

LIMITED OFFERING MEMORANDUM DATED SEPTEMBER 26, 2019

New Issue – Book Entry Only

Not Rated

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2019 Bonds. See "TAX MATTERS."

\$49,000,000

California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019

Dated: Date of Delivery

Due: October 1, 2049

The California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019 (the "Series 2019 Bonds") are being issued at the request of Holy Names University (the "Borrower") by the California Municipal Finance Authority (the "Authority") in order to (i) pay off a line of credit loan from Presidio Bank (the "Bank Loan") to refinance certain capital expenditures and working capital expenditures, (ii) finance certain working capital expenses, (iii) fund a debt service reserve fund, (iv) fund capitalized interest on the Series 2019 Bonds through October 1, 2021, and (v) pay certain costs related to the issuance of the Series 2019 Bonds. See "PLAN OF FINANCE" herein.

The Series 2019 Bonds will be issued only as fully-registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and clearing house transactions, which will act as securities depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made in book-entry form prior to the Unrestricted Transfer Date (without certificates) in the principal amount of \$25,000 and any integral multiple of \$5,000 in excess thereof. From and after the Unrestricted Transfer Date, individual purchases of the Series 2019 Bonds will be made in the principal amount of \$5,000 and any integral multiple of \$5,000 in excess thereof, and may be issued in certificated form.

THE SERIES 2019 BONDS AND ANY ADDITIONAL BONDS ISSUED PURSUANT TO THE INDENTURE (COLLECTIVELY, THE "BONDS") ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE PAYMENTS RECEIVED PURSUANT OR WITH RESPECT TO THE LOAN AGREEMENT, INCLUDING LOAN PAYMENTS, BOTH TIMELY AND DELINQUENT, AND LOAN PREPAYMENTS, AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE AUTHORITY NOR THE FAITH AND CREDIT OR THE TAXING POWER OF ANY MEMBER OF THE AUTHORITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

NO COVENANT OR AGREEMENT CONTAINED IN THE INDENTURE OR IN ANY SERIES 2019 BOND OR RELATED DOCUMENT SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE BOARD OF DIRECTORS OF THE AUTHORITY, OR ANY OFFICER, EMPLOYEE OR AGENT OF THE AUTHORITY IN SUCH PERSON'S INDIVIDUAL CAPACITY AND NEITHER THE BOARD OF DIRECTORS OF THE AUTHORITY NOR ANY MEMBER THEREOF OR OFFICER OF THE AUTHORITY EXECUTING THE SERIES 2019 BONDS SHALL BE LIABLE PERSONALLY ON ANY SERIES 2019 BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE SERIES 2019 BONDS. See APPENDIX C—"Forms of Indenture and Loan Agreement—The Indenture" herein.

The principal of the Series 2019 Bonds is payable on October 1 in the years shown below, and interest on the Series 2019 Bonds is payable semiannually on April 1 and October 1 in each year, commencing April 1, 2020, to the registered owners thereof at their respective addresses as they appear on the registration books of U.S. Bank National Association, trustee (the "Trustee"), until the Authority's obligations with respect to payment of the principal of the Series 2019 Bonds shall be discharged. Provided DTC or its nominee Cede & Co. is the registered owner of the Series 2019 Bonds, payments of the principal of and interest due on the Series 2019 Bonds will be made directly to DTC or its nominee, which is obligated to remit such principal and interest to Direct Participants, as defined herein. Direct Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the beneficial owners of the Series 2019 Bonds. See "THE SERIES 2019 BONDS – The DTC Book-Entry-Only System," herein.

The Series 2019 Bonds are subject to redemption prior to their stated maturities as more fully described herein. See "THE SERIES 2019 BONDS – Redemption Provisions" herein.

The Series 2019 Bonds are being issued pursuant to Title 1, Division 7, Articles 1 through 4 of the California Government Code (the "Act"), a resolution of the Authority adopted on June 28, 2019, and an Indenture of Trust dated as of September 1, 2019 (the "Indenture") by and between the Authority and Trustee.

THE SERIES 2019 BONDS ARE NOT RATED. THE SERIES 2019 BONDS INVOLVE A HIGH DEGREE OF RISK. NO PROSPECTIVE PURCHASER OF THE SERIES 2019 BONDS SHOULD MAKE A DECISION TO PURCHASE ANY SERIES 2019 BONDS WITHOUT FIRST READING AND CONSIDERING IN FULL THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE SECTION ENTITLED "CERTAIN RISK FACTORS" herein.

INVESTMENT IN THE SERIES 2019 BONDS POSES CERTAIN ECONOMIC RISKS. NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING.

MATURITIES, AMOUNTS, INTEREST RATE, YIELD AND CUSIP NUMBER

\$49,000,000 7.00% Term Bond due October 1, 2049, Price: 96.366 Yield 7.300%, CUSIP NO. 13048VLD8

The Series 2019 Bonds are being offered only to “accredited investors” and “qualified institutional buyers,” each as defined in the Securities Act of 1933, as amended (the “Securities Act”). Prior to the Unrestricted Transfer Date (as defined in the Indenture), the Series 2019 Bonds may be transferred or sold only to “accredited investors” and “qualified institutional buyers.” After the Unrestricted Transfer Date, the Series 2019 Bonds will not be subject to such transfer restrictions. EACH INITIAL PURCHASER OF THE SERIES 2019 BONDS WILL BE REQUIRED TO SIGN AN INVESTOR LETTER, BUT SUBSEQUENT PURCHASERS OF THE SERIES 2019 BONDS WILL NOT BE REQUIRED TO SIGN AN INVESTOR LETTER. See the form of Investor Letter attached hereto as APPENDIX H.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Indenture.

