

## **NEW ISSUE - BOOK ENTRY ONLY**

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

# **\$51,630,000 STATE OF OHIO HIGHER EDUCATIONAL FACILITY REVENUE BONDS (CASE WESTERN RESERVE UNIVERSITY PROJECT) SERIES 2015A**

**Dated:** Date of issuance

**Due:** As shown on inside cover

The \$51,630,000 State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University Project) Series 2015A (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 a Trust Agreement, dated as of February 1, 2015 (the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The Bonds are issued to pay (i) costs of certain educational facilities for the University and (ii) costs of issuance of the Bonds. The Bonds will be payable from the revenue and other money pledged by the Trust Agreement, which include the payments required to be made by Case Western Reserve University (the "University") under a certain Lease between the Commission and the University.



The Bonds are issuable as registered bonds without coupons 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 through brokers and dealers who are, or act through, DTC Participants or Indirect Participants, and purchasers of the Bonds will not receive physical delivery of bond certificates. Principal of and premium, if any, on the Bonds will be payable to the registered owner upon presentation and surrender at the designated corporate trust office of the Trustee in Cleveland, Ohio, and interest will be transmitted by the Trustee on each interest payment date (June 1 and December 1 of each year commencing June 1, 2015) to the registered owner as of the 15<sup>th</sup> day of the calendar month preceding that interest payment date, all as more fully described herein.

The Bonds are subject to mandatory sinking fund redemption, extraordinary optional redemption, optional redemption and purchase in lieu of redemption prior to maturity as described herein.

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

The Bonds are offered when, as and if issued by the Commission and accepted by Morgan Stanley & Co. LLC, acting on behalf of itself and as representative of the other underwriters named below (collectively, the "Underwriters"), subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the University by Elizabeth J. Keefer, Esq., its Senior Vice President for Administration, General Counsel and Secretary, and by Thompson Hine, LLP, its counsel, and for the Underwriters by their counsel, Forbes, Fields & Associates Co., L.P.A. It is expected that the Bonds will be available for delivery through DTC on or about February 25, 2015.

## **MORGAN STANLEY**

### **J.P. Morgan**

### **Wells Fargo Securities**

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 investment decision. This Offering Circular has been prepared by Case Western Reserve University in connection with the original offering for the sale of the Bonds. The information contained in this Offering Circular speaks only as of its date.

February 5, 2015

## PRINCIPAL MATURITY SCHEDULE

| <u>Maturity Date</u><br><u>December 1</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u>       | <u>Approximate</u><br><u>Dollar Price</u> | <u>CUSIP</u><br><u>Number<sup>#</sup></u> |
|---|-----------------------------------|--------------------------------|--------------------|---|---|
| 2015                                      | \$ 1,230,000                      | 2.00%                          | 0.170%             | 101.401                                   | 67756DCJ3                                 |
| 2016                                      | 1,635,000                         | 2.00                           | 0.460              | 102.706                                   | 67756DCK0                                 |
| 2017                                      | 1,670,000                         | 3.00                           | 0.690              | 106.318                                   | 67756DCL8                                 |
| 2018                                      | 1,720,000                         | 4.00                           | 0.920              | 111.375                                   | 67756DCM6                                 |
| 2019                                      | 1,790,000                         | 4.00                           | 1.130              | 113.280                                   | 67756DCN4                                 |
| 2020                                      | 1,860,000                         | 5.00                           | 1.400              | 119.875                                   | 67756DCP9                                 |
| 2021                                      | 1,950,000                         | 5.00                           | 1.620              | 121.577                                   | 67756DCQ7                                 |
| 2022                                      | 2,045,000                         | 5.00                           | 1.850              | 122.688                                   | 67756DCR5                                 |
| 2023                                      | 2,150,000                         | 5.00                           | 2.060              | 123.467                                   | 67756DCS3                                 |
| 2024                                      | 2,260,000                         | 5.00                           | 2.240              | 124.087                                   | 67756DCT1                                 |
| 2025                                      | 2,370,000                         | 5.00                           | 2.400 <sup>c</sup> | 122.513                                   | 67756DCU8                                 |
| 2026                                      | 2,490,000                         | 5.00                           | 2.520 <sup>c</sup> | 121.348                                   | 67756DCV6                                 |
| 2027                                      | 2,615,000                         | 5.00                           | 2.610 <sup>c</sup> | 120.483                                   | 67756DCW4                                 |
| 2028                                      | 2,745,000                         | 5.00                           | 2.690 <sup>c</sup> | 119.720                                   | 67756DCX2                                 |
| 2029                                      | 1,100,000                         | 5.00                           | 2.740 <sup>c</sup> | 119.247                                   | 67756DCY0                                 |

c Priced to par call on December 1, 2024

\$22,000,000 2.50% (initial rate) Step Coupon Term Bonds Due December 1, 2034 Price 100% CUSIP 67756DCZ7<sup>#</sup>  
Yield 2.50% (at initial rate)

The Bonds maturing on December 1, 2034 are Step Coupon Bonds and will bear interest at 2.50% per annum through and including November 30, 2019; 3.25% per annum from December 1, 2019 through and including November 30, 2024; 4.375% per annum from December 1, 2024 through and including November 30, 2029; and 5.375% per annum from December 1, 2029 to maturity.

<sup>#</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services provided by CUSIP Global Services. CUSIP numbers are included herein solely for the convenience of the purchasers of the Bonds. None of the Commission, the University nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

**TABLE OF CONTENTS**

|  | Page |
|--|------|
| INTRODUCTION .....   | 1    |
| THE COMMISSION .....   | 2    |
| CASE WESTERN RESERVE UNIVERSITY .....  | 2    |
| PROJECT AND USE OF PROCEEDS .....  | 3    |
| THE BONDS .....  | 3    |
| SECURITY AND SOURCES OF PAYMENT .....  | 5    |
| INVESTMENT CONSIDERATIONS .....  | 6    |
| THE GUARANTY .....   | 7    |
| ENFORCEABILITY OF REMEDIES .....   | 7    |
| ABSENCE OF MATERIAL LITIGATION .....   | 8    |
| ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT AND AS SECURITY FOR THE<br>DEPOSIT OF PUBLIC FUNDS ..... | 8    |
| TAX MATTERS .....  | 8    |
| APPROVAL OF LEGAL PROCEEDINGS .....  | 11   |
| RATINGS .....  | 11   |
| UNDERWRITING .....   | 12   |
| CONTINUING DISCLOSURE .....  | 12   |
| UNIVERSITY FINANCIAL INFORMATION .....   | 13   |
| MISCELLANEOUS .....  | 13   |
| CONSENT TO DISTRIBUTION .....  | 14   |

APPENDICES

- A - Case Western Reserve University
- B - Certain Defined Terms and Summary of Certain Provisions of the Trust Agreement, the Lease and the Tax Agreement
- C - Proposed Form of Bond Counsel Opinion
- D - Book-Entry System
- E - Proposed Form of Continuing Disclosure Agreement

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## REGARDING USE OF THIS OFFERING CIRCULAR

**In connection with this offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.**

The 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 Underwriter 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 Underwriter. 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 APPENDIX B - "CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT, THE LEASE AND THE TAX AGREEMENT." 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 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.

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**\$51,630,000**  
**STATE OF OHIO**  
**HIGHER EDUCATIONAL FACILITY REVENUE BONDS**  
**(CASE WESTERN RESERVE UNIVERSITY PROJECT)**  
**SERIES 2015A**

**INTRODUCTION**

This Offering Circular, including the cover page, the table of contents and the Appendices, is provided to furnish information in connection with the issuance by the Ohio Higher Educational Facility Commission (the “Commission”) of \$51,630,000 State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University Project) Series 2015A (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of February 1, 2015 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), to finance and refinance certain facilities of Case Western Reserve University (the “University”). The Bonds will be issued for the purpose of (i) paying costs of the Project and (ii) paying the costs of issuance of the Bonds and for such other uses as are permitted under the Lease (as defined below) and Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code (collectively, the “Act”).

The Bonds will be dated their date of issuance and will mature as set forth on the inside cover page. The Bonds will be subject to redemption prior to maturity as described herein under “THE BONDS – Redemption.”

The proceeds of the sale of the Bonds will be used for the purpose of paying costs of and relating to (i) (a) acquiring, constructing, renovating and improving projects that are part of the University’s capital maintenance program, including the renovation of academic, athletic, parking, student residence and administrative facilities, HVAC improvements and real property acquisition, (b) acquiring the Triangle Apartment Complex and the refunding of obligations issued to finance the acquisition of the Triangle Apartment Complex (the “Triangle Project”), which will be used as University housing, parking and related facilities and (c) constructing, furnishing and equipping a student residence facility containing approximately 290 beds, including common areas and related facilities and site improvements ((a), (b) and (c) being collectively referred to as the “Project”) and (ii) costs incidental thereto and costs of financing and refinancing thereof, including certain issuance costs related to the Bonds and (iii) for such other uses as are permitted by the Act and the Lease dated as of February 1, 2015 (the “Lease”) between the Commission and the University.

All of the educational facilities constituting the Project are located on the University campus in Cleveland, Ohio. The Project will be leased by the University to the Commission under a Base Lease, dated as of February 1, 2015 (the “Base Lease”). The Project will be leased by the Commission to the University pursuant to the Lease. The University is required by the Lease to make rental payments (the “Rental Payments”) equal to the principal of and premium, if any, and interest on the Bonds, whether on an Interest Payment Date, at maturity, upon acceleration or upon mandatory redemption (the “Bond Service Charges”). In the Lease, the University has agreed to purchase and the Commission has agreed to sell the Commission’s interest in the Project after all of the Bond Service Charges have been paid.

**The Bonds are special obligations of the State of Ohio (the “State”) and the Bond Service Charges on the Bonds will be payable solely from the revenues to be derived by the Commission from its lease of the Project, including the Rental Payments, all as provided in the Lease and the Trust Agreement and as hereinafter described under “SECURITY AND SOURCES OF PAYMENT.”**

The Bonds are secured by the Trust Agreement, which grants to the Trustee a security interest in the Revenues as described herein under “SECURITY AND SOURCES OF PAYMENT.” The Bonds are further secured by the Guaranty Agreement, dated as of February 1, 2015, between the University and the Trustee relating to the Bonds (the “Guaranty”) by which the University unconditionally guarantees the payment of the Bond Service Charges on the Bonds as described herein under “THE GUARANTY.”

Brief descriptions of the Commission, the University, the Project, the Bonds, the Lease, the Trust Agreement, the Guaranty and the Tax Agreement are included in this Offering Circular. The descriptions herein of the Bonds, the Lease, the Trust Agreement, the Guaranty and the Tax Agreement do not purport to be complete

statements of the provisions of such documents and are qualified in their entirety by reference to each such document. Reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and remedies of Bondholders. The description of the University consists of certain information and data provided by it (as set forth in APPENDIX A). 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. LLC, 1585 Broadway, New York, New York 10036, Attention: Higher Education & Not for Profit Group and thereafter at the Cleveland, Ohio corporate trust office of the Trustee. Capitalized terms used herein have the same meanings as given to them in the Lease unless otherwise defined herein or where the context would clearly indicate otherwise. See APPENDIX B – "CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT, THE LEASE AND THE TAX AGREEMENT."

## **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, Chapter 3377 of the Ohio Revised Code. The Commission was established to enhance educational opportunities for the people of the State and to alleviate the pressing demands upon tax-supported colleges and universities by enhancing the availability, efficiency and economy of educational facilities for private colleges and universities by facilitating or achieving lower costs for 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. Each issue of bonds by the Commission is secured by a pledge and assignment of the payments received by the Commission pursuant to the lease of the applicable educational facilities and may be secured by a mortgage on such facilities. Under the lease, the college or university has the option to purchase the facilities prior to the termination of the lease and the college or university agrees to purchase the facilities at the lease termination, in each case after provision has been made for the retirement or redemption of all the bonds issued for such facilities. The Commission does not make any grants and has access to capital improvement funds only through the issuance of revenue bonds.

The Commission may lease projects to private, nonprofit institutions of higher education that hold effective certificates of authorization issued by the Ohio 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 exclusively as places for devotional activities.

The Commission consists of nine members, including the Chancellor of the Ohio Board of Regents or a designee of the Chancellor, an *ex officio* member. The other eight members are appointed to overlapping eight-year terms by the Governor with the advice and consent of the State Senate. The Chair is designated by the Governor, and the other officers, including the Vice Chair, 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 office is 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 – “CASE WESTERN RESERVE UNIVERSITY” for a more complete description of the University.

### PROJECT AND USE OF PROCEEDS

The Bonds are being issued to (i) pay costs of the Project and (ii) pay costs of issuance of the Bonds.

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

**Sources of Funds:**

|               |                     |
|---------------|---------------------|
| Par Amount    | \$ 51,630,000.00    |
| Bond Premium  | <u>5,257,435.55</u> |
| Total Sources | \$ 56,887,435.55    |

**Uses of Funds:**

|  |                   |
|--|-------------------|
| Deposit to Project Fund to prepay debt associated with the Triangle Project <sup>1</sup> | \$ 15,677,027.23  |
| Deposit to Project Fund to pay other costs of the Project                                | 40,503,157.03     |
| Cost of Issuance <sup>2</sup>  | <u>707,251.29</u> |
| Total Uses   | \$ 56,887,435.55  |

1 The balance of the amount to be paid to prepay debt associated with the Triangle Project will be paid by the University from funds other than Bond proceeds.

2 Includes underwriters' discount, legal fees, rating agency fees and other costs of issuance.

### THE BONDS

#### Description of the Bonds

The Bonds will be issued in an aggregate principal amount of \$51,630,000, maturing on the dates and bearing interest at the rates per annum set forth on the inside front cover page of this Offering Circular. The Bonds will be dated the date of the original issuance and delivery and will be issued as fully registered bonds in the denomination of \$5,000 or integral multiples thereof.

Interest on the Bonds is payable on each June 1 and December 1, beginning June 1, 2015 and any other date on which any Bond Service Charges shall be due and payable, whether at maturity, upon acceleration, redemption or otherwise (each an “Interest Payment Date”). The Bonds will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, then from the date the Bonds are issued and delivered. The Bonds will mature, subject to prior redemption as hereinafter described, in the amounts and on the dates and will bear interest at the respective rates all as shown on the inside front cover page. The Bonds will be authorized and issued by the State acting by and through the Commission under the provisions of the Act and pursuant to a resolution adopted by the Commission (See “THE COMMISSION”).

