health (including medicine, nursing and dental medicine), law, management and social work. CWRU's campus occupies 150 acres and contains more than 90 major buildings for academic, administrative and residential use. Western Reserve University, founded in 1826, and Case Institute of Technology, founded in 1880, federated in 1967 to form Case Western Reserve University.

CWRU is located in University Circle, a 550-acre concentration of more than 50 educational, medical, cultural, religious, and social service institutions at the eastern edge of Cleveland, Ohio. In addition to CWRU, which is the largest institution in University Circle, the community includes Severance Hall, home of the world-famous Cleveland Orchestra; the Cleveland Museum of Art, housing one of the nation's finest collections; the Cleveland Institute of Music; the Cleveland Institute of Art; the Western Reserve Historical Society; the Cleveland Museum of Natural History; and several medical facilities, including University Hospitals of Cleveland. The Cleveland Clinic is immediately adjacent to University Circle.

CWRU admits students without discrimination as to race, color, sex, religion, age, personal handicap and national or ethnic origin. CWRU's opening enrollment for the 2007-08 academic year was 8,340 full-time equivalent students. In addition, 107 full-time equivalent students from the Cleveland Institute of Music were enrolled at CWRU through the joint music program. Approximately 40% of the 2006-07 bachelor's degree recipients pursued graduate and professional studies at leading institutions of learning in the United States and abroad.

CWRU operates on a fiscal year (the "Fiscal Year") that begins on July 1 and ends on the following June 30; any reference to a particular Fiscal Year means the Fiscal Year that ends on June 30 in the indicated year.

#### Governing Structure

CWRU is governed by a Board of Trustees (the "Board") consisting of 38 members, including the President of CWRU, who is an *ex officio* member. All of the Board members except the President are elected by the Board for a term not to exceed four years and are eligible for re-election once and, following a one-year lapse in service, are then eligible for re-election for additional terms. Retirement occurs at age 72. Trustees emeriti may attend and participate in Board meetings but do not have a vote.

The Board holds three regular meetings each Fiscal Year. Special meetings may be called from time to time. The presence of 15 Trustees is required for a quorum at any meeting of the Board. Most actions of the Board require the affirmative vote of a majority of the Trustees present at a meeting at which a quorum is present. The Board has nine standing committees, whose members and chairs are appointed by the Chair of the Board subject to the approval of the full Board. The standing committees of the Board include: Executive, Investment, Audit, Development, Alumni Affairs and University Relations, Finance, Campus Planning, Academic Affairs/Student Life, and the Committee on Trustees.



The Executive Committee is comprised of five *ex officio* (full voting) members, including the President, the Chair, and the three Vice-Chairs; and at least four but no more than six other Trustees who are elected by the full Board. The members of the Executive Committee meet each month, except August, that the full Board does not meet. Five members of the Executive Committee constitute a quorum. The Executive Committee has full power to take any action that the Board is authorized to take except (1) electing Trustees; (2) electing or removing from office a President; (3) amending the Articles of Incorporation, Regulations or By-Laws.

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

#### TRUSTEES

<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
George N. Aronoff	Senior Partner Benesh, Friedlander, Coplan & Aronoff LLP	June 2009
Virginia Barbato	President Nord Family Foundation	June 2008
James L. Bildner	Chairman Literary Ventures Fund	June 2011
Linda Burnes Bolton, Ph.D.	Vice President and Chief Nursing Officer Cedars-Sinai Medical Center	June 2011
William E. Bruner, II, M.D.	Clinical Professor of Ophthalmology University Ophthalmology Associates, Inc.	June 2011
Timothy J. Callahan <i>Vice Chair of the Board</i>	President MCT Corporation	June 2011
John P. Campi	Executive Vice President of Procurement, Chrysler, LLC	June 2010
Antony E. Champ, Ph.D.	Owner White Hall Vineyards	June 2011
Kenneth B. Chance, DDS	Professor and Chief, Division of Endodontics University of Kentucky College of Dentistry	June 2009
Archie G. Co	Ginza Bellevue Hotel, Ltd.	June 2008
David A. Daberko	Retired Chairman and Chief Executive Officer National City Corporation	June 2011
James Diggs	Sr. VP, General Counsel and Secretary PPG Industries	June 2008

<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
Thalia Dorwick, Ph.D.	Editor-in-Chief (retired) McGraw Hill Higher Education	June 2011
Charles D. Fowler	President and Chief Executive Officer Fairmount Minerals	June 2011
Susie Gharib	Anchor and Senior Strategic Advisor Nightly Business Report PBS-TV	June 2009
Joie A. Gregor <i>Vice Chair of the Board</i>	Assistant to the President for Presidential Personnel The White House	June 2010
Sally Gries	Chair, President and Chief Executive Officer Gries Financial LLC	June 2011
Peter S. Hellman	President and Chief Financial Officer Nordson Corporation	June 2011
David P. Hunt <i>Vice Chair of the Board</i>	Retired Chairman of the Board Newpark Resources, Inc.	June 2009
Jennie S. Hwang, Ph.D.	President, H-Technologies Group Interim CEO, Asahi America, Inc.	June 2010
Samir N. Jadallah	Partner MDV	June 2011
Mary Ann Jorgenson	Partner Squire, Sanders, & Dempsey L.L.P.	June 2009
Joseph P. Keithley	Chairman, President and Chief Executive Officer Keithley Instruments, Inc.	June 2011
Charles J. Koch	Former Chairman and CEO Charter One Financial	June 2010
Caroline A. Kovac	Managing Director Burrill & Company	June 2010
Frank N. Linsalata <i>Chair of the Board</i>	Chairman and Chief Executive Officer Linsalata Capital Partners	June 2010
George Majoros	President and COO Wasserstein & Co.	June 2009
Joseph Mandato	Managing Director DeNovo Ventures	June 2010

<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
Joshua W. Martin III	Partner Potter Anderson & Corroon, LLP	June 2009
Thomas F. McKee	Co-Chairman/Partner Calfee, Halter & Griswold, LLP	June 2010
Ferid Murad, MD, PhD	Professor, Director Emeritus Institute of Molecular Medicine University of Texas Medical School, Houston	June 2010
Paul Ostergard	Retired Chairman and CEO Citigroup Foundation	June 2011
Brian J. Ratner	President, East Coast Development Forest City Enterprises	June 2012
Joseph B. Richey	President, Invacare Technologies Division and Senior Vice President Design & Electronic Engineering Invacare Corporation	June 2011
Joseph A. Sabatini	Managing Director J. P. Morgan Chase and Company	June 2008
Theodore L. Schroeder	Chief Technology Officer FreeHand Systems, Inc.	June 2011
Alan L. Schwartz, M.D., Ph.D.	The Harriet B. Spoehrer Professor & Chairman, Department of Pediatrics Washington University School of Medicine	June 2010
Barbara R. Snyder	President Case Western Reserve University	<i>ex officio</i>
Andrew Wasynczuk	Senior Lecturer of Business Administration Harvard School of Business	June 2009
Scott Wolstein	Chief Executive Officer Developers Diversified Realty	June 2012

Certain members of the Board may be partners, officers, directors or stockholders of or may have other financial interests in, or business relationships with, financial institutions, law firms or brokerage firms that are underwriter of or may act as trustee for the bonds, or which serve as bond counsel or as counsel to the Commission, the trustee or the underwriter. It is the University's practice not to disqualify any such institution or firm from acting as an underwriter, as counsel or as trustee because of the existence of such a relationship.

## Administration

The business affairs of CWRU are administered and managed on a day-to-day basis by senior administrators of CWRU, including a president, a provost and university vice president, a chief administrative officer and a chief financial officer, all of whom are appointed by the Board. Hossein Sadid, Chief Financial and Administrative Officer of the University since 2003, retired from that position effective April 30, 2008. The senior administrators of the University are:

Barbara R. Snyder, President  
B.A., The Ohio State University  
J.D., University of Chicago Law School

Barbara R. Snyder became president of the University on July 1, 2007, the first woman to hold the office. Snyder began her academic career in higher education in the University's School of Law, where she was a professor from 1983 until 1988. Before becoming president of the University, Snyder was executive vice president and provost of The Ohio State University, responsible for all facets of Ohio State's academic programs. She served in that role in an interim capacity from 2003-2004, and was permanently named provost in 2004. While at Ohio State, Snyder held the Joanne Wharton Murphy/Classes of 1965 and 1973 Professorship in the Moritz College of Law. She served as the Moritz College's associate dean of academic affairs and had been the director of the college's former Center for Socio-Legal Studies, now known as the Center for Interdisciplinary Law and Policy Studies. A specialist in rules of evidence, Snyder received the Moritz College of Law Outstanding Professor Award in 1997. Along with Paul C. Giannelli, Weatherhead Professor of Law at CWRU, Snyder is the co-author of *Ohio Evidence* and the *Ohio Rules of Evidence Handbook*. She is a member of the American Law Institute.

Jerold S. Goldberg, Interim Provost and University Vice President  
B.S. (Case Western Reserve University)  
D.D.S. (Case Western Reserve University)

Jerold Goldberg, dean of the University's School of Dental Medicine, was named interim provost, the University's chief academic officer, August 1, 2007. A 1970 alumnus of the School of Dental Medicine, Goldberg joined the CWRU faculty in 1974. Prior to becoming the School of Dental Medicine's dean in 1997, Goldberg served as interim dean and chair of the school's oral and maxillofacial surgery department, a position he had held since 1985. Goldberg has previously served the University in other leadership roles including interim dean of the School of Medicine in 2002-2003. He is currently leading the University's strategic planning process. In addition to his teaching and administrative duties for the university, Goldberg, actively participates in international volunteer work.

John F. Sideras, Interim Senior Vice President of Finance and Chief Financial Officer  
B.S., John Carroll University  
M.B.A., University of Colorado

John F. Sideras was named the Interim Senior Vice President of Finance and Chief Financial Officer of the University, on May 1. Prior to joining the University, Sideras was President/Chief Executive Officer (2004-2008) and Senior Vice President/Chief Financial Officer (1998-2003) of The MetroHealth System (Cleveland, Ohio). He previously held a variety of finance-related positions with The Cleveland Clinic Foundation, University Hospitals of Cleveland, St. John and West Shore Hospital, and St. Luke's Medical Center. Sideras is a certified public accountant.

John D. Wheeler, Senior Vice President of Administration  
B.S., Allegheny College  
J.D., Case Western Reserve University

John D. Wheeler became Senior Vice President of Administration for the University on May 1. He assumed this position after spending three years as the University's Vice President for Cleveland and Regional Affairs, where he worked to strengthen relationships with government agencies and community organizations throughout Northeast Ohio. After earning his law degree from the University in 1964, Wheeler joined the law firm of Calfee, Halter & Griswold. He became managing partner in 1992 and retired from the firm in 2003. Wheeler has served on various Cleveland area boards including the Cleveland Law Library, the Cleveland Museum of Natural History, NorTech, BioEnterprise, Inc., and the Union Club. He currently serves as mayor and safety director for the city of Hunting Valley.

### **Special Programs For Undergraduate Students**

CWRU has many special programs of study for undergraduates, including:

*Pre-Professional Scholars Programs and the Six-Year Dental Program:* These programs grant to a few outstanding freshman applicants conditional commitments of admission to the professional schools of dental medicine, law, medicine and social work at CWRU.

*Early Decision For Admission to the School of Law:* This program grants a conditional commitment of admission to the School of Law to outstanding students at CWRU who have completed two years of undergraduate study and taken the Law School Admission Test.

*Senior Year in Professional Studies at CWRU:* Students of superior ability and attainment who are candidates for a B.A. degree and are admitted during their junior year to professional studies in dental medicine, medicine, nursing or social work at CWRU are offered an opportunity to shorten their entire course of studies by one year by substituting work in the first year of professional school for their final undergraduate year.

*Integrated Bachelor's/Master's Programs:* Candidates for the B.A. degree may be admitted to graduate study for their senior year and pursue simultaneous completion of requirements for both the bachelor's and master's degrees. Candidates for the B.S. degree in engineering, computer science, mathematics, natural sciences, or statistics may begin study toward the master's degree while still an undergraduate, counting up to nine hours of graduate credit toward both degrees. Students who are candidates for the B.S. in accountancy may also begin graduate coursework leading to the Master of Accountancy degree while still enrolled as undergraduates.

*International Exchange Programs:* Qualified students may participate in Junior Year Abroad or other international exchange programs through established foreign universities or approved foreign study programs offered through accredited American universities. CWRU participates in the Global Engineering Education Exchange (GE3), an international exchange program administered by the Institute for Engineering Education. CWRU also has bilateral exchange agreements with universities in Australia, France, Germany, Singapore, Spain, Turkey, and the United Kingdom.

*Washington Center Program:* Qualified students may earn a semester's credit for satisfactory completion of work with source materials and at federal government institutions.



*Co-Operative Education Program:* Cooperative education offers students pursuing degrees in engineering, science, management and accounting the opportunity to alternate classroom studies with full-time employment consistent with their major fields of study.

*College Scholars Program:* CSP is a three-year honors program that explores the connections between interdisciplinary learning and leadership both on the CWRU campus and in the larger community. Students apply for the program as freshmen; approximately 20 are accepted each year. Students selected as College Scholars move as a cohort through the program. Each year's class emphasizes a different set of experiences, including the design and presentation of a senior capstone project.

*Seminar Approach to General Education and Scholarship (SAGES):* SAGES is an innovative undergraduate curriculum designed to establish the foundations for academic inquiry by emphasizing critical reading, analytical thinking, and effective written and oral communication. The program features small seminars, intensive advising, a writing portfolio, and a senior capstone experience. The SAGES curriculum has been required for all freshmen since fall 2005.

*Teacher Licensure:* CWRU offers preparation for teacher licensure in art education and music education for grades Pre-K through 12 at the undergraduate and graduate levels, and in school speech-language pathology (through the Department of Communication Sciences) at the graduate level. CWRU also offers preparation for Adolescence/Young Adult Teacher Licensure (grades 7-12) in biology, chemistry, English, history, mathematics and physics through a joint program with John Carroll University. Multi-age licensure is available in French and Spanish.

## **Affiliations**

In 2006, the University's School of Medicine ("SOM") and University Hospitals of Cleveland ("UHC") entered into an agreement to strengthen their existing affiliation and to facilitate future collaboration. This agreement defines a primary affiliation between the University and UHC. According to the agreement, UHC has primary responsibility for clinical programs, including hospital operations, faculty practice operations, and clinical practice budgets of each clinical department. SOM oversees all undergraduate medical education (*i.e.*, education of students working toward M.D. degrees) and research programs. Although both institutions remain independent of each other from operational, legal, and policy perspectives, the affiliation agreement created the Case Medical Center ("CMC"), a virtual entity comprising both institutions. It encompasses clinical, research, and teaching activities and provides the resources and environment that allow the terms of the affiliation agreement to be carried out. An Oversight Committee, whose members are drawn from trustees and administrators of SOM and UHC, governs the CMC.

CWRU is also affiliated with the Cleveland Clinic and has formed the Cleveland Clinic Lerner College of Medicine ("CCLCM") as a medical college associated with CWRU's School of Medicine. The Cleveland Clinic and CWRU cooperate in the running of the CCLCM and on research, and have other affiliation agreements in which CWRU students conduct clinical experiments at the Cleveland Clinic.

## **Research at CWRU**

CWRU is classified by the Carnegie Foundation for the Advancement of Teaching as a Research University (very high research activity). This classification is based on a formula that includes both aggregate and per-capita measures of research activity, including research and development expenditures and the number of doctorates awarded.

For federal fiscal year 2006, the most recent period for which complete information is available, CWRU ranked 24th among all institutions in the country (12th among private institutions) in federally financed expenditures for research and development.

CWRU's total research and training revenues (including indirect cost recovery) over the last five Fiscal Years are shown below. Beginning in Fiscal Year 2004, these revenues include research and training revenues of CCLCM.

<u>Fiscal Year</u>	<u>Revenues</u>
2007	\$401,444,000
2006	406,889,000
2005	388,432,000
2004	348,524,000
2003	278,064,000

In Fiscal Year 2007, research accounted for approximately 53% of CWRU's revenues. Major sources of this support were the National Science Foundation for research in the physical sciences, social sciences and engineering, and the National Institutes of Health for support of biological and biomedical research.

While all of CWRU's schools carry out contract research supported by federal agencies, foundations and business firms, the School of Medicine and the School of Engineering are the two major centers of supported scientific research.

CWRU participates in a number of partnerships, with both government agencies and private firms, to promote economic development based on technology originating on the campus, including several technology centers affiliated with the State of Ohio's Thomas Edison Program. CWRU has made significant investments in its technology transfer infrastructure over the past several years, with creation of a central office to analyze new invention disclosures, estimate market size for inventions with commercial potential, identify potential licensees, and negotiate licenses. In addition, CWRU has started a pre-seed stage venture capital fund, Case Technology Ventures, to be used to advance promising commercial ideas.

### **Accreditation and Recognition**

CWRU is a member of the Association of American Universities, and is fully accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. In addition, several of its programs are fully accredited by nationally recognized professional accrediting associations, including:

- AACSB International – The Association to Advance Collegiate Schools of Business  
(business, accounting)
- Accreditation Board for Engineering and Technology  
(engineering, computer science)
- Accreditation Council for Cooperative Education  
(cooperative education programs)
- American Association of Nurse Anesthetists  
(nurse anesthesia)
- American Bar Association  
(law)

American Board of Genetic Counseling  
(genetic counseling)

American Chemical Society  
(chemistry)

American Council of Nurse-Midwives  
(nurse midwifery)

American Dental Association  
(dental medicine)

American Medical Association and Association of American Medical Colleges, Liaison  
Committee on Medical Education  
(medicine)

American Psychological Association  
(clinical psychology)

American Speech-Language-Hearing Association  
(speech pathology)

Association of American Law Schools  
(law)

Commission on Accreditation for Dietetics Education, American Dietetic Association  
(didactic program in dietetics, dietetic internship)

Commission on Accreditation of Allied Health Education Programs  
(anesthesiology assistant)

Council on Education for Public Health  
(public health)

Council on Social Work Education  
(applied social sciences)

National Association of Schools of Music  
(music)

National League for Nursing  
(nursing)

Ohio Department of Education, Division of Teacher Education and Licensure  
(art education and music education)

CWRU is chartered as an educational institution under the laws of the State of Ohio and holds a Certificate of Authorization from the Ohio Board of Regents.

### **Membership in Athletic Associations**

CWRU is a member of National Collegiate Athletic Association (NCAA Division III) and is a founding member of the University Athletic Association (the "UAA"), a group of independent, research-oriented universities that do not offer athletic scholarships. Other members of the UAA are Brandeis University, Carnegie Mellon University, University of Chicago, Emory University, New York University, University of Rochester and Washington University in St. Louis. CWRU's teams compete in various sports such as football, basketball and swimming. No funds are generated from these competitions to the member institutions from advertising or promotion.