The Initial Bond Owner Representative shall be Preston Hollow Capital, LLC (“PHC”). PHC shall serve as the Bond Owner Representative until (i) PHC resigns as the Bond Owner Representative as provided in the Indenture, or (ii) PHC (A) is the Owner of less than 25% of the Outstanding Bonds, and (B) is removed as the Bond Owner Representative as provided in the Indenture. The Bond Owner Representative (i) shall have such rights as are set forth therefore in the Indenture and the Loan Documents, and (ii) shall be the sole representative of the Owners of the Bonds to give any consents, authorizations or approvals under the Indenture, exercise any rights or direct remedies or take any other action as may be taken by the Owners of the Bonds under the Indenture. So long as PHC is the Owner of 25% or more of the principal amount of the Outstanding Bonds, PHC may not be removed as Bond Owner Representative. During any period in which PHC is not the Owner of 25% or more of the principal amount of the Outstanding Bonds, the Majority Owners may remove the Bond Owner Representative by giving signed, written notice of such removal to the Authority, the Trustee, the Borrower and the Bond Owner Representative, which removal shall become effective upon such written notice by the Authority, the Trustee, the Borrower and the Bond Owner Representative. The Bond Owner Representative may at any time resign by giving at least 30 days’ prior written notice of such resignation to the Authority, the Trustee and the Borrower. Upon removal or resignation of the Bond Owner Representative, the Majority Owners may, but shall not be required to, appoint a successor Bond Owner Representative by giving signed, written notice of such appointment to the Authority, the Trustee and the Borrower, which appointment shall become effective upon receipt of such written notice by the Authority, the Trustee and the Borrower. During any period in which no Bond Owner Representative has been appointed as provided in the Indenture, references in the Bond Documents and the Loan Documents to the Bond Owner Representative shall be deemed to be references to the Majority Owners. Any successor Bond Owner Representative shall automatically become a party to each agreement to which the Bond Owner representative is a party without the execution or filing of any paper or the performance of any further act. See “THE SERIES 2019 BONDS – Actions Taken By Bond Owner Representative,” and APPENDIX C—“Forms of Indenture and Loan Agreement—The Loan Agreement” herein.

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

The Series 2019 Bonds are offered for delivery when, as and if issued and delivered to the Underwriter (as defined herein), subject to the approval of validity by Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Borrower by Rossi A. Russell, Esq., Los Angeles, California, its Counsel, and for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Los Angeles, California. It is expected that the Series 2019 Bonds will be available for delivery through the facilities of DTC on or about September 27, 2019.

The information set forth herein has been provided by the Authority, the Borrower and by other sources which are believed to be reliable, but such information provided by such other sources is not guaranteed as to accuracy or completeness and is not intended to be and is not to be construed as a representation by the Authority or the Underwriter. Certain financial, economic and demographic information concerning the Borrower is contained in APPENDICES A and B to this Limited Offering Memorandum. Such information has been furnished by the Borrower. Neither the Authority, the Underwriter nor their respective counsel has confirmed the accuracy or completeness of information relating to the Borrower, and the Authority, the Underwriter and their respective counsel disclaim any responsibility for the accuracy or completeness thereof.

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

No broker, dealer, salesman or other person has been authorized by the Authority or by the Underwriter to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, in connection with the offering of the Series 2019 Bonds made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof or any earlier date as of which any information contained herein is given. This Limited Offering Memorandum is submitted in connection with the sale of the Series 2019 Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

CUSIP (Committee on Uniform Security Identification Procedures) data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association (“ABA”) by S&P Capital IQ. “CUSIP” is a registered trademark of the ABA. CUSIP numbers are included solely for the convenience of the Owners of the Series 2019 Bonds. None of the Authority, the Borrower or the Underwriter take any responsibility for the accuracy of CUSIP information. The CUSIP number for a specific maturity is subject to change after the issuance of the Series 2019 Bonds in certain circumstances. None of the Authority, the Borrower or the Underwriter has agreed to, and there is no duty or obligation to update this Limited Offering Memorandum to reflect any change or correction in the assigned CUSIP numbers set forth herein. The use of CUSIP numbers in this Limited Offering Memorandum is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services’ information.

The Authority has not supplied or independently verified any of the information contained in this Limited Offering Memorandum, other than the information under the captions “THE AUTHORITY” and “LITIGATION –The Authority.” The Authority makes no representation or warranty, express or implied, as to the accuracy or completeness of any information in this Limited Offering Memorandum, other than the information in the aforesaid captions, or as to whether such information is sufficient, accurate or complete for the purpose of making any investment decision to purchase the Series 2019 Bonds, and the Authority expressly disclaims any liability to any person or entity therefor.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED (THE “TIA”), IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS, INCLUDING SECTION 3(A)(2) OF THE 1933 ACT AND SECTION 304(A)(4) OF THE TIA. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2019 BONDS UNDER THE LAWS OF ANY STATE OR ANY EXEMPTION FROM REGISTRATION OR QUALIFICATION CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NO STATE OR OTHER GOVERNMENTAL ENTITY HAS PASSED UPON THE MERITS OF THE SERIES 2019 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Limited Offering Memorandum constitutes a Limited Offering Memorandum of the Borrower that has been deemed final by the Borrower as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Limited Offering Memorandum for purposes of, and as that term is defined in, Rule 15c2-12.

This Limited Offering Memorandum is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Series 2019 Bonds.

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward looking statements.” Such statements are generally identifiable

by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “forecast” or other similar words. Such forward-looking statements include, among others, certain of the information in “CERTAIN RISK FACTORS” herein. The achievement of certain results or other expectations in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

All quotations from and summaries and explanations of provisions of laws 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. Any statements made in this Limited Offering Memorandum involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale of the Series 2019 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof.



Holy Names Campus, built between 1955 and 1966, comprises sixty acres in the Oakland Hills.

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**LIMITED OFFERING MEMORANDUM
of
THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Relating to its \$49,000,000
Revenue Bonds (Holy Names University), Series 2019**

INTRODUCTION

This Limited Offering Memorandum, which includes the cover page, inside cover, and the APPENDICES attached hereto, sets forth certain information concerning the offering by The California Municipal Finance Authority (the “Authority”), a joint exercise of powers authority organized and operating under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), of its \$49,000,000 principal amount of Revenue Bonds (Holy Names University), Series 2019 (the “Series 2019 Bonds”). The Series 2019 Bonds are to be issued pursuant to the Act, a resolution of the Authority adopted on June 28, 2019 (the “Resolution”), and the Indenture of Trust dated as of September 1, 2019 (the “Indenture”) by and between the Authority and Trustee.

The Series 2019 Bonds are being issued at the request of Holy Names University, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Borrower”). The Authority will lend the proceeds of the Series 2019 Bonds to the Borrower pursuant to a Loan Agreement (the “Loan Agreement”) dated as of September 1, 2019 by and between the Authority and the Borrower. The Borrower will apply the proceeds of the Series 2019 Bonds in order to (i) pay off a line of credit loan from Presidio Bank (the “Bank Loan”) to refinance certain capital expenditures and working capital expenditures, (ii) finance certain working capital expenses, (iii) fund a debt service reserve fund, (iv) fund capitalized interest on the Series 2019 Bonds through October 1, 2021, and (v) pay certain costs related to the issuance of the Series 2019 Bonds. See “PLAN OF FINANCE” herein.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Indenture.

The Borrower

The Borrower is a nonprofit public benefit corporation, organized and existing under the laws of the State of California. Further information about the Borrower and its financial condition is contained in APPENDIX A and APPENDIX B hereto, which should be read in their entirety.