## Redemption

Mandatory Redemption. The Bonds maturing on December 1, 2034 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount redeemed plus accrued interest to the redemption date on December 1 in the year listed below and in the aggregate principal amount shown opposite such year:

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
| 2029        | \$ 2,120,000            |
| 2030        | 3,595,000               |
| 2031        | 3,780,000               |
| 2032        | 3,965,000               |
| 2033        | 4,165,000               |

Unless otherwise redeemed prior to maturity, the remaining principal amount of the Bonds maturing on December 1, 2034 (\$4,375,000) will be payable on December 1, 2034. The Bonds due on December 1, 2034 are herein referred to as the “Term Bonds.”

Optional Redemption. The Term Bonds maturing on December 1, 2034 will be subject to redemption prior to maturity at the option of the Commission, at the direction of the University, in whole or in part on any date, on or after December 1, 2019, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, from money delivered by the University to the Trustee.

The Bonds maturing on or after December 1, 2025 (other than the Term Bonds maturing on December 1, 2034) will be subject to redemption prior to maturity at the option of the Commission, at the direction of the University, in whole or in part on any date, on or after December 1, 2024, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, from money delivered by the University to the Trustee.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption prior to maturity on any date by and at the option of the Commission, at the direction of the University, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date: (i) in whole upon the occurrence of any of the events described in the Lease and the exercise by the University of its option to terminate the Lease (See APPENDIX B – “CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT, THE LEASE AND THE TAX AGREEMENT – THE LEASE – The University’s Options to Terminate Lease and Purchase the Project”) and (ii) in part, in the event of condemnation of the Project or any part thereof from the proceeds of any condemnation award, provided that no part of any such condemnation award may be applied for such redemption unless the University shall furnish to the Commission and the Trustee a certificate stating that (i) the property forming a part of the Project that was taken by such condemnation is not essential to the character or significance of the Project as furthering the purposes of the Act, (ii) the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) improvements have been acquired that are suitable for the operation of the Project and are not inconsistent with the Act.

Partial Redemption. If fewer than all of the outstanding Bonds that are stated to mature on different dates are called for redemption at one time, the principal maturities of the Bonds to be called will be designated by the University. If fewer than all of the outstanding Bonds of one maturity are called for redemption, the selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, will be determined by DTC following receipt of notice of redemption from the Trustee. In the event of a redemption of a Term Bond, the Trustee will allocate the principal amount of the Term Bond redeemed against the mandatory sinking fund redemption requirements as designated by the University (see “Notice of Redemption”).

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, any conditions precedent to the redemption 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. If at the time of giving of such official notice of optional redemption there have not been deposited with the Trustee money sufficient to redeem all Bonds called for redemption, such notice must state that it is conditional, that is, subject to the deposit of money sufficient for the redemption with the Trustee not later than the redemption date, and such notice will be of no effect unless such money is so deposited. 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 the Bonds.

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

*Purchase in Lieu of Redemption.* In lieu of optional redemption of the Bonds pursuant to the Trust Agreement, the University may purchase Term Bonds maturing on December 1, 2034 at any time and from time to time on or after December 1, 2019 and Bonds maturing on or after December 1, 2025 (other than the Term Bonds maturing on December 1, 2034) at any time and from time to time on or after December 1, 2024, in each case at a purchase price equal to 100% of the principal amount purchased plus interest accrued to the purchase date. The purchase of the Bonds is mandatory and enforceable against the Holders of the Bonds to be purchased and such Holders have no right to retain their Bonds. In the case of the purchase of less than all of the Bonds, the particular Bonds to be purchased shall be selected as described under “Partial Redemption” above. No such purchase shall be made unless the University shall have delivered to the Trustee and the Commission concurrently with such purchase an opinion of Bond Counsel to the effect such purchase will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Notice of a purchase in lieu of redemption, including notice of any conditions that such purchase may be subject to, shall otherwise be given to the Trustee and the Holders at the times and in the manner set forth above under “*Notice of Redemption.*”

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

## SECURITY AND SOURCES OF PAYMENT

The Bond Service Charges due on the Bonds are payable from the Revenues, including primarily the Rental Payments to be derived by the Commission under the Lease, amounts held in, or for the credit of, the Bond Fund, the Improvement Fund and any other funds or accounts permitted by, established under or identified in the Trust Agreement or the Bond Legislation (collectively, the “Special Funds”), except the Rebate Fund and the Issuance Expenses Fund, 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 all income and profit from the investment of the Rental Payments and the Special Funds and such other money (the “Revenues”). The Bonds are further secured by (a) a security interest in the Commission’s right, title and interest in and to (i) the Revenues created in the Trust Agreement, (ii) the Lease (except for the Unassigned Rights), (iii) the Base Lease (except for the Unassigned Rights) and effective solely upon the occurrence of an Event of Default under the Lease and for so long as such an Event of Default continues to exist, and (iv) the proceeds of the Bonds to the extent included in the Revenues and the Guaranty; (b) the Trust Agreement; and (c) the Guaranty.

The facilities comprising the Project will be and have been specifically constructed, equipped and improved for the benefit of the University for use in its educational programs, and may be subject to practical restrictions that may limit the use thereof by others. Therefore, in the event of a default, the Trustee’s ability to lease the Project or portions thereof to third parties may be limited. The rentals, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the lease or other disposition of the Project would be sufficient to allow payment in full of the Bonds. Also, as noted in APPENDIX B – “THE LEASE – Events of Default”, the Trustee, as assignee, has the right, upon default under the Lease to sublease the Project. The

Lease covers only a portion of the campus of the University, and University buildings are generally special use buildings, so that it may be difficult for the Trustee to obtain rentals on subleasing adequate to pay debt service on the Bonds.

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 University has not granted a mortgage on the Project to secure the Bonds. The Bonds are not secured by a debt service reserve fund.

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

The enforceability of the Lease and the Trust Agreement 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 State or any political subdivision thereof levy any taxes or appropriate any funds for the payment of Bond Service Charges on the Bonds. The Commission has no taxing power.**

## INVESTMENT CONSIDERATIONS

The ability of the University to realize revenues in amounts sufficient to meet its obligations relating to the Bonds is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. No representation or assurance is given or can be made that revenues will be realized by the University in amounts sufficient to meet its obligations relating to the Bonds.

The University is subject to the same competitive pressures that affect other private colleges and universities. Changing demographics may mean a smaller pool of college-bound persons from which to draw entering classes. Greater competition for students together with rising tuition rates may mean that the University will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified faculty and administrators may mean higher expenditures for salaries and administrative costs.

The University competes for students generally with universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition than the University. Other educational institutions may in the future expand their programs in competition with the programs offered by the University. Increased competition from other educational institutions (including the availability of online courses and programs) or a decrease in the student population interested in pursuing higher education could have a material adverse economic impact on the University.

Other factors that may also adversely affect the operations of the University, although the extent cannot be presently determined, include, among others: (1) changes in the demand for higher education in general or for programs offered by the University in particular; (2) a decrease in availability of student loan funds or other student financial aid; (3) reductions in funding support from donors or other external sources; (4) a decline in research funding, including research funding from the U.S. government; (5) risks relating to expansions or construction projects undertaken by the University, including risks relating to construction and operation; (6) an increase in the costs of health care benefits, retirement plan or other benefit packages offered by the University to its employees and

retirees; (7) a significant decline in the University's investments based on market or other external factors; (8) cost and availability of energy; (9) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (10) an increase in the cost of outstanding variable rate debt or short-term borrowings the University periodically uses to fund operations; (11) risks associated with interest rate hedges, including basis risk, obligations to post collateral or counterparty risk; (12) increased costs and decreased availability of public liability insurance; (13) litigation; (14) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; and (15) natural disasters, which might damage the University's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities. Neither the Underwriter nor the Commission has made any independent investigation of the extent to which any such factors will have an adverse impact on the revenues of the University.

## **THE GUARANTY**

Under the Guaranty, the University unconditionally guarantees to the Trustee for the benefit of the Holders of the Bonds (a) the full and prompt payment of the principal of and redemption premium, if any, on the Bonds 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 the Bonds when and as the same shall become due and (c) the full and prompt payment of all fees and expenses paid or incurred by the Trustee as Trustee under the Trust Agreement and in enforcing the Guaranty. The Trustee will proceed against the University under the Guaranty if (i) requested to do so by the Holders of at least 25% in aggregate principal amount of the Bonds outstanding and (ii) the Trustee is provided with adequate indemnity.

No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind which the University has or may have against the State, the Commission, the Trustee or any Holder will be available to the University against the Trustee under the Guaranty. The University has entered into a similar guaranty agreement in connection with each series of bonds issued by the Commission for the University (See APPENDIX A – "CASE WESTERN RESERVE UNIVERSITY – Outstanding Indebtedness").

## **ENFORCEABILITY OF REMEDIES**

Enforcement of the security interest in the Revenues and the remedies specified by the Trust Agreement, the Lease, the Guaranty, and the Assignment of Rights Under Lease dated as of February 1, 2015 from the Commission, as assignor, to the Trustee, as assignee, may be limited by the application of federal bankruptcy laws or other laws relating to creditors' rights. A court may decide not to order the specific performance of the covenants contained in these documents.

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

The enforceability of the liens of the Lease and the Trust Agreement may be subject to subordination or prior claims in certain instances other than bankruptcy proceedings. Examples of possible limitations on enforceability and of possible subordination or prior claims include (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal statutes or regulations, (iv) constructive trusts, equitable liens or other rights 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 or federal fraudulent conveyance laws, and (ix) the rights of holders of prior perfected security interests or of perfected purchase money security interests in equipment or other goods owned by the University and in the proceeds of the sale of such property and the rights of other parties secured by liens permitted under the Bond Documents.

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

### **ABSENCE OF MATERIAL LITIGATION**

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

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 AND AS SECURITY FOR THE DEPOSIT OF PUBLIC FUNDS**

Under the authority of Section 3377.11 of the Ohio Revised Code and to the extent investments of the following are subject to Ohio law, the Bonds are lawful investments for banks, societies for savings and loan associations, deposit guaranty corporations, 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 funds of political subdivisions and taxing districts of the State, the commissioners of the sinking fund of the State, the administrator of workers' compensation, the State retirement system (teachers, public employees, public school employees) and the police and firemen's disability and pension fund and also are acceptable as security for the deposit of public moneys.

### **TAX MATTERS**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax.

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 Elizabeth J. Keefer, Esq., the University's Senior Vice President for Administration, General Counsel and Secretary, regarding, among other matters, the

current status of the University as an organization described in Section 501(c)(3) of the Code, which opinion is subject to a number of qualifications and limitations. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Commission or the University. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Bonds in a manner that is substantially related to the University's exempt purpose under Section 513(a) of the Code, may cause interest on the Bonds to be included in gross income retroactively to the date of the issuance of the Bonds. Bond Counsel will not independently verify the accuracy of the Commission's and the University's certifications and representations or the continuing compliance with the Commission's and the University's covenants and will not independently verify the accuracy of the opinion of the University's counsel.

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

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

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

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

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

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

### **Risk of Future Legislative Changes and/or Court Decisions**

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

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment in the event of any such change.

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

### **Original Issue Discount and Original Issue Premium**

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

**Step Coupon Bonds.** The Term Bonds maturing on December 1, 2034 bear interest at an initial fixed rate of 2.50% and that fixed rate is increased at certain specified points in time (the “Step Coupon Bond”). The Treasury Department has issued regulations under Section 1271 through 1275 of the Code (the “OID Regulations”). Pursuant to the OID Regulations, a step coupon bond such as the Step Coupon Bond can be treated as issued with original issue discount (“OID”). However, pursuant to section 1.1272-1(c)(5) of the Regulations, it is presumed that the Step Coupon Bond will be called in whole on December 1, 2019 when it is subject to optional redemption prior to maturity (see “THE BONDS – Redemption – Optional Redemption” herein), and that, accordingly, the amount of OID with respect to the Step Coupon Bond is treated as zero. However, there is no guarantee that the Step Coupon



Bond will be called in whole on December 1, 2019 and Owners may wish to consult their tax advisors with respect to the tax consequences of holding all or a portion of the Step Coupon Bond.

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

## APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest on the Bonds (see "TAX MATTERS") are subject to the opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission. The signed legal opinion of Bond Counsel, substantially in the form attached hereto as APPENDIX C, dated and premised on law in effect on the date of issuance of the Bonds, will be delivered on the date of issuance of the Bonds.

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

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

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

Certain legal matters in connection with the Bonds will be passed upon for the University by Elizabeth J. Keefer, Esq., its Senior Vice President for Administration, General Counsel and Secretary, and by Thompson Hine LLP, its counsel, and for the Underwriters by Forbes, Fields & Associates Co., L.P.A., their counsel.

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

## RATINGS

The Bonds have been assigned a rating of "AA-" by Standard & Poor's Ratings Services ("S&P") and a rating of "A1" by Moody's Investors Service, Inc. ("Moody's").

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

A rating reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of such rating may 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.

Neither the Commission nor the University has undertaken any responsibility either to bring to the attention of the Holders of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

## **UNDERWRITING**

Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, and Wells Fargo Bank, National Association, as Underwriters, have agreed to purchase the Bonds at an aggregate purchase price of \$56,516,547.26 (equal to the aggregate principal amount of the Bonds, plus net premium of \$5,257,435.55 and less Underwriters' discount of \$370,888.29). The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing 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 Securities LLC, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into dealer agreements ("Dealer Agreements") with Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to the Dealer Agreements (if applicable to this transaction), CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells. JPMS may place Bonds in JPMS's or an affiliate's tender option bond program to be held for the account of JPMS or the affiliate, as the case may be.

Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Wells Fargo Securities is the trade name of certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

## **CONTINUING DISCLOSURE**

The University has agreed in the Continuing Disclosure Agreement dated as of February 1, 2015 (the "Continuing Disclosure Agreement") between the University and the Trustee, for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, in accordance with SEC Rule 15c2-12 (the Rule), to provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of the Rule. See APPENDIX E for the proposed form of the Continuing Disclosure Agreement.

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

The University has delivered continuing disclosure certificates or agreements for each issue of bonds and notes it has issued since the effective date of the Rule. Within the last five years, the University has not failed to comply, in all material respects, with its prior continuing disclosure agreements.