### **Faculty**

CWRU, excluding the School of Medicine, has a full-time faculty of 629, of whom 371 (59%) have tenure. Of the full-time faculty members, approximately 93% hold the Ph.D. degree or the highest degree appropriate to their teaching assignment. The full-time faculty is augmented by more than 200 visiting faculty, lecturers, and adjunct faculty. The School of Medicine has more than 1,900 full-time

faculty, and a comparable number of clinical (voluntary) faculty. Of this full-time faculty, approximately 14% have tenure, and almost all have Ph.D. or M.D. degrees, or both.

CWRU believes that it is competitive on average faculty compensation as reflected by the American Association of University Professors (AAUP) ratings for its type of institution. In Fiscal Year 2007, CWRU had an AAUP 2 rating (60<sup>th</sup> percentile) for average salaries for the ranks of professor, associate professor, assistant professor, and instructor.

## **Employees**

As of June 30, 2007, CWRU had 4,517 full-time and part-time benefits eligible employees, including faculty. There has never been a work stoppage by employees. CWRU believes that its employee relations are good. CWRU has one collective bargaining unit that represents six employees.

## **Pension Plans**

CWRU's employees are covered by one of two pension plans.

Faculty and senior administrative staff, representing about 40% of the total pension participants, are covered by a defined contribution plan. There are two funding vehicles for this plan: individually owned annuity contracts purchased from Teachers Insurance and Annuity Association and College Retirement Equities Funds; and a "Section 403(b)(7)" plan through the Vanguard Fund. Contributions to these plans are made on a current basis according to a defined formula. Each employee is vested immediately.

Remaining staff employees are covered under a defined benefit plan administered by TIAA-CREF. As of June 30, 2007, this plan required a cash contribution of \$5,346,713 to meet ERISA funding requirements as actuarially determined by Watson Wyatt Worldwide. Contributions totaling \$6,758,456 were made as follows: \$2,545,410 on October 23, 2006, and on January 15, 2007, and \$1,667,636 on July 15, 2007. These cash contributions were made necessary by the economic environment of low interest rates and less than anticipated investment returns. Additionally, participants in the defined benefits plan are eligible to participate in a voluntary supplemental retirement plan, a 403(b) cash contribution plan, where CWRU provides a 50% match to employee contributions, up to 4% of pay. The same investment vehicles available for the faculty plan are also available for this plan. The participation rate of eligible employees is 51% in the voluntary, supplemental plan.

CWRU's pension costs for both pension and supplemental plans for Fiscal Year 2007 totaled \$22.0 million.

## **Enrollment**

CWRU enrollment is composed predominantly of graduate and professional students with approximately 43% of the students (full-time and part-time) enrolled in undergraduate programs. The total of full-time and part-time students is 9,844 for Fall 2007, with an additional 319 students from the Cleveland Institute of Music enrolled at CWRU through the joint music program.

CWRU's students come primarily from the United States, although CWRU has students from nearly 80 other countries, with more than 100 each coming from India, China and European countries. CWRU has students from all 50 states and the District of Columbia, but the states of Ohio, Pennsylvania, New York, Michigan, California, Illinois, Maryland, New Jersey, and Massachusetts account for most of

CWRU's American students. In the undergraduate programs, approximately 52% of CWRU's students are from Ohio.

The fall full-time equivalent ("FTE") student enrollments by major program jurisdiction are shown below for the past five academic years.

**FTE STUDENTS**

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
Undergraduate	4,066	3,932	3,792	3,340	3,405
Graduate	1,423	1,486	1,563	1,599	1,578
Professional:					
Dental Medicine	334	319	317	310	314
Law	730	712	719	732	744
Management	563	550	642	615	716
Medicine	684	630	600	580	553
Nursing	278	276	278	281	226
Applied Social Sciences	<u>262</u>	<u>278</u>	<u>288</u>	<u>270</u>	<u>244</u>
Total	<u>8,340</u>	<u>8,183</u>	<u>8,199</u>	<u>7,727</u>	<u>7,780</u>

Throughout the past decade there has been strong interest in CWRU programs. The following information pertains to the classes entering in Summer and Fall 2007.

<u>Student Type</u>	<u>Applications Received</u>	<u>Admittance Granted</u>	<u>Admitted/ Applied</u>	<u>Enrolled</u>	<u>Enrolled/ Admitted</u>	<u>Test Scores</u>
Undergraduate	7,297	5,452	75%	1,133	21%	Note 1
Graduate	3,175	983	31%	427	43%	Note 2
Professional:						
Management	646	467	72%	267	57%	Note 3
Applied Social Sciences	252	230	91%	118	51%	Note 4
Law	2,445	927	38%	301	32%	Note 5
Dental Medicine	3,847	290	8%	110	38%	Note 6
Nursing	363	213	59%	136	64%	Note 7
Medicine	7,186	496	7%	185	37%	Note 8

**Notes:**

- Undergraduates: SAT scores for the middle 50% of the enrolled class for Fall 2007 were 580-690 Critical Reading, 620-720 Math, 580-680 Writing.
- Graduate Studies: Reporting one average for all graduate programs would not be meaningful since scores vary widely among disciplines. In addition, not all departments require the GRE.
- Management: The average GMAT score for students entering the full-time MBA program in Fall 2007 was 611.
- Applied Social Sciences: Applicants to the M.S.S.A. program are not required to submit test scores unless their cumulative undergraduate grade point average is below 2.7.



5. Law: The median LSAT score for the class entering the J.D. program in Fall 2007 was 158.
6. Dental Medicine: There are two parts to the Dental Admission Test (DAT): for the class entering Fall 2007, the Academic average was 19.67 and the Perceptual Ability Test (PAT) average was 19.54.
7. Nursing (N.D., M.S.N.): Average scores are not calculated.
8. Medicine: The average Medical College Admission Test (MCAT) score for students entering Fall 2007 was Verbal 10.7, Biological Sciences 11.5, and Physical Sciences 11.5.

CWRU's undergraduate students and applicants have been strongly interested in engineering and science programs (60% of the course work taken by students is in these fields) for many years. CWRU has traditionally had a highly "self-selected" applicant pool. A high percentage of the applicants over the past five years have been admissible and admitted. A history of undergraduate applicants is reported below, along with a measure of their academic strength.

<u>Academic Year</u>	<u>Applications Received</u>	<u>Admitted Applications</u>	<u>Freshmen Enrolled</u>	<u>Combined SAT Scores of the Middle 50% of Enrolled Freshmen</u>
2007-08	7,297	5,452	1,133	1210-1400
2006-07	7,508	5,002	1,015	1240-1410
2005-06	7,181	4,916	1,162	1260-1420
2004-05	5,493	3,875	784	1220-1410
2003-04	4,680	3,525	878	1240-1420

CWRU annually awards degrees at the baccalaureate, master and doctoral level, as shown below for the last five academic years.

<u>Academic Year</u>	<u>Baccalaureate</u>	<u>Master</u>	<u>M.D. &amp; D.M.D. D.N.P. &amp; J.D. &amp; E.D.M.</u>	<u>Ph.D.</u>
2006-07	903	973	477	177
2005-06	773	1,005	491	190
2004-05	705	1,056	460	189
2003-04	790	1,075	465	188
2002-03	724	1,230	406	166

The number of high school graduates is projected to increase through the year 2009, then is expected to decline for several years until it begins to increase again in 2016. Competition among colleges and universities for the top students is expected to remain intense. Although CWRU believes that stable demand for its educational programs will continue, no assurance can be given that it will do so. A material decrease in CWRU's enrollment could adversely affect CWRU's consolidated financial position.

## **CERTAIN FINANCIAL AND RELATED MATTERS**

### **Summarized Financial Information**

CWRU's financial accounts are maintained in accordance with accounting principles generally accepted in the United States by institutions of higher education. CWRU accounts for its financial

position and activities by grouping them into three classes of net assets, based on donor restrictions: unrestricted, temporarily restricted and permanently restricted.

Audited consolidated financial statements as of and for Fiscal Year 2007 are included in this Offering Circular as Appendix B and should be read in their entirety for more complete information concerning CWRU's consolidated financial position, changes in net assets and cash flows.

Set forth below are summaries of CWRU's History of Operations for the Fiscal Years 2003-2007. These summaries have been prepared based on information taken from CWRU's audited consolidated statements of activities.

CONDENSED STATEMENT OF ACTIVITIES  
(dollars in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES</b>					
Tuition and Fees (net of student aid)	\$150,845	\$139,091	\$125,996	\$117,064	\$111,807
Endowment Income	75,605	75,209	81,070	80,528	79,041
Grants and Contracts	243,860	253,769	253,438	256,923	217,656
CCLCM Grants and Contracts	90,680	86,075	68,382	24,110	0
Gifts and Pledges	36,587	42,908	55,373	52,423	33,377
State Appropriation	3,911	3,900	3,962	4,231	5,143
Indirect Cost Recovery	66,904	67,045	66,612	67,491	60,408
Organized Activities	10,759	9,019	8,677	7,768	7,337
Other Sources	44,880	31,267	13,296	9,849	22,165
Auxiliary Services	<u>39,766</u>	<u>31,554</u>	<u>25,884</u>	<u>26,987</u>	<u>23,482</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>\$763,797</u></b>	<b><u>\$739,837</u></b>	<b><u>\$702,690</u></b>	<b><u>\$647,374</u></b>	<b><u>\$560,416</u></b>
<b>OPERATING EXPENSES</b>					
Instructional	\$253,473	\$242,435	\$208,740	\$196,708	\$187,483
Sponsored Research and Training	233,808	232,730	226,766	211,782	190,511
CCLCM Grants and Contracts	90,680	86,075	68,382	24,110	0
Other Sponsored Projects	27,203	33,651	42,102	37,501	22,384
Libraries	19,676	20,708	19,796	17,689	17,314
Student Services	19,047	20,719	20,695	18,451	16,717
University Services	86,923	84,975	94,100	88,235	89,551
Auxiliary Enterprises	<u>60,840</u>	<u>58,742</u>	<u>39,350</u>	<u>41,104</u>	<u>34,128</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$791,650</u></b>	<b><u>\$780,035</u></b>	<b><u>\$719,931</u></b>	<b><u>\$635,580</u></b>	<b><u>\$558,088</u></b>
<b>NET OPERATING REVENUES (DEFICIT)</b>	<b><u>(\$27,853)</u></b>	<b><u>(\$40,198)</u></b>	<b><u>(\$17,241)</u></b>	<b><u>\$11,794</u></b>	<b><u>\$2,328</u></b>

## Management Discussion and Analysis

The budgetary challenges of recent years continued in Fiscal Year 2007. The costs of research, education and facilities continued to outpace the growth in the University's operating revenue sources to support them. As a result, dependence on federal research funding, endowment support and unrestricted gifts to close the gap continued to grow. This situation led to a growing structural imbalance in the operating budget. In the latter part of Fiscal Year 2006, the University instituted a recovery plan to stabilize revenue sources and drastically reduce expense. As a result, the University finished Fiscal Year 2007 with a significantly lower deficit than in the previous three Fiscal Years. The recovery plan calls for decreasing operating deficits in Fiscal Years 2008-2010. Based on interim results, the University believes that the operating deficit for Fiscal Year 2008 will not exceed the deficit projected in the recovery plan and budgeted for Fiscal Year 2008.

Fiscal Year 2007 ended with nearly \$3.1 billion in total assets, an increase of \$192.2 million (6.6%) over Fiscal Year 2006 due to increases in the market value of investments. Total liabilities decreased \$16.0 million (1.8%) due principally to a decrease of \$43.0 million in outstanding line of credit balances. At year-end, the University had reduced the balance on both its lines of credit to zero.

The University's strong endowment performance contributed to a \$208.2 million (10.2%) increase in total net assets. The Pooled Endowment's return of 20.1%, was just below the first quartile of the Cambridge Associates' College and University endowment universe for Fiscal Year 2007. The pool also had competitive returns over longer time frames, generating compounded annual total returns of 16.3% and 13.8% for the three- and five-year periods ended June 30, 2007. This performance places the University in either the first or second quartile for all reporting periods. The combined endowment generated a total return of 19.4% in Fiscal Year 2007, which was 3.9% better than the policy benchmark approved by the Investment Committee.

During Fiscal Year 2007, to take advantage of the favorable interest rate environment, the University issued \$82 million of new tax exempt debt to refund and restructure a portion of previously issued outstanding debt. As a result, the University was able to reduce its debt service burden for the next seven years.

Total operating revenues in Fiscal Year 2007 increased 3.2%, driven predominantly by tuition and other income. The vast majority of the sponsored research support, which provided 53% of CWRU's operating revenue, comes from various agencies of the federal government, most notably the National Institutes of Health. Operating expenses increased by 1.5% due to higher spending on faculty recruitment and other strategic initiatives offset by various cost-containment measures.

Despite major efforts during the year to narrow the gap between revenue and expense, the University ended Fiscal Year 2007 with a wider disparity than anticipated, due primarily to the impact of the affiliation agreement entered into late in Fiscal Year 2006 with UHC. As part of the Fiscal Year 2008 budget approval, a long-term financial recovery planning process was initiated under the leadership of President Barbara Snyder and approved by the Board.

In Fiscal Year 2007, the University continued its ongoing investment in academic and research facilities, campus environment and major maintenance projects. Most notable of these projects were the EECS Department Offices, Sears Undergraduate Laboratories renovation, the Inamori International Center for Ethics and Excellence, Nobby's Ballpark, the Mandel Center for Non-Profit Organizations, the Alumni House and the Animal Resource Center.

Significant initiatives were taken to curb energy costs and expand the commitment to sustainability in Fiscal Year 2007. A comprehensive, state-of-the-art energy conservation plan successfully integrated mechanical and technical energy savings and opportunities, and promoted behavioral awareness across campus. The plan resulted in a reduction of energy consumption, virtually offsetting the increase in energy costs.

### Tuition and Fees

The following sets forth the tuition and fees (including health fees) charged by CWRU to entering students for each of the most recent five academic years (including the current year):

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
Tuition:					
Medical (1)	\$41,500	\$39,272	\$37,944	\$37,200	\$36,500
Dental (2)	45,265	42,500	42,180	37,650	34,860
Management	33,650	32,990	30,500	29,040	28,440
Law	34,700	33,300	31,800	28,200	26,900
Applied Social Sciences and Graduate Studies	29,800	28,100	26,700	25,400	24,100
Nursing	31,900	30,240	28,400	26,500	24,100
Undergraduate	32,800	31,090	28,400	26,500	24,100
Room & Board (3)	9,938	9,680	9,036	8,202	7,660
Activity Fee					
Undergraduate	262	248	228	212	192

- (1) Tuition for the M.D. program was set at a fixed, four-year rate for the classes entering from 1997-98 through 2004-05. Effective in 2005-06, the rate is not locked.
- (2) Tuition for the D.M.D. program was set at a fixed, four-year rate for the classes entering in 2003-04 and 2004-05. Effective in 2005-06, the rate is not locked.
- (3) Room and board is the rate for a double room. Amounts for 2002-03 through 2006-07 include a \$400 technology fee charged only to resident undergraduates. Effective in 2007-08, a technology fee is charged to all students.

CWRU's total tuition revenue, including admission fees and laboratory fees, for each of the five most recent Fiscal Years is set forth below:

<u>Fiscal Year</u>	<u>Total Tuition Revenue</u>
2007	\$247,071,000
2006	228,752,000
2005	203,062,000
2004	190,220,000
2003	175,933,000

For Fiscal Year 2007, CWRU met approximately 34% of the costs of its educational and general expenses through tuition.

Student housing, food service and health service operations are self-sustaining auxiliary enterprises.

CWRU has a two-year residency requirement. First- and second-year students who do not live with their parents must live in a CWRU residence hall or a CWRU-recognized fraternity or sorority. Accommodations include single and double rooms as well as apartment-style housing. The rates included in the table above are for double rooms. In Fall 2007, 3,253 of the 3,455 available beds in residence halls and university-owned Greek housing were occupied, for an occupancy rate of 94%. Average occupancy of available beds has been in the 90-95% range for the last five years.

CWRU currently does not offer on-campus housing for graduate and professional students, but the campus master plan includes options designed specifically for graduate and professional students and their families in the upcoming years.

All undergraduate students living in CWRU residence halls (excluding apartment-style housing) are required to participate in one of the meal plans offered by CWRU. Graduate and professional students may participate in CWRU meal plans if they desire. The room and board rates in the table above include a 19-meal plan plus 75 "Case Cash" per semester.

All students registered for at least one credit hour are required to participate in a plan that entitles the student to use the University Health Service and to receive coverage under the Student Medical Plan. A student is charged a medical plan fee in addition to tuition and other fees unless the student shows proof of coverage by a comparable insurance plan.

The student activity fee is used to support undergraduate student organizations and activities of a social and recreational nature. The technology fee is charged to all students and helps to fund improvement to the computer network serving residence halls and Greek housing.

CWRU reserves the right to make changes in the charges at the beginning of any semester by publication of the new rates for tuition and the activity fee at least three months in advance. Although CWRU believes that it would be able to raise tuition and fees without adversely affecting its future enrollment, there can be no assurance that it will be able to do so. Future economic and other conditions may affect CWRU's ability to increase its tuition and fees.

## **Financial Aid**

During Fiscal Year 2007, CWRU provided \$107.6 million in grant assistance to CWRU students to help support educational costs. Approximately 33.2% of this support was from restricted sources, including the State, the federal government, gifts and scholarship endowment income. CWRU committed unrestricted operating funds to make up the balance.

In addition to grant assistance for Fiscal Year 2007, CWRU provided, arranged for or assisted students in obtaining loans of \$111.14 million of which \$92.83 million came from federal or state sources. Undergraduate, graduate and professional students also were provided work opportunities throughout CWRU and earned \$33.39 million.

There is no assurance that the current level of state and federal support for student financial aid will be maintained in future years. This support comes to CWRU in three forms -- grants to students based upon need, research and training support and access to loan funds. Federal and state grant funds are limited in the most part to undergraduates. Any reduction in these funds would be offset by other institutional funds and/or external private funds. Research and training support for graduate and



professional students continues to be strong and proposed changes by federal sources are generally known and planned for prior to the affected year.

### **Budgeting and Financial Management**

Academic programming and planning, budgeting and financial management are conducted within a decentralized structure of nine management centers. These include the College of Arts and Sciences, the School of Engineering, CWRU's six professional schools and University General.

Financial planning begins in the fall each year with a review of institutional and school priorities. During this period, program priorities of the schools and the university are evaluated in context with financial assumptions about tuition rates, inflation, endowment yields and related issues.

The formal budgeting process for the succeeding Fiscal Year begins in the previous winter. The Budget Office, working with senior administrative officers and management center deans, makes estimates of enrollment and major income and expense categories. Recommended tuition and room and board rates are developed, reviewed with the Faculty Senate Budget Committee and then recommended for approval by the Trustee Finance Committee and then by the Board in December. Other CWRU guidelines are developed centrally, including salary increases, fringe benefit rates and spendable endowment income. These guidelines are transmitted to the deans and administrative officers who prepare detailed budgets for their areas of responsibility. These are collected, reviewed and consolidated into a University budget by the Budget Office, reviewed by the senior administrative officers and the Faculty Senate Budget Committee, revised where necessary, and submitted for approval to the Trustee Finance Committee and the Board at its June meeting.