The Series 2019 Bonds

The Series 2019 Bonds are being offered only to “accredited investors” and “qualified institutional buyers,” each as defined in the Securities Act of 1933, as amended (the “Securities Act”). Prior to the Unrestricted Transfer Date, the Series 2019 Bonds may be transferred or sold only to “accredited investors” and “qualified institutional buyers.” From and after the Unrestricted Transfer Date, the Series 2019 Bonds will not be subject to such transfer restrictions. Each initial purchaser of the Series 2019 Bonds will be required to execute and deliver an investor letter in the form attached hereto as APPENDIX H, but subsequent purchasers of the Series 2019 Bonds will not be required to execute and deliver an investor letter.

THE SERIES 2019 BONDS ARE NOT RATED. INVESTMENT IN THE SERIES 2019 BONDS INVOLVES A CERTAIN RISK AND PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD READ AND CONSIDER THE INFORMATION UNDER THE CAPTION "CERTAIN RISK FACTORS" FOR A DISCUSSION OF SOME, BUT NOT NECESSARILY ALL, OF THE POSSIBLE RISKS THAT SHOULD BE CAREFULLY EVALUATED PRIOR TO PURCHASING ANY SERIES 2019 BONDS. THE SERIES 2019 BONDS ARE NOT SUITABLE INVESTMENTS FOR ALL PERSONS, AND PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS AND SHOULD BE ABLE TO BEAR THE RISK OF LOSS OF THEIR INVESTMENT IN THE SERIES 2019 BONDS BEFORE CONSIDERING A PURCHASE OF THE SAME.

Copies of the Indenture and Loan Agreement are on file in the offices of the Authority in Carlsbad, California and at the principal corporate trust office of the Trustee in Los Angeles, California, and reference is made to such documents for the provisions relating to, among other things, the terms of and the security on a portion of the Series 2019 Bonds, the custody and application of the proceeds of the Series 2019 Bonds, the rights and remedies of the Owners of the Series 2019 Bonds, and the rights, duties and obligations of the Authority, the Borrower and the Trustee.

This Limited Offering Memorandum contains brief descriptions of the Series 2019 Bonds, the Indenture, the Loan Agreement, the Deed of Trust and other Security Documents, the Borrower and the Authority. A brief description and financial statements of the Borrower are attached to this Limited Offering Memorandum as APPENDICES A and B, respectively. Capitalized words and terms which are used herein which are not ordinarily capitalized and which are not otherwise defined herein shall have the meanings which are assigned to such words and terms in the Indenture. The summaries of and references to all documents, statutes, reports and other instruments which are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount of Series 2019 Bonds	\$49,000,000.00
Original Issue Discount	(1,780,660.00)
Total Sources of Funds	<u>\$47,219,340.00</u>

Uses of Funds

Repayment of Bank Loan	\$19,522,642.66
Deposit to Expenditure Fund	\$13,464,336.23
Deposit to Reserve Fund	\$ 4,164,250.00
Deposit to Interest Account ⁽¹⁾	\$ 6,898,111.11
Costs of Issuance ⁽²⁾	<u>\$ 3,170,000.00</u>

Total Uses of Funds	<u>\$47,219,340.00</u>
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(1) Capitalized interest on Series 2019 Bonds through October 1, 2021.

(2) Such costs include the underwriting fee, legal, printing, financial advisory and certain other expenses incurred in connection with the issuance of the Series 2019 Bonds.

PLAN OF FINANCE

The proceeds of the Series 2019 Bonds will be used in order to (i) pay off a line of credit loan from Presidio Bank (the “Bank Loan”) to refinance certain capital expenditures and working capital expenditures, (ii) finance certain working capital expenses, (iii) fund a debt service reserve fund, (iv) fund capitalized interest on the Series 2019 Bonds through October 1, 2021, and (v) pay certain costs related to the issuance of the Series 2019 Bonds. See “Sources and Uses of Funds,” above.

The Authority will lend the proceeds of the Series 2019 Bonds to the Borrower pursuant to the Loan Agreement. Under the Loan Agreement, the Borrower will agree to make payments to the Trustee to provide for the full and prompt payment when due of the principal of, premium, if any, and interest on the Series 2019 Bonds. Pursuant to the Indenture, the Authority will assign to the Trustee all of its right, title and interest in and to the Loan Agreement, except for certain reserved rights. The proposed form of the Loan Agreement is included in APPENDIX C hereto.

SECURITY FOR THE SERIES 2019 BONDS

General

The Series 2019 Bonds and any Additional Bonds issued under the Indenture (the “Additional Bonds,” and together with the Series 2019 Bonds, the “Bonds”) are special obligations of the Authority, payable solely from the payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, and the other assets pledged therefor under the Indenture. Additional Bonds may be issued pursuant to the Indenture on a parity basis with the Series 2019 Bonds as provided in the Indenture. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act, the Authority will pledge, and grant a lien and security interest on, the Trust Estate (as defined in the Indenture) to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, subject to the provisions of the Indenture and to certain reserved rights of the Authority. See APPENDIX C—“Forms of Indenture and Loan Agreement—The Indenture” herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE PAYMENTS RECEIVED PURSUANT OR WITH RESPECT TO THE LOAN AGREEMENT, INCLUDING LOAN PAYMENTS, BOTH TIMELY AND DELINQUENT, AND LOAN PREPAYMENTS, AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE AUTHORITY NOR THE FAITH AND CREDIT OR THE TAXING POWER OF ANY MEMBER OF THE AUTHORITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

NO COVENANT OR AGREEMENT CONTAINED IN THE INDENTURE OR IN ANY SERIES 2019 BOND OR RELATED DOCUMENT SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE BOARD OF DIRECTORS OF THE AUTHORITY, OR ANY OFFICER, EMPLOYEE OR AGENT OF THE AUTHORITY IN SUCH PERSON’S INDIVIDUAL CAPACITY AND NEITHER THE BOARD OF DIRECTORS OF THE AUTHORITY NOR ANY MEMBER THEREOF OR OFFICER OF THE AUTHORITY EXECUTING THE SERIES 2019 BONDS SHALL BE LIABLE PERSONALLY ON ANY BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE SERIES 2019 BONDS. See APPENDIX C—“Forms of Indenture and Loan Agreement—The Indenture” herein.

In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered thereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds that may from time to time be authorized, executed, issued and delivered thereunder, subject to the agreements, conditions, covenants and provisions contained therein; and all

agreements and covenants set forth therein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided therein or under the Indenture.