## UNIVERSITY FINANCIAL INFORMATION

The University's financial statements for its fiscal year ending June 30, 2014 have been prepared by the University and audited by the University's independent auditors. The Annual Financial Statements of the University are available by contacting the Office of the Treasurer, Case Western Reserve University, at 10900 Euclid Avenue, Cleveland, Ohio 44106-7016 or at [treasurersoffice@case.edu](mailto:treasurersoffice@case.edu) and are also available on the University's website at <http://case.edu/treasurer/documents/docs/FY14%20Financial%20Statements.pdf> and at the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website at <http://emma.msrb.org/EA686212-EA511843-EA908026.pdf> and are thereby included herein.

## 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 Agreement, the Lease, the Base Lease, the Guaranty and the Tax Agreement 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. Information in this Offering Circular has been derived by the University from official and other sources and is believed by the University to be accurate and reliable. Information other than that obtained from official records of the University has not been independently confirmed or verified by the University, and its accuracy is not guaranteed.

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

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

A complete transcript of proceedings and no-litigation certificate (as described above) will be delivered by the Commission upon delivery of the Bonds to the original purchaser. At that time, the University will furnish to the original purchaser a certificate relating to the accuracy and completeness of this Offering Circular (including matters set forth in or contemplated by it), and to its being a "final offering circular" in the University's judgment for purposes of SEC Rule 15c2-12(b)(3).

## CONSENT TO DISTRIBUTION

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

### CASE WESTERN RESERVE UNIVERSITY

By: /s/ John F. Sideras  
*Senior Vice President for Finance and  
Chief Financial Officer*

## **APPENDIX A**

### **CASE WESTERN RESERVE UNIVERSITY**

*The information contained herein as Appendix A to the Offering Circular relates to and has been supplied by Case Western Reserve University. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of Case Western Reserve University since the date hereof, or that the information contained, referred to or incorporated by reference in this Appendix A is correct as of any time subsequent to its date. The Ohio Higher Educational Facility Commission makes no representation or warranty as to the accuracy or completeness of the information contained or incorporated by reference in this Appendix A.*

## 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 eight schools: arts and sciences, engineering, medicine, nursing, dental medicine, law, management and social work. CWRU's campus occupies 185 acres and contains more than 90 major buildings for academic, administrative, residential, athletic and recreational 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 and the Stokes Cleveland VA Medical Center. The main campus of The Cleveland Clinic Foundation dba Cleveland Clinic Health System (with its affiliates, the "Cleveland Clinic") is immediately adjacent to University Circle.

CWRU admits students without discrimination as to race, color, sex, sexual orientation, religion, age, personal handicap and national or ethnic origin. CWRU's opening enrollment for the 2014-15 academic year was 10,130 full-time equivalent students. In addition, 102 full-time equivalent students from the Cleveland Institute of Music were enrolled at CWRU through the joint music program. Approximately 41% of the 2013-14 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") presently consisting of 48 members, including the President of CWRU, who is an *ex officio* member of the Board. All of the Board members except the President are elected by the Board for a term not to exceed four years and are eligible to serve four consecutive (four-year) terms. A person who is 75 or older is not eligible for appointment or re-appointment to the Board, but a serving Trustee who turns 75 may serve until the end of his or her term.

The full Board holds three regular meetings each Fiscal Year. Special meetings may be called from time to time. Fifteen Trustees, including any *ex officio* Trustee, constitute a quorum at any meeting of the Board. Actions of the Board require the affirmative vote of a majority of the Trustees present at a meeting at which a quorum is present. Any action which may be authorized or taken at a meeting of the Trustees may be authorized without a meeting with unanimous written consent. The Board has ten standing committees (in addition to the Executive Committee), 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: Finance, Investment, Audit, Development and University Relations, Research and Technology Transfer, Campus Planning, Compensation, Academic Affairs and Student Life, and the Committee on Trustees.

The Executive Committee of the Board meets in months when there is not a full Board meeting. It is comprised of, as *ex officio* members, the Chair of the Board, the former Chair of the Board (for the

first two years after the former Chair's term as Chair has ended), the Vice Chair(s) of the Board (who may also be Committee Chairs), the Committee Chairs of all standing committees and the President, each of whom has voting rights and is included in a quorum determination. The Executive Committee also includes at least two, but no more than five, other members who are appointed by the Chair of the Board with the approval of the Board. Executive Committee membership is limited to 16 members. 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; and (3) amending the Articles of Incorporation or Regulations of the University or By-Laws of the Board.

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>Current Term Ends</u> |
|--|---|--------------------------|
| Steven M. Altschuler, M.D.                             | CEO<br>The Children's Hospital of Philadelphia  | June 2017                |
| Virginia Barbato                                       | Vice President<br>Nord Family Foundation  | June 2016                |
| Colleen R. Batcheler                                   | Executive Vice President, General Counsel and<br>Corporate Secretary<br>ConAgra Foods, Inc. | June 2016                |
| James L. Bildner                                       | Senior Research Fellow<br>The Hauser Center for Civil Society<br>Harvard University         | June 2015                |
| Linda Burnes Bolton, Dr.PH.                            | Vice President, Nursing and Chief Nursing Officer<br>Cedars-Sinai Medical Center            | June 2015                |
| William E. Bruner, II, M.D.                            | Clinical Professor of Ophthalmology, CWRU<br>University Ophthalmology Associates, Inc.      | June 2015                |
| Timothy J. Callahan*<br><i>Vice Chair of the Board</i> | President<br>MCT Corporation  | June 2016                |
| Michael G. Cherkasky#                                  | Former Chief Executive Officer<br>Altegrity   | June 2016                |
| Archie G. Co   | Chairman and Chief Executive Officer<br>Ginza Bellevue Hotel, Ltd.                          | June 2016                |
| David A. Daberko                                       | Retired Chairman and Chief Executive Officer<br>National City Corporation                   | June 2015                |
| Fred DiSanto   | Chairman and Chief Executive Officer<br>The Ancora Group                                    | June 2016                |

| <u>Name</u>  | <u>Affiliation</u>  | <u>Current Term Ends</u> |
|--|---|--------------------------|
| Thalia Dorwick, Ph.D.*<br><i>Vice Chair of the Board</i> | Editor-in-Chief (retired)<br>McGraw Hill Higher Education   | June 2015                |
| Geoffrey M. Duyk, M.D., Ph.D.                            | Managing Director and Partner<br>TPG (ART)  | June 2017                |
| Gregory L. Eastwood, M.D.                                | Interim President<br>SUNY Upstate Medical University  | June 2017                |
| Charles D. Fowler*<br><i>Chair of the Board</i>          | Director and Chairman of the Executive Committee<br>Fairmount Santrol   | June 2015                |
| Vincent Gaudiani, M.D.                                   | Sr. Cardiac Surgeon<br>Pacific Coast Cardiac & Vascular Surgeons  | June 2018                |
| Julie Gerberding, M.D., M.P.D.                           | Executive Vice President<br>Strategic Communications, Global Public Policy and<br>Population Health<br>Merck Vaccines Company | June 2018                |
| Susie Gharib   | CNBC Contributor and Senior Special Correspondent<br>Fortune Magazine   | June 2015                |
| Joie A. Gregor*  | Managing Director<br>Warburg Pincus, LLC  | June 2018                |
| Sally Gries  | Chairperson and Chief Executive Officer<br>Gries Financial LLC  | June 2015                |
| Charles E. Hallberg                                      | Chief Executive Officer<br>Renew Advantage  | June 2017                |
| Daniel P. Harrington                                     | President and CEO<br>HTV Industries, Inc.   | June 2016                |
| Samir N. Jadallah  | Owner<br>GreyHawk Holdings, LLC   | June 2015                |
| Mary Ann Jorgenson*                                      | Retired Senior Partner<br>Squire Patton Boggs (US) LLP  | June 2017                |
| Hemant Kanakia, Ph.D.                                    | Kanakia Ventures LLC  | June 2017                |
| Joseph P. Keithley                                       | Former Chairman, President and Chief Executive Officer<br>Keithley Instruments  | June 2016                |
| Charles J. Koch*   | Former Chairman and Chief Executive Officer<br>Charter One Financial  | June 2015                |



| <u>Name</u>   | <u>Affiliation</u>  | <u>Current Term Ends</u> |
|---|---|--------------------------|
| Frank N. Linsalata*                                   | Chairman and Founder<br>Linsalata Capital Partners  | June 2015                |
| George L. Majoros Jr.*                                | Co-Managing Partner<br>Wasserstein & Co., LP  | June 2017                |
| Joseph M. Mandato                                     | Managing Director<br>DeNovo Ventures  | June 2015                |
| Ellen Stirn Mavec*                                    | President and Chairman<br>The Kelvin and Eleanor Smith Foundation   | June 2017                |
| Thomas F. McKee*                                      | Chairman<br>Calfee, Halter & Griswold LLP   | June 2018                |
| Sara Moll, Ph.D.                                      | Founder<br>Laura's Home, The City Mission   | June 2016                |
| Dominic Ozanne  | President and Chief Executive Officer<br>Ozanne Construction Company  | June 2015                |
| Brian J. Ratner                                       | President<br>Forest City Texas, Inc.  | June 2016                |
| Donald J. Richards*                                   | Owner<br>Chase Advisors LLC   | June 2017                |
| Joseph B. Richey                                      | Former President – Invacare Technologies Division and<br>Senior Vice President - Design and Electronic Engineerin<br>Invacare Corporation   | June 2016                |
| Joseph A. Sabatini*<br><i>Vice Chair of the Board</i> | Former Managing Director<br>JPMorgan Chase & Co.  | June 2016                |
| Theodore L. Schroeder                                 | Vice President of Engineering<br>Vidder   | June 2015                |
| Alan L. Schwartz, Ph.D., M.D.                         | The Harriet B. Spoehrer Professor and Chairman,<br>Department of Pediatrics<br>Washington University School of Medicine in St. Louis  | June 2018                |
| Lawrence M. Sears                                     | Lecturer, Electrical Engineering & Computer Science<br>Case Western Reserve University<br>Founder and Former Chief Executive Officer, Hexagram<br>Inc. (now Aclara RF Technologies) | June 2016                |
| Barbara R. Snyder*                                    | President<br>Case Western Reserve University  | <i>ex officio</i>        |

| <u>Name</u>            | <u>Affiliation</u>  | <u>Current Term Ends</u> |
|------------------------|---|--------------------------|
| Andrew Wasynczuk       | Senior Lecturer of Business Administration<br>Harvard Business School | June 2017                |
| Mark A. Weinberger     | Global Chairman and CEO<br>EY   | June 2017                |
| Scott A. Wolstein      | Chief Executive Officer<br>Starwood Retail Partners                   | June 2016                |
| James C. Wyant, Ph.D.* | Professor, College of Optical Sciences<br>University of Arizona       | June 2017                |

\*Member of the Executive Committee

#Board Member on temporary leave

Certain members of the Board may be partners, officers, employees, 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 or dealer of or may act as trustee for the Bonds, or which serve as bond counsel to the Commission, or as counsel to the trustee, the underwriter, the dealer, or the University. It is not the University's practice to disqualify any such institution or firm from acting as an underwriter or dealer, 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 executive vice president, a chief financial officer and a senior vice president for administration and general counsel. 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. Since that time, the University has nearly tripled undergraduate admissions applications, become almost twice as selective, and increased the academic quality of the entering class. The University has launched major initiatives in internationalization, diversity, and interdisciplinary academic alliances. In addition, the University opened the \$50 million Tinkham Veale University Center and the \$8 million Wyant Athletic and Wellness Center, both of which were funded through philanthropic commitments. In 2008 the University began a \$1 billion development campaign which, after achieving its initial goal two years early, has since been expanded to \$1.5 billion. Snyder is a tenured faculty member at the University's School of Law, and she is an elected member of the American Law Institute. Snyder serves on the boards of KeyCorp and Progressive Corporation and on the following nonprofit boards: American Council on Education, BioEnterprise, Business-Higher Education Forum (Chair, 2013-2014), Cleveland Rock & Roll, Inc., Greater Cleveland Partnership, the National Higher Education Security Advisory Board, and Ohio Business Roundtable. Before becoming the University's President, Snyder was Executive Vice President and Provost of The Ohio State University, and Professor of Law at the Moritz College of Law for 19 years. Previously, she spent five years teaching law at the University, and she began her career at the Chicago law firm of Sidley & Austin. Snyder graduated from the University of Chicago Law School,

where she served as executive editor of its law review, and earned her bachelor's degree from The Ohio State University.

**William A. Baeslack III**, *Provost and Executive Vice President*

B.S., The Ohio State University  
M.S., The Ohio State University  
Ph.D., Rensselaer Polytechnic Institute

William A. "Bud" Baeslack III became Provost, the University's chief academic officer, October 1, 2008. Baeslack came to the University from The Ohio State University, where he had been Dean of the College of Engineering and Executive Dean of the Professional Colleges since 2004. Previously, he was Dean of Engineering at Rensselaer Polytechnic Institute. Baeslack began his academic career as an assistant professor at Ohio State in 1982. He is internationally recognized for his research on the materials science and engineering aspects of joining advanced aerospace materials, including titanium, aluminum and nickel-base alloys, intermetallics and metal-matrix composites. He is a Fellow of ASM International, The Welding Institute and the American Welding Society. He also sits on the boards of MAGNET and Judson Foundation. Provost Baeslack holds an appointment in the Case School of Engineering's Department of Materials Science and Engineering.

**John F. Sideras**, *Senior Vice President for 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 for Finance and Chief Financial Officer of the University on May 1, 2008 and Senior Vice President for Finance and Chief Financial Officer of the University in February, 2009. 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 executive and finance-related positions with The Cleveland Clinic Foundation, University Hospitals of Cleveland, St. John West Shore Hospital, and St. Luke's Medical Center. Sideras maintains an active certified public accountant license in the State of Ohio.

**Elizabeth J. Keefer**, *Senior Vice President for Administration, General Counsel and Secretary*

B.A., Barnard College  
J.D., George Washington University

Elizabeth J. Keefer became General Counsel on October 3, 2011 and was appointed Senior Vice President for Administration effective January 20, 2015. Immediately prior to coming to the University, she was Senior Vice President at TMG Strategies (now McGinn and Company). Previously, she was General Counsel at Columbia University for over a decade. Earlier in her career, Keefer was General Counsel at Teledyne Inc., a technology company, and a partner in the international law firm of Hughes, Hubbard & Reed. Keefer is a Commissioner for the Women's Refugee Commission, an advocacy group that works to improve the lives and defend the rights of refugee and internally displaced women and children.