General fiscal control is exercised on a daily basis through the Controller. At the end of each quarter, each dean and each responsible administrative officer prepares a budget forecast. These forecasts are reviewed by the Budget Office and reviewed with administrative officers. Corrective action is taken with each dean or responsible administrator as may be appropriate to ensure that CWRU operates within budget limits and/or available income. CWRU Administration reports quarterly to the Board on the status of performance against budget.

### **Gifts, Grants and Bequests**

During Fiscal Year 2007, CWRU received \$65.5 million in new gifts and pledge commitments and received \$66.8 million in cash and cash equivalent gifts. Gifts and grants were received to support a number of specified purposes, including scholarships, minority scholarships, professorships, fellowships, the Inamori Center for Ethics and Excellence, Social Entrepreneurship at the Weatherhead School of Management, Swagelok Center for Surface Analysis of Materials at the Case School of Engineering, the Mandel Center, and the Wolstein Research Building.

During the first nine months of Fiscal Year 2008 (through March 31, 2008) CWRU received \$78.2 million in new gifts and pledge commitments and \$66.7 million in cash and cash equivalent gifts.

In addition, during Fiscal Year 2007, CWRU was awarded \$418.9 million in research, training and career grants from various funding sources, principally the National Institutes of Health (\$286.7 million). Awards from industry totaled \$11.8 million, non-profit organizations contributed \$49.4 million, other federal agencies made grants of \$58.5 million, and state/other non-federal government sources totaled \$12.4 million.

## Endowment Assets

The total market value of CWRU's consolidated endowment assets as of June 30, 2007 was \$1,864.4 million. This includes the Pooled Endowment of \$1,447.7 million, funds held in trust of \$326.0 million, unpooled endowment of \$67.5 million and net deferred gifts of \$23.2 million. In accordance with the net asset reporting requirements of Statement of Financial Accounting Standards Nos. 116 and 117, unrestricted, temporarily restricted and permanently restricted net assets totaled \$1,066.7 million, \$0.3 million and \$797.4 million, respectively.

The following table summarizes the market value of CWRU's Combined Endowment and Pooled Endowment assets (as of June 30) for the Fiscal Years 2002 through 2007 and the total return on Pooled Endowment assets, including dividends, interest and realized and unrealized gains, for each of those Fiscal Years. The Pooled Endowment includes the endowment funds actively managed by CWRU's Investment Office. The Combined Endowment includes the Pooled Endowment as well as other endowment funds either managed by trustees unrelated to CWRU or invested by CWRU pursuant to agreements with donors or otherwise that specify the investments of those funds.

<u>Fiscal Year</u>	<u>Market Value of Combined Endowment (millions)</u>	<u>Market Value of Pooled Endowment (millions)</u>	<u>Total Annual Return on Pooled Endowment</u>
2007	\$1,864.4	\$1,447.7	20.1%
2006	1,621.4	1,241.0	14.3
2005	1,547.0	1,172.4	14.6
2004	1,471.5	1,073.1	17.8
2003	1,316.0	949.9	3.0

At March 31, 2008, the market values of CWRU's Combined Endowment and Pooled Endowment assets were \$1,801.9 million and \$1,427.1 million, respectively.

## Endowment Spending Policy

Distributions of CWRU's endowment assets are governed by a combination of spending policies covering the various endowment components. Distributions from the Pooled Endowment (which represents approximately 78% of the total endowment) are governed by a policy that caps spending at 5.5% of the trailing four-year average market value of the fund. Distributions from funds held in trust (which represent approximately 18% of the total endowment) are capped at 5% of annual market value, as provided by Ohio law. All other endowments (which represent approximately 5% of the total endowment) are governed by a variety of market value-based spending policies established primarily by the donors. Further, due to various donor restrictions on how endowments may be spent, all endowment distributions are not necessarily used in the year that they are distributed. Such unused distributions are carried in designated operating funds until such time that the restrictions are met. The table below presents Combined Endowment distributions and amounts used as a percentage of the beginning market value (BMV) of CWRU's total Combined Endowment for each of the Fiscal Years indicated.

<u>Fiscal Year</u>	<u>Combined Endowment Distributions</u>		<u>Combined Endowment Amounts Used</u>	
	<u>(millions)</u>	<u>% of BMV</u>	<u>(millions)</u>	<u>% of BMV</u>
2007	\$77.8	4.80%	\$75.6	4.66%
2006	74.8	4.84	75.2	4.86
2005	72.8	4.95	81.1	5.51
2004	72.1	5.48	80.5	6.12
2003	70.5	5.23	79.0	5.86

In February 2008 the Board of Trustees approved a development campaign together with a campaign support fee for Fiscal Years 2009 and 2010 of \$8 million per year to be funded from the Pooled Endowment. This fee will be distributed in addition to regular spending described above. The amount of the fee will be reviewed during the budget planning cycle for Fiscal Year 2011, with the expectation of renewing it annually for the duration of the campaign at gradually declining dollar amounts. It is expected that the reduced dollars provided by the Pooled Endowment will be replaced by funds provided from the operating budget.

### **Financial Obligations**

The total outstanding indebtedness of CWRU as of March 31, 2008 was approximately \$588.1 million, of which approximately \$557.1 million consisted of obligations issued by the Commission for which CWRU is obligated to pay debt service. See Note E to the audited consolidated financial statements of CWRU included in this Offering Circular as Appendix B.

CWRU is a party to interest rate swaps entered into to manage interest rate risk associated with variable rate debt. Each of the listed interest rate swaps is with Morgan Stanley Capital Service Inc. as counterparty. The obligations of Morgan Stanley Capital Services Inc. are rated Aa3 and AA- by Moody's and S&P, respectively.

<u>Current Notional Amount</u>	<u>Related Bond Series</u>	<u>Rate Paid</u>	<u>Rate Received</u>	<u>Effective Date</u>	<u>Termination Date</u>
\$18,875,000	Series 2001	4.34%	72% of Libor	3/1/2001	10/1/2022
\$15,000,000	Series 2002	4.425%	70% of Libor	6/5/2002	6/5/2022
\$15,000,000	Series 2002	3.595%	70% of Libor	9/23/2002	9/25/2022
\$35,000,000	Series 2004	3.8058%	70% of Libor	8/1/2004	8/1/2034
\$100,000,000	Series 2004	3.365%	SIFMA	1/2/2007	1/1/2012*

\* Morgan Stanley Capital Services Inc. has the option to extend this interest rate swap for an additional five-year term.

See Note J to the audited consolidated financial statements of CWRU attached to this Offering Circular as Appendix B for additional information.

CWRU has no known material contingent liabilities or unrecorded commitments.

**APPENDIX B**

**UNIVERSITY FINANCIAL STATEMENTS**

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CASE WESTERN RESERVE  
UNIVERSITY EST. 1826



CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2007

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**Case Western Reserve University**  
**Consolidated Financial Statements for the Year Ending June 30, 2007**

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Report of Independent Auditors

To the Board of Trustees  
Case Western Reserve University:

In our opinion, the accompanying balance sheets and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Case Western Reserve University (the "University") as of June 30, 2007, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2006 financial statements, and in our report dated October 20, 2006, we expressed an unqualified opinion on those financial statements. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

October 19, 2007

**CASE WESTERN RESERVE UNIVERSITY**  
**Consolidated Balance Sheet**  
**June 30, 2007 and 2006**  
(in thousands)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<b>Assets</b>		
Cash and temporary investments	\$ 100,417	\$ 111,907
Accounts and loans receivable, net	125,292	130,229
Securities pledged under lending agreements	84,083	91,812
Pledges receivable, net	52,928	67,272
Prepaid expenses and other assets	12,368	15,116
Intangible pension assets	-	2,028
Investments	1,599,556	1,395,630
Property, plant, equipment and books, net	822,941	822,029
Funds held in trust by others	326,033	295,404
<b>Total assets</b>	<u>\$ 3,123,618</u>	<u>\$ 2,931,427</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 78,378	\$ 52,800
Deferred income and other liabilities	27,842	24,582
Payable under securities lending agreements	86,892	93,874
Annuities payable	52,616	51,685
Refundable advances	12,394	8,423
Accrued pension liability	1,133	10,497
Notes and bonds payable	589,357	622,506
Refundable federal student loans	17,001	17,271
<b>Total liabilities</b>	<u>865,613</u>	<u>881,638</u>
<b>Net Assets</b>		
Unrestricted	1,376,105	1,202,264
Temporarily restricted	27,297	46,921
Permanently restricted	854,603	800,604
<b>Total net assets</b>	<u>2,258,005</u>	<u>2,049,789</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,123,618</u>	<u>\$ 2,931,427</u>

The accompanying notes are an integral part of the consolidated financial statements.

CASE WESTERN RESERVE UNIVERSITY

Consolidated Statement of Activities

For the Year Ended June 30, 2007

with summarized financial information for the year ended June 30, 2006

(in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Year Ended June 30, 2007</u>	<u>Year Ended June 30, 2006</u>
<b>Operating revenues</b>					
Student tuition and fees	\$ 247,071			\$ 247,071	\$ 228,752
Less: Student aid	(96,226)			(96,226)	(89,661)
	<u>150,845</u>			<u>150,845</u>	<u>139,091</u>
Endowment income	75,191		\$ 414	75,605	75,209
Grants and contracts	243,860			243,860	253,769
CCLCM grants and contracts	90,680			90,680	86,075
Gifts and pledges	9,047	\$ 10,562	16,978	36,587	42,908
State of Ohio appropriation	3,911			3,911	3,900
Facilities and administrative cost recovery	66,904			66,904	67,045
Organized activities	10,759			10,759	9,000
Other sources	42,691		2,189	44,880	27,511
Auxiliary services	39,766			39,766	35,329
Net assets released from restrictions	30,189	(30,189)		-	-
Total operating revenues	<u>763,843</u>	<u>(19,627)</u>	<u>19,581</u>	<u>763,797</u>	<u>739,837</u>
<b>Operating expenses</b>					
Instructional	253,473			253,473	242,435
Sponsored research and training	233,808			233,808	232,730
Other sponsored projects	27,203			27,203	33,651
CCLCM research and training	90,680			90,680	86,075
Libraries	19,676			19,676	20,708
Student services	19,047			19,047	20,719
University services	86,923			86,923	84,975
Auxiliary enterprises - students	37,471			37,471	32,878
Auxiliary enterprises - others	23,369			23,369	25,864
Total operating expenses	<u>791,650</u>	<u>-</u>	<u>-</u>	<u>791,650</u>	<u>780,035</u>
<b>Net operating (deficit) revenues</b>	<u>(27,807)</u>	<u>(19,627)</u>	<u>19,581</u>	<u>(27,853)</u>	<u>(40,198)</u>
<b>Non-operating revenues and expenses</b>					
Investment and other income	76,457	3	33,366	109,826	125,544
Net appreciation in the fair market value of investments	125,522		5,407	130,929	4,130
Actuarial adjustment to annuity payable			(4,355)	(4,355)	(287)
Gain (loss) on disposal of plant assets	2,166			2,166	(797)
Adjustment for minimum pension liability	-			-	16,837
Non-operating revenues, net	<u>204,145</u>	<u>3</u>	<u>34,418</u>	<u>238,566</u>	<u>145,427</u>
<b>Increase in net assets before effect of accounting changes</b>	176,338	(19,624)	53,999	210,713	105,229
<b>Cumulative effect of change in accounting principle</b>	(2,497)			(2,497)	(7,687)
<b>Increase in net assets</b>	<u>173,841</u>	<u>(19,624)</u>	<u>53,999</u>	<u>208,216</u>	<u>97,542</u>
<b>Beginning net assets</b>	1,202,264	46,921	800,604	2,049,789	1,952,247
<b>Ending net assets</b>	<u>\$ 1,376,105</u>	<u>\$ 27,297</u>	<u>\$ 854,603</u>	<u>\$ 2,258,005</u>	<u>\$ 2,049,789</u>

The accompanying notes are an integral part of the consolidated financial statements.



CASE WESTERN RESERVE UNIVERSITY  
Consolidated Statement of Cash Flows  
For the Years Ended June 30, 2007 and 2006  
(in thousands)

	Year Ended June 30, 2007	Year Ended June 30, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 208,216	\$ 97,542
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Cumulative effect - change in accounting principle	5,736	7,687
Depreciation	57,477	55,984
Amortization	41	-
Loss on defeasance of debt	3,015	-
Net unrealized appreciation in the fair market value of investments	(130,929)	(4,130)
Realized gains on investments	(71,661)	(79,932)
Increase to annuities payable resulting from actuarial adjustments	4,355	287
Gifts of property and equipment	(42)	(40)
(Gain) loss on disposal of plant assets	(2,167)	797
Contributions restricted for long-term investment	(15,173)	(8,277)
Decrease (increase) in accounts and notes receivable, net	7,955	(4,120)
Decrease (increase) in pledges receivable, net	14,344	(4,035)
Decrease in prepaid expenses and other assets	4,238	832
Decrease in intangible pension assets	2,028	465
Increase in funds held in trust by others	(30,629)	(13,626)
Increase (decrease) in accounts payable and accrued expenses	21,289	(11,679)
Decrease in deferred income and other liabilities	(1,706)	(5,071)
Increase in refundable advances	3,971	638
Decrease in accrued pension liability	(9,364)	(17,302)
Net cash provided by operating activities	<u>70,994</u>	<u>16,020</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Student loans collected	6,541	8,509
Student loans issued	(9,559)	(7,278)
Proceeds from the sale of investments	1,754,373	2,008,675
Purchases of investments	(1,755,709)	(1,900,295)
Proceeds from the sale of buildings and land	3,427	4,809
Purchases of property, plant, equipment and books	(56,088)	(114,182)
Net cash (used for) provided by investing activities	<u>(57,015)</u>	<u>238</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in federal advances for student loans	(270)	(1,124)
Decrease (increase) in securities pledged under lending agreements	7,729	(41,234)
(Decrease) increase in payables under securities lending agreements	(6,982)	41,344
Contributions restricted for long-term investment	15,173	8,277
Proceeds from bond issues and long-term debt	115,737	68,176
Payment of bond issuance costs	(1,530)	-
Repayment of debt	(151,902)	(43,147)
(Payments on) withdrawals from annuities payable	(4,100)	782
Increase to annuities payable resulting from new gifts	676	621
Net cash (used for) provided by financing activities	<u>(25,469)</u>	<u>33,695</u>
Net (decrease) increase in cash and cash equivalents	(11,490)	49,953
Cash and cash equivalents, beginning of year	111,907	61,954
Cash and cash equivalents, end of year	<u>\$ 100,417</u>	<u>\$ 111,907</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES</b>		
Construction in progress payments included in accounts payable	\$ 7,842	\$ 3,553
Effect of FIN 47 included in deferred income and other liabilities	6,131	8,600
Effect of FIN 47 included in purchases of property, plant and equipment	1,292	2,062

The accompanying notes are an integral part of the consolidated financial statements.

## Part 2 – Summary of Significant Accounting Policies and Terms

This part explains the accounting practices the University uses in its consolidated financial statements.

<b>Basis of Accounting Presentation</b>	<p>The consolidated financial statements use the accrual basis of accounting. These statements include the accounts of the University, Triangle Residential LP and Triangle Residential LLC.</p> <p>Triangle Residential LP is a limited partnership formed in 2005 that owns and operates two apartment buildings, a parking garage and a commercial structure located in the Ford-Euclid-Mayfield Road area. The University is the sole limited partner. The general partner is Triangle Residential LLC, a wholly owned subsidiary of the University, also formed in 2005. The University, through Triangle Residential LP, plans to operate the properties pending finalization of plans to develop an arts, entertainment and residential complex in the area.</p>
<b>Net Asset Categories</b>	<p>The consolidated financial statements present information about the University's financial position and activities using three categories of net assets:</p> <ul style="list-style-type: none"><li>• <b>Unrestricted net assets</b> have no donor-imposed restrictions. They are available for any purpose consistent with the University's mission.</li><li>• <b>Temporarily restricted net assets</b> are subject to specific donor-imposed restrictions that must be met by University actions or through the passage of time.</li><li>• <b>Permanently restricted net assets</b> are subject to donor-imposed restrictions that the University must honor in perpetuity. Usually, donors allow part or all of the income to be used for a designated purpose.</li></ul>
<b>Cash and Temporary Investments</b>	<p>Investments with a maturity of three months or less when purchased are reported as temporary investments (i.e., cash equivalents) unless they are part of long-term investment pools.</p>
<b>Investments</b>	<p>Investments are stated at fair value. The fair value of all debt and equity securities with readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Realized gains and losses on investments are included in investment income. Average cost is generally used to determine gains or losses on securities sold. Unrealized changes in the fair market value of investments are shown as net unrealized appreciation or depreciation.</p>

<b>Contributions</b>	Contributions (including unconditional pledges) are recognized as either temporarily restricted or permanently restricted net assets when donors' commitments are received. Conditional pledges become revenue when the conditions are substantially met. Gifts whose restrictions are met in the same fiscal year in which they are received are reported with unrestricted contribution revenues.
<b>Grants and Contracts (Government and Private)</b>	Revenues from government and private grants and contracts are recognized as earned in accordance with the terms of the contract. Any government revenue received before it is expended is recorded as a refundable advance. Expenses incurred for government grants before revenue is received are recorded as receivables.
<b>Collections</b>	The University's collections of historically significant artifacts, scientific specimens, and art objects are held for education, research, scientific inquiry, and public exhibition. Therefore, their value is not reflected in the University's financial statements.
<b>Funds Held in Trust by Others</b>	Funds held in trust by others are assets held and administered by outside trustees from which the University derives income or residual interest. Funds held in trust by others are reported at their fair value as of June 30, 2007, which approximates the present value of the future income flows from these funds.
<b>Allocation of Certain Expenses</b>	The statement of activities presents expenses by function. Some expenses – such as depreciation, amortization, and expenses related to the operation of the physical plant – are allocated by square footage. Interest expense is allocated to the functions that derive the greatest benefit from the facilities financed.
<b>Use of Estimates</b>	Financial statements using accounting principles generally accepted in the United States of America rely on estimates. At June 30, management makes certain estimates and assumptions, which affect assets and liabilities, disclosures of contingent assets and liabilities, and reported revenues and expenses during the period. Actual results may differ from these estimates.
<b>Comparative Information</b>	The statement of activities includes prior year summarized comparative information in total, but not by net asset category. Such information does not include enough detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ending June 30, 2006, from which it was derived.

**Comparative  
Information**  
*(continued)*

Certain reclassifications have been made to the summarized prior year financial information for comparative purposes. The unamortized bond premium for fiscal 2006 was reclassified from deferred income to bonds and notes payable, and accrued benefit costs for 2006 were reclassified from accounts payable to accrued pension liability to conform to the current year's balance sheet presentation. Certain rental income for 2006 was reclassified from other sources to auxiliary services in the statement of activities to conform to the current year's presentation. Finally, both proceeds from the sale of investments and purchases of investments in the investing activities section of the 2006 statement of cash flows have been modified downward by \$553 million to reflect an adjustment to gross amounts previously reported.

**Income  
Taxes**

The University is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements.

### Part 3 – Notes

These notes clarify and amplify data in the financial statements. Unless otherwise indicated, all dollar values are listed in thousands as of June 30.