Loan Agreement

General

The Loan Agreement is a general obligation of the Borrower and will remain in full force and effect until all of the Series 2019 Bonds and the interest thereon have been paid or provision for the payment thereof has been made in accordance with the Indenture and all other obligations thereunder have been satisfied. Under the Loan Agreement, the Borrower will have an absolute and unconditional obligation to make Loan Payments to the Authority, sufficient in amount to timely pay the principal of, premium, if any, and interest on the Series 2019 Bonds when due in accordance with their terms. The Borrower's obligation to make Loan Payments, Additional Payments and any other payments required under the Loan Agreement and to perform and observe the other agreements contained in the Loan Agreement are absolute and unconditional general obligations of the Borrower, payable from Gross Revenues of the Borrower or any other legally available source of funds. Pursuant to the Indenture, the Authority will assign to the Trustee all of its right, title and interest in and to the Loan Agreement, except for certain reserved rights.

Lien on Real Property and Security Interest in Personal Property

The Security Documents include, among other documents, a Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement dated as of September 1, 2019 (the "Deed of Trust"), provided by the Borrower for the benefit of the Trustee, and a Security Agreement dated as of September 1, 2019 (the "Security Agreement") by and between the Borrower and the Trustee. Under such Security Documents, as security for the Bonds, the Borrower has granted to the Authority a lien on the Deed of Trust Property and a security interest in certain of its personal property. The liens created by the Security Documents are subject to Permitted Encumbrances. The beneficiary and trustee under the Deed of Trust may at any time and from time to time, either before or after the expiration of the Loan Agreement and without notice, accept additional security of any kind and release any property, real or personal, secured by the Deed of Trust in accordance with the Loan Agreement and the Deed of Trust. See APPENDIX C—"Forms of Indenture and Loan Agreement—The Loan Agreement" herein and APPENDIX D—"Form of Deed of Trust" herein.

In addition, portions of the Deed of Trust Property from time to time may be released from the lien of the Deed of Trust if the following conditions are satisfied:

- (a) the Bond Owner Representative shall have consented in writing to such release, which consent shall not be unreasonably withheld, conditioned, or delayed;

(b) the aggregate Fair Market Value of all Release Parcels to be released from the lien of the Deed of Trust at any one time shall not exceed five percent of the Fair Market Value of the Deed of Trust Property then subject to the lien of the Deed of Trust;

(c) the aggregate Fair Market Value of all Release Parcels released from the lien of the Deed of Trust shall not exceed ten percent of the Fair Market Value of the entire Deed of Trust Property originally subject to the lien of the Deed of Trust; and

(d) the Borrower shall retain an economic interest in all Release Parcels that are released from the lien of the Deed of Trust, or the Borrower otherwise shall ensure that such Release Parcels continue to be used in furtherance of the Borrower's purposes, including the financing, development and construction of additional Facilities. See APPENDIX C—"Forms of Indenture and Loan Agreement—The Loan Agreement" herein.

"Release Parcel," as defined in the Indenture, means a portion of the Deed of Trust Property that has been, or is proposed to be, released from the lien of the Deed of Trust pursuant to the Loan Agreement and the Deed of Trust.

"Fair Market Value" as defined in the Indenture, means, with respect to the valuation of the Deed of Trust Property or portions thereof (i) so long as PHC is the Bond Owner Representative, the value thereof established by any method or combination of methods reasonably acceptable to the Bond Owner Representative, including real estate brokers' opinions of value, prior Qualified Appraisal Reports or new Qualified Appraisal Reports, and (ii) if PHC is no longer the Bond Owner Representative, the value thereof as set forth in a Qualified Appraisal Report.

Covenants

Security Interest in Gross Revenues

The Borrower is required to establish and maintain the Gross Revenue Fund as a deposit account with the Depository Bank. As security for its obligation to make the Loan Payments, the Additional Payments and any other payments required to be made by it pursuant to the Loan Agreement, the Borrower shall cause all Gross Revenues (as defined below), as and when received, to be deposited in the Gross Revenue Fund, as provided in the Deposit Account Control Agreement. The Borrower shall, no later than 90 days following the date of delivery of the Series 2019 Bonds, execute and deliver the Deposit Account Control Agreement, in form and substance reasonably acceptable to the Bond Owner Representative. The Borrower shall administer the Gross Revenue Fund in accordance with the Deposit Account Control Agreement.

Subject only to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the Loan Payments, the Additional Payments and any other payments required to be made by it under the Loan Agreement and the performance by the Borrower of its other obligations thereunder, the Borrower has pledged, and, to the extent permitted by law, has granted a lien and

security interest on, all of the Gross Revenues and amounts on deposit in the Gross Revenue Fund to the Authority for the benefit of the Owners of the Series 2019 Bonds. Said pledge constitutes a lien and security interest that shall attach immediately to such collateral and shall be effective, binding and enforceable against the Borrower, purchasers of such collateral, creditors and all other parties having claims against the Borrower or thereon, irrespective of whether such parties have notice thereof and without the need for any physical delivery, recordation, filing, or further act.

Amounts in the Gross Revenue Fund may be withdrawn and used by the Borrower from time to time for any lawful purpose, except as otherwise provided in the Loan Agreement. In the event that a Loan Default Event has occurred, exclusive control over the Gross Revenue Fund shall be exercised by the Trustee as provided in the Deposit Account Control Agreement and all Gross Revenues shall continue to be deposited in the Gross Revenue Fund as provided above and the Trustee shall continue to exercise exclusive control over the Gross Revenue Fund until the amounts on deposit in said fund are sufficient to pay in full, or have been used to pay in full, all Loan Payments in default and until all other Loan Default Events shall have been cured or waived to the satisfaction of the Trustee and the Bond Owner Representative or provision deemed by the Trustee and the Bond Owner Representative to be adequate shall have been made therefor. During any period that the Gross Revenue Fund is subject to the exclusive control of the Trustee, the Trustee shall withdraw amounts therefrom and use such amounts so withdrawn to make Loan Payments, Additional Payments and other payments required of the Borrower under the Loan Agreement as such payments become due and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then to the payment, first, of Loan Payments and then to such other payments in the order that the Trustee, in its discretion, shall determine to be in the best interests of the Owners of the Bonds, without discrimination or preference. During any period in which the Gross Revenue Fund is subject to the exclusive control of the Trustee, the Borrower shall not be entitled to withdraw or use any amounts from the Gross Revenue Funds unless the Trustee, with the written approval of the Bond Owner Representative, so directs for the payment of current or past due operating expenses of the Borrower; provided, however, that the Borrower may submit requests to the Trustee as to which expenses to pay and in what order. The Borrower shall execute and deliver all instruments as may be required to implement the provisions of the Loan Agreement. The Borrower has acknowledged and agreed that a failure to comply with the terms of the Loan Agreement will cause irreparable harm to the Owners from time to time of the Bonds, and shall entitle the Trustee, with or without notice to the Borrower, to take immediate action to compel the specific performance of the obligations of the Borrower as provided above.