## **Academic Programs**

The academic programs of the University are administered through the College of Arts and Sciences (the "College"), the Case School of Engineering and six professional schools, with administrative coordination provided by the President and Provost. The major academic divisions of the

University are described below, along with a listing of their principal offerings. Several of these units cooperate to offer programs leading to joint degrees.

The University's academic year is divided into two semesters and a summer session. The number of semester credit hours required for the baccalaureate varies with the major field of study, ranging from 120 credit hours for most of the arts and sciences programs to 127-133 credit hours for most of the engineering programs.

Course offerings are extensive. Students at the University may choose from among approximately 130 fields of concentration, many of which are interdisciplinary and offer advanced study leading to masters and doctoral degrees.

The College offers curricula leading to B.A. and B.S. degrees in more than 40 disciplines in the arts, humanities, social sciences, mathematics and natural sciences. Faculty in the College also conduct research and offer instruction leading to M.A., M.F.A., M.S., D.M.A. (Doctor of Musical Arts), and Ph.D. degrees in these fields.

The School of Engineering offers courses leading to the B.S., M.S., M.Engr. and Ph.D. degrees in more than a dozen fields of engineering. The Institute for Management and Engineering, a joint venture of the School of Engineering and the Weatherhead School of Management, offers the Master of Engineering and Management (M.E.M.) degree, designed to prepare undergraduate engineering majors for work in a business environment, particularly in technology-based organizations. Faculty in the School of Engineering are also engaged in extensive research and scholarship, much of which is externally sponsored.

The School of Graduate Studies confers M.A., M.S., M.F.A., M.P.H., D.M.A., and Ph.D. degrees upon students who have completed advanced study in the arts, humanities and social sciences, mathematics and natural sciences, engineering and various professional fields. The School is an administrative unit; graduate instruction is provided by faculty who hold appointments in the College, the School of Engineering and various professional schools.

The Jack, Joseph, and Morton Mandel School of Applied Social Sciences ("MSASS") offers curricula leading to the M.S.S.A. (Master of Science in Social Administration) degree in social work, Master of Nonprofit Organizations (M.N.O.), and the Ph.D. degree in social welfare. MSASS also operates continuing education programs for social workers, nurses, and psychologists in the region.

The School of Dental Medicine offers a curriculum leading to the D.M.D. degree, and postdoctoral training in several dental specialties leading to the M.S.D. degree and/or professional certification. In conjunction with its curriculum, the School also operates a dental clinic on campus where students provide dental service to area residents under close supervision by faculty.

The School of Law offers curricula leading to the J.D., LL.M., and S.J.D. degrees. As part of its curricula, the School also operates a legal clinic in which law students under close faculty supervision provide services to clients from the community.

The Weatherhead School of Management offers curricula leading to the B.S., M.S., M.Acc., M.B.A., D.M. (Doctor of Management) and Ph.D. degrees in management, accounting, organizational behavior, operations research and other areas of business administration. Members of the Weatherhead School's faculty also provide instruction in economics for undergraduate students enrolled in the College. As noted above, the Weatherhead School offers a joint program with the School of Engineering leading to the M.E.M. degree.

The School of Medicine offers three tracks leading to the M.D. degree: the University Track, a four-year M.D. curriculum; the College Track, based at the Cleveland Clinic Lerner College of Medicine ("CCLCM"), which is a five-year research-focused curriculum that prepares students for careers as physician-investigators; and the Medical Scientist Training Program (M.D./Ph.D.), which develops physician-scientists who bridge the gap between basic science and clinical research. The School's pre-clinical departments offer instruction leading to the M.S., M.P.H., and Ph.D. degrees in the biomedical sciences. The faculty in the School are extensively involved in biomedical research. Full-time faculty in the School's clinical disciplines also have a major commitment to patient care and to close supervision of medical students' involvement in patient services in a network of affiliated hospitals and clinics.

The Frances Payne Bolton School of Nursing offers curricula leading to undergraduate and post-baccalaureate degrees in nursing: the Bachelor of Science in Nursing (B.S.N.) degree, the M.S.N. degree in several nursing specialties, the Doctor of Nursing Practice (D.N.P.) degree, and the Ph.D. in nursing. Students with a non-nursing baccalaureate may earn the Master of Nursing (M.N.) degree through the graduate entry program, which is also a gateway to the D.N.P. or Ph.D. degrees. The School's faculty maintain an active research program.

### **Special Programs for Undergraduate Students**

Approximately one-half of the full-time student body is undergraduates. CWRU has many special programs of study for undergraduates, including:

*Seminar Approach to General Education and Scholarship (SAGES):* SAGES is an innovative undergraduate curriculum, beginning freshman year, 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 faculty advising, a writing portfolio, and a senior capstone experience.

*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. For students seeking an international experience but unable to commit to a semester- or year-long program, the university offers short-term experiences led by CWRU faculty. These are generally between one and six weeks in duration and take place during winter break, spring break, or over the summer.

*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.

*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 or the B. S. in Nutrition 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.

*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 and Practicum Programs:* Cooperative education offers students pursuing degrees in engineering, science, and computer science the opportunity to alternate classroom studies with full-time employment consistent with their major fields of study. Students majoring in fields in the College of Arts and Sciences or Weatherhead School of Management can participate in the Practicum Program, a structured experiential learning opportunity.

*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. CWRU also offers preparation for Adolescence/Young Adult Teacher Licensure (grades 7-12) in life sciences, physical sciences, integrated language arts, integrated social studies and integrated mathematics. Multi-age licensure (Pre-K through grade 12) preparation is available in French, Spanish, and Latin.

## **Affiliations**

In 2006, CWRU and University Hospitals of Cleveland ("UHC") entered into an agreement to strengthen their existing affiliation and to facilitate future collaboration. This agreement creates a primary affiliation between the University and UHC. Under the agreement, UHC has primary responsibility for clinical programs, including hospital operations, faculty practice operations, and clinical practice budgets of each clinical department. The University 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, financial and policy perspectives, the affiliation agreement created the Case Medical Center ("CMC"), later renamed the CWRU-UH Virtual Entity ("CUVE"), which covers the activities of the School of Medicine and UHC on the CWRU/UH campuses. 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 CWRU and UHC, governs the CMC.

CWRU is also affiliated with the Cleveland Clinic and in cooperation with the Cleveland Clinic established the Cleveland Clinic Lerner College of Medicine ("CCLCM") as a separate medical track within CWRU's School of Medicine. The Cleveland Clinic and CWRU also collaborate on research programs; in addition, other CWRU schools, including the Francis Payne Bolton School of Nursing and the Weatherhead School of Management, have educational programs with the Cleveland Clinic.

The University and the Cleveland Clinic have entered into a letter of intent to collaborate on the development of a new state-of-the-art Health Education Campus (the "Project"). The Project will include a four-story, approximately 485,000 square foot building located on an 11-acre site to be owned jointly by the University and the Cleveland Clinic, or by an entity jointly controlled by them. The parcel is located adjacent to the Cleveland Clinic's main campus in Cleveland. The Project will provide a unified educational space for programs of the University's School of Medicine (both the CCLCM College Track and the University Track), the School of Dental Medicine, and the Frances Payne Bolton School of Nursing. The Project architect is Foster + Partners. The Cleveland City Planning Commission approved

schematic drawings for the Project on December 5, 2014. Design and cost estimates still are being developed and finalized, and the Project remains subject to final University Board approval. The target Project budget is \$400 million. The actual cost of the Project may vary as design is finalized, cost estimates are refined and the construction proceeds to completion. The University and Cleveland Clinic are collaborating extensively on fundraising for the Project. The University does not intend to proceed with the Project until substantially all of the funds needed to pay capital costs of the Project have been raised. The University and Cleveland Clinic expect to break ground in 2015 assuming that all necessary fundraising has been achieved. The costs of operating the Project will be shared by the University and Cleveland Clinic, with the University expected to pay a larger share.

The University has other affiliation arrangements with other institutions, including the MetroHealth System and the Louis Stokes Cleveland VA Medical Center, which arrangements relate primarily to teaching and research activities.

### **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 Fiscal Year 2012, the most recent period for which complete information is available, CWRU ranked 28th among all institutions in the country (15th among private institutions) in federally financed expenditures for research and development in both science and non-science disciplines.

CWRU's total research and training revenues (including indirect cost recovery) over the last five Fiscal Years are shown below. These revenues include research and training revenues of CCLCM, which are included in the revenues and expenses of the University in accordance with applicable Generally Accepted Accounting Principles.

| <u>Fiscal Year</u> | <u>Revenues</u> |
|--------------------|-----------------|
| 2014               | \$404,723,000   |
| 2013               | 420,366,000     |
| 2012               | 438,456,000     |
| 2011               | 448,749,000     |
| 2010               | 425,180,000     |

In Fiscal Year 2014, research accounted for approximately 44% of CWRU's operating revenues. Major sources of this support were the National Institutes of Health for support of biological and biomedical research, and the National Science Foundation for research in the physical sciences, social sciences and engineering. The University cannot predict future levels of research funding from these or other sources.

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 and Third Frontier initiative. CWRU has made significant investments in its technology transfer infrastructure over the past

decade, 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 Commission for Education in Nursing

*(nursing)*

Accreditation Council for Cooperative Education

*(cooperative education programs)*

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 Accreditation of Nurse Anesthesia Education Programs

*(nurse anesthesia)*

Council on Education for Public Health

*(public health)*

Council on Social Work Education

*(applied social sciences)*

National Association of Schools of Music

*(music)*



Ohio Department of Education, Division of Teacher Education and Licensure  
*(art education, music education, life sciences, physical sciences, integrated language arts, integrated social studies, integrated mathematics, French, Spanish, Latin.)*  
Teacher Education Accreditation Council  
*(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.

## **Faculty**

Excluding the School of Medicine and Department of Physical Education, CWRU has a full-time faculty of 697 for the 2013-14 academic year, of whom 380 (55%) have tenure. Of the full-time faculty members, approximately 92% 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 2,500 full-time faculty members, and a comparable number of clinical (voluntary) faculty. Of this full-time faculty, approximately 10% 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 data from the American Association of University Professors for its type of institution. In Fiscal Year 2014, average salaries for the ranks of professor and instructor were at the 68<sup>th</sup> percentile for doctoral institutions. Salaries for associate professors were at the 59<sup>th</sup> percentile and for assistant professors were at the 60<sup>th</sup> percentile.

## **Employees**

As of June 30, 2014, CWRU had 4,268 full-time and part-time benefits-eligible employees, including faculty. CWRU believes that its employee relations are good. CWRU has one collective bargaining unit that represents six employees. There has never been a work stoppage by the University's employees.

## **Pension Plans**

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

Faculty and senior administrative staff, representing about 45% 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 Milliman, Inc. with TIAA-CREF serving as plan trustee. Employees become vested in plan benefits after three years of service. For Fiscal Year 2013 the University contributed \$6,656,641 to the plan. No contribution was made for Fiscal Year 2014.

Additionally, participants in the defined benefit plan are eligible to participate in a voluntary supplemental retirement plan, a 403(b) cash contribution plan, where CWRU provides a 50% match on 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 in the voluntary, supplemental plan is 58%. Each participating employee is vested immediately in the matching contributions.

CWRU's pension costs for both pension plans and the supplemental plan for Fiscal Years 2014 and 2013 totaled \$28.3 million and \$30.9 million, respectively.

### **Membership in Athletic Associations**

CWRU is a member of the 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. No funds are generated from athletic competitions to the member institutions from broadcasting, advertising or promotion. CWRU offers 17 varsity sports teams for both men and women.

### **Enrollment**

The Fall 2014 total of full-time and part-time students is 10,771 (of which approximately 54% are graduate and professional students and approximately 46% are undergraduate students), with an additional 302 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 over 90 other countries, with more than 100 students coming from each of India, China, and South Korea. CWRU has students from all 50 states and the District of Columbia. Approximately 31% of CWRU's undergraduate students are from Ohio.

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

|                            | <b><u>FTE STUDENTS</u></b> |                       |                       |                       |                       |
|----------------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                            | <b><u>2014-15</u></b>      | <b><u>2013-14</u></b> | <b><u>2012-13</u></b> | <b><u>2011-12</u></b> | <b><u>2010-11</u></b> |
| Undergraduate              | 4,814                      | 4,572                 | 4,302                 | 3,935                 | 4,132                 |
| Graduate                   | 2,100                      | 2,087                 | 1,972                 | 1,883                 | 1,792                 |
| Professional:              |                            |                       |                       |                       |                       |
| Dental Medicine            | 389                        | 384                   | 362                   | 357                   | 364                   |
| Law                        | 511                        | 531                   | 658                   | 665                   | 676                   |
| Management                 | 805                        | 625                   | 595                   | 548                   | 597                   |
| Medicine                   | 838                        | 823                   | 814                   | 823                   | 823                   |
| Nursing                    | 323                        | 307                   | 305                   | 317                   | 289                   |
| Applied Social<br>Sciences | <u>350</u>                 | <u>293</u>            | <u>251</u>            | <u>287</u>            | <u>266</u>            |
| Total                      | <u>10,130</u>              | <u>9,622</u>          | <u>9,259</u>          | <u>8,815</u>          | <u>8,939</u>          |

The following information pertains to the classes entering in Summer and Fall 2014.

| <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           | 21,733                       | 8,326                     | 38%                      | 1,282           | 15%                       | Note 1             |
| Graduate                | 4,305                        | 1,314                     | 31%                      | 669             | 51%                       | Note 2             |
| Professional:           |                              |                           |                          |                 |                           |                    |
| Management              | 2,094                        | 1,086                     | 52%                      | 494             | 45%                       | Note 3             |
| Applied Social Sciences | 528                          | 331                       | 63%                      | 186             | 56%                       | Note 4             |
| Law                     | 2,209                        | 892                       | 40%                      | 246             | 28%                       | Note 5             |
| Dental                  | 3,234                        | 318                       | 10%                      | 102             | 32%                       | Note 6             |
| Medicine                |                              |                           |                          |                 |                           |                    |
| Nursing                 | 386                          | 184                       | 48%                      | 126             | 68%                       | Note 7             |
| Medicine                | 6,441                        | 511                       | 8%                       | 207             | 41%                       | Note 8             |

**Notes:**

1. Undergraduates: The ranges for SAT scores for the middle 50% of the Fall 2014 enrolled class were 610-710 Critical Reading, 660-760 Math, and 610-710 Writing.
2. 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.
3. Management: The median GMAT score for students entering the full-time MBA program in Fall 2014 was 640.
4. 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 2014 was 159.
6. Dental Medicine: There are two parts to the Dental Admission Test (DAT): for the class entering the D.M.D. program in Fall 2014, the Academic average was 19.92, and the Perceptual Ability Test (PAT) average was 20.36.
7. Nursing (D.N.P., M.S.N.): Average scores are not calculated.
8. Medicine: The average Medical College Admission Test (MCAT) score for students entering Fall 2014 was Verbal 11.1, Biological Sciences 12.3, and Physical Sciences 11.1. Applications and admittances represent unduplicated counts of applicants and admittees. In some prior years, an applicant to multiple tracks within the MD program was counted as a separate applicant in each track.