**NOTE A**  
**Accounts and**  
**Loans**  
**Receivable**

Accounts and loans receivable are as follows:

	<u>2007</u>	<u>2006</u>
Accounts receivable, net:		
Grants, contracts and others	\$ 74,838	\$ 80,132
Students	6,562	7,464
Student loans, net	43,892	42,633
	<u>\$ 125,292</u>	<u>\$ 130,229</u>
Allowances for doubtful accounts:		
Accounts receivable	\$ 19,907	\$ 10,867
Loans receivable	\$ 2,290	\$ 1,938

**NOTE B**  
**Pledges**  
**Receivable**

Unconditional pledges are expected to be realized in the following periods:

	<u>2007</u>	<u>2006</u>
In one year or less	\$ 6,993	\$ 31,363
Between one year and five years	38,308	32,566
More than five years	14,593	15,532
	<u>59,894</u>	<u>79,461</u>
Less: Discount	(3,633)	(5,459)
Less: Allowance	(3,333)	(6,730)
	<u>\$ 52,928</u>	<u>\$ 67,272</u>

Pledges receivable have been made for the following purposes:

	<u>2007</u>	<u>2006</u>
Department programs and activities	\$ 15,246	\$ 26,346
Endowments for scholarships and department programs and activities	19,699	18,386
Building construction	17,983	22,540
	<u>\$ 52,928</u>	<u>\$ 67,272</u>

The University had conditional pledge commitments totaling \$31,071 (2007) and \$31,621 (2006).

**NOTE B**  
**Pledges**  
**Receivable**  
*(continued)*

Uncollectible pledges totaling \$11,904 (2007) were written off against the allowance for uncollectible pledges and University Services expense. Uncollectible pledges totaling \$2,728 (2006) were written off against University Services expense.

**NOTE C**  
**Investments**

Investments (except funds held in trust by others) are as follows:

	<u>2007</u>	
	Fair Market	
	Value	Cost
Short-term investments	\$ 110,762	\$ 110,762
Domestic stocks	124,072	96,322
International securities	281,836	183,711
Bonds		
• U.S. Government	254	253
• Corporate	133,406	134,826
Mutual funds	100,168	89,714
Limited partnerships and other		
• Venture capital	42,878	34,673
• Private equity	242,529	188,531
• Hedge fund	386,597	300,312
• Other	101,440	76,568
Equity real estate	75,614	70,905
Total	<u>\$ 1,599,556</u>	<u>\$ 1,286,577</u>
	<u>2006</u>	
	Fair Market	
	Value	Cost
Short-term investments	\$ 61,591	\$ 61,591
Domestic stocks	182,199	146,590
International securities	226,383	175,284
Bonds		
• U.S. Government	54,445	55,064
• Corporate	140,195	142,536
Mutual funds	118,435	112,077
Limited partnerships and other		
• Venture capital	27,229	28,969
• Private equity	162,553	145,354
• Hedge fund	289,248	235,269
• Other	95,518	75,804
Equity real estate	37,834	35,042
Total	<u>\$ 1,395,630</u>	<u>\$ 1,213,580</u>



**NOTE C**  
**Investments**  
*(continued)*

Included in the University's cash and investments are **unexpended bond proceeds**. These funds are temporarily held by trustees under the bond indenture for future capital expenditures. The proceeds are invested in cash, U.S. government and corporate bonds and mutual funds. The fair value of these assets totaled \$65,243 (2007) and \$96,410 (2006).

The University's **spending policy** determines the amount of endowment income to be used as operating revenue and distributed for spending during the year. Distributions in excess or deficit of amounts actually earned are transferred to or from the endowment pool, honoring any donor restrictions. The fiscal 2007 endowment and similar funds distribution of \$2.03 per unit totaled \$61,170, of which \$48,751 was accumulated realized gains. For fiscal 2006, the distribution of \$2.00 per unit totaled \$59,271, of which \$46,022 was accumulated realized gains.

Certain endowment and similar fund assets are pooled for efficient investment purposes. The unit market value for each pool is used to account for **pooled transactions**. The unit market values are \$47.70 (2007) and \$41.41 (2006).

Investments in stocks, bonds, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market fluctuation, and credit risks. Due to the **level of risk** associated with certain investments, the value of these investments could change. Such changes could materially affect the amounts reported in the financial statements.

**Investment strategies** employed by outside managers incorporate the use of financial instruments with off-balance sheet risk. These financial instruments include international investment funds with underlying equity interests as well as forward and futures contracts that are subject to foreign currency translation gains and losses. Management does not anticipate that losses, if any, resulting from its market or credit risks would materially affect the financial position of the University; however, there can be no assurances.

The University is obligated under certain limited partnerships and similar agreements to provide future funding for further investment. The University had **unfunded commitments** of approximately \$201,278 (2007) and \$218,629 (2006) that are likely to be called in the future.

The University has a **securities lending** agency agreement for the purpose of lending securities held or beneficially owned by the University. Under this agreement, the University's agent receives collateral in the form of cash or U.S. government securities in exchange for loaning securities to approved borrowers. The agent invests these funds on behalf of the University until the securities are returned. The amount of collateral required for securities traded principally in the United States is equal to 102% of the market value of the securities borrowed. For equities traded principally outside the United States, the amount of collateral required is 105%. For fixed income securities traded principally outside the United States, the amount of collateral required is 102%. The fair value of securities on loan is \$84,083 (2007) and \$91,812 (2006). The fair value of collateral received is \$86,892 (2007) and \$93,874 (2006). Cash collateral is reflected in the cash and temporary investments balance.

**NOTE D**  
**Property,**  
**Plant,**  
**Equipment,**  
**and Books**

Property, plant, equipment, and library books are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of 28 years for buildings, 5 to 12 years for equipment, and 10 years for books.

Components of property, plant, equipment, and books are as follows:

	2007	2006
Land and land improvements	<u>\$ 38,920</u>	<u>\$ 38,838</u>
Building and building improvements	982,817	963,362
Equipment and software	213,340	192,673
Library books	30,688	29,770
Construction-in-progress	70,479	60,093
	<u>1,336,244</u>	<u>1,284,736</u>
Less: accumulated depreciation	(513,303)	(462,707)
	<u><u>\$ 822,941</u></u>	<u><u>\$ 822,029</u></u>

The above assets include \$448,367 leased from the Ohio Higher Education Facility Commission (OHEFC). The University may purchase each of the leased assets for a nominal amount at the end of the lease period. Therefore, these assets have been capitalized and are included in the above listing. Also included in the University's financial statements is the obligation for related bonds issued by the OHEFC.

**NOTE E**  
**Bonds and**  
**Notes**  
**Payable**

Bonds and notes payable are as follows:

	Interest	Maturity	2007	2006
Ohio Higher Education Facilities Commission revenue bonds and notes:				
Series 1988	7.85 - 7.90%	2009-2013	\$ 23,188	\$ 21,464
Series 1990	6.50 - 7.15%	2007-2020	11,968	12,066
Series 1994	6.00 - 6.25%	2014-2018	20,000	20,000
Series 1997	4.70 - 6.00%	2006-2018	-	10,120
Series 1997	5.00 - 5.50%	2006-2017	-	17,700
Series 1997	4.90 - 6.25%	2009-2014	8,920	8,920
Series 2001	Variable	2007-2022	16,200	17,520
Series 2002	Variable	2023-2031	64,875	64,875
Series 2002	5.00 - 5.50%	2019-2022	-	35,125
Series 2004	3.625 - 5.00%	2016-2034	78,158	109,203
Series 2004	Variable	2008-2044	177,826	177,826
Series 2006	3.75 - 5.25%	2012-2044	90,917	-
United States government housing bonds:				
Series 1966	3.00 - 3.50%	2007-2016	1,135	1,275
Series 1971	3.00%	2006-2016	1,125	1,235
Ohio Higher Education Facilities Commission commercial paper	-Various-	-Various-	63,000	63,000
Ohio Higher Education Facilities Commission capital lease 2006	6.75%	2008-2018	710	-
Ohio Higher Education Facilities Commission capital lease 2006	4.123%	2008-2018	12,880	-
National City Bank commercial note	LIBOR + .25%		-	13,417
Key Bank line of credit	LIBOR + .25%	2009	-	30,000
Compass Group USA note	-n/a-	2007-2014	1,088	1,200
Department of Housing and Urban Development mortgages:				
HUD - Part A	4.96%	2007-2041	12,932	13,079
HUD - Part B	5.33%	2007-2041	4,435	4,481
			<u>\$589,357</u>	<u>\$622,506</u>

The housing bonds are collateralized by securities and pledges of net revenues from the University's student housing and dining facilities.

The Ohio Higher Education Facility Commission (OHEFC) authorized a tax-exempt commercial paper program in February 2000 to provide construction funds for several approved capital projects and to refinance earlier projects. The program authorizes the University to issue up to \$63,000 for as long as 30 years. The amount outstanding under this program as of June 30 is

**NOTE E**  
**Bonds and**  
**Notes**  
**Payable**  
*(continued)*

\$63,000, with maturities not exceeding 270 days from the issuance date. Interest rates for this program averaged 3.59% (2007) and 2.95% (2006).

In November 2004, the University opened a \$50,000 line of credit with a financial institution to finance working capital. In November 2005, the line was increased to \$100,000. The amount outstanding at June 30 totaled \$0 (2007) and \$30,000 (2006).

In August 2005, the University opened a \$33,000 commercial note with a financial institution to provide bridge funding for the acquisition, improvement and development of the Triangle properties until a mortgage note could be secured. In May 2006, the terms of this note were amended and restated. The balance due at June 30 was \$0 (2007) and \$13,417 (2006).

In January 2006, the University borrowed \$17,637 from the Department of Housing and Urban Development (HUD). The proceeds from this loan were used to refund the portion of the commercial note used to acquire the Triangle properties. The balance due at June 30 for Part A of the HUD loan was \$12,932 (2007) and \$13,079 (2006). The balance due at June 30 for Part B of the HUD loan was \$4,435 (2007) and \$4,481 (2006).

In December 2006, the OHEFC series 2006 bonds were issued to refinance certain previously issued and outstanding OHEFC bonds. The issues refinanced and amounts defeased are as follows:

OHEFC series 1997A —	\$ 7,245
OHEFC series 1997C —	\$ 15,245
OHEFC series 2002B —	\$ 35,125
OHEFC series 2004A —	\$ 28,260

Deferred financing fees of \$1,530 were paid and are included in prepaid expenses and other assets.

Principal payment requirements for bonds, notes, and capital lease obligations for the next five years, excluding commercial paper, are approximately as follows:

2008 —	\$ 2,062
2009 —	\$ 2,473
2010 —	\$ 4,446
2011 —	\$ 4,571
2012 —	\$ 4,960

Interest payments for fiscal year 2007, including payments for variable rate debt, were \$16,753. Interest income under interest rate swap agreements during fiscal 2007 totaled \$5,856. See Note J.

Certain borrowing agreements require the University to maintain reserves as additional collateral against its borrowings. These agreements also require that the University comply with certain covenants. The University is in compliance with these provisions.

**NOTE F  
 Fair Value of  
 Investments**

The University's financial instruments consist principally of cash, temporary investments, accounts and pledges receivable, loans receivable, and long-term investments, as well as obligations under bonds and notes payable. Cash and temporary investments, pledges receivable, investments and other assets are recorded at approximate fair value.

Loans receivable are amounts due from students primarily under federally sponsored programs. Since notes receivable under federal student loan programs are not saleable and can be assigned only to the U.S. government or its designee, it is not practical to determine their fair value.

The fair value of the University's bonds and notes payable is approximately \$572,037 (2007) and \$583,374 (2006). These values were estimated utilizing the discounted future cash outflows at rates for similar debt.

**NOTE G  
 Retirement  
 Plans**

The University has both defined benefit and defined contribution pension plans for its employees. The **funded status** of the University's **defined benefit plan** is as follows:

	2007	2006
Benefit obligation at June 30	\$ 89,846	\$ 83,265
Fair value of plan assets at June 30	88,713	71,399
Funded status at June 30	<u>\$ (1,133)</u>	<u>\$ (11,866)</u>
Accumulated benefit obligation	\$ 88,976	\$ 81,896

Weighted-average assumptions used to determine the **benefit obligation** at the end of year are as follows:

	2007	2006
Discount rate	6.50%	6.50%
Rate of compensation increase	4.50%	4.50%
Measurement date	6/30/07	6/30/06
Census date	7/1/06	7/1/05

In accordance with ERISA requirements, the University has established a trust to hold plan assets for its defined benefit plan. The **investment objective** for the defined benefit plan is to maximize total return with tolerance for slightly above average risk, in order to meet the obligations that the University has to its plan beneficiaries. To accomplish this objective, the University has established a broadly-diversified asset allocation strategy that includes equity-oriented investments (approximately 64% weight), real estate (approximately 16%), and fixed-income investments (approximately 20%). The weightings of the investments relative to each other in the total portfolio fluctuate as market conditions vary; they are adjusted as necessary to remain within acceptable ranges.

**NOTE G**  
**Retirement**  
**Plans**  
*(continued)*

The **weighted-average asset allocation** for the defined benefit plan is as follows:

	2007	2006
Equity securities	61.00%	65.00%
Fixed income securities	15.00%	16.00%
Real estate	18.00%	17.00%
Other	6.00%	2.00%
Total	<u>100.00%</u>	<u>100.00%</u>

The **expected long-term rate of return** was estimated using market benchmarks for equities and bonds applied to the plan's target asset allocation. The expected return on equities was computed utilizing a valuation framework, which projected future returns based on current equity valuations rather than historical returns. Management estimated the rate by which the plan assets would outperform the market in the future based on historical experience adjusted for changes in asset allocation and expectations for overall lower future returns on equities compared to past periods.

The amounts recognized in the University's **balance sheet** and in **unrestricted net assets** are as follows:

	2007	2006
Balance sheet:		
Intangible asset	\$ -	\$ 2,028
Accrued pension liability	(1,133)	(10,497)
Unrestricted net assets:		
Prior service costs	1,693	N/A
Actuarial losses	6,285	N/A
Minimum pension liability adjustment	N/A	(7,509)
Intangible asset	N/A	2,028
	<u>\$ 7,978</u>	<u>\$ (5,481)</u>

**Estimated benefits** expected to be paid under the defined benefit plan for the next five years are as follows:

2008 –	\$ 4,442
2009 –	\$ 3,742
2010 –	\$ 3,681
2011 –	\$ 3,969
2012 –	\$ 3,913

Amounts expected to be paid between 2013 and 2017 total \$29,828. The University's **estimated contribution** for the defined benefit plan in fiscal 2008 is \$7,098. This amount may decrease based on the results of the July 1, 2007 actuarial valuation.

The estimated **amortization of prior year service costs** expected in fiscal 2008 totals \$336.



**NOTE G**  
**Retirement**  
**Plans**  
*(continued)*

**Benefit plan costs** for the defined benefit and defined contribution plans are as follows:

	<u>2007</u>	<u>2006</u>
Defined benefit plan		
Net periodic benefit cost	\$ 3,108	\$ 5,712
Employer contributions	12,941	7,621
Benefits paid	3,276	2,837
Defined contribution plan		
Employer contributions	18,897	19,444

The weighted-average assumptions used to determine **net periodic benefit cost** for the defined benefit plan are as follows:

	<u>2007</u>	<u>2006</u>
Discount rate	6.50%	5.25%
Expected return on plan assets	9.00%	9.00%
Rate of compensation increase	4.50%	4.50%

The **adoption of FAS 158** (see Note K) had the following incremental effect on amounts related to the defined benefit plan reported in the University's balance sheet as of June 30, 2007:

	Before adopting FAS 158	Adjustments to adopt FAS 158	After adopting FAS 158
Accrued pension liability	\$ 263	\$ 870	\$ 1,133
Intangible asset	1,693	(1,693)	-
Unrestricted net assets	5,415	2,563	7,978

**NOTE H**  
**Commitments**  
**and**  
**Contingencies**

In its normal operations, the University is subject to various claims and lawsuits. In management's opinion, the resolution of these contingencies will not have a significant adverse effect on the University's financial position, operations, or cash flows.

In April 2006, the Boards of University Hospitals Health System and the University approved a new affiliation agreement between the School of Medicine and University Hospitals of Cleveland (UHC). This agreement will significantly strengthen the historical relationship between the entities through the creation of the Case Medical Center, a virtual entity that will encompass certain teaching, research and clinical activities of the School of Medicine and UHC.

**NOTE H**  
**Commitments**  
**and**  
**Contingencies**  
*(continued)*

In May 2002, the University entered into an agreement with the Cleveland Clinic Foundation (CCF) to form a new medical education and research program, the Cleveland Clinic Lerner College of Medicine (CCLCM). Beginning in 2004, research grants from the National Institutes of Health to support work by CCF-based investigators were awarded to and administered through the University by CCLCM, which operates as an academic unit of the School of Medicine. Expenditures for research conducted under this joint agreement totaled \$90,680 (2007) and \$86,075 (2006).

The University is self-insured for workers compensation and employee and student medical coverage. Property is commercially insured with an aggregate deductible of \$700. The University also carries general liability insurance with a deductible of \$100 per occurrence. The University believes its reserves for self-insured risks and the deductible portion of insured risks are sufficient.

The expected cost to complete construction in progress is approximately \$4,252.

**NOTE I**  
**Related Party**  
**Transaction**  
**(Utilities)**

In 1998, the University entered into a thirty-year agreement with the Medical Center Company (a cooperative utility company formed by and serving institutions in the University Circle area) to purchase chilled water and other utilities for several University buildings. The amounts purchased were \$16,248 (2007) and \$14,860 (2006). No obligation associated with this agreement is recorded in the accompanying financial statements.

**NOTE J  
 Derivatives  
 and Other  
 Financial  
 Instruments**

The University makes limited use of interest rate swap agreements to manage interest rate risk associated with variable rate debt. Under interest rate swap agreements, the University and its counterparty agree to exchange the difference between the fixed rate and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. Operations are charged the variable rate interest; the difference between the fixed and variable interest amounts under the swap agreements is recorded in non-operating revenues and expenses as investment and other income.

Information related to the long-term interest rate swap agreements to which the University is a party, including the associated OHEFC borrowing where applicable and the asset (liability) recognized in the balance sheet are as follows:

Date of Agreement	OHEFC Borrowing	Notional Amount	Effective Rate	Maturity Date	2007	2006
February 2001	Series 2001	\$ 18,875	4.34%	2022	\$ (388)	\$ (363)
May 2002	Series 2002	15,000	4.43%	2022	(764)	(744)
September 2002	Series 2002	15,000	3.60%	2022	516	580
October 2003	Series 2004	35,000	3.81%	2034	774	794
March 2004	Series 2004	60,000	2.46%	2009	-	2,115
March 2004	Series 2004	20,000	1.92%	2007	-	285
March 2004	Series 2004	20,000	1.92%	2007	-	283
January 2007	Series 2004	100,000	3.37%	2012	1,544	-

The University selected the combination of variable rate bond issues and long-term interest rate swap agreements to obtain fixed rate financing at the lowest available cost at the time of the transaction. Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as investment and other income.