“Gross Revenues” include all moneys, fees, rates, receipts, rentals, charges, issues and income received by or on behalf of the Borrower derived from the operations of the Borrower or the operation of the Facilities or any other source whatsoever, including gifts, grants, bequests, donations and contributions, moneys received from the operation of the Borrower’s business or the possession or operation of its real and personal properties, indirect cost recovery payments under research grant agreements, insurance proceeds or condemnation awards, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of the same whether now owned or held or hereafter coming into being, but excluding (a) gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified

purposes (other than payment of debt service on Indebtedness) and the income derived therefrom to the extent required by such gift, grant, bequest, donation or contribution, (b) any unrealized gains and losses on investments of the Borrower.

Financial Covenants

The Loan Agreement provides that the Borrower shall comply with the following covenants:

(a) The Borrower is required, in each Fiscal Year (currently July 1 through June 30), to charge rates, fees and charges for the facilities and services of the Facilities that are sufficient to yield (i) for the Fiscal Year ending June 30, 2022, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.00:1, (ii) for the Fiscal Year ending June 30, 2023, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.10:1, (iii) for the Fiscal Year ending June 30, 2024, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.15:1, and (iv) for the Fiscal Year ending June 30, 2025 and each Fiscal Year thereafter, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.20:1; provided, however, that (A) so long as the Borrower is in compliance with the provisions of the Loan Agreement summarized in paragraph (b) set forth below, (I) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2023 of equal to or greater than 1.00:1, but less than 1.10:1, (II) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2024 of equal to or greater than 1.00:1, but less than 1.15:1, and (III) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2025 or for any Fiscal Year thereafter of equal to or greater than 1.00:1, but less than 1.20:1, shall not constitute a default under the provisions of the Loan Agreement summarized in this paragraph (a), and (B) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2022 or for any Fiscal Year thereafter of less than 1.00:1, shall constitute a default under the provisions of the Loan Agreement summarized in this paragraph (a).

(b) The Borrower shall, for each Fiscal Year, compute the Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) and shall, no later than the August 31 immediately following the end of such Fiscal Year, deliver to the Trustee and the Bond Owner Representative a Written Certificate of the Borrower setting forth such computations and the data on which such computations were based. If (i) for the Fiscal Year ending June 30, 2023, the Prior Period Operating Ratio for such Fiscal Year was less than 1.10:1, (ii) for the Fiscal Year ending June 30, 2024, the Prior Period Operating Ratio for such Fiscal Year was less than 1.15:1, or (iii) for the Fiscal Year ending June 30, 2025 or for any Fiscal Year thereafter, the Prior Period Operating Ratio for such Fiscal Year was less than 1.20:1, the Borrower, if directed to do so in writing by the Bond Owner Representative, shall, no later than the date specified in such written direction, engage a Management Consultant to make recommendations as to a revision of the rates, fees and charges for the facilities and services of the Facilities or the methods of operation of the Facilities that will, in the view of such Management Consultant, result in the requirements set forth in paragraph (a), above, being met for each subsequent Fiscal Year. The Borrower shall deliver copies of the recommendations of such

Management Consultant to the Trustee and the Bond Owner Representative within five days of the Borrowers receipt thereof. The Borrower shall consult with the Bond Owner Representative regarding the recommendations of such Management Consultant and, if and to the extent permitted by law and approved by the Bond Owner Representative, shall revise the rates, fees and charges for the facilities and services of the Facilities or the methods of operation of the Facilities and take such other action as shall be in conformity with such recommendations or as shall be permitted by law and approved by the Bond Owner Representative.

(c) The Borrower shall cause the Liquidity to Debt Ratio (i) for the Fiscal Year ending June 30, 2020, to be not less than 0.80:1, (ii) for the Fiscal Year ending June 30, 2021, to be not less than 0.85:1, (iii) for the Fiscal Year ending June 30, 2022, to be not less than 0.90:1, (iv) for the Fiscal Year ending June 30, 2023, to be not less than 0.95:1, and (v) for the Fiscal Year ending June 30, 2024 and for each Fiscal Year thereafter, to be not less than 1.00:1.

(d) The Borrower shall, for each Fiscal Year, compute the Liquidity to Debt Ratio for such Fiscal Year and shall, no later than the August 31 immediately following the end of such Fiscal Year, deliver to the Trustee and the Bond Owner Representative a Written Certificate of the Borrower setting forth such computations and the data on which such computations were based. If, in any Fiscal Year, the Borrower fails to cause the Liquidity to Debt Ratio for such Fiscal Year to satisfy the requirements therefor specified in paragraph (c), above, such failure shall not constitute a default under said subsection; provided, however, that, if the Borrower, in the next succeeding Fiscal Year, fails to cause the Liquidity to Debt Ratio for such Fiscal Year to satisfy the requirements therefor specified in paragraph (c), above, then, commencing in the Fiscal Year immediately following the Fiscal Year in which such second failure occurred and continuing through and including the first subsequent Fiscal Year in which the Liquidity to Debt Ratio for such Fiscal Year satisfies the requirements therefor specified in paragraph (c), above, the interest rate on the Series 2019 Bonds shall, as provided in the Indenture, be increased to a rate per annum equal to the Step-Up Rate.

(e) Within 30 days of completion of the audit of the books and records of the Borrower for a Fiscal Year, the Borrower shall deliver to the Trustee and the Bond Owner Representative a Written Certificate of the Borrower (i) that confirms that the computation of the Prior Period Operating Ratio for such Fiscal Year delivered pursuant to paragraph (b), above, and the computation of the Liquidity Debt Ratio for such Fiscal Year delivered pursuant to such paragraph (b) are not materially different than the computation thereof based on such audit of the books and records of the Borrower, or (ii) if either of such computations are materially different than the computation thereof based on such audit of the books and records of the Borrower, that sets forth the computation thereof based on such audit of the books and records of the Borrower and the data on which such computation was based and that describes the reasons for such material difference.

For other covenants of the Borrower, See APPENDIX C—“Forms of Indenture and Loan Agreement—The Loan Agreement” herein.

Reserve Fund

A Reserve Fund for the Series 2019 Bonds (the “Reserve Fund”) will be established and funded under the terms of the Indenture. Amounts on deposit in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making up a deficiency in the Interest Account or Principal Account or (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding, including the Series 2019 Bonds. In the event the balance in the Reserve Fund is less than the Reserve Requirement due to (i) a transfer to the Interest Account or the Principal Account to make up a deficiency therein, or (ii) a realized loss on a Permitted Investment held therein, the Borrower shall replenish such account on the first day of the calendar month following such transfer or realized loss until the aggregate amount of such payments equals the amount so transferred or lost, the lesser of (A) the amount so transferred or lost, as applicable, and (B) one twelfth of the amount of the Reserve Requirement. See APPENDIX C — “Forms of Indenture and Loan Agreement—The Loan Agreement” herein.