The number of undergraduate applicants has increased significantly in recent years. A history of undergraduate applicants, admissions, and enrollments 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> | <b>Combined SATCR-M Scores of the Middle 50% of Enrolled Freshmen</b> |
|----------------------|------------------------------|------------------------------|--------------------------|---|
| 2014-15              | 21,733                       | 8,326                        | 1,282                    | 1300-1440   |
| 2013-14              | 18,419                       | 7,713                        | 1,252                    | 1300-1450   |
| 2012-13              | 14,778                       | 8,027                        | 1,372                    | 1280-1450   |
| 2011-12              | 13,547                       | 6,944                        | 902                      | 1260-1410   |
| 2010-11              | 9,474                        | 6,318                        | 1,021                    | 1270-1430   |

In the fall of 2012, 2013, and 2014, CWRU enrolled undergraduate freshmen classes each year of over 1,250 students, significantly larger than freshmen classes in the previous few years. The

University expects to admit classes of approximately 1,250 in future years, stabilizing the undergraduate student body at about 5,000 students.

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

| <b>Academic<br/>Year</b> | <b>Baccalaureate</b> | <b>Master</b> | <b>M.D. &amp; D.M.D.<br/>D.N.P. &amp; J.D. &amp; D.Mgt.</b> | <b>Ph.D.</b> |
|--------------------------|----------------------|---------------|---|--------------|
| 2013-14                  | 908                  | 1,185         | 461   | 194          |
| 2012-13                  | 898                  | 1,113         | 543   | 162          |
| 2011-12                  | 919                  | 1,101         | 476   | 182          |
| 2010-11                  | 1,038                | 944           | 527   | 203          |
| 2009-10                  | 978                  | 989           | 570   | 211          |

Since 2011, the number of high school graduates nationwide has decreased each year and is expected to continue to decline for several years until 2016-17. 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.

### **Tuition and Fees**

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

|                            | <b><u>2014-15</u></b> | <b><u>2013-14</u></b> | <b><u>2012-13</u></b> | <b><u>2011-12</u></b> | <b><u>2010-11</u></b> |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Medical                    | \$55,370              | \$53,320              | \$51,450              | \$49,570              | \$47,730              |
| Dental                     | 59,840                | 58,095                | 56,400                | 54,100                | 52,020                |
| Management                 | 44,940                | 43,980                | 49,725 <sup>1</sup>   | 42,500                | 39,960                |
| Law                        | 47,600                | 46,700                | 44,500                | 42,450                | 40,450                |
| Applied Social<br>Sciences | 39,950                | 38,590                | 37,120                | 35,690                | 34,320                |
| Graduate Studies           | 39,842                | 38,588                | 37,120                | 35,690                | 34,320                |
| Nursing                    | 43,643                | 41,964                | 40,350                | 38,760                | 36,520                |
| Undergraduate              | 42,766                | 41,420                | 40,120                | 38,760                | 37,300                |

<sup>1</sup> The Weatherhead School of Management no longer has a flat tuition rate for full-time students in the MBA, MSM, or DM (Doctor of Management) programs. New students in the full-time MBA program pay \$1,498 per credit hour; part-time MBA students pay \$1,870 per credit hour. The recommended program of full-time study in the first year is 15 hours in fall and 15 in spring, for an academic year total of \$44,940. The rate shown for 2012-13 covered 18 credit hours in fall and 21 in spring.

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> |
|--------------------|------------------------------|
| 2014               | \$368,739,000                |
| 2013               | 346,792,000                  |
| 2012               | 317,861,000                  |
| 2011               | 309,499,000                  |
| 2010               | 293,124,000                  |

For Fiscal Year 2014, CWRU met approximately 47% of its educational and general expenses through tuition revenue.

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

|              | <u>2014-15</u> | <u>2013-14</u> | <u>2012-13</u> | <u>2011-12</u> | <u>2010-11</u> |
|--------------|----------------|----------------|----------------|----------------|----------------|
| Room & Board | \$13,376       | \$12,898       | \$12,436       | \$11,938       | \$11,400       |
| Activity Fee | 342            | 330            | 320            | 310            | 298            |

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

CWRU has a two-year residency requirement for undergraduates. 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 2014, 3,919 of the 4,126 available beds in residence halls and university-owned Greek housing were occupied, for an occupancy rate of 95%. Average occupancy of available beds has been in the 90-96% range for the last five years.

CWRU currently does not offer on-campus housing for graduate and professional students, but it is now converting the Triangle Apartments to University housing, which will be made available to those students and their families.

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 per week plan plus 75 "Case Cash" dollars per semester for academic year 2014-15.

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.

CWRU has the right to make changes in the various charges at the beginning of any semester. 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 2014, CWRU provided \$150 million in student aid to CWRU students to help support educational costs. Approximately 32% 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 provided for Fiscal Year 2014, CWRU provided, arranged for or assisted students in obtaining loans of \$122 million of which \$113 million came from federal or state sources. Undergraduate, graduate and professional students also were provided work opportunities throughout CWRU and earned \$28 million.

State and federal support for student financial aid 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 for the most part to undergraduates. There is no assurance that the current level of this support will be maintained in future years.

## **Budgeting and Financial Management**

Academic programming and planning, budgeting and financial management are conducted within a decentralized structure of nine management centers: the College, the School of Engineering, CWRU's six professional schools and the central administration, "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 each 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 Finance Committee and the University Budget Committee, and then recommended to the Board's Finance Committee for approval by the Board in February. 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 Finance Committee, revised where necessary, and submitted for approval to the Board's 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 administrators report quarterly to the Board on the status of performance against budget.

## **Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets**

At June 30, 2014, unrestricted, temporarily restricted and permanently restricted net assets totaled, in accordance with the net asset reporting requirements of Accounting Standards Codification ("ASC"), \$183 million, \$989 million and \$979 million, respectively.

## Gifts, Grants and Bequests

The University began a major fundraising campaign in 2008, with a goal of \$1 billion. After an initial "quiet phase", the campaign was publicly announced in late 2011. The University surpassed the \$1 billion goal two years ahead of schedule and announced a new goal of \$1.5 billion in August 2014.

During Fiscal Year 2014, CWRU received a record \$152 million in new gifts and pledge commitments including numerous scholarships, fellowships, professorships and private support for research in all of the University's schools and the College. Fundraising for current capital priorities included gifts to the Tinkham Veale University Center, Maltz Performing Arts Center, Thinkbox, Wyant Fieldhouse, Jack, Joseph and Morton Mandel School renovations and the Health Education Campus (described above under **Affiliations**).

In addition, during Fiscal Year 2014, CWRU was awarded \$311 million in research, training and career grants from various funding sources, principally the National Institutes of Health (\$173 million). Awards from industry totaled \$12 million, non-profit organizations contributed \$65 million, other federal agencies made grants of \$45 million, and state and other non-federal government sources totaled \$15 million. Figures exclude awards to the CCLCM.

## Investment Assets

CWRU's long-term investment assets ("Combined Investments"), including the University's endowment assets and certain other specified assets, had a total market value as of June 30, 2014 of \$1,853.9 million. Combined Investments are held in various places: Pooled Investments, which are actively managed by CWRU's Investment Office, of \$1,374.8 million; funds held in trust by others of \$340.3 million; and other investments of \$138.9 million. Of the total Combined Investments, \$1,380.5 million were endowment and other donor-restricted funds.

The following table shows the market value at fiscal year-end of CWRU's Combined Investments for the most recent five Fiscal Years:

| <b><u>Fiscal Year</u></b> | <b><u>Market Value of Combined Investments</u></b> |
|---------------------------|--|
| 2014                      | \$1,853,900,000                                    |
| 2013                      | 1,685,000,000                                      |
| 2012                      | 1,602,100,000                                      |
| 2011                      | 1,697,100,000                                      |
| 2010                      | 1,481,500,000                                      |

The following table shows the market value at fiscal year-end of CWRU's Pooled Investments for the most recent five Fiscal Years and the total return on Pooled Investments, including dividends, interest and realized and unrealized gains, for each of those Fiscal Years.

| <u>Fiscal Year</u> | <u>Market Value of Pooled Investments</u> | <u>Total Annual Return on Pooled Investments</u> |
|--------------------|---|--|
| 2014               | \$1,374,800,000                           | 15.96%   |
| 2013               | 1,312,000,000                             | 7.52   |
| 2012               | 1,254,800,000                             | (1.58)   |
| 2011               | 1,357,800,000                             | 18.82  |
| 2010               | 1,146,600,000                             | 7.19   |

### Spending Policy Relating to Endowment and Other Assets

Distributions from the University's Combined Investments are governed by spending policies. Different categories of assets are governed by different policies. These categories generally are endowment funds, funds held in trust by others, other endowment assets and certain other funds of the University. Distributions from endowment funds within the Pooled Investments, which represent approximately 74.2% of the Combined Investments and are managed by the University, are governed by a hybrid spending formula that contains a constant growth component (defined as last year's spending inflated by the Higher Education Price Index and weighted at 50%) and a market value-based component (defined as 5% of the three-year average market value and also weighted at 50%).

Distributions from funds held in trust by others (which represent approximately 18.4% of the Combined Investments) are in most cases capped at 5% of annual market value, and the amounts distributed are not determined by the University but by the trustees of those funds. Other endowment investments (which represent approximately 3.6% of the Combined Investments) are unpooled endowments governed by a variety of market-value-based spending policies established primarily by the donors. The remainder of Combined Investments consists of funds designated by the University, and distributions are governed by policies established from time to time by the University. 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, which may be invested in Pooled Investments, until such time that the restrictions are met.

The table below presents distributions and amounts used from the Combined Investments as a percentage of the beginning market value ("BMV") of Combined Investments for each of the Fiscal Years indicated. Such amounts include the distribution or spending of monies from the various categories of funds included in Combined Investments.

| <u>Fiscal Year</u> | <u>Combined Investments Distributions</u> |                 | <u>Combined Investments Amounts Used</u> |                 |
|--------------------|---|-----------------|--|-----------------|
|                    | <u>(millions)</u>                         | <u>% of BMV</u> | <u>(millions)</u>                        | <u>% of BMV</u> |
| 2014               | \$81.6                                    | 4.84%           | \$80.7                                   | 4.79%           |
| 2013               | 82.9                                      | 5.17            | 76.0                                     | 4.74            |
| 2012               | 77.4                                      | 4.56            | 74.9                                     | 4.41            |
| 2011               | 77.7                                      | 5.24            | 72.4                                     | 4.89            |
| 2010               | 82.7                                      | 5.57            | 77.2                                     | 5.20            |



The Board annually has authorized an additional distribution from the Pooled Investments as a campaign support fee for the current development campaign. For Fiscal Year 2015 the Board has authorized a distribution of \$5.9 million. The amounts withdrawn pursuant to such Board authorizations for prior years are:

| <u>Fiscal Year</u> | <u>Distribution</u> |
|--------------------|---------------------|
| 2014               | \$6,500,000         |
| 2013               | 7,200,000           |
| 2012               | 7,900,000           |
| 2011               | 7,900,000           |
| 2010               | 7,869,000           |

The Board and the administration intend to review the amount of the campaign fee annually for the remainder of the campaign.

### **Outstanding Indebtedness**

The University has previously incurred debt, including bonds issued by the Ohio Higher Educational Facility Commission (the "Commission"), for the purposes of financing various facilities and for refunding bonds or other evidences of indebtedness issued for those purposes. The University has never failed to pay punctually in full all amounts due for principal and interest on its indebtedness.

The outstanding principal amount of bonds, including commercial paper, issued by the Commission for the University totals \$507,125,000 at December 31, 2014 and consists of the following:

|                    | <b>Year Issued</b> | <b>Original Amount Issued</b> | <b>Principal Amount Outstanding</b> | <b>Final Maturity Calendar Year</b> |
|--------------------|--------------------|-------------------------------|-------------------------------------|-------------------------------------|
| Series 1990 Bonds  | 1990               | \$21,530,000                  | \$11,650,000                        | 2020                                |
| Series 1994 Bonds  | 1994               | 20,000,000                    | 16,500,000                          | 2018                                |
| Series 2001 Bonds  | 2001               | 19,600,000                    | 10,605,000                          | 2022                                |
| Series 2002A Bonds | 2002               | 64,875,000                    | 64,875,000                          | 2031                                |
| Series 2006 Bonds  | 2006               | 82,490,000                    | 78,330,000                          | 2044                                |
| Series 2008A Bonds | 2008               | 60,000,000                    | 60,000,000                          | 2044                                |
| Series 2008C Bonds | 2008               | 50,490,000                    | 47,805,000                          | 2033                                |
| Series 2012A Bonds | 2012               | 28,345,000                    | 26,680,000                          | 2023                                |
| Series 2013A Bonds | 2013               | 42,120,000                    | 39,180,000                          | 2023                                |
| Series 2014A Bonds | 2014               | 67,500,000                    | 67,500,000                          | 2044                                |
| Commercial Paper   | 2000               | 43,000,000                    | 43,000,000                          | 2030                                |
| Commercial Paper   | 2002               | 20,000,000                    | 20,000,000                          | 2030                                |
| Commercial Paper   | 2013               | 27,000,000                    | 21,000,000                          | 2030                                |

The University also has other outstanding debt, including Housing and Urban Development Mortgage Notes, and Other Notes Payable, outstanding at December 31, 2014 in aggregate principal amount of \$16,905,240. The Housing and Urban Development Mortgage Notes will be paid from the proceeds of the Bonds and other funds provided by the University.

The University also has two separate lines of credit with commercial banks in the aggregate amount of \$70,000,000. No amounts are currently outstanding under the lines of credit.