**NOTE K  
 Recently  
 Issued  
 Accounting  
 Pronounce-  
 ments**

In 2005, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" (FIN 47), which is effective for the University as of and for the year ended June 30, 2006. FIN 47 was issued to provide clarity surrounding the recognition of conditional asset retirement obligations, as referred to in FASB Statement No. 143, "Accounting for Asset Retirement Obligations." FIN 47 defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 also provides guidance with respect to the criteria to be used to determine whether sufficient information exists to reasonably estimate the fair value of an asset retirement obligation. Based on the guidance in FIN 47, management of the University determined that sufficient information was available to reasonably estimate the fair value of known asset retirement obligations.

**NOTE K**  
**Recently**  
**Issued**  
**Accounting**  
**Pronounce-**  
**ments**  
*(continued)*

FIN 47 requires the initial application of the interpretation to be recognized as a cumulative effect of a change in accounting principle. Specifically, FIN 47 requires the recognition, as a cumulative effect, of the cumulative accretion and accumulated depreciation for the time period from the date the liability would have been recognized had the provisions of the interpretation been in effect when the liability was incurred to the date of adoption of this Interpretation. The liability incurred date is presumed to be the date upon which the legal requirement to perform the asset retirement activity was enacted.

Upon initial application of FIN 47, the University recognized \$7,687 as the cumulative effect of a change in accounting principle in the statement of operations. Conditional asset retirement obligations included within other liabilities in the balance sheet were \$6,131 (2007) and \$8,600 (2006). Property, plant and equipment at June 30, includes asset retirement cost at inception for non-fully depreciated assets of \$1,292 (2007) and \$2,062 (2006). The accretion for 2007 was \$266.

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R)" (SFAS 158). SFAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its balance sheet in the year in which the change occurs, with an offsetting impact to unrestricted net assets. The University adopted the provisions of SFAS 158 effective June 30, 2007. As a result of this change, the University recorded a pension liability in its balance sheet in the amount of \$1,133. It also recognized \$2,497 as the cumulative effect of a change in accounting principle in the statement of activities. See Note G.

## APPENDIX C

### CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENTS, THE LEASES AND THE TAX AGREEMENT

The following are descriptions of certain provisions of the Trust Agreements, the Leases and the Tax Agreement. These descriptions do not purport to set forth all of the provisions of such documents, to which reference is made for the complete and actual terms thereof.

Certain terms used in the Trust Agreements, the Leases and the Tax Agreement are defined below unless otherwise defined herein or the context clearly indicates otherwise. When and if such terms are used in this Offering Circular, they shall have the meanings set forth below. Any capitalized term used in this Offering Circular regarding the Trust Agreements and the Leases and not defined herein shall have the meaning given such term by the Trust Agreements, the Leases and the Tax Agreement.

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

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

**"Alternate Credit Facility"** means any Alternate Credit Facility delivered to the Trustee pursuant to the Trust Agreements.

**"Applicable Rate"** means, as the context requires, the Commercial Paper, Daily, Weekly or Term Rate applicable from time to time to the Bonds.

**"Assignments"** means the Series 2008A Assignment and the Series 2008B Assignment.

**"Authenticating Agent"** means the Trustee and the Registrar and any other bank, trust company or Person designated as an Authenticating Agent for the Bonds by or in accordance with Section 6.13 of the Trust Agreements, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

**"Authorized Denominations"** shall mean (i) \$100,000 plus any integral multiple of \$5,000 while a Bond bears interest at a Weekly Rate or a Daily Rate, (ii) \$100,000 plus any integral multiple of \$1,000 while a Bond bears interest at a Commercial Paper Rate, and (iii) \$5,000 or any integral multiple thereof while a Bond bears interest at a Term Rate.

**"Bankruptcy Counsel"** means nationally-recognized counsel experienced in bankruptcy matters selected by the University and acceptable to the Trustee. Bankruptcy counsel may be counsel to the Trustee or the University.

**"Base Leases"** means collectively, the Series 2008A Base Lease and the Series 2008B Base Lease.

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

**"Bond Documents"** means, as applicable, the Base Leases, the Leases, the Guaranties, the Assignments, the Trust Agreements, the Tax Agreement and the Bond Purchase Agreement.

**"Bond Funds"** means the Bond Fund created under each Trust Agreements and held by the Trustee.

**"Bond Legislation"** means the resolution adopted by the Commission providing for the issuance of the Bonds and approving Leases, the Base Leases, the Assignments, the Bond Purchase Agreements, the Tax

Agreement, the Trust Agreements and related matters, as that resolution may from time to time be amended or supplemented.

**"Bond Purchase Agreement"** means the Bond Purchase Agreement providing for the sale of the Bonds among Morgan Stanley & Co. Incorporated, as representative of the Underwriters, the University and the Commission.

**"Bond Purchase Fund"** means the Bond Purchase Fund established pursuant to the Trust Agreements.

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

**"Bonds"** or **"Bond"** means collectively the Series 2008A Bonds, Series 2008B-1 Bonds and Series 2008B-2 Bonds.

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

**"Business Day"** means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the city or cities in which the designated offices of the Trustee, the Paying Agent, any Credit Facility Issuer (including its drawing office as designated in the Credit Facility) or any Remarketing Agent are located and authorized by law or executive order to close and are closed, (iii) any day on which the Federal Reserve Bank of Cleveland is closed, (iv) a day on which the Depository is closed, or (v) a day on which the New York Stock Exchange is not open for business.

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

**"Commercial Paper Rate"** means, when used with respect to any particular Bond, the interest rate determined for each Commercial Paper Rate Period applicable thereto pursuant to the Trust Agreements.

**"Commercial Paper Rate Period"** means a period during which a Bond bears interest at a Commercial Paper Rate.

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

**"Conversion Date"** means a day on which the Bonds are converted from one Variable Rate Period to another Variable Rate Period in accordance with the terms of this Indenture, including any change from a Term Rate Period to a Term Rate Period of a different duration.

**"Credit Facility"** means an irrevocable direct-pay letter of credit or other credit enhancement or liquidity support facility, or any combination thereof, delivered to and in favor of the Trustee for the benefit of the owners of



the Bonds, and includes the Initial Credit Facility or any Alternate Credit Facility delivered to the Trustee pursuant to the Trust Agreements.

**"Credit Facility Account"** means the account of that name established in the Bond Fund pursuant to the Trust Agreements.

**"Credit Facility Issuer"** means the Initial Credit Facility Issuer and the issuer of any Credit Facility subsequently in effect. "Drawing Office" of the Credit Facility Issuer means the office specified in the Credit Facility as the office at which certificates for drawings on the Credit Facility are to be presented. "Principal Office" of the Credit Facility Issuer means the office designated as such by the Credit Facility Issuer in writing to the Trustee, the Commission, the Registrar, the University and the Remarketing Agent.

**"Credit Facility Proceeds Account"** means the account of that name established in the Bond Purchase Fund pursuant to the Trust Agreements.

**"Daily Rate"** means the interest rate to be determined for the Bonds on each Business Day pursuant to the Trust Agreements.

**"Daily Rate Period"** means a period during which Bonds bear interest at a Daily Rate.

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

**"Defeasance Obligations"** means

(a) Direct Obligations;

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

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

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

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

**"Electronic"** notice means notice transmitted through a time-sharing terminal of facsimile machine, if operative as between any two parties, or if not operative, by telephone (in any case, promptly confirmed in writing).

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

- (a) Direct Obligations;
- (b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration ("FmHA")); participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs") rated, at the time of purchase, "Aaa" by Moody's and "AAA" by Standard & Poor's; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal at the time of purchase) and senior debt obligations of the Federal National Mortgage Association ("FNMA") rated, at the time of purchase, "Aaa" by Moody's and "AAA" by Standard & Poor's; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed pass-through obligations of the Government National Mortgage Association ("GNMA"); senior debt obligations of the Student Loan Marketing Association; project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation obligations;
- (c) direct obligations of any state of the United States of America or any subdivision or agency thereof whose long-term, unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "Aa" or better by Moody's and "AA" or better by Standard & Poor's, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose long-term, unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "Aa" or better by Moody's and "AA" or better by Standard & Poor's;
- (d) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "Prime-1" or better by Moody's and "A-1" or better by Standard & Poor's;
- (e) unsecured certificates of deposit, demand deposits, trust deposits, time deposits or bankers acceptances (in each case having maturities of not more than 360 days) of any domestic bank (including the Trustee and the Credit Facility Issuer, and their respective affiliates) including a branch office of a foreign bank, which branch office is located in the United States, provided that legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "Prime-1" or "A-3" or better by Moody's and a "Short-Term CD" rating of "A-1" or better by Standard & Poor's;
- (f) deposits of any bank or savings and loan association (including the Trustee and the Credit Facility Issuer, and their respective affiliates) that has combined capital, surplus and undivided profits of not less than \$3,000,000, provided that such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation ("FDIC");
- (g) investments in money-market funds including those for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to the Trust Agreements, which fees are, separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Trust Agreements may at times duplicate those provided to such funds by the Trustee or its affiliates registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, rated, at the time of purchase, "AAAm", "AAAm-G" or "AAm" or the equivalent by Moody's or Standard & Poor's;

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

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

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

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

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

(v) the fair market value of the Collateral Securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%; and

(iv) written approval of the Credit Facility Issuer is obtained.

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

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

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

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

determined at the time of investment without regard to any numerical or plus or minus modifier, unless otherwise expressly provided above.

**"Escrow Agreement"** means the Escrow Agreement relating to the 2004 Bonds dated as of even date with the Trust Agreements, among the Commission, the University and The Bank of New York Trust Company, N.A., as amended or supplemented from time to time

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

**"Event of Bankruptcy"** means the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against the University or the Commission as debtor, other than any involuntary proceeding which has been finally dismissed without entry of any order for relief or similar order and without effect on any amounts held in the Bond Fund and as to which all appeal periods have expired.

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

**"Executive"** means the Chairman, Vice Chairman, Secretary or Deputy Secretary of the Commission.

**"Guaranties"** means the two separate, but substantially identical, Guaranty Agreements, dated May 1, 2008, between the University and the Trustee, as amended or supplemented from time to time.

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

**"Improvement Fund"** means the Improvement Fund created under the Trust Agreements.

**"Initial Credit Facilities"** means the irrevocable letter of credit issued by the Initial Credit Facility Issuers to the Trustee to secure the payment of the principal of and interest on, and any purchase price of, the Bonds and which shall be a "Credit Facility" hereunder.

**"Initial Credit Facility Issuers"** means Bank of America, N.A. and Allied Irish Banks, as issuers of the Initial Credit Facilities, and each of which shall be a "Credit Facility Issuer" hereunder.

**"Independent Counsel"** means any attorney or firm of attorneys who is (i) duly admitted to practice law before the highest court of the State, (ii) not a full-time employee of the Commission, the University or the Trustee and (iii) acceptable to the Trustee.

**"Interest Payment Date"** means (a) when used with respect to Bonds bearing interest at the Daily Rate or Weekly Rate, the first Business Day of each calendar month to which interest at such rate has accrued; (b) when used with respect to Bonds bearing interest at a Term Rate, the first day of the sixth calendar month following the month in which the applicable Term Rate Period begins and the first day of each sixth calendar month thereafter to which interest at such rate has accrued, except that the last Interest Payment Date for any Term Rate Period that is followed by a conversion to any Variable Rate Period (but not a conversion to a Term Rate Period of a different duration) will be the first Business Day of the sixth calendar month following the month in which the immediately preceding Interest Payment Date occurs; (c) when used with respect to any particular Bond bearing interest at a Commercial Paper Rate, the first Business Day following the last day of each Commercial Paper Rate Period applicable thereto. In any case, the final Interest Payment Date will be the Maturity Date and any Mandatory Redemption Date under the Trust Agreements.

**"Interest Period"** means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, as applicable, provided, however, that the first Interest Period will begin on (and include) the date of original issuance of the Bonds and the final Interest Period will end on (and include) the day immediately preceding the Maturity Date.

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

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

**"Leases"** mean the Series 2008A Lease and the Series 2008B Lease.

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

**"Maturity Date"** means (i) with respect to the Series 2008A Bonds December 1, 2044, (ii) with respect to the Series 2008B-1 Bonds December 1, 2044, and (iii) with respect to the Series 2008B-2 Bonds December 1, 2044.

**"Maximum Rate"** or **"Maximum Interest Rate"** means 12% per annum.

**"Offering Circular"** means this Offering Circular with respect to the Bonds.

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

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

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

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

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

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

**"Paying Agent"** means the Trustee and any bank or trust company designated as a Paying Agent for the Bonds by or in accordance with the Trust Agreements.

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

- (a) the Base Leases, the Leases and any sublease authorized under the Base Leases and the Leases;
- (b) liens for ad valorem taxes, governmental charges and special assessments not then delinquent, or if then delinquent, being contested in accordance with the Lease;
- (c) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an architect certifies will not interfere with or impair the operations being or to be conducted on the Project (or if no operations are being conducted thereon, the operations for which the Project was designed or last modified);
- (d) security interests, mortgages, easements, restrictions and other encumbrances existing as of the date of delivery of the Base Lease;
- (e) purchase money mortgages, purchase money security interests and other similar interests to the extent permitted by the Lease;
- (f) minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title of a nature that exist normally with respect to properties of a character similar to that of the Project and that, in the opinion of an architect or Independent Counsel, in the aggregate do not materially and adversely affect the value or marketable title of the Project or impair materially the property affected thereby for the purpose for which it was acquired or is held;
- (g) liens resulting from governmental regulations on the use of the Project;
- (h) any other lease between the Commission and the University entered into in connection with bonds issued by the Commission to provide for additional improvements to the Project or for the refunding of all or a portion of the Bonds or in connection with subsequent issues of bonds by the Commission for such purposes;
- (i) any lien, mortgage, security interest, lease or other encumbrance otherwise permitted by the Leases and the Trust Agreements or identified in the documents providing for the issuance of (including related base leases, leases and trust agreements) or securing any of the following:
  - State of Ohio Higher Educational Facility Revenue Bonds Series 1988, dated as of October 1, 1988 as to Current Interest Bonds and dated as of October 5, 1988 as to Capital Appreciation Bonds
  - State of Ohio Higher Educational Facility Revenue Bonds Series 1990, dated as of July 15, 1990 as to Current Interest Bonds and dated as of July 30, 1990 as to Capital Appreciation Bonds
  - State of Ohio Higher Educational Facility Revenue Bonds Series 1992, dated as of December 1, 1992
  - State of Ohio Higher Educational Facility Revenue Bonds Series 1994, dated as of December 15, 1994
  - State of Ohio Higher Educational Facility Revenue Bonds Series 1997, Series A and B, dated as of July 15, 1997
  - State of Ohio Higher Educational Facility Revenue Bonds Series 1997, Series D and E, dated as of September 15, 1997



- State of Ohio Higher Educational Facility Revenue Bonds Series 2001, dated as of February 28, 2001
- State of Ohio Higher Educational Facility Commercial Paper, dated as of February 1, 2000
- State of Ohio Higher Educational Facility Revenue Bonds Series 2002, Series A
- State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University 2004 Project) Series A (the "2004A Bonds")
- State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University 2004 Project) Series B
- State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University 2006 Project)
- State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University 2008 Project) Series A
- State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University 2008 Project) Series B, consisting of the Series 2008B-1 Bonds and the Series 2008B-2 Bonds
- State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series C

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

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

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

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

**"Purchase Date"** or **"purchase date"** means any Business Day on which the Remarketing Agent is required to purchase Bonds tendered for purchase by the Holders thereof in accordance with the Optional and Mandatory Tender provisions of the Trust Agreements.

**"Purchase Price"** or **"purchase price"** means a price equal to 100% of the principal amount of any Bonds tendered for purchase pursuant to the Optional and Mandatory Tender provisions of the Trust Agreements plus (in the event that the Purchase Date is not an Interest Payment Date) accrued interest to the Purchase Date.

**"Rate Period"** means a period during which a particular rate of interest determined for all or a portion of the Bonds is to remain in effect until a subsequently determined rate of interest becomes effective for such Bonds pursuant to the Trust Agreements. In any case, the final Rate Period will end on (and include) the day immediately preceding the Maturity Date.

**"Rating Service"** means Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Service ("Standard & Poor's"), each of New York, New York, or their successors, or if either or both shall be dissolved or no longer assigning credit ratings to long-term debt, then any other nationally recognized entity assigning credit ratings to long-term debt designated by an Executive.

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

**"Record Date"** or **"Regular Record Date"** means the close of business on (a) the fifteenth day of the month preceding an Interest Payment Date in the case of Bonds bearing interest at a Term Rate; (b) the last Business Day of the Interest Period in the case of Bonds bearing interest at a Daily Rate or Weekly Rate; and (c) the last day of the Commercial Paper Rate Period applicable to such Bond in the case of Bonds bearing interest at a Commercial Paper Rate.

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

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

**"Reimbursement Agreements"** means the two separate, but substantially identical Reimbursement Agreements each dated as of May 1, 2008 between the University and the Initial Credit Facility Issuers, as issuers of the Initial Credit Facilities, and certain other participating lenders, all referred to therein, and any other reimbursement agreement between the University and a Credit Facility Issuer setting forth the obligations of the University to such Credit Facility Issuer arising out of any payments under a Credit Facility and which provides that it shall be deemed to be a Reimbursement Agreement for the purpose of this Indenture.

**"Remarketing Agents"** means the Remarketing Agents appointed pursuant to the Trust Agreements and their successors, initially (a) Morgan Stanley & Co. Incorporated with respect to the Series 2008A Bonds and the 2008B-1 Bonds, and (b) Banc of America Securities LLC with respect to the 2008B-2 Bonds. "Principal Office" of the Remarketing Agent means the office or offices designated in writing to the Commission, the Trustee, the Paying Agent, the University and the Credit Facility Issuers.

**"Remarketing Agreement"** means any Remarketing Agreement executed by the University and the Remarketing Agents pursuant to a Trust Agreement, as amended from time to time.

**"Remarketing Proceeds Account"** means the account of that name established in the Bond Purchase Fund pursuant to the Trust Agreements.

**"Rental Payment Date"** means an Interest Payment Date.

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

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

**"Revised Code"** means the Revised Code of the State of Ohio.

**"SEC"** means the Securities and Exchange Commission.

**"Securities Exchange Act"** means the Securities Exchange Act of 1934, as amended.

**"SIFMA Municipal Swap Index"** means, as of any date, the "Securities Industry and Financial Markets Association Municipal Swap Index" (such index previously known as the "Bond Market Association Municipal Swap Index" and the "PSA Municipal Swap Index") as produced by Municipal Market Data or any successor thereto, which is based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days notice, the interest on which is tax-exempt and not subject to any personal "alternative minimum tax" or similar tax under the Code unless all tax-exempt securities are subject to such tax, and published or made available by the Securities Industry and Financial Markets Association, or any successor thereto ("SIFMA") or any person acting in cooperation with or under the sponsorship of SIFMA, or, if such index is unavailable, then such other publicly available index or measurement of seven-day yields on high-grade tax-exempt variable-rate demand obligations selected by the University and agreed to by the Remarketing Agents.