On the date of delivery of the Series 2019 Bonds, an amount equal to the Reserve Requirement will be deposited in the Reserve Fund. The “Reserve Requirement” is defined in the Indenture to be, as of any date of calculation, an amount equal to the least of (a) “10% of the proceeds of the issue,” within the meaning of Section 148 of the Code, with respect to the Bonds, (b) the maximum Annual Debt Service on the Outstanding Bonds, and (c) 125% of the average Annual Debt Service on the Outstanding Bonds.

The initial Reserve Requirement is \$4,164,250.00.

See APPENDIX C—“Forms of Indenture and Loan Agreement—The Indenture” herein.

If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account.

THE AUTHORITY

Under Title 1, Division 7, Chapter 5 of the California Government Code (the “JPA Act”), certain California cities, counties, and special districts have entered into a joint exercise of powers agreement (the “JPA Agreement”) forming the Authority for the purpose of exercising powers common to the members and exercising the additional powers granted to the Authority by the JPA Act and any other applicable provisions of California law.

Under the JPA Agreement, the Authority may issue bonds, notes, or any other evidence of indebtedness, for any purpose or activity permitted under the JPA Act, or any other applicable law.

The Authority may sell and deliver obligations other than the Series 2019 Bonds. These obligations will be secured by instruments separate and apart from the Indenture and the Loan Agreement, and the owners of such other obligations of the Authority will have no claim on the security for the Series 2019 Bonds. Likewise, the Owners of the Series 2019 Bonds will have no claim on the security for such other obligations that may be issued by the Authority.

Neither the Authority nor its independent contractors has furnished, reviewed, investigated, or verified the information contained in this Official Statement other than the information contained in this section entitled “THE AUTHORITY” and the section entitled “LITIGATION – The Authority” herein. The Authority does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Series 2019 Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Series 2019 Bonds or the Borrower has been undertaken solely by the Borrower. See “CONTINUING DISCLOSURE” herein.

THE SERIES 2019 BONDS

General

The Series 2019 Bonds are issued prior to the Unrestricted Transfer Date only as fully-registered bonds in denominations of \$25,000 or any integral multiples of \$5,000 in excess thereof. The Series 2019 Bonds initially shall be maintained under a book-entry system. From and after the Unrestricted Transfer Date, individual purchases of the Series 2019 Bonds may be made in the principal amount of \$5,000 and any integral multiple of \$5,000 in excess thereof.

The principal of the Series 2019 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

Transfers of the Series 2019 Bonds may be made only in accordance with applicable federal and state securities laws and in compliance with the requirements of the Indenture. See “Transfer and Exchange of Series 2019 Bonds” below. Beneficial Owners shall have no right to receive physical possession of the Series 2019 Bonds and payments of the principal of and premium, if any, and interest on the Series 2019 Bonds will be made as described below under “Book-Entry Only System.”

Interest

The Series 2019 Bonds will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the annual rate of 7.00%, subject to increase as described above and subject to the Step-Up Rate described under paragraph (d) of “Financial Covenants” under the caption “SECURITY FOR THE SERIES 2019 BONDS.” The Series 2009 Bonds are also subject to a Default Rate and a Taxable Rate, as defined in and as provided in the Indenture.

Interest on the Series 2019 Bonds will be payable on each April 1 and October 1, commencing April 1, 2020 (each, an “Interest Payment Date”) and, subject to the optional redemption, extraordinary mandatory redemption and mandatory sinking fund redemption provisions set forth below.

Interest on the Series 2019 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2019 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2019 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2019 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2019 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; provided, however, that, upon the written request of an

Owner of Series 2019 Bonds in an aggregate principal amount of \$1,000,000 or more delivered to the Trustee (which request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee), received at least ten days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest on such Series 2019 Bonds shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Notwithstanding the foregoing, interest on any Series 2019 Bond that is not punctually paid or duly provided for on any Interest Payment Date shall (A) on such Interest Date and on each Interest Date thereafter until such interest is paid in full, be compounded at the rate of interest borne by such Series 2019 Bond, and (B) if and to the extent that amounts subsequently become available such interest, as so compounded, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2019 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

Redemption Provisions

Optional Redemption of Series 2019 Bonds

The Series 2019 Bonds shall be subject to redemption prior to maturity, in whole, or in part in Authorized Denominations, on any date on or after October 1, 2029, from and to the extent of the optional prepayment by the Borrower, pursuant to the Loan Agreement, of all or a portion of the Loan, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
October 1, 2029 through September 30, 2030	101%
October 1, 2030 and thereafter	100%

Extraordinary Mandatory Redemption of Series 2019 Bonds Upon Determination of Taxability

Upon the prepayment by the Borrower pursuant to the Loan Agreement, of a portion of the Loan sufficient to redeem all Outstanding Series 2019 Bonds as a result of a Determination of Taxability, such Outstanding Series 2019 Bonds shall be subject to extraordinary mandatory redemption, in whole, at a Redemption Price equal to 105 percent of the principal amount thereof, together with accrued interest to the date of redemption.

Extraordinary Mandatory Redemption of Series 2019 Bonds From Insurance or Condemnation Proceeds

To the extent of a prepayment, pursuant to the Loan Agreement, of all or a portion of the Loan by the Borrower from Net Proceeds of insurance or condemnation proceeds, the Series 2019 Bonds shall be subject to extraordinary mandatory redemption, in whole, or in part in Authorized Denominations, on any date, at a Redemption Price equal to the principal amount of the Series

2019 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Extraordinary Mandatory Redemption of Series 2019 Bonds From Excess Proceeds

The Series 2019 Bonds shall be subject to extraordinary mandatory redemption, in whole, or in part in Authorized Denominations, on any date, from and to the extent of amounts transferred from the Expenditure Fund to the Redemption Fund in accordance with the Loan Agreement, at a Redemption Price equal to the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption of Series 2019 Bonds

The Series 2019 Bonds shall be subject to mandatory sinking fund redemption, in part, on October 1 in each year, commencing October 1, 2025, at a Redemption Price equal to the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (October 1)	Principal Amount to be Redeemed
2025	\$ 750,000
2026	800,000
2027	850,000
2028	925,000
2029	1,000,000
2030	1,050,000
2031	1,150,000
2032	1,225,000
2033	1,300,000
2034	1,400,000
2035	1,500,000
2036	1,625,000
2037	1,725,000
2038	1,850,000
2039	2,000,000
2040	2,150,000
2041	2,300,000
2042	2,450,000
2043	2,625,000
2044	2,825,000
2045	3,025,000
2046	3,250,000
2047	3,475,000
2048	3,750,000
2049	4,000,000