## **Interest Rate Hedges**

The University is a party to several interest rate swap transactions, all with the same counterparty. The aggregate termination value of those swap transactions as of January 21, 2015 is (\$27,350,652). In accordance with the requirements of the swap contracts, the University posts collateral to the swap counterparty when the negative valuation of the swap transactions exceeds \$20,000,000.

## APPENDIX B

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

The following are summaries of the Trust Agreement, the Lease and the Tax Agreement. These summaries 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 Agreement, the Lease, the Base Lease, 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 Agreement, the Lease and the Tax Agreement and not defined herein shall have the meaning given such term by the Trust Agreement, the Lease and the Tax Agreement.

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

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

“**Assignment**” means, the Assignment of Rights Under Lease dated as of February 1, 2015 from the Commission, as assignor, to the Trustee, as assignee, as amended or supplemented from time to time.

“**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 Agreement, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

“**Base Lease**” means the Base Lease dated as of February 1, 2015 between the University, as lessor, and the Commission, as lessee, as amended or supplemented from time to time, relating to the Bonds.

“**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 the Base Lease, the Lease, the Guaranty, the Tax Agreement, the Assignment, the Trust Agreement and the Bond Purchase Agreement.

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

“**Bond Legislation**” means the resolution adopted by the Commission providing for the issuance of the Bonds and approving the Base Lease, the Lease, the Trust Agreement, the Assignment, the Bond Purchase Agreement 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. LLC, on behalf and as representative of the underwriters identified therein, the University and the Commission.

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

“**Bonds**” or “**Bond**” means, the State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University Project) Series 2015A, issued by the Commission pursuant to the Trust Agreement, including any portion thereof or any beneficial interest therein, as applicable.

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

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

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

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

**“Continuing Disclosure Agreement”** means the Continuing Disclosure Agreement dated as of February 1, 2015 between the University and the Trustee relating to the Bonds and as amended or supplemented from time to time.

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

**“Defeasance Obligations”** means

(a) Direct Obligations;

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

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

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

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

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

- (a) Direct Obligations;
- (b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration (“FMHA”)); participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”) rated, at the time of purchase, “Aaa” by Moody’s and “AAA” by Standard & Poor’s; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal at the time of purchase) and senior debt obligations of the Federal National Mortgage Association (“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 (“GNMAs”); senior debt obligations of the Student Loan Marketing Association; project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation obligations;
- (c) direct obligations of any state of the United States of America or any subdivision or agency thereof whose long-term, unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “Aa” or better by Moody’s and “AA” or better by Standard & Poor’s, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency 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 (including those placed by a third party pursuant to an agreement between the Trustee and the University), demand deposits (including interest-bearing money market accounts, trust accounts, overnight bank deposits and interest-bearing deposits), trust deposits, time deposits or bankers acceptances (in each case having maturities of not more than 360 days) of any domestic bank (including the Trustee and its 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 its respective affiliates) that has combined capital, surplus and undivided profits of not less than \$30,000,000, provided that such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (“FDIC”);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Executive**” means the Chair, Vice Chair and Secretary of the Commission.

“**Future Project Site**” means any real property identified as such in Exhibit B to each of the Base Lease and the Lease, being generally the real property on which the Triangle Project is located.

“**Future Project Facilities**” means any improvements located on the related Future Project Site and identified as Future Project Facilities in Exhibit A to each of the Base Lease and the Lease, being generally the Triangle Project.

“**Guaranty**” means the Guaranty Agreement dated as of February 1, 2015 between the University and the Trustee, as amended or supplemented from time to time, relating to the Bonds.

“**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 Agreement.

“**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**” or “**Interest Payment Dates**” means June 1 and December 1 of each year, commencing June 1, 2015, or any other date on which any Bond Service Charges shall be due and payable, whether at maturity, upon acceleration, call for redemption, or otherwise.

“**Interest Rate for Advances**” means a rate that is 1% per year in excess of the rate of interest that the principal bank affiliated with the Trustee announces from time to time as its prime or base lending rate, in its commercial lending capacity at its principal office in New York, New York, such rate changing automatically and immediately from time to time as of the effective date of each such announced change, provided that a successor

trustee and an 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 Agreement.

**“Lease”** means the Lease dated as of February 1, 2015 between the Commission, as lessor, and the University, as lessee, as amended or supplemented from time to time.

**“Leasehold Conditions”** means the conditions required to be satisfied as set forth in the Base Lease in order to subject a Future Project Site and Future Project Facilities to the Base Lease and the Lease, being (a) the delivery by the University to the Commission and the Trustee of the following items: (i) either (A) a written opinion of counsel to the University concerning title to the Future Project Site and Future Project Facilities, in the same form and substance as the opinion of counsel to the University delivered with respect to title to the Project in connection with the issuance of the Bonds, or (B) a standard form of title insurance or guaranty policy (or a commitment therefor) naming as insureds the Commission and the Trustee, as their respective interests may appear, evidencing to the satisfaction of the Commission and the Trustee that the University has an ownership interest in the Future Project Site and Future Project Facilities, together with appurtenant rights, sufficient to permit the payment or reimbursement, in accordance with the Act, of costs of the Future Project Site and Future Project Facilities from the proceeds of the Bonds, and (ii) a certificate of the University Representative (A) as to title matters concerning the Future Project Site and Future Project Facilities, and such other matters with respect thereto as the Trustee or the Commission may reasonably request, in form and substance satisfactory to the Trustee and the Commission and (B) affirming certain representations and covenants of the University in the Lease; and (b) the filing by the University of the related Leasehold Conditions Affidavit in the office of the Cuyahoga County Recorder.

**“Leasehold Conditions Affidavit”** means an affidavit filed pursuant to Section 5301.252, Ohio Revised Code, to the effect that the Leasehold Conditions have been satisfied as to a Future Project Site and Future Project Facilities.

**“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 Agreement, except:

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

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

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

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

**“Paying Agent”** means any bank or trust company designated as a Paying Agent for the Bonds by or in accordance with the Trust Agreement.



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

- (a) the Base Lease and the Lease and any sublease authorized under such Base Lease and Lease;
- (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 heretofore and hereinafter, entered into in connection with bonds issued by the Commission to provide for improvements to the Project or the Project Site or for the refunding of all or a portion of the Bonds or in connection with subsequent issues of bonds by the Commission for such purposes; and
- (i) any lien, mortgage, security interest, lease or other encumbrance identified in Exhibit F to the Lease or otherwise permitted by the Lease and the Trust Agreement.

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

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

**“Project Facilities”** means the educational facilities generally identified in Exhibit A of the Lease, including any additions, improvements, modifications, substitutions and renewals thereof and each Future Project Facility if and at such time, if ever, that the Leasehold Conditions applicable thereto are satisfied, and further includes other facilities and uses as are permitted by the Act and the Lease.

**“Project Site”** means the real estate described in Exhibit B of the Lease, together with any additions thereto and each Future Project Site if and at such time, if ever, that the Leasehold Conditions applicable thereto are satisfied and less any removals therefrom, in the manner and to the extent provided in the Lease and Trust Agreement.

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

**“Rebate Fund”** means the Rebate Fund created under the Trust Agreement.

**“Regular Record Date”** means the fifteenth day of the month next preceding the month in which an Interest Payment Date applicable to the Bond occurs.

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

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

**“Rental Payment Date”** means each Interest Payment Date.

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

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

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

**“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 Agreement or the Bond Legislation, except the Rebate Fund and the Issuance Expenses Fund.

**“State”** means the State of Ohio.

**“Tax Agreement”** means the Tax Certificate and Agreement relating to the Bonds among the Commission, the University and the Trustee, as amended or supplemented from time to time.

**“Trust Agreement”** means the Trust Agreement dated as of February 1, 2015 securing the Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

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

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

## THE TRUST AGREEMENT

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

**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 whether on an Interest Payment Date, at maturity, upon acceleration or upon redemption according to their tenor and effect, and to secure the performance and observance by the Commission of all the covenants and obligations contained in the Trust Agreement and in the Bonds, the Commission will assign to the Trustee for the benefit of the Holders all of the Commission’s rights to, and interests in, the Revenues, the Lease (except for the Unassigned Rights), the Base Lease (except for the Unassigned Rights and effective only upon an Event of Default under the Lease and for so long as such an Event of Default continues to exist), the proceeds of the Bonds to the extent included in the Revenues and the Guaranty.

**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 services 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 withdraw the Bonds from the Depository, and shall prepare, sign, authenticate and deliver Bond certificates in fully registered form to the assignees of the Depository or its nominee. Such withdrawal, preparation, signing, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bonds) of the University.

**Books.** The Commission will cause books for the registration and registration of transfer of the Bonds as provided in the Trust Agreement to be kept by the Registrar.

**Transfer and Exchange.** The Bonds shall be transferred and exchanged as provided in the Trust Agreement, provided that the transfer or exchange of any Bonds subject to redemption is not required to be made (i) between the fifteenth day preceding the mailing of notice of Bonds to be redeemed and the date of that mailing, or (ii) of a particular Bond selected for redemption (in whole or in part). The ownership of a Bond will be transferable only by presentation and surrender of such Bond at the office of the Registrar, together with an assignment duly signed by the Holder of that Bond or by his duly authorized attorney in a form satisfactory to the Registrar. Upon any such transfer, the Registrar will deliver, in exchange for that Bond, a new Bond registered in the name of the transferee, in the aggregate principal amount equal to the unmatured and unredeemed principal amount of the Bond presented.

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

**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 shall 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. All money held by the Trustee shall be held uninvested and without liability for interest thereon.

Pursuant to the Trust Agreement, any money that shall be held by the Trustee and that remains unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of four years after the due date thereof shall be paid upon written request to do so to the University free of any trust or lien. Thereafter, the Holder of that Bond shall look only to the University for payment and then only to the amounts so received by the University without any interest thereon, and the Trustee shall not have any responsibility with respect to that money. In the absence of any such written request, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Before making any payment described hereunder, the Trustee is entitled to receive at the University's expense an opinion of counsel to the effect that such payment is permitted under applicable law.

**Creation of Funds and Accounts; Deposit of and Use of Money.** The funds and any 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:

*Use of Bond Proceeds.* The proceeds of the sale of the Bonds will be deposited by the Trustee as follows: to the Bond Fund, proceeds representing accrued interest, if any; to the Issuance Expenses Fund, the amount necessary to pay certain issuance costs (see "PROJECT AND USE OF PROCEEDS – Sources and Uses of Funds"); and to the Improvement Fund, the balance of the proceeds.

*Improvement Fund and Issuance Expenses Fund.* Bond proceeds will be deposited into the Improvement Fund and the Issuance Expenses Fund maintained by the Trustee as provided in the Trust Agreement. The money in the Improvement Fund and in the Issuance Expenses Fund will be disbursed by the Trustee upon requisition from the University in accordance with the Lease to reimburse or pay the University, or any person designated by the University, for any of the following:

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

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

The money and Eligible Investments held in and to the credit of the Improvement Fund and in the Issuance Expenses Fund will, pending application thereof as above set forth, be subject to a lien and charge in favor of the Trustee under the Trust Agreement.

The money and Eligible Investments held in and to the credit of the Issuance Expenses Fund will not constitute part of the Revenues assigned to the Trustee as security for the payment of Bond Service Charges. Money will be disbursed from the Issuance Expenses Fund only upon proper requisition by the University or the Commission, to pay, or to reimburse the University for payment of, the fees, charges and expenses incurred in connection with the issuance of the Bonds.

On the earlier of (i) the date that is six months from the date of the Trust Agreement or (ii) the date when all fees, charges and expenses relating to the Bonds have been paid or provision for their payment have been made, the Trustee will transfer any balance remaining in the Issuance Expenses Fund, as directed by the University, to the Bond Fund or to the Improvement Fund.

*Bond Fund.* All Rental Payments related to the payment of debt service on the Bonds received from the University or the Commission will be deposited in the 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; provided that no part thereof shall be used to redeem any Bonds prior to maturity, except as may be provided otherwise in the Lease or the Trust Agreement.

*Rebate Fund.* The Trust Agreement establishes the Rebate Fund that is to be maintained by the Trustee. The provisions relating to rebate under the Code are set forth in the Tax Agreement. The amounts on deposit in the Rebate Fund will not be part of the Revenues assigned under the Trust Agreement to the Trustee.

*Investment of Funds.* Any money held in the Improvement Fund, the Bond Fund, the Issuance Expenses Fund, the Improvement Fund and the Rebate Fund will, at the direction of the University, be invested or reinvested by the Trustee in Eligible Investments in accordance with the Trust Agreement.

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

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

**Lien.** The Commission shall not create any lien upon the Revenues, other than the liens created by the Trust Agreement.

**Payment of Interest.** When Bonds are held in a book entry system registered in the name of the Depository or its nominee, interest on the Bonds will be payable on each Interest Payment Date in immediately available funds wired by the Trustee to the registered owner (the Depository or its nominee) as of the Regular Record Date applicable to that Interest Payment Date.

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

or electronically to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date. Such notice having been so mailed, the defaulted interest will be payable to the persons who are the Holders of the Bonds at the close of business on that Special Record Date.

**Payment of Principal and Premium.** When Bonds are held in a book entry system registered in the name of the Depository or its nominee, principal of any premium on the Bonds will be payable on the payment date therefor in immediately available funds wired by the Trustee to the registered owner (the Depository or its nominee).

**Redemption.** The Bonds shall be subject, pursuant to the terms of the Trust Agreement, to mandatory sinking fund redemption, extraordinary optional redemption, optional redemption and purchase in lieu of redemption prior to maturity. (See “THE BONDS – Redemption” for a description of the provisions regarding redemption and purchase in lieu of 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 Lease 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, member, 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, the Trust Agreement, the Lease or any amendment or supplement thereto 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 Lease or the Trust Agreement.

**Performance of Covenants of the Commission; Representations.** The Commission will perform any and all covenants, undertakings, stipulations and provisions to be observed or performed on its part contained in the Trust Agreement, in any and every Bond executed, authenticated and delivered under the Trust Agreement, and in all proceedings of the Commission 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, the Commission and the University, and signed by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding. The Trustee also may be removed at any time for any willful misconduct or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Commission or the Holders of not less than 25% in aggregate principal amount of then Outstanding Bonds. In either instance, 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. In addition, the Commission, or the Commission at the written direction of the University (so long as there is no Event of Default under the Trust Agreement or Lease and no condition exists that, with the passage of time or giving of notice, or both, would constitute such an Event of Default), may remove the Trustee at any time for any reason. The removal of the Trustee shall not take effect until the appointment of a successor Trustee and the acceptance by that successor Trustee.