**"Series 2008A Assignment"** means the Assignments of Rights Under Leases, dated as of May 1, 2008, from the Commission, as assignor, to the Trustee, as assignee, as amended or supplemented from time to time, with respect to the Series 2008A Lease.

**"Series 2008B Assignment"** means the Assignments of Rights Under Leases, dated as of May 1, 2008, from the Commission, as assignor, to the Trustee, as assignee, as amended or supplemented from time to time, with respect to the Series 2008B Lease.

**"Series 2008A Base Lease"** means the Base Lease, dated May 1, 2008, between the University, as lessor, and the Commission, as lessee, as amended or supplemented from time to time, relating to the Series 2008A Bonds.

**"Series 2008B Base Lease"** means the Base Lease, dated May 1, 2008, between the University, as lessor, and the Commission, as lessee, as amended or supplemented from time to time, relating to the Series 2008B Bonds.

**"Series 2008A Bonds"** means the \$60,000,00 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series A issued by the Commission pursuant to the Series 2008A Trust Agreement.

**"Series 2008B-1 Bonds"** means the \$33,750,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series B-1 issued by the Commission pursuant to the Series 2008B Trust Agreement.

**"Series 2008B-2 Bonds"** means the \$33,750,000 State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series B-2 issued by the Commission pursuant to the Series 2008B Trust Agreement.

**"Series 2008B Bonds"** means collectively, the Series 2008B-1 Bonds and the Series 2008B-2 Bonds.

**"Series 2008A Lease"** mean the Lease Agreement dated as of May 1, 2008, between the University, as lessee, and the Commission, as lessor, relating to the Series 2008A Bonds, as amended or supplemented from time to time.

**"Series 2008B Lease"** mean the Lease Agreement dated as of May 1, 2008, between the University, as lessee, and the Commission, as lessor, relating to the Series 2008B Bonds, as amended or supplemented from time to time.

**"Series 2008A Trust Agreement"** means the Trust Agreement, dated as of May 1, 2008, securing the Series 2008A Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

**"Series 2008B Trust Agreement"** means the Trust Agreement, dated as of May 1, 2008, securing the Series 2008B Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

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

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

**"State"** means the State of Ohio.

**"Tax Agreement"** means the Tax Certificate and Agreement entered into in connection with the issuance of the Bonds, among the Commission, the University and the Trustee, as amended or supplemented from time to time.

**"Tax-Exempt Organization"** means an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code or is a governmental unit.

**"Tendered Bonds"** means Bonds tendered or deemed tendered for purchase pursuant to the Trust Agreement.

**"Term Rate"** means the interest rate to be determined pursuant to the Trust Agreements for the Bonds for a term of one or more whole years or for a term to the Maturity Date.

**"Term Rate Bonds"** means Bonds that bear interest at a Term Rate.

**"Term Rate Period"** means a period during which Bonds bear interest at a particular Term Rate.

**"Term Rate Period of a different duration"** means a conversion to a Term Rate Period of a different duration than the then current Term Rate Period and, if the conversion is occurring on a date other than that originally scheduled as the last Interest Payment Date of the then current Term Rate Period, a conversion to a Term Rate Period of the same duration as the then current Term Rate Period.

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

**"Trust Agreements"** means the Series 2008A Trust Agreement and the Series 2008B Trust Agreement.

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

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

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

**"University Representative"** means the individual designated from time to time as the representative of the University for purposes of the Leases. The designation shall be made in a written certificate furnished to the Commission and the Trustee containing the specimen signature of such person and signed on behalf of the University by an authorized official of the University or its Board of Trustees. The certificate may designate an

alternate or alternates who shall have the same authority, duties and powers as the University Representative and may serve in that capacity during the same time as the University Representative. In the event that all individuals so designated become unavailable or unable to act and the University fails to designate a replacement within ten days after that unavailability or inability to act, the Trustee or an Executive (if requested to do so by the Trustee) may appoint an interim University Representative until the University designates a replacement.

"**Variable Rate**" means the Daily, Weekly, Commercial Paper or Term Rate.

"**Variable Rate Bonds**" means Bonds that bear interest at a Variable Rate.

"**Variable Rate Period**" means a period during which the Bonds bear interest at a Variable Rate.

"**Weekly Rate**" means the interest rate to be determined for the Bonds on a weekly basis pursuant to the Trust Agreements.

"**Weekly Rate Period**" means a period during which the Bonds bear interest at a Weekly Rate.

"**2004 Bonds**" means the State of Ohio Higher Education Facility Revenue Bonds (Case Western Reserve University 2004 Project) Series B, issued by the Commission pursuant to the 2004 Trust Agreements, in the original principal amount of \$177,825,000.

"**2004 Lease**" means the Leases, dated as of March 1, 2004, as amended, between the Commission and the University, entered into in connection with the 2004 Bonds.

"**2004 Project**" means the construction of student residential facilities (the North Residential Village), the renovation of and construction of an addition to the West Quad, the construction of a new building for the Cleveland Center for Structural Biology, the renovation and expansion of the School of Medicine's Animal Resource Center, the construction of the Case Medical Sciences Learning Center, the acquisition and construction of a new Research Building and renovation and replacement of systems for campus facilities including windows, HVAC systems, roofs, elevators, ADA and other improvements, all together with related equipment, furnishings, appurtenances and site improvements (including relocating existing buildings) thereof and the acquisition of real property in connection with these facilities and for other University purposes.

"**2004 Trust Agreement**" means the Trust Agreements, dated as of March 1, 2004, securing the 2004 Bonds, between the Commission and The Bank of New York Trust Company, N.A., as the successor "**2004 Trustee**."

## THE TRUST AGREEMENTS

The following is a description of certain provisions of the two separate, but substantially similar Trust Agreements. Such description does not purport to be complete or definitive and reference is made to the Trust Agreements for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this description and not otherwise defined under "Certain Defined Terms and Summary of Certain Provisions of the Trust Agreements, the Leases and the Tax Agreement." The Series 2008A Trust Agreement and the Series 2008B Trust Agreement differ from each other in certain respects relating to the payment terms and maturities of the respective series of Bonds, the applicable Leases, Guaranty Agreements, Credit Facilities, and Credit Facility Issuers. Accounts under each Trust Agreement shall be segregated from one another.

*Each Trust Agreement is separate from and will operate independently of the other Trust Agreement and will relate only to the related series of Bonds, and the occurrence of an event of default under one Trust Agreement will not, in and of itself, constitute an event of default under the other Trust Agreement. The Trust Agreements contain substantially the same terms and provisions. All references in this summary to the Bonds, the Refunded Bonds, the Trust Agreement, the Lease, the Guaranty, the Project, the Reimbursement Agreement, the Initial Credit Facility, the Remarketing Agent, the Remarketing Agreement and any other defined terms and to the percentages of holders of Bonds should be read as referring separately to each issue of the Bonds and to the related Refunded Bonds, Trust Agreement, Lease, Guaranty, Project, Reimbursement Agreement, Initial*



***Credit Facility, Remarketing Agent, Remarketing Agreement and other defined terms except as otherwise noted. Reference is made to each Trust Agreement for the detailed provisions thereof.***

**Pledge and Assignment.** In order to secure the payment of the principal of, and interest and premium, if any, on the Bonds issued under the Trust Agreement either at their maturity or prior redemption according to their tenor and effect and to secure the performance and observance by the Commission of all the covenants and obligations expressed or implied in the Trust Agreement and in the Bonds, the Commission assigns to the Trustee all of the Commission's rights to, and interests in, the Revenues (except for the Unassigned Rights), the Leases, and the Guaranties.

**Replacement Bonds.** If any Depository determines not to continue to act as a Depository for the Bonds for use in a book entry system or the Commission at the request of the University determines to terminate the service of any Depository (after determining that the continuation of such book entry system services by such Depository is not in the best interests of the Commission, the University or the beneficial owners of the Bonds), the Commission, at the request of the University, may attempt to have established a securities depository/book entry system relationship with another qualified Depository under the Trust Agreement. If the Commission does not or is unable to do so, the Commission and the Trustee, after the Trustee has made provision for notification of the owners of beneficial interests in the Bonds by appropriate notice to the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form to the assignees of the Depository or its nominee. If the event is not the result of Commission action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bonds), of those persons requesting that authentication and delivery.

**Books.** The Commission shall cause books for the registration and registration of transfer of the Bonds as provided in the Trust Agreement to be kept by the Registrar. The Registrar shall maintain and keep, at the designated office of the Registrar, books for the registration of transfer of the Bonds, which at all reasonable times shall be open for inspection by the Commission, the Trustee, the University, the Credit Facility Issuers, if any, and Holders of 25% or more of the Bonds then outstanding. Upon presentation of any Bond entitled to registration or registration of transfer at the designated office of the Registrar, the Registrar shall register or register the transfer of the Bond in the registration books. The Registrar shall make all necessary provisions to permit the exchange or registration of transfer of Bonds at the designated office of the Registrar.

**Transfer and Exchange.** The Bonds shall be transferred and exchanged as provided in the Trust Agreement provided that neither the Commission, the Registrar nor any Authenticating Agent, as the case may be, shall be required (i) to make any exchange or transfer of a Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of the mailing or (ii) to transfer or exchange any Bonds selected for redemption, in whole or in part.

**Nonpresentment of Bonds.** In the event that any Bond shall not be presented for payment when the principal thereof becomes due in whole or in part, either at stated maturity or by redemption, or check or draft for interest is uncashed, if money sufficient to pay the principal then due of that Bond or of such check or draft has been made available to the Trustee for the benefit of its Holder, all liability of the State or the Commission to that Holder for such payment of the principal then due on the Bonds or of such check or draft thereupon shall cease and be discharged completely. Thereupon, it will be the duty of the Trustee to hold that money, without liability for interest thereon, in a separate account in the Bond Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to that money for any claim of whatever nature on its part under the Trust Agreement or on, or with respect to, the principal then due of that Bond or of such check or draft.

**Creation of Funds and Accounts; Deposit of and Use of Moneys.** The funds and separate accounts within the funds created with respect to the Bonds under the Trust Agreement shall be held and administered by the Trustee in accordance with the terms of the Trust Agreement and as described below concerning certain Funds:

*Escrow Fund and Issuance Expenses Fund.* The proceeds of the sale of the Bonds shall be deposited by the Trustee as follows: to the Issuance Expenses Fund, the amount specified by the Commission in a certificate to the Trustee, which amount shall not exceed the amount of the Bond proceeds that may be allocated for issuance expenses



under the Code; and to the Escrow Fund established under the Escrow Agreement, the balance of the proceeds. On the earlier of (i) November 1, 2008, or (ii) the date when all fees, charges and expenses relating to the issuance of the Bonds have been paid or provision for their payment has been made, as certified to the Trustee by a University Representative, the Trustee shall transfer any balance remaining in the Issuance Expenses Fund to the Bond Fund.

*Bond Fund.* The Bond Fund and the money and Eligible Investments therein shall be used solely and exclusively for the payment of the Bond Service Charges, all as provided in the Trust Agreement and the Leases.

**Lien.** The Commission shall not create any lien upon any of the funds or accounts created by either the Trust Agreement or upon the Revenues of the Commission from the Leases other than the liens created by the Trust Agreement.

**Payment of Interest.** On each Interest Payment Date, the Trustee shall pay the interest due on the Bonds to the registered owner (initially the Depository or its nominee) as of the Record Date applicable to that Interest Payment Date.

**Payment of Principal and Premium.** On each date on which the principal of and any premium on any of the Bonds becomes due and payable, at maturity, upon redemption or otherwise, the Paying Agent or the Trustee shall pay such principal and premium to the registered owner (initially the Depository or its nominee).

**Investments.** Moneys in any fund or account created under the Trust Agreement shall, at the direction of the University, be invested and reinvested by the Trustee in Eligible Investments and such investments applied pursuant to and in accordance with the Trust Agreement.

**Redemption.** The Bonds shall be subject, pursuant to the terms of the Trust Agreement, to mandatory, optional and extraordinary optional redemption. (See "THE BONDS - Redemption" for a description of the provisions regarding redemption.)

**No Pecuniary Liability.** Each and every covenant made in the Trust Agreement is predicated upon the condition that the Commission will not have any pecuniary liability for the payment of the principal of and premium, if any, or interest on the Bonds, or performance of any pledge, mortgage, obligation or agreement created by or arising out of the Trust Agreement or the issuance of the Bonds. Neither the Bonds nor the interest on the Bonds nor any obligation or agreement of the Commission under the Trust Agreement or the other Bond Documents will be construed to constitute an indebtedness of the Commission within the meaning of any constitutional or statutory provision.

**No Personal Liability.** No covenant, stipulation, obligation or agreement of the Commission in the Trust Agreement, the Bonds, the Leases or any other Bond Document will be deemed to be a covenant, stipulation, obligation or agreement of any present or future elected or appointed official, officer, employee or agent of the Commission in his or her individual capacity, and neither the members of the Commission nor any official executing the Bonds will be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds or by reason of the covenants, stipulations, obligations or agreement of the Commission contained in the Leases or the Trust Agreement.

**Performance of Covenants of the Commission; Representations.** The Commission will perform any and all covenants, undertakings, stipulations and provisions applicable to it and contained in the Trust Agreement, in any and every Bond executed, authenticated and delivered under the Trust Agreement, and in all proceedings pertaining to the Bonds.

**No Disposition of Trust Estate.** Except as permitted by the Trust Agreement or the other Bond Documents, the Commission will not sell or otherwise dispose of all or any part of its interest in the Project or assign or grant a security interest in the Revenues or create or suffer to create any debt, lien or charge thereon.

**Removal of Trustee.** The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Trustee, the

Commission, the Registrar, any Authenticating Agents, the Credit Facility Issuer, if any, and the University, and signed by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Commission, any Credit Facility Issuer or the Holders of not less than 25% in aggregate principal amount of then Outstanding Bonds. The University may solicit the Holders or the Commission to make such an application, and at the request of the University, the Trustee shall permit the University to inspect the Register for this purpose. The Commission shall promptly consider such a request from the University. The removal of a Trustee shall not become effective until the appointment of a successor Trustee.

#### **Events of Default.**

Each of the following events shall constitute an Event of Default under the Trust Agreement:

- (a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;
- (b) Payment of the principal or redemption price of any Bond shall not be made when and as that principal or redemption price shall become due and payable, whether at stated maturity, by redemption, by acceleration or otherwise;
- (c) Payment of the purchase price of any Bond tendered for purchase pursuant to the provisions of Article IV of the Trust Agreement shall not be made when and as that purchase price becomes due and payable;
- (d) The Trustee shall receive written notice from the Credit Facility Issuer of an "event of default" under and as defined in the Reimbursement Agreement, by reason of which the Trustee has been directed to accelerate the Bonds;
- (e) the Commission or the University fails to perform or observe any covenant or agreement or obligation under the Trust Agreement, the Lease or the Tax Agreement that results in the interest on the Bonds no longer being excluded from gross income for federal income tax purposes;
- (f) the Commission fails to perform or observe any other covenant, agreement or obligation on the part of the Commission contained in this Trust Agreement or in the Bonds, which failure or default shall have continued for a period of 60 days after written notice, by registered or certified mail, to the Commission and the University specifying the failure or default and requiring the same to be remedied, which notice may be given by the Trustee in its discretion and which notice must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding;
- (g) the occurrence of an Event of Default as defined in the Lease subject to applicable waivers and cure periods as provided therein;
- (h) The University fails to perform or observe any covenant, agreement or obligation on the part of the University contained in the Guaranties, giving effect to any notices and grace periods therein;
- (i) A decree or order of a court or agency or supervisory authority, having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding, or for the winding-up or liquidation of its affairs, shall have been entered against a Credit Facility Issuer or the Credit Facility Issuers shall have consented to the appointment of a

conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Credit Facility Issuer or of or relating to all or substantially all of its property; and

- (j) Receipt by the Trustee, not later than the last day provided for in the Credit Facility on which the Credit Facility Issuer can give notice preventing a reinstatement of the Credit Facility following a drawing under the Credit Facility to pay regularly scheduled interest on the Bonds, of written notice by the Credit Facility Issuer that the University has not reimbursed the Credit Facility Issuer for such drawing or of the occurrence of an "Event of Default" under the Reimbursement Agreement, and, that as a consequence of either of the above, the Credit Facility Issuer will not reinstate the Credit Facility with respect to such drawing.

**Acceleration of Maturity.** (i) Upon the occurrence of an Event of Default under the Trust Agreement, as defined in (c), (e), (f), (g), or (h) above, the Trustee may with the prior written consent of the Credit Facility Issuer, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding and with prior written consent of the Credit Facility Issuer, shall, or (ii) upon the occurrence of any Event of Default described in subsection (a), (b), (d), (i) or (j) above, the Trustee shall, by written notice to the Commission, the University and any Credit Facility Issuer, declare the principal of all Bonds then outstanding (if not then due and payable), and the accrued and unpaid interest thereon, to be due and payable immediately.

**Actual Notice of Events of Default.** The Trustee will promptly provide written notice of the occurrence and continuing of any Event of Default under the Trust Agreement, to the University, the Commission, the Registrar, the Paying Agent, the Authenticating Agent, any Credit Facility Issuer, and the Underwriters and to all Holders of Bonds within thirty (30) days after obtaining knowledge of such Event of Default.

**Rescission or Annulment of Acceleration.** If, at any time after principal and premium, if any, and interest shall have been accelerated and declared due and payable and prior to the entry of a judgment in a court of law or equity for enforcement under the Trust Agreement or the appointment, and the confirmation thereof, of a receiver after an opportunity for hearing by the Commission and the University, all amounts payable under the Trust Agreement except the principal of, and interest accrued after the next preceding Interest Payment Date on, the Bonds that have not reached their stated Maturity Dates and that are due and payable solely by reason of said declaration shall have been duly paid or provided for by deposit with the Trustee or Paying Agents and all existing Defaults shall have been made good, then and in every such case such payment or provisions for payment shall constitute a waiver of such Event of Default and its consequences.

**Restoration to Former Position.** In case any proceedings taken by the Trustee on account of default of the Bonds have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Commission or the Holders, then the Commission, the Trustee, and the Bondholders will be restored to their respective former positions and rights under the Trust Agreement, and all rights, remedies, powers and duties of the Trustee will continue as though no such proceeding had been taken.

**Holders' Right to Direct Proceedings.** The Credit Facility Issuer, if there is an Event of Default under paragraph (d) under "THE TRUST AGREEMENTS – Events of Default" above, or the Holders of a majority in aggregate principal amount of Outstanding Bonds in respect of any other Event of Default, shall have the right at any time to direct, by an instrument or document or instruments or documents in writing signed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement; provided that (i) any direction shall not be other than in accordance with the provisions of law and of the Trust Agreement, (ii) the Trustee shall be indemnified as provided in the Trust Agreement and (iii) the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

**Limitation on Holders' Right to Institute Proceedings.** No Holder has any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Trust Agreement or for any other remedy thereunder unless (i) such Holder previously has given to the Trustee written notice in accordance with the terms of the Trust Agreement of the Event of Default on account of which such suit, action or proceeding is to be

instituted, (ii) the Holders of not less than 25% of the aggregate principal amount of the Outstanding Bonds have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement, as applicable, or to institute such action, suit or proceeding in its or their name, and (iii) there has been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the institution of any action, suit or proceeding under the Trust Agreement.