If some but not all of the Series 2019 Bonds are redeemed pursuant to the optional redemption provisions of the Indenture, the principal amount of the Series 2019 Bonds to be redeemed pursuant to mandatory sinking fund redemption on any subsequent October 1 shall be reduced, as designated by the Borrower in a Written Request of the Borrower approved in writing by the Bond Owner Representative filed with the Trustee; provided, however, that (i) after such reduction, the principal amount of the Series 2019 Bonds to be redeemed pursuant to mandatory sinking fund redemption on any subsequent October 1 shall be equal to an Authorized Denomination, and (ii) the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2019 Bonds redeemed pursuant to the optional redemption provisions of the Indenture. If some but not all of the Series 2019 Bonds are redeemed pursuant to extraordinary mandatory redemption from insurance or condemnation proceeds, the principal amount of the Series 2019 Bonds to be redeemed pursuant to mandatory sinking fund redemption on any subsequent October 1 shall be reduced, on a *pro rata* basis as nearly as practicable; provided, however, that (i) after such reduction, the principal amount of the Series 2019 Bonds to be redeemed pursuant to mandatory sinking fund redemption on any subsequent October 1 shall be equal to an Authorized Denomination, and (ii) the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2019 Bonds redeemed pursuant to extraordinary mandatory redemption from insurance or condemnation proceeds. If some but not all of the Series 2019 Bonds are redeemed pursuant to extraordinary mandatory redemption from excess proceeds, the principal amount of the Series 2019 Bonds to be redeemed pursuant to mandatory sinking fund redemption on any subsequent October 1 shall be reduced, on a *pro rata* basis as nearly as practicable; provided, however, that (i) after such reduction, the principal amount of the Series 2019 Bonds to be redeemed on any subsequent October 1 shall be equal to an Authorized Denomination, and (ii) the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2019 Bonds redeemed pursuant to extraordinary mandatory redemption from excess proceeds.

Notice of Redemption

The Trustee, on behalf of the Authority and at the expense of the Borrower, shall mail, by first class mail, notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Bonds of a Series, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together

with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in Written Request of the Borrower approved in writing by the Bond Owner Representative, (b) with respect to any redemption of Series 2019 Bonds pursuant to extraordinary mandatory redemption from insurance or condemnation proceeds, among the maturities of Series 2019 Bonds on a *pro rata* basis as nearly as practicable, (c) with respect to any redemption of Series 2019 Bonds pursuant to extraordinary mandatory redemption from excess proceeds, among the maturities of Series 2019 Bonds on a *pro rata* basis as nearly as practicable, and (d) with respect to any redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner that the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of the greatest number of separate denominations that would result in each such denomination being an Authorized Denomination and each such separate denomination shall be treated as a separate Bond that may be separately redeemed.

Partial Redemption of Bonds

Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Borrower, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption

Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date. If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall

have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon. All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and disposed of by the Trustee in accordance with its customary procedures.

Book-Entry Only System

The information in this section has been obtained from sources that the Authority, the Borrower and the Underwriter believe to be reliable, but none of the Authority, the Borrower or the Underwriter takes any responsibility for the accuracy thereof.

The Depository Trust Corporation

The Depository Trust Company, New York, New York (“DTC” or, together with any successor securities depository on a portion of the Series 2019 Bonds, the “Securities Depository”), will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate relating to each maturity of the Series 2019 Bonds will be issued in a principal amount equal to the aggregate principal amount of such maturity of the Series 2019 Bonds and will be deposited with DTC or its agent.

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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of United States and non-United States 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 United States and non-United States 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 (the “Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Ownership of Series 2019 Bonds

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2019 Bonds (the “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 Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. *Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds except in the event that use of the book-entry only system for the Series 2019 Bonds is discontinued under the circumstances described below under “Discontinuance of Book-Entry Only System.”*

To facilitate subsequent transfers, all Series 2019 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 Series 2019 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 Series 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2019 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 will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 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 and request that copies of the notices be provided directly to them.

So long as a nominee of DTC is the registered owner of the Series 2019 Bonds, references herein to the Bond Owner or the Owners or owners of the Series 2019 Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2019 Bonds. The Borrower and the Trustee will

recognize DTC or its nominee as the Owner of all of the Series 2019 Bonds for all purposes, including the payment of the principal or redemption price of and interest on the Series 2019 Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bond Owner under the Indenture. Neither the Borrower nor the Trustee will have any responsibility or obligation to Direct or Indirect Participants or Beneficial Owners with respect to payments or notices to Direct or Indirect Participants or Beneficial Owners.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 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 Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on and Redemption of Series 2019 Bonds

So long as the Series 2019 Bonds are held by DTC under a book-entry system, principal and interest payments on the Series 2019 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 information from the Trustee on the applicable payment 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 Participants and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

So long as the Series 2019 Bonds are held by DTC under a book-entry only system, the Trustee will send any notice of redemption with respect to the Series 2019 Bonds only to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the proceedings for the redemption of the Series 2019 Bonds or of any other action premised on such notice.

None of the Trustee, the Underwriter, the Borrower or the Authority can give any assurances that DTC or the Direct or Indirect Participants will distribute payments of the principal or redemption price of and interest on the Series 2019 Bonds paid to DTC or its nominee, as the registered owner of the Series 2019 Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Limited Offering Memorandum.

Discontinuance of Book-Entry Only System

DTC may discontinue its services as a securities depository for the Series 2019 Bonds at any time by giving reasonable notice to the Authority and the Trustee, or the Authority may, with the consent of the Borrower, discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor Securities Depository is not obtained, Series 2019 Bonds are required to be printed and delivered in fully certificated form to the Direct Participants shown on the records of DTC provided to the Trustee or, to the extent requested by any Direct Participant, to the Beneficial Owners of the Series 2019 Bonds shown on the records of such Direct Participant provided to the Trustee.

Transfer and Exchange of Series 2019 Bonds

(a) Prior to the Unrestricted Transfer Date, the Series 2019 Bonds may be transferred only to a Person that is either (i) a Qualified Institutional Buyer, or (ii) an Accredited Investor. Each Person to whom ownership of a Series 2019 Bond is so transferred shall be deemed by the acceptance of such ownership to have agreed to be bound by such restrictions on transfer provisions. From and after the Unrestricted Transfer Date, the restrictions on transfer provisions described in this paragraph (a) shall no longer apply to the Series 2019 Bonds.