### **Events of Default.**

The occurrence of any of the following events constitutes an “Event of Default” under the Trust Agreement:

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

**Acceleration of Maturity.** Upon the occurrence of an Event of Default under the Trust Agreement, as defined in (a), (b), or (c) under “THE TRUST AGREEMENT – Events of Default” above, the Trustee may (but is not obligated to), and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding, the Trustee shall, by written notice delivered to the Commission, declare the principal of and any premium on all of the Bonds then outstanding (if not then due and payable) and the interest accrued thereon to be immediately due and payable. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to such declaration.

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

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

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

**Actual Notice of Events of Default.** The Trustee will provide written notice of the occurrence of any Event of Default under the Trust Agreement to the University, the Commission, the Registrar, the Paying Agent, the

Authenticating Agent and the Underwriter within seven Business Days and all Holders of Bonds then outstanding as shown by the Register at the close of business 15 days prior to the mailing of that notice within 30 days after obtaining knowledge of such Event of Default; provided that, except in the case of an Event of Default in the payment of the principal of or any premium or interest on any Bonds, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of notice to the Holders is not materially prejudicial to the interest of the Holders.

**Rescission or Annulment of Acceleration.** If, at any time after such principal and premium, if any, and interest shall have been so declared due and payable and prior to the entry of a judgment in a court of law or equity for enforcement hereunder or the appointment, and the confirmation thereof, of a receiver after an opportunity for hearing by the Commission and the University, all amounts payable hereunder 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, ipso facto, constitute a waiver of such Default and Event of Default and its consequences and an automatic rescission and annulment of such declaration of acceleration, but no such waiver or rescission shall extend to or affect any subsequent Event of Default or impair any rights consequent thereon.

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

There will not be so waived, however, any Event of Default described in item (a) or (b) of “THE TRUST AGREEMENT – Events of Default” above or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment payments of the amounts provided in the Trust Agreement for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor.

**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, the Trustee and the Holders 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.

**Bondholders’ Right to Direct Proceedings.** Anything to the contrary in the Trust Agreement notwithstanding, the Holders of a majority in aggregate principal amount of Outstanding Bonds 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, or any other proceedings under 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 Bondholders’ Right to Institute Proceedings.** No Bondholder has any right to institute any suit, action or proceeding for the enforcement of the Trust Agreement, for the execution of any trust under the Trust Agreement or for any other remedy under the Trust Agreement unless (i) an Event of Default under the Trust Agreement has occurred and is continuing, of which the Trustee has been notified or is deemed to have notice, (ii) the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding have made a written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers provided in the Trust Agreement or to institute such action, suit or proceeding in its own name and have offered to the Trustee indemnity as provided in the Trust Agreement and (iii) the Trustee thereafter has



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

It is understood and intended that, except as otherwise provided above, (i) no one or more Bondholders 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 Remedy Exclusive.** No remedy conferred upon or reserved to the Trustee or to the Bondholders 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 Bondholder 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 Bondholders may be exercised from time to time and as often as may be deemed expedient.

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

**Limitations on Modifications of the Trust Agreement and the Lease.** Neither the Trust Agreement nor the Lease 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 Bondholder Consent.** The Commission and the Trustee may, from time to time and at any time, without the consent of or notice to the Bondholders, but only with the consent of the University, enter into a Supplemental Trust Agreement 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 Bondholders 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 or authority reserved to or conferred upon the Commission in the Trust Agreement;
- (f) to evidence any succession to the Commission and the assumption by its successor of the covenants, agreements and obligations of the Commission under the Trust Agreement, the Base Lease, the Lease and the Bonds;

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

(h) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agent or Paying Agent;

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

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

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

(l) in connection with the use of a book entry system; and

(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.

**Supplemental Trust Agreement with Bondholder Consent.** Subject to the consent of the University, Bondholders 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 principal amount of or any extension of the time of payment of any mandatory sinking fund requirement, 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 or an amendment to the Lease.

**Notice.** If at any time the Commission requests the Trustee to enter into any supplemental trust agreement for any of the purposes described above, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) receipt of the University's consent to the proposed signing and delivery of the supplemental trust agreement, the Trustee shall cause notice of the proposed supplemental trust agreement to be given by mail to all Holders of Outstanding Bonds.

**No Right to Object.** If Bondholders 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 Bondholder 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 Required.** The Trustee and the Commission will not enter into any supplemental trust agreement without the prior written consent of the University.

**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 required 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 5.08 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 Agent has received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee has received, in trust for and irrevocably committed thereto, Defeasance Obligations that are verified or certified by an independent firm experienced in the preparation of verification reports and acceptable to the Trustee to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subsection (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 and agrees to execute the trusts created under the Trust Agreement, but only upon the terms set forth therein, 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 and will not be responsible for any loss or damage resulting from reliance thereon in good faith. In addition, the Trust Agreement provides that the Trustee is entitled to rely on certain other instruments, and it will not be liable for any action reasonably taken or omitted to be taken by it in good faith or be responsible other than for its own negligence or willful misconduct. In case an Event of Default under the Trust Agreement has occurred and is continuing, the Trustee will exercise the rights and powers vested in it by the Trust Agreement as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs and may in certain circumstances request under the Trust Agreement that indemnity be furnished to it by the Bondholders requesting it to take action in accordance with the Trust Agreement.

## **THE LEASE**

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

### **Term of Lease**

The Commission will lease the Project, including without limitation, each Future Project Facility and Future Project Site if and at such time, if ever, the Leasehold Conditions applicable thereto are satisfied, from the University under the Base Lease. The Commission, in turn, will lease the Project back to the University under the Lease. The term of the Lease and Base Lease will begin on the date of the delivery of the Bonds and terminate upon the payment or provision for payment of the Bonds. The Lease may be terminated earlier in connection with the exercise by the Trustee of remedies upon the occurrence of an Event of Default. See “THE LEASE – Events of Default”.

### **Commencement and Completion of the Project**

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

### **Rental Payments**

The University is obligated under 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 (each Interest Payment Date) during the term of the Lease in an amount of money equal to the sum of the amount that, when added to the balance then in the Bond Fund and available therefor, will be sufficient to pay the Bond Service Charges on the Interest Payment Date occurring on such Rental 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 Bond Service Charges as and when due, whether on an Interest Payment Date, at stated maturity, by redemption or upon acceleration. The Lease serves the purpose of securing the debt service on the Bonds, while satisfying the requirements of the Act pursuant to which the Bonds are issued. If at any time when a payment of Bond Service Charges is due, the balance in the Bond Fund is insufficient to make that payment, the University will forthwith pay to the Trustee for deposit into the Bond Fund any such deficiency. Any amount, however, held at any time by the Trustee in the Bond Fund will, unless otherwise provided in the Lease, be credited against the Rental Payments next required to be paid by the University, to the extent such amount is in excess of the amounts required (i) for payment of Bonds theretofore matured or called for redemption, (ii) for payment of past due interest in all cases where such Bonds have not been presented for payment and (iii) to be deposited in the Bond Fund for use for other than payment of the interest or any premium on, or principal of, the Bonds (whether at maturity or by redemption) on the next succeeding Interest Payment Date.

### **Absolute Obligation to Pay Rental Payments**

The obligation of the University to make Rental Payments and Additional Payments pursuant to the Lease is an 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 has agreed 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 counterclaim that the University may have or assert against the State, the Commission, the Trustee, or any other Person, any change in the tax or other laws or administrative rulings of or administrative actions by or under authority of the United States of America or of the State, or any damage to, destruction of or exercise of eminent domain with regard to the Project.

### **Maintenance of Tuition, Fees and Charges**

So long as any Bonds are outstanding, the University covenants and agrees to operate all its educational facilities, including the Project, on a revenue-producing basis. The University also covenants during such period to fix, revise as often as necessary (but not necessarily more often than annually), charge and collect such reasonable tuition fees, student fees, rates, other fees, rentals and charges for the use and occupancy of its educational facilities, including the Project or any part thereof, and for any other facilities operated by the University, in amounts so that the University shall 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 non-profit educational institutions) to pay the following costs (without priority of any one clause over another): (i) currently all of the University's expenses during such 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 such 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 such 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, removals and replacements in accordance with the provisions of the Lease 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 and other properties 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 Facilities, (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 30 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 Underwriter 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) 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) if other than the University, 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 Counsel satisfactory to the Trustee that, in the judgment of such Counsel, or a certificate of the University Representative (if the University is the Surviving Institution) that, 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, such 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 (which consent shall not be withheld unreasonably).

## **The University's Options to Terminate Lease and Purchase the Project**

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

The University also has the option to terminate the Lease if any of the following extraordinary events occur:

(a) All or a substantial part of the Project is damaged or destroyed to such extent that (i) the Project cannot be reasonably restored within a period of six months to their condition at the time immediately preceding the 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 government 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 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 its operation; 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 no longer being excluded from gross income for federal income tax purposes.

For purposes of this paragraph, the term "substantial part" when used with reference to the Project means any part of the Project, the total cost of which (as determined by the University) equals or exceeds the lesser of (i) 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.

In order to exercise the option described in the preceding paragraph, the University must give written notice to the Commission (and, if applicable, the Trustee) within 12 months following the event authorizing the exercise thereof, and is required to make arrangements satisfactory to the Trustee for the redemption of all Outstanding Bonds pursuant to the provisions described herein under "THE BONDS – Redemption" and pay the sum of the following:

(a) to the Trustee, an amount of money (or provision thereof in accordance with the Trust Agreement) that, together with the money and investments held to the credit of Special Funds, will be sufficient pursuant to the provisions of the Trust Agreement to pay the principal of and any premium 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 become due, an amount of money (or provision therefor satisfactory to the Trustee and the Commission) equal to the Additional Payments accrued and to accrue until actual final payment and redemption of the Bonds.

The Lease provides that upon its expiration, the University shall purchase and the Commission shall sell the Commission's entire interest in the Project for a nominal sum.

## Assignment and Subleasing

The Lease may be assigned in whole or in part, and the Project may be subleased in whole or in part, by the University without the necessity of obtaining the consent of the Commission, or the Trustee, provided that certain conditions are met, including (i) no such assignment (other than assignments pursuant to the consolidation, merger, sale or other transfer as described in “THE LEASE - University to Maintain its Existence”) will relieve the University from primary liability for any of its obligations under the Lease and the University will continue to remain primarily liable for the payment of Rental Payments and Additional Payments, (ii) any such assignment or sublease will retain for the University such rights as will permit it to perform its obligations under the Lease, (iii) the 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 copies of such assignment, sublease or grant of use to the Commission, and the Trustee, and (v) any such assignment or sublease 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 attributable to Bond Service Charges on or prior to the date on which that Rental Payment is due and payable.
- (b) The University fails to administer, maintain or operate the Project as educational facilities in accordance with the Act.
- (c) The University fails to observe or perform any other covenant, agreement or obligation contained in the Lease, if such failure continues for a period of 60 days after written notice of the failure is given to the University by the Commission or the Trustee requesting that it be remedied. The Commission and the Trustee may agree in writing to an extension of that 60-day period prior to its expiration, provided that if the University proceeds to take curative action that, if begun and prosecuted with due diligence, cannot be completed reasonably within the 60-day period, that period shall be increased without a written extension to any extent that shall be necessary to enable the University to complete the curative action diligently.
- (d) Certain events of dissolution, liquidation, insolvency, bankruptcy, reorganization or other similar events with respect to the University occurs.
- (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 a project at the University, provided that such failure constitutes an event of default under such lease or lease agreement. The University is a party to a number of leases with the Commission in connection with outstanding bonds. See APPENDIX A – “CASE WESTERN RESERVE UNIVERSITY – Outstanding Indebtedness.”

The events described in paragraph (c) above do not constitute Events of Default if caused by Force Majeure, defined in the Lease as acts of God; strikes, lockouts or other employment related disturbances; acts or orders of any kind of any governmental authority; acts of public enemies; terrorist activities or attacks; insurrections; civil disturbances; riots; arrests; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or any cause, circumstance or event not reasonably within the control of the University.

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 remedies may be taken, although the Trustee is not required to take any remedy that in its opinion will or might cause it to expend time or money unless it has been furnished a satisfactory indemnity bond at no cost to it:

(a) In accordance with the Trust Agreement, the Trustee shall, if acceleration is declared pursuant to the Trust Agreement, and the Trustee may, if acceleration is not declared pursuant to the Trust Agreement, declare all Rental Payments, Additional Payments and other amounts payable under the Lease to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee, (i) may enter and take possession of the Project without terminating the Lease, (ii) may complete the Project if not then completed and 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, (iii) collect rentals and enforce all other remedies of the University under any lease 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 lease, assignments or grants, (iv) enter into new leases, assignments and grants on any terms that the Commission or the Trustee may deem 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, (v) remove the University, all other Persons and all property from the Project, or any part thereof, (vi) hold, operate and manage the Project, or any part thereof, (vii) receive all earnings, income, rents, issues, profits, proceeds or other sums accruing with respect thereto and (viii) obtain an environmental assessment of all or any part of the real property constituting the Project.

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

(d) The Trustee may exercise any and all and any combination of rights, remedies and powers available to it under the Trust Agreement and the Lease and may appoint a receiver.

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

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

## **Amendments of the Lease**

The Trust Agreement provides that the Lease may be amended by the Commission and the Trustee without the consent of or notice to the Holders only as may be required (i) by the provisions of the Bond Documents, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Lease, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of the Trust Agreement without the consent of the Holders, (iv) to implement an amendment pursuant to Section 10.01 of the Lease with respect to the removal of certain property from the operation thereof or (v) in connection with any other change therein that, in the judgment of the Trustee, does not materially, adversely affect the Trustee or the Holders. Any amendment to the Lease that would change the amount of Rental Payments, or time as of which they are required to be paid, may only be made with the consent of all of the Holders of the Bonds then outstanding. Any other amendments to the Lease may only be made with the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding.

## **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 in this APPENDIX B.

In 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 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 nationally recognized bond counsel acceptable to the Commission that such action will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, the University will not take any action or fail to take any action that would cause the Bonds not to be considered qualified 501(c)(3) bonds under Section 145 of the Code or to cause application of Section 150(b)(3) or (5) of the Code.

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

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.