It is understood and intended that, except as otherwise provided above, (i) no one or more Holders has any right in any manner whatsoever to affect, disturb or prejudice the security of the Trust Agreement or to enforce any right thereunder except in the manner therein described, (ii) all proceedings at law or in equity shall be maintained in the manner therein provided and for the benefit of all Holders of the Outstanding Bonds, and (iii) that any individual right of action or other right given by law to one or more of such Holders is restricted by the Trust Agreement to the rights and remedies therein.

**No Impairment of Right to Enforce Payment.** Notwithstanding any other provision of the Trust Agreement to the contrary, the right of any Holder to receive payment of the principal and interest on a Bond or to institute suit for the enforcement of any such payment on or after the date such payment is due, shall not be impaired or affected.

**No Remedy Exclusive.** No remedy conferred upon or reserved to the Trustee or to the Holders under the Trust Agreement is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or in the future existing at law or in equity or by statute.

**No Waiver of Remedies.** No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any default will impair any such right or power or be construed to be a waiver of any such default, or an acquiescence in the default. Every power and remedy given under the Trust Agreement to the Trustee and to the Holders may be exercised from time to time and as often as may be deemed expedient.

**Limitations on Modifications of the Trust Agreement and the Leases.** Neither the Trust Agreement nor the Leases shall be modified, supplemented or amended in any respect subsequent to the first issuance of the Bonds except as provided in and in accordance with and subject to the provisions of the Trust Agreement.

**Supplemental Trust Agreement Without Holder Consent.** The Commission and the Trustee may, from time to time and at any time, without the consent of or notice to the Holders, but only with the consent of the University and the Credit Facility Issuer, enter into Supplemental Trust Agreements as follows:

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

- (f) to evidence any succession to the Commission and the assumption by its successor of the covenants, agreements and obligations of the Commission under the Trust Agreement, the Base Leases, the Leases and the Bonds;
- (g) to permit the Trustee or the Commission to comply with any obligations imposed upon it by law including the Code, so long as such change would not be to the prejudice of the Trustee or the Holders;
- (h) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar to the Credit Facility Issuer, the Remarketing Agent, and any Authenticating Agents or Paying Agents;
- (i) to achieve compliance of the Trust Agreement with any applicable federal securities or tax law, provided that in the opinion of Independent Counsel such supplemental trust agreement does not adversely affect the validity or security of the Bonds;
- (j) to permit the exchange of Bonds, at the option of the Holder or Holders thereof, for coupon Bonds payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of those Bonds, bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if the Trustee has received an opinion of Bond Counsel to the effect that the exchange would not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds outstanding;
- (k) to adopt procedures for the disclosure of information to Holders and others with respect to the Bonds, the University and the Commission in accordance with applicable federal securities laws or with any guidelines for such purpose promulgated by any appropriate national organizations;
- (l) to facilitate (i) the transfer of Bonds from one Depository to another, and the succession of Depositories, or (ii) the withdrawal of Bonds issued to a Depository for use in a book entry system and the issuance of replacement Bonds in fully registered form to others than a Depository;
- (m) to permit any other amendment that, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Holders;
- (n) to provide for the implementation of a conversion of the Applicable Rate;
- (o) if a Credit Facility is then in effect, or shall be in effect upon the effective date of such amendments, to make any amendments required to secure a rating on the Bonds from a rating service equal to the rating of the unsecured indebtedness of the Credit Facility Issuer or the parent University of such Credit Facility Issuer, which amendments, in the judgment of the Trustee, are not to the prejudice of the Holders; or
- (p) to make any amendments appropriate or necessary to provide for or facilitate the delivery of any Credit Facility or Alternate Credit Facility, any credit facility, any municipal bond insurance policy or any other type of credit enhancement or support facility; or
- (q) to obtain or maintain a rating on the Bonds from a Rating Service or to obtain or maintain insurance on the Bonds or to obtain or maintain a Credit Facility with respect to the Bonds.



**Supplemental Trust Agreements with Holder Consent.** Subject to the consent of the University and the Credit Facility Issuer, Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding have the right from time to time to consent to and approve the execution and delivery by the Commission and the Trustee of any supplemental trust agreement consistent with the provisions of the Trust Agreement, provided, however, that, (a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest or premium thereon or (iii) a reduction in the purchase price of any Bond or gives an extension of the date for payment of any mandatory sinking fund requirement or the purchase price of any Bond, or (b) without the consent of the Holders of all Bonds then outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a supplemental trust agreement.

**Notice.** If at any time the Commission requests the Trustee to enter into any supplemental trust agreement for any of the purposes described in the preceding section, the Trustee shall cause notice of the proposed supplemental trust agreement to be given by mail to all Holders of Outstanding Bonds and the Credit Facility Issuer.

**No Right to Object.** If Holders of not less than the percentage of Bonds required by the Trust Agreement consent to and approve the execution and delivery of the supplemental trust agreement as provided in the Trust Agreement, no Holder will have any right to object to the execution and delivery of such supplemental trust agreement, or to object to any of the terms and provisions contained in it or to its operation, or in any manner to question the propriety of its execution and delivery, or to enjoin or restrain the Commission or the Trustee from executing and delivering the same or from taking any action pursuant to its provisions.

**Consent of the University, and Credit Facility Issuers Required.** The Trustee and the Commission will not enter into any supplemental trust agreement without the prior written consent of the University and the Credit Facility Issuers.

**Discharge of Trust Agreement.** If (i) the Commission shall pay all of the outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the outstanding Bonds, all Bond Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all other amounts payable under the Trust Agreement or under the Lease then the Trust Agreement shall terminate and the covenants, agreements and obligations of the Commission thereunder shall be released, discharged and satisfied.

The Trustee shall release the Trust Agreement (except for certain provisions surviving in the event the Bonds are deemed paid and discharged as described below) and shall sign and deliver to the Commission any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Commission, and the Trustee and any other Paying Agents shall assign and deliver to the Commission any property subject at the time to the lien of the Trust Agreement that then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the University as excess funds under Section 5.09 of the Trust Agreement, or (ii) to be held by the Trustee and the Paying Agents in the case of nonpresentment of Bonds or otherwise for the payment of Bond Service Charges.

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

(a) the Trustee as paying agent and any Paying Agents have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee has received, in trust for and irrevocably committed thereto, Defeasance Obligations that are verified or certified by an independent firm experienced in the preparation of verification reports acceptable to Bond Counsel to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Trust Agreement), for the payment of all Bond Service Charges on those Bonds, at their maturity or redemption dates, as the case may be, or if a Default in payment has occurred on any



maturity or redemption date, then for the payment of all Bond Service Charges thereon to the date of the tender of payment; provided that if any of those Bonds are to be redeemed prior to the maturity thereof, notice of that redemption has been duly given or irrevocable provision satisfactory to the Trustee has been duly made for the giving of that notice.

Any money held by the Trustee as described above may be invested by the Trustee upon written direction by a representative of the University only in Defeasance Obligations having maturity dates, or having redemption dates that, at the option of the holder of those obligations, shall be not later than the date or dates on which money will be required for the purposes described above.

Within 15 days after any Bonds are deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which those Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged, set forth a description of the Defeasance Obligations held and specify the date or dates on which any of the Bonds are to be called for redemption.

**Acceptance of Trusts.** The Trustee accepts the trusts imposed upon it by the Trust Agreement and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in Section 6.01 of the Trust Agreement, to all of which the Commission agrees and the Holders agree by their acceptance of delivery of any of the Bonds. The obligations and duties of the Trustee will be determined solely by reference to the Trust Agreement and, except as expressly set forth in the Trust Agreement, no duties, express or implied, will be imposed on the Trustee. The Trustee may execute any of the trusts or powers contained in the Trust Agreement and perform the duties required by it under the Trust Agreement by or through attorneys, agents, receivers or employees, and shall be entitled to the advice of counsel concerning all matters of trusts and its duties under the Trust Agreement.

## THE LEASES

The following is a description of certain provisions of the two separate, but substantially similar, Leases. Such description does not purport to be complete or definitive and reference is made to the Leases for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this description and not otherwise defined under "Certain Defined Terms and Summary of Certain Provisions of the Trust Agreements, the Leases and the Tax Agreement."

*Each Lease is separate from and will operate independently of the other Lease and will relate only to the related series of Bonds, and the occurrence of an event of default under one Lease will not, in and of itself, constitute an event of default under the other Lease. The Leases contain substantially the same terms and provisions. All references in this summary to the Bonds, the Refunded Bonds, the Trust Agreement, the Base Lease, the Guaranty, the Project, the Reimbursement Agreement, the Initial Credit Facility, the Remarketing Agent, the Remarketing Agreement and any other defined terms and to the percentages of holders of Bonds should be read as referring separately to each issue of the Bonds and to the related Trust Agreement, the Base Lease, Guaranty, Project, Reimbursement Agreement, Initial Credit Facility, Remarketing Agent, Remarketing Agreement and other defined terms except as otherwise noted. Reference is made to each Lease for the detailed provisions thereof.*

**Term of Lease.** The Commission will lease the Project from the University under the Base Lease. The Commission, in turn, will lease the Project back to the University under the Lease. The term of the Lease and Base Lease will begin on the date of the delivery of the Lease and terminate upon the Termination Date. The Lease may be terminated earlier in connection with the exercise by the Trustee of remedies upon the occurrence of an Event of Default (see "THE LEASE--Events of Default"). During the term of the Lease, the University will have sole and exclusive charge of the operation of the Project so long as it complies with the terms of the Lease.

**Use of the Project.** During the term of the Lease, the University has sole and exclusive charge of the operation of the Project unless there is an Event of Default and the University has been excluded from possession of the Project under the terms of the Lease. See "THE LEASE - Events of Default" hereinafter.

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

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

On or before each Purchase Date, the University also agrees to and shall pay as Rental Payments an amount of money equal to the amount that, when the amount available from remarketing the Tendered Bonds in accordance with the Trust Agreement is added thereto, shall be sufficient to pay the Purchase Price on those Bonds on the applicable Purchase Date. In any event, the amount of the Rental Payments shall always be sufficient to enable the Trustee to pay the total amount of the Purchase Price as and when due. If at any time when a Purchase Price is due and payable, there are insufficient funds to make that payment, the University shall forthwith pay to the Trustee an amount equal to any such deficiency for deposit into the Bond Purchase Fund. Rental Payments under this paragraph may be used to reimburse a Credit Facility Issuer to the extent proceeds of the related Credit Facility were used to pay the Purchase Price of Tendered Bonds.

**Maintenance of Tuition, Fees and Charges.** So long as any Bonds are outstanding the University covenants and agrees to operate all its educational facilities, including the Project, on a revenue-producing basis. The University also covenants during such period to fix, revise, charge and collect such reasonable tuition fees, other student fees, rates, other fees, rentals and charges for the use and occupancy of its educational facilities, including the Project or any part thereof, in amounts so that the University will receive gross cash receipts in each fiscal year that, together with other money legally available to it, are sufficient (as determined in accordance with generally accepted accounting principles then in effect and applicable to nonprofit educational institutions) to pay the following costs (without priority of any one clause over another): (i) currently all of the University's expenses, payable during that fiscal year, for its operation, including those expenses incurred in carrying out its educational purposes, and for the operation, maintenance and repair of all its educational facilities, including the Project, and any other facilities operated by the University; (ii) all Rental Payments and Additional Payments under the Lease due in that fiscal year; (iii) all other obligations imposed by the Bond Documents upon the University payable during such fiscal year; and (iv) all indebtedness and other obligations of the University due in that fiscal year as the same become due and payable.

**Maintenance and Insurance.** The University has agreed that during the term of the Lease it will keep the Project in good repair and good operating condition at its own cost. In the event that the University defaults under the Lease and the Lease is terminated, the University will surrender the Project to the Commission in as "good condition" as the Project was in at the time the University had full possession of the Project. "Good condition" permits loss to the Project by fire or other casualty covered by insurance, ordinary wear and tear, obsolescence and acts of God.

The University has agreed to maintain, during the term of the Lease, insurance coverage with respect to its educational facilities, including the Project, and other properties of the University and the operation and maintenance thereof of such type and in such amounts and against such risks as are normal for educational facilities of similar type and size. Such insurance shall include (i) property insurance in an amount which shall be at least equal to the then replacement value of the Project, (ii) comprehensive general liability insurance, (iii) workers' compensation and employer's liability coverage and (iv) fidelity bonds on all officers and employees of the University who have access to or custody of any revenues or the University funds. The University also has agreed, as long as Bonds are outstanding, (i) that the foregoing insurance policies will prohibit cancellation or substantial modification without at least 50 days' prior written notice to the University and the Trustee, (ii) to cause the Trustee and the Commission to be named as an additional party insured under the property insurance policies, and (iii) to cause the Commission and the Trustee to be named as an additional party insured under the comprehensive general liability insurance policies.

**Annual Statement.** The University agrees to have an annual audit of its financial statements made by an independent certified public accountant and to provide that audit report to the Commission, the Trustee and the Underwriters within 150 days after the end of each fiscal year.

**Merger, Consolidation or Transfer of Assets.** During the term of the Lease, the University is to maintain its existence as an educational institution not for profit and will not dissolve or otherwise dispose of all or a substantial part of its assets or merge into another corporation or entity or permit one or more other corporations or entities to consolidate with or merge into it, unless the corporation or entity surviving such merger or other transaction (i) is a State university or college or holds a certificate of authorization from the Ohio Board of Regents pursuant to Section 1713.02 of the Ohio Revised Code, (ii) is a Tax Exempt Organization, (iii) has an aggregate, unrestricted net asset balance equal to at least 90% of that balance of the University prior to such merger or other transaction, (iv) expressly assumes all agreements of the University under the Bond Documents, (v) shall not have assumed any obligations or liabilities not permitted by the Lease, (vi) no Event of Default under the Lease shall have occurred and be continuing and no event shall have occurred and be continuing that with the lapse of time or giving of notice or both would constitute such an Event of Default, (vii) either (a) no litigation is pending against the Surviving Institution in which the amount claimed that is not fully covered by insurance exceeds \$5,000,000 in any one suit or in the aggregate of all suits or (b) the Surviving Institution shall provide to the Trustee an opinion of Independent Counsel that, in the judgment of such Independent Counsel, the aggregate liability of the Surviving Institution in all pending litigation against it does not exceed the amount available under any and all liability policies carried (or reserves allocated) by the Surviving Institution to insure payment of amounts owing under judgments awarded in, or settlements of, litigation, and (viii) such merger, consolidation or transfer of assets will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

**Indemnification of the Commission.** The University has agreed to hold the Commission harmless against all costs, liabilities, losses, expenses and claims arising from (i) any loss of or damage to property, or any injury to or death of any person, that may be occasioned by any cause pertaining to the Project or its use, nonuse or condition, (ii) any breach or default by the University under the Bond Documents, the acquisition, construction, improvement or equipping of the Project, or any act or a failure to act by the University, its agents, contractors, servants, employees or licensees, (iii) the Commission's authorization, issuance and sale of the Bonds and provision of any information or certification in connection therewith, (iv) any failure of the University to comply with any requirements of the Bond Documents or the Code, as hereinafter defined, pertaining to the exclusion of interest on

the Bonds from gross income for federal income tax purposes including covenants in the Tax Agreement, (v) ownership of any interest in the Project or any part thereof; (vi) the performance of any labor or services or the furnishing of any materials or other property in respect of the Project or any part thereof; (vii) any action, claim or proceeding brought in connection with any of the foregoing; and (viii) to the extent of the aggregate amount paid in settlement of any action, claim or proceeding commenced or threatened based upon any of the foregoing, if the settlement is effected with the written consent of the University.

**University's Options to Terminate Lease and to Purchase the Project.** The University has the option to terminate the Lease and Base Lease at any time when the Trust Agreements has been released pursuant to its provisions and all payments thereunder have been made or provided for.

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

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

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

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether State or federal) or by final decree, judgment or order of any court or administrative body (whether State or federal) entered after the contest thereof by the Commission or the University in good faith, the Lease becomes void or unenforceable or impossible of performance, or if unreasonable burdens or excessive liabilities are imposed upon the Commission or the University with respect to the Project or operation thereof as described in the Lease; or

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

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

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

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

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

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

**The University to Maintain Its Existence.** The University has agreed to maintain, during the term of the Lease, its existence as a nonprofit educational institution and not to dissolve or otherwise dispose of all or a substantial part of its assets or merge into or consolidate with another corporation or entity or permit one or more other corporations or entities to consolidate with or merge into it, unless the corporation surviving such merger (i) is a State university or college or holds a certificate of authorization under Section 1713.02 of the Ohio Revised Code, (ii) is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code or is a governmental unit, (iii) expressly assumes all agreements of the University under the Lease and (iv) meets certain other conditions described in the Lease.

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

**Assignment and Subleasing.** The Lease may be assigned in whole or in part, and the Project may be subleased in whole or in part, by the University without the necessity of obtaining the consent of the Commission, the Credit Facility Issuer or the Trustee, provided that certain conditions are met, including (i) no such assignment (other than assignments pursuant to the consolidation, merger, sale or other transfer as described in "THE LEASE - Merger, Consolidation or Transfer of Assets") will relieve the University from primary liability for any of its obligations under the Lease and the University will continue to remain primarily liable for the payment of Rental Payments, (ii) any such assignment or sublease will retain for the University such rights as will permit it to perform its obligations under the Lease, (iii) the assignee or sublessee from the University assumes the obligations of the University to the extent of the interest assigned or subleased, (iv) the University furnishes a copy of such assignment, sublease or grant of use to the Commission and the Trustee, and (v) any such assignment or sublease shall be subject to the terms of the Lease and will not materially impair fulfillment of the purposes of the Act in providing educational facilities or adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

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

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

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

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

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

The provisions described in (c) above are subject to the following limitations: if by reason of any cause, circumstance or event not reasonably within the control of the University, it is unable in whole or in part to perform



or observe its agreements under the Lease described in (c) above, the University will not be deemed in default during the continuance of such inability.

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

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

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

(b) The Trustee may enter and take possession of the Project without terminating the Lease, complete the Project Facilities if not then completed, sublease the Project or any part thereof for the account of the University, holding the University liable for completion costs, if any, not reimbursed to the Commission from the proceeds of the Bonds or otherwise.

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

(d) The Trustee may exercise any and all and any combination of rights, remedies and powers available to it under the Trust Agreements, the Lease, at law, in equity or any statute or otherwise, including the right to appointment of a receiver for the Project.

(e) The Trustee may collect rentals and enforce all other remedies of the University under any leases of, or assignments or grants of rights to use or occupy, the Project, or any part thereof, but without being deemed to have affirmed the leases, assignments or grants.

(f) The Trustee may enter into new leases, assignments and grants on any terms that the Commission or the Trustee may deem to be suitable for the Project, or any part thereof, which leases, assignments and grants may provide that they shall not be terminated or affected if the University cures the Event of Default,

(g) The Trustee may remove the University, all other Persons and all property from the Project, or any part thereof.

(h) The Trustee may hold, operate and manage the Project, or any part thereof.