(b) Subject to (i) with respect to the Series 2019 Bonds, the provisions of subsection (a) immediately set forth above, and (ii) with respect to Bonds of a Series of Additional Bonds, the restrictions, if any, on the transfer of such Additional Bonds contained in the provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued, any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Owner requesting such transfer shall pay any tax or other governmental charge required to be paid with respect to such transfer.

(c) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Owner requesting such exchange shall pay any tax or other governmental charge required to be paid with respect to such exchange.

(d) The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Special Exchange of Series 2019 Bonds

Upon delivery to the Trustee of (a) the written direction of 100 percent of the Owners of the Series 2019 Bonds, (b) an Opinion of Bond Counsel substantially to the effect that the exchange described in this paragraph will not, in and of itself, cause interest on any Tax-Exempt Bond received by the Owner or Beneficial Owner thereof to be included in the gross income of such Owner or Beneficial Owner for federal income tax purposes, and (c) all of the Outstanding Series 2019 Bonds, the Authority shall execute and the Trustee shall authenticate and deliver, in exchange for such Series 2019 Bonds, one or more serial and/or term Series 2019 Bonds in such principal amounts, bearing interest at such rates, maturing on such dates and being subject to mandatory sinking fund redemption on such dates as are specified in such written direction of such Owners; provided, however, that (i) the aggregate principal amount of such serial and/or term Series 2019 Bonds shall be less than or equal to the aggregate principal amount of all Series 2019 Bonds Outstanding immediately prior to such exchange, and (ii) the Annual Debt Service in each Fiscal Year on such serial and/or term Series 2019 Bonds shall be less than or equal to the Annual Debt Service in such Fiscal Year on the Series 2019 Bonds Outstanding immediately prior to such exchange. All costs and expenses of such exchange, including the costs for new CUSIP numbers and DTC registration, the costs and expenses of the Authority (including the fees, costs and expenses of any attorneys or consultants retained by it in connection therewith), the costs and expenses of the Trustee (including the fees, costs and expenses of any attorneys retained by it in connection therewith), the costs and expenses of the Borrower (including the fees, costs and expenses of any attorneys retained by it in connection therewith) and the fees, costs and expenses of Bond Counsel, shall be paid by the Owners of the Series 2019 Bonds, and the Authority may require a deposit of funds in a reasonable amount or other reasonable security to ensure such payment. The Series 2019 Bonds delivered to the Trustee in exchange for such serial and/or term Series 2019 Bonds shall be cancelled by the Trustee and destroyed.

Failure to Comply with Borrower Covenants

The occurrence of a Loan Default Event under the Loan Agreement may constitute an Event of Default under the Indenture with respect to the Series 2019 Bonds. Whenever any Loan Default Event shall have occurred and be continuing, the Authority or the Trustee may, with the written consent of the Bond Owner Representative, or shall, at the written direction of the Bond Owner Representative, but subject to the Trustee's rights under the Indenture, take any one or more of the following remedial steps, in each case subject to the terms of the Security Documents and the Tax Certificate: (i) the Trustee may declare that Loan Payments payable under the Loan Agreement for the remainder of the term thereof to be immediately due and payable; (ii) the Trustee may (A) exercise its rights under the Deed of Trust, including the right to foreclose on the Facilities pursuant thereto, and (B) exercise its rights under the other Security Documents, and may realize upon the security interest in the Gross Revenues and may exercise all the rights and remedies of a secured party under the Uniform Commercial Code with respect thereto; and (iii) the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Borrower under the Loan Agreement, or may, by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the Authority

or the Trustee thereunder. See APPENDIX C—“Forms of Indenture and Loan Agreement—The Loan Agreement” herein for a description of Loan Default Events.

No Liability of Member

The Sisters of the Holy Names of Jesus and Mary U.S. – Ontario Province is the sole member (“Member”) of the University. Neither the Member nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims, or actions of any conceivable kind on any conceivable theory under, by reason of or in connection with, the issuance of the Series 2019 Bonds and the documents under which such issuance is effected, including, without limitation, the Indenture, the Loan Agreement, or the Series 2019 Bonds. The Member’s approval of the issuance of the Series 2019 Bonds has been provided solely as an ecclesiastical accommodation to the University, and, in addition to the Member’s non-responsibility for the Series 2019 Bonds, the Member assumes no responsibility for any representations, warranties or covenants made by the University in connection with the issuance of the Series 2019 Bonds to any current or future owners thereof.

Actions Taken by Bond Owner Representative

Notwithstanding anything in this Loan Agreement to the contrary, if a Loan Default Event shall have occurred and be continuing, the Bond Owner Representative, in its sole discretion, as evidenced by written notice delivered to the Trustee, may, but shall not be required to (i) in lieu of the Trustee, exercise such one or more of the rights and powers conferred on the Trustee, and (ii) exercise one or more of the rights and powers granted to the Trustee and the Owners under the Indenture, either by a suit or suits in equity or in law for the enforcement of any appropriate equitable or legal remedy the Bond Owner Representative shall deem most expedient in the interests of the Owners; provided, however, that such actions shall not apply to the Reserved Rights of the Authority, the enforcement of which shall be reserved exclusively to the Authority and the Indemnified Persons, as the case may be.

The Bond Owner Representative

The Initial Bond Owner Representative shall be Preston Hollow Capital, LLC (“PHC”). PHC shall serve as the Bond Owner Representative until (i) PHC resigns as the Bond Owner Representative as provided in the Indenture, or (ii) PHC (A) is the Owner of less than 25% of the Outstanding Bonds, and (B) is removed as the Bond Owner Representative as provided in the Indenture. The Bond Owner Representative (i) shall have such rights as are set forth therefore in the Indenture and the Loan Documents, and (ii) shall be the sole representative of the Owners of the Bonds to give any consents, authorizations or approvals under the Indenture, exercise any rights or direct remedies or take any other action as may be taken by the Owners of the Bonds under the Indenture.

So long as PHC is the Owner of 25% or more of the principal amount of the Outstanding Bonds, PHC may not be removed as Bond Owner Representative. During any period in which PHC is not the Owner of 25% or more of the principal amount of the Outstanding Bonds, the

Majority Owners may remove the Bond Owner Representative by giving signed, written notice of such removal to the Authority, the Trustee, the Borrower and the Bond Owner Representative, which removal shall become effective upon such written notice by the Authority, the Trustee, the Borrower and the Bond Owner Representative. The Bond Owner Representative may at any time resign by giving at least 30 days' prior written notice of such resignation to the Authority, the Trustee and the Borrower. Upon removal or resignation of the Bond Owner Representative, the