## APPENDIX C

### PROPOSED FORM OF BOND COUNSEL OPINION

We have served as bond counsel to our client the Ohio Higher Educational Facility Commission (the "Commission") and not as counsel to any other person in connection with the issuance by the Commission of its \$51,630,000 State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University Project) Series 2015A, dated the date of this letter (the "Bonds"), of the State of Ohio (the "State").

The Bonds are issued pursuant to Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code and the Trust Agreement, dated as of February 1, 2015 (the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The Bonds are being issued for the purpose of providing funds to pay "project costs" of "educational facilities," as those terms are defined in Section 3377.01 of the Revised Code, and costs of refunding obligations issued for that purpose. The educational facilities financed or refinanced by the Bonds constitute the "Project." The Project has been leased by Case Western Reserve University (the "University"), as lessor, to the Commission, as lessee, under the Base Lease dated as of February 1, 2015 ("Base Lease"), and has been leased back to the University under the Lease dated as of February 1, 2015 (the "Lease"), between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease dated as of February 1, 2015 (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. Pursuant to the Assignment, the Commission, effective solely upon an event of default under the Lease, also has assigned to the Trustee for the benefit of the Holders of the Bonds, substantially all of the rights in the Base Lease. Capitalized terms not otherwise defined in this letter are used as defined in the Lease.

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

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

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

2. The Bonds constitute special obligations of the State, and the principal of and interest and any premium on (collectively, "debt service") the Bonds are payable solely from the revenues and other money assigned by the Trust Agreement and the Assignment to pay debt service. Those revenues and other money include the payments required to be made by the University under the Lease. The Bonds and the payment of debt service are not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the State, any of its political subdivisions, or the Commission.

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

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume,

without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Commission, and (iii) the correctness of the legal conclusions contained in the legal opinion letter of counsel to the University delivered in connection with this matter.

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

In addition, in rendering those opinions with respect to the treatment of the interest on the Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinion of, Elizabeth J. Keefer, Esq., counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code and the use of the facilities financed or refinanced with the Bonds in activities that are not considered “unrelated trade or business” activities of the University, as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. We have 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 qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed or refinanced 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.

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

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

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

Respectfully submitted,

## APPENDIX D

### BOOK-ENTRY SYSTEM

Payment of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Bonds are not in a book-entry-only system, payment of principal of and interest on the Bonds will be made as described in the Trust Agreement and summarized in APPENDIX B — “CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT, THE LEASE AND THE TAX AGREEMENT.”

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

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

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

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](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 purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

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

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

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

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

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## APPENDIX E

### PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

#### CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of February 1, 2015 (the “Agreement”), is made by and between Case Western Reserve University, a nonprofit corporation duly organized and validly existing under the laws of the State of Ohio and qualified to do business in the State of Ohio (together with its lawful successors and permitted assigns, the “University”), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, with a designed corporate trust office located in Cleveland, Ohio, as Trustee (the “Trustee”), for the benefit of the Holders and Beneficial Owners from time to time of the \$51,630,000 State of Ohio Higher Educational Facility Revenue Bonds (Case Western Reserve University Project), Series 2015A (the “Bonds”) authorized by Resolution No. 2014-15 adopted by the Ohio Higher Educational Facility Commission (the “Commission”) on December 17, 2014 (the “Bond Resolution”), under the circumstances set forth in the following recitals (with each capitalized term used but not otherwise defined herein having the meaning assigned to it in Section 1).

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

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

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

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

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

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

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

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

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

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

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

“Filing Date” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding Business Day if that day is not a Business Day), beginning March 31, 2016.

“Fiscal Year” means the fiscal year of the University, presently a 12-month period ending June 30, which may be changed by the University from time to time.

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Notice Address” means:

- |     |                       |   |
|-----|-----------------------|---|
| (a) | as to the Trustee:    | The Bank of New York Mellon Trust Company, N.A.<br>1660 West Second Street, Suite 830<br>Cleveland, Ohio 44113  |
| (b) | as to the University: | Case Western Reserve University<br>10900 Euclid Avenue<br>4 Adelbert Hall<br>Cleveland, Ohio 44106<br>Attention: President<br>with a copy to the Treasurer<br>(at the same address) |

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

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

“Offering Circular” means the Offering Circular for the Bonds dated February 5, 2015.

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

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

“Underwriter” means Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, as the Original Purchasers of the Bonds and a “Participating Underwriter” with respect to the Bonds under the Rule.

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

Section 2. Purpose of this Continuing Disclosure Agreement. Pursuant to the Lease, this Agreement is being signed and delivered by the University and the Trustee, for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule. The University and the Trustee acknowledge that the Commission has undertaken no responsibility with respect to any Annual Filings, reports, notices or disclosures provided or required under this Agreement, and has no liability to any Person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

Section 3. Provision of Annual Information: Audited Financial Statements.

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

If the University is unable to provide to the MSRB and the Trustee an Annual Filing by the Filing Date, the University shall, in a timely manner, send a notice to the MSRB and the Trustee in an electronic format as prescribed by the MSRB (“Notice of Inability to File”).

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

(a) Financial information and operating data of the type included in APPENDIX A of the Offering Circular under the caption: “CASE WESTERN RESERVE UNIVERSITY” under the captions “Research at CWRU,” “Faculty,” “Employees,” “Pension Plans,” “Enrollment,” “Tuition and Fees,” “Financial Aid,” “Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets,” “Gifts, Grants and Bequests,” “Investment Assets,” “Spending Policy Relating to Endowment and Other Assets” and (to the extent not presented in the University’s Audited Financial Statements) “Outstanding Indebtedness” and “Interest Rate Hedges.”

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

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

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

Section 5. Role of Trustee.

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

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

Section 6. Reporting of Specified Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (a)
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) Issuance of an adverse tax opinion, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;

- (8) Bond calls, if material, and tender offers; (b)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;  
(c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.
- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Note:

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

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

(b) The Trustee shall promptly notify the Authorized Disclosure Representative upon obtaining actual knowledge of an occurrence which may require the University to report a Specified Event (other than a nonpayment related default, the giving of a notice of optional redemption of any Bonds or defeasance of the Bonds or any provision thereof) provided, however, that the failure of the Trustee so to notify the Authorized Disclosure Representative shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Trust Agreement and the Trustee shall not incur any liability for any such failure. The Trustee shall have no responsibility to file any notice of such Specified Events unless directed in writing to do so by the University and provided with a copy of such notice.

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

Section 8. Amendments. The University reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the University or type of business conducted by the University. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the University shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the University that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the University shall provide notice of such change in the same manner as for a Specified Event under Section 6 and (B) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Termination. The obligations of the University under this Agreement shall remain in effect only for such period that (a) the Bonds are outstanding in accordance with their terms and (b) the University remains an Obligated Person with respect to the Bonds within the meaning of the Rule, subject to the survival of certain provisions to the extent expressly provided in Section 12. The obligation of the University to provide the Annual Filing and notices of Specified Events set forth in Section 6 shall terminate, if and when the University no longer remains an Obligated Person with respect to the Bonds. If any person, other than the University, becomes an Obligated Person relating to the Bonds, the University shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Section 10. University: Dissemination Agent. The University represents that it will be the only Obligated Person with respect to the Bonds at the time the Bonds are delivered by the Commission to the Underwriter. Either the University or the Trustee may, from time to time, appoint or engage an agent to act on its behalf in performing its obligations under this Agreement and may discharge any such agent, with or without appointing a successor; provided that neither the University nor the Trustee shall be relieved in any respect by appointment of an agent from primary liability for the performance of its obligations under this Agreement. An agent may resign by providing 30 days' written notice to the University and the Trustee.

Section 11. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the University or the Trustee shall be limited, to the extent permitted by law and as hereinafter provided, to a right of Holders and Beneficial Owners, or the Trustee, to institute and maintain, or cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the University or the Trustee, as applicable, of its obligations under this Agreement in a court in Cuyahoga County, Ohio. Any individual Holder or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the University or the Trustee, as applicable, to provide or cause to be provided a pertinent

filing if such a filing is due and has not been made. Any such proceedings to require the University to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) may be instituted and maintained only by the Trustee, which may institute and maintain any such proceedings in its discretion and shall do so, subject to the same conditions, protections, limitations and procedures that would apply under the Trust Agreement if the breach were an Event of Default under the Trust Agreement, at the direction of Holders of at least 25% in aggregate principal amount of the Bonds then outstanding. Any failure of the University or the Trustee to comply with the provisions of this Agreement shall not be a default or failure, or an Event of Default, under the Lease, the Guaranty Agreement or the Trust Agreement. No Person or entity shall be entitled to recover monetary damages under this Agreement.

Section 12. Performance by the Trustee; Compensation.

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

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

(c) The obligations of the University under this Section shall survive resignation or removal of the Trustee and termination of other provisions of this Agreement pursuant to Section 9.

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

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

Section 13. Notices. Except as otherwise expressly provided in this Agreement, it shall be sufficient service or giving of any notice to the parties hereto, if that notice is either mailed by first class mail, postage prepaid, addressed to the relevant party at its Notice Address, or transmitted by facsimile transmission addressed to the relevant party at its number for receipt of facsimile transmissions set forth in its Notice Address. The University and the Trustee may designate from time to time, by notice given hereunder, any further or different addresses (including facsimile transmission numbers) to which any subsequent notice shall be sent.

Section 14. Recordkeeping. The University shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

Section 15. Assignment. The University may assign its obligations under this Agreement only in connection with the assignment of its obligations under and in accordance with the provisions of any contractual commitment or other arrangement to support payment of all or any part of the Bonds, including without limitation the Lease; provided that the University shall not assign its obligations under this Agreement so long as it remains an Obligated Person with respect to the Bonds and except to the assignee of its obligations under any such contractual commitment or other arrangement to support payment of the Bonds. The University may assign its obligations under any such contractual commitment or other arrangement, without remaining primarily liable for the performance of those obligations, only if the assignee of the University assumes its obligations under this Agreement. Any assignment by the University of its obligations under this Agreement shall not be effective unless and until the assignee of the University shall have expressly assumed in writing, for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, by an instrument in form and substance satisfactory to the Trustee, the obligations of the University under this Agreement or enters into a new agreement for purposes of the Rule that is substantially similar to the undertaking of the University under this Agreement.

Section 16. Beneficiaries. This Agreement shall inure solely to the benefit of the Commission, the University, the Trustee and the Holders and Beneficial Owners from time to time of the Bonds, and any official, employee or agent thereof acting for and on its behalf, and shall not create any rights in any other person or entity.

Section 17. Severability. In case any section or provision of this Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 18. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 19. Governing Law. This Agreement shall be deemed to be an agreement made under the laws of the State of Ohio and for all purposes shall be governed by and construed in accordance with the laws of the State of Ohio.

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

CASE WESTERN RESERVE UNIVERSITY

By: \_\_\_\_\_  
Senior Vice President of Finance and Chief  
Financial Officer

And by: \_\_\_\_\_  
Treasurer



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

By: \_\_\_\_\_  
Vice President

\$51,630,000  
State of Ohio  
Higher Educational Facility Revenue Bonds  
(Case Western Reserve University Project), Series 2015A

**NOTICE TO UNIVERSITY OF FAILURE  
TO FILE ANNUAL INFORMATION**

TO: Senior Vice President of Finance and Chief Financial Officer  
Case Western Reserve University

The undersigned, as the trustee under the Trust Agreement, dated as of February 1, 2015, securing the captioned bonds (the "Bonds"), and as a party to the Continuing Disclosure Agreement, dated as of February 1, 2015 (the "Agreement"), between the undersigned and Case Western Reserve University, an Ohio nonprofit corporation (the "University"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that the University, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Filing or Notice of Inability to File that is required under the Agreement to be so provided not later than \_\_\_\_\_. The Annual Filing is required under the Agreement to be provided or caused to be provided both to the undersigned and to the MSRB not later than that date.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\$51,630,000  
State of Ohio  
Higher Educational Facility Revenue Bonds  
(Case Western Reserve University Project), Series 2015A

**SECOND NOTICE TO UNIVERSITY OF FAILURE  
TO FILE ANNUAL INFORMATION**

TO: Senior Vice President of Finance and Chief Financial Officer  
Case Western Reserve University

The undersigned, as the trustee under the Trust Agreement, dated as of February 1, 2015, securing the captioned bonds (the "Bonds"), and as a party to the Continuing Disclosure Agreement dated as of February 1, 2015 (the "Agreement"), between the undersigned and Case Western Reserve University, an Ohio nonprofit corporation (the "University"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that the University, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Filing or Notice of Inability to File that is required under the Agreement to be so provided not later than \_\_\_\_\_.

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

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\$51,630,000  
State of Ohio  
Higher Educational Facility Revenue Bonds  
(Case Western Reserve University Project), Series 2015A

**NOTICE TO MSRB OF FAILURE  
TO TIMELY FILE ANNUAL INFORMATION**

TO: MSRB

The undersigned, as the trustee under the Trust Agreement, dated as of February 1, 2015, securing the captioned bonds (the "Bonds"), and as a party to the Continuing Disclosure Agreement, dated as of February 1, 2015 (the "Agreement"), between the undersigned and Case Western Reserve University, an Ohio nonprofit corporation (the "University"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement) that:

[1. The University, as of the date of this notice, has not provided or caused to be provided to the Trustee the Annual Filing for its Fiscal Year that ended June 30, 20\_\_ and has not provided any written evidence to the Trustee concerning the timeliness of its Annual Filing with the MSRB. That Annual Filing was required under the Agreement to be provided to the Trustee and the MSRB not later than \_\_\_\_\_]

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

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

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc:

\$51,630,000  
State of Ohio  
Higher Educational Facility Revenue Bonds  
(Case Western Reserve University Project), Series 2015A

DESIGNATION OF AUTHORIZED DISCLOSURE REPRESENTATIVE

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

The undersigned hereby designates, pursuant to the Continuing Disclosure Agreement between Case Western Reserve University and The Bank of New York Mellon Trust Company, N.A., dated as of February 1, 2015, the individuals listed below as Authorized Disclosure Representative and Alternate[s], respectively, and certifies that the signatures opposite the name of each individual is the true signature of that individual.

Authorized Disclosure Representative

Signature

\_\_\_\_\_

Name and Title

\_\_\_\_\_

Alternate

\_\_\_\_\_

Name and Title

\_\_\_\_\_

Alternate

\_\_\_\_\_

Name and Title

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Title:

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