(i) The Trustee may receive all earnings, income, rents, issues, profits, proceeds or other sums accruing with respect thereto.

(j) The Trustee may obtain an environmental assessment of all or any part of the real property constituting the Project.

**Amendments of the Lease.** Each Trust Agreement provides that the Commission and the Trustee may consent to any amendment of the related Lease without the consent of or notice to the Holders (but with the consent of the Credit Facility Issuer) only as may be required (i) by the provisions of the Bond Documents, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Lease, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of the Trust Agreements without the consent of the Holders, (iv) in connection with the conversion of the Bonds to another Applicable Rate, (v) in connection with the obtaining or replacement of a Credit Facility as permitted in and in accordance with the Trust



Agreements or (vi) in connection with any other change therein that does not materially, adversely affect the Trustee or the Holders of the Bonds, in the judgment of the Trustee. Any amendment to the Lease that would change the amount of Rental Payments, or time as of which they are required to be paid, may only be made with the consent of all Holders. Any other amendments to the Lease may only be made with the written consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding and of the Credit Facility Issuer.

### **THE TAX AGREEMENT**

The following is a description of certain provisions of the Tax Agreement. Such description does not purport to be complete or definitive and reference is made to the Tax Agreement for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this description and not otherwise defined under "Certain Defined Terms and Summary of Certain Provisions of the Trust Agreements, the Lease and the Tax Agreement."

The Commission, the University and the Trustee will enter into a Tax Certificate and Agreement, as amended or supplemented from time to time (the "Tax Agreement"). The University represents that it has taken and covenants that it will take and cause to be taken all actions that may be required of it, alone or in conjunction with the Commission, for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"). The University represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect those exclusions under the provisions of the Code.

Unless the University receives and provides to the Commission and the Trustee a written opinion of Bond Counsel acceptable to the Commission that such action will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, the University will not take any action or fail to take any action that would cause the Bonds not to be considered qualified 501(c)(3) bonds under Section 145 of the Code. The preceding discussion does not purport to be complete or definitive and reference is made to the Tax Agreement for a full and complete statement of the terms and provisions.

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**APPENDIX D**

**DESCRIPTION OF APPLICABLE INTEREST RATES  
AND OTHER TERMS OF BONDS FOR DAILY, WEEKLY AND  
COMMERCIAL PAPER RATE PERIODS**

<b>RATE PERIOD</b>	<b>INTEREST PAYMENT DATE AND RECORD DATE</b>	<b>RATE DETERMINATION DATE</b>	<b>DATE ON WHICH RATE BECOMES EFFECTIVE</b>	<b>NOTICE OF RATE</b>	<b>NOTICE PERIOD FOR OPTIONAL TENDER</b>	<b>PAYMENT FOR BONDS TENDERED</b>	<b>MANDATORY PURCHASE DATE</b>	<b>RATE PERIOD CHANGE DATE NOTICE FROM UNIVERSITY TO NOTICE PARTIES</b>	<b>RATE PERIOD CHANGE DATE NOTICE MAILED TO BOND OWNERS</b>
Daily Rate Period	<u>Interest:</u> 1 <sup>st</sup> Business Day of each calendar month. <u>Record:</u> The last Business Day of the Interest Period	Daily Rate determined not later than 10:30 a.m. on the Business Day that is the commencement date of the Daily Rate Period	Each Business Day	Remarketing Agent notifies Trustee of any change by close of business on the day such rate is determined	Telephone notice not later than 11:00 a.m. on purchase date	Before 11:00 a.m. on Purchase Date in immediately available funds	Conversion Date	Not less than 7 Business Days prior to date notice is required to be mailed to Bond Owners.	Not less than 15 days before Conversion Date to Weekly Rate Period or Commercial Paper Rate Period and 30 days for Rate Period change to or from Term Rate Period
Weekly Rate Period	<u>Interest:</u> 1 <sup>st</sup> Business Day of each calendar month. <u>Record:</u> The last Business Day of the Weekly Rate Period	Weekly Rate determined not later than 10:00am on the first day of the Weekly Rate Period.	First day of such Weekly Rate Period.	Remarketing Agent notifies Trustee by close of business on the day such rate is determined	Written or electronic notice not later than 5:00 p.m. on a Business Day not fewer than seven days prior to the purchase date.	Before 11:00 a.m. on Purchase Date in immediately available funds	Conversion Date	Not less than 7 Business Days prior to date notice is required to be mailed to Bond Owners.	Not less than 15 days before Conversion Date to Daily Rate Period or Commercial Paper Rate Period and 30 days for Rate Period change to or from Term Rate Period
Commercial Paper Rate Period	<u>Interest:</u> 1 <sup>st</sup> Business Day immediately following the last day of each CP Rate Period. <u>Record:</u> The last day of the Commercial Paper Rate Period	CP Rate Period determined not later than 1:00 p.m. on the first Day of each CP Rate Period	First Day of such CP Rate Period	Remarketing Agent notifies Trustee by close of business on the day such rate is determined	Not applicable	Before 2:30 p.m. on Purchase Date in immediately available funds	Conversion Date; the day following the last day of the CP Rate Period	Not less than 7 Business Days prior to date notice is required to be mailed to Bond Owners.	Not less than 15 days before Conversion Date to Daily Rate Period or Weekly Rate Period and 30 days for Rate Period change to or from Term Rate Period

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## APPENDIX E-1

### PROPOSED FORM OF OPINION OF BOND COUNSEL FOR SERIES 2008A BONDS

We have examined the transcript of proceedings (the "Series A Transcript") relating to the issuance by the Ohio Higher Educational Facility Commission (the "Commission") of \$60,000,000 in Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series A dated their date of issuance and delivery (the "Bonds") of the State of Ohio (the "State"). The Bonds are being issued for the purpose of providing funds to pay "project costs" of "educational facilities," as those terms are defined in Section 3377.01 of the Revised Code, including (i) costs relating to the refunding of a portion of the Commission's currently outstanding State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University 2004 Project) Series B ("2004 Bonds"), which 2004 Bonds were issued to pay costs relating to the construction of student residential facilities (the North Residential Village), the construction and development of athletic fields (including seating and related facilities), construction of parking facilities, the renovation of and construction of an addition to the former Mt. Sinai Complex and the West Quad (medical, research, classroom, administrative and related facilities), the construction of a new building for the Cleveland Center for Structural Biology, the renovation and expansion of the School of Medicine's Animal Resource Center, the construction of the Case Medical Sciences Learning Center, the acquisition and construction of a new research building and renovation and replacement of systems for campus facilities, including windows, HVAC systems, roofs, elevators, Americans with Disabilities Act facilities and other improvements (including relocating existing buildings), all together with related equipment, furnishings, appurtenances and site improvements and the acquisition of real property in connection with these facilities and for other University purposes and (ii) costs incidental thereto and costs of financing and refinancing thereof, and for such other uses as are permitted by the State law and the Lease. The Bonds are issued and secured by the Trust Agreement (the "Trust Agreement") between the Commission and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Project has been leased by Case Western Reserve University (the "University"), as lessor, to the Commission, as lessee, under the Base Lease (the "Base Lease") and has been leased back to the University under the Lease (the "Lease") between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights Under Lease (the "Assignment"), the Commission has assigned to the Trustee for the benefit of the holders of the Bonds substantially all of its rights under the Lease, including the Rental Payments to be made by the University.

The Commission has authorized the issuance of, and has sold or expects to sell, its State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series B (the "Series B Bonds") and its State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series C (the "Series C Bonds"), for the benefit of the University. If sold and issued as contemplated, the Bonds, the Series B Bonds and the Series C Bonds will be treated as a single issue of bonds under Section 150 of the Internal Revenue Code of 1986, as amended (the "Code").

The documents in the Series A Transcript examined include signed counterparts of the Base Lease, the Lease, the Assignment and the Trust Agreement, each dated as of May 1, 2008. We have also examined a conformed copy of a signed and authenticated Bond. We also have examined the transcript of proceedings (the "Series B Transcript") that relates to the issuance of the Series B Bonds.

Based on this examination, we are of the opinion that under existing law:

1. The Bonds, the Base Lease, the Lease, the Assignment and the Trust Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by the application of general principles of equity and the exercise of judicial discretion.
2. The Bonds constitute special obligations of the State, and the principal of and interest and any premium on the Bonds (collectively, "debt service") are payable solely from the revenues and other money pledged and assigned by the Trust Agreement and the Assignment to secure that payment, including the payments required

to be made by the University under the Lease. The Bonds and the payment of debt service are not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a debt, or pledge of the faith and credit, of the State or the Commission.

3. The interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The interest on the Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. We express no opinion as to any other tax consequences regarding the Bonds.

In giving the foregoing opinion with respect to the treatment of interest on the Bonds and the status of the Bonds under the tax laws, we have assumed and relied upon compliance with the covenants of the University and the Commission, and the accuracy, which we have not independently verified, of the representations and certifications of the University and the Commission contained in the Series A Transcript and the Series B Transcript. The accuracy of certain of those representations and certifications, and compliance by the University and the Commission with certain of those covenants, may be necessary for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Bonds could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance.

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

Under the Code, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax, and interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

In rendering this opinion, we have relied upon opinions, certifications and representations of fact, contained in each of the Series A Transcript and the Series B Transcript, which we have not independently verified, and we have assumed the due authorization, signing and delivery by, and the binding effect upon and the enforceability against, the Trustee of the Trust Agreement and the Assignment. We have also relied upon the opinions of Jeanine Arden Ornt, Esq., Vice President and General Counsel of the University, contained in each of the Series A Transcript and the Series B Transcript, as to all matters concerning the University, including the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the University of the Base Lease and the Lease, matters of title to the Project, the status of the University as a 501(c)(3) organization within the meaning of the Code, and its exemption from federal income tax under Section 501(a) of the Code.

We express no opinion with respect to the Allied Irish Banks Letter of Credit to which reference is made in the Series A Transcript. We express no opinion with respect to the Bank of America Letter of Credit to which reference is made in the Series B Transcript.



## APPENDIX E-2

### PROPOSED FORM OF OPINION OF BOND COUNSEL FOR SERIES 2008B BONDS

We have examined the transcript of proceedings (the “Series B Transcript”) relating to the issuance by the Ohio Higher Educational Facility Commission (the “Commission”) of \$67,500,000 in Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series B dated their date of issuance and delivery (the “Bonds”) of the State of Ohio (the “State”). The Bonds are being issued for the purpose of providing funds to pay “project costs” of “educational facilities,” as those terms are defined in Section 3377.01 of the Revised Code, including (i) costs relating to the refunding of a portion of the Commission’s currently outstanding State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University 2004 Project) Series B (“2004 Bonds”), which 2004 Bonds were issued to pay costs relating to the construction of student residential facilities (the North Residential Village), the construction and development of athletic fields (including seating and related facilities), construction of parking facilities, the renovation of and construction of an addition to the former Mt. Sinai Complex and the West Quad (medical, research, classroom, administrative and related facilities), the construction of a new building for the Cleveland Center for Structural Biology, the renovation and expansion of the School of Medicine’s Animal Resource Center, the construction of the Case Medical Sciences Learning Center, the acquisition and construction of a new research building and renovation and replacement of systems for campus facilities, including windows, HVAC systems, roofs, elevators, Americans with Disabilities Act facilities and other improvements (including relocating existing buildings), all together with related equipment, furnishings, appurtenances and site improvements and the acquisition of real property in connection with these facilities and for other University purposes and (ii) costs incidental thereto and costs of financing and refinancing thereof, and for such other uses as are permitted by the State law and the Lease. The Bonds are issued and secured by the Trust Agreement (the “Trust Agreement”) between the Commission and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). The Project has been leased by Case Western Reserve University (the “University”), as lessor, to the Commission, as lessee, under the Base Lease (the “Base Lease”) and has been leased back to the University under the Lease (the “Lease”) between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights Under Lease (the “Assignment”), the Commission has assigned to the Trustee for the benefit of the holders of the Bonds substantially all of its rights under the Lease, including the Rental Payments to be made by the University.

The Commission has authorized the issuance of, and has sold or expects to sell, its State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series A (the “Series A Bonds”) and its State of Ohio Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) 2008 Series C (the “Series C Bonds”). If sold and issued as contemplated, the Bonds, the Series A Bonds and the Series C Bonds will be treated as a single issue of bonds under Section 150 of the Internal Revenue Code of 1986, as amended (the “Code”).

The documents in the Series B Transcript examined include signed counterparts of the Base Lease, the Lease, the Assignment and the Trust Agreement, each dated as of May 1, 2008. We have also examined a conformed copy of a signed and authenticated Bond. We also have examined the transcript of proceedings (the “Series A Transcript”) that relates to the issuance of the Series A Bonds.

Based on this examination, we are of the opinion that under existing law:

1. The Bonds, the Base Lease, the Lease, the Assignment and the Trust Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by the application of general principles of equity and the exercise of judicial discretion.
2. The Bonds constitute special obligations of the State, and the principal of and interest and any premium on the Bonds (collectively, “debt service”) are payable solely from the revenues and other money pledged and assigned by the Trust Agreement and the Assignment to secure that payment, including the payments required

to be made by the University under the Lease. The Bonds and the payment of debt service are not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a debt, or pledge of the faith and credit, of the State or the Commission.

3. The interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The interest on the Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. We express no opinion as to any other tax consequences regarding the Bonds.

In giving the foregoing opinion with respect to the treatment of interest on the Bonds and the status of the Bonds under the tax laws, we have assumed and relied upon compliance with the covenants of the University and the Commission, and the accuracy, which we have not independently verified, of the representations and certifications of the University and the Commission contained in the Series B Transcript and the Series A Transcript. The accuracy of certain of those representations and certifications, and compliance by the University and the Commission with certain of those covenants, may be necessary for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Bonds could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance.

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

Under the Code, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax, and interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

In rendering this opinion, we have relied upon opinions, certifications and representations of fact, contained in each of the Series B Transcript and the Series A Transcript, which we have not independently verified, and we have assumed the due authorization, signing and delivery by, and the binding effect upon and the enforceability against, the Trustee of the Trust Agreement and the Assignment. We have also relied upon the opinions of Jeanine Arden Ornt, Esq., Vice President and General Counsel of the University, contained in each of the Series B Transcript and the Series A Transcript, as to all matters concerning the University, including the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the University of the Base Lease and the Lease, matters of title to the Project, the status of the University as a 501(c)(3) organization within the meaning of the Code, and its exemption from federal income tax under Section 501(a) of the Code.

We express no opinion with respect to the Bank of America Letter of Credit to which reference is made in the Series B Transcript. We express no opinion with respect to the Allied Irish Banks Letter of Credit to which reference is made in the Series A Transcript.

## APPENDIX F

### INFORMATION REGARDING BANK OF AMERICA, N.A.

Bank of America, N.A. (the “*Bank*”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “*Corporation*”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 31, 2008, the Bank had consolidated assets of \$1,355 billion, consolidated deposits of \$793 billion and stockholder’s equity of \$111 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, together with any subsequent documents it filed with the Securities and Exchange Commission (the “*SEC*”) pursuant to the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”).

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank. Moody’s Investors Service, Inc. (“*Moody’s*”) currently rates the Bank’s long-term debt as “Aaa” and short-term debt as “P-1.” The outlook is stable. Standard & Poor’s rates the Bank’s long-term debt as “AA+” and its short-term debt as “A-1+.” The outlook is stable. Fitch Ratings, Inc. (“*Fitch*”) rates long-term debt of the Bank as “AA” and short-term debt as “F1+.” The outlook is watch negative. Further information with respect to such ratings may be obtained from Moody’s, Standard & Poor’s and Fitch, respectively. No assurances can be given that the current ratings of the Bank’s instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications  
100 North Tryon Street, 18th Floor  
Charlotte, North Carolina 28255  
Attention: Corporate Communications

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or referred to in this Appendix F is correct as of any time subsequent to its date.

## APPENDIX G

### INFORMATION REGARDING ALLIED IRISH BANKS, p.l.c.

THIS DOCUMENT REPRESENTS ONLY A SUMMARY OF THE INFORMATION REFERRED TO HEREIN. EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN, THIS DOCUMENT DOES NOT ATTEMPT TO DESCRIBE THE BUSINESS OR ANALYZE THE CONDITION, FINANCIAL OR OTHERWISE, OF ALLIED IRISH BANKS, p.l.c. (“AIB”) OR OTHERWISE DESCRIBE ANY RISKS ASSOCIATED WITH AIB. EACH BONDHOLDER MUST RELY ON THAT HOLDER’S OWN KNOWLEDGE, INVESTIGATION AND EXAMINATION OF AIB AND AIB’S CREDITWORTHINESS.

AIB reports its financial information on a consolidated basis, which includes AIB and certain affiliates and subsidiaries (“AIB Group”). AIB Group provides a diverse and comprehensive range of banking, financial and related services principally in Ireland, Britain, Poland and the United States. AIB Group is currently organized into four (4) divisions: Republic of Ireland; Great Britain & Northern Ireland; Poland; and Capital Markets (which includes AIB’s New York Branch). AIB is the largest banking corporation organized under the laws of Ireland. As of December 31, 2007, AIB’s total assets were EUR178 billion. Profit before taxation from continuing operations for the year ending December 31, 2007 amounted to EUR 2,508 million. Profit attributable to equity holders of the parent was EUR 1,949 million. Return on average ordinary shareholders’ equity was 21.8% and return on average total assets was 1.21%.

AIB’s New York Branch files quarterly reports on Form FFIEC-002 (“Call Reports”) with the Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10001 and with the New York State Banking Department at 1 State Street, New York, NY 10004. The Call Reports are publicly available.

AIB is an Irish registered public limited company and its ordinary shares are quoted on the Dublin and London stock exchanges. The Group’s ordinary shares (symbol AIB) and non-cumulative preference shares (symbol AIBPr) are traded in the USA on the New York Stock Exchange in the form of American Depositary Shares (“ADS”) and each ADS is evidenced by an American Depositary Receipt (“ADR”). AIB, as a foreign private issuer of securities in the United States, is required to file an annual report on Form 20-F with the U.S. Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”) within 6 months after the end of each fiscal year. Moreover, a foreign issuer, unlike domestic companies, is required to submit to the SEC under the Exchange Act on Form 6-K, only those interim reports and other materials that the issuer prepares in accordance with home country or home market requirements or delivers to its security holders. Exchange Act documents filed by AIB are publicly available at the public reference facilities maintained by the SEC at 100 F Street, NE, Washington, D.C. 20549 and at its regional office at 3 World Financial Center, Suite 400, New York, NY 10281-1022. Copies of documents filed by AIB with the SEC may also be accessed electronically by means of the SEC’s home page on the Internet at “<http://www.sec.gov>”.

Any of the documents referred to herein (other than exhibits to such documents) are available upon request, without charge, by writing to the Office of Investor Relations, Allied Irish Banks, p.l.c., Bankcentre, Ballsbridge, Dublin 4, Ireland. Additional information about AIB, including a copy of AIB Group’s Annual Report and Form 20-F, is presently available on the Internet at “<http://www.aibgroup.com>”.

Note: The exchange rate as at 12/31/07 - EUR1 = \$1.4721

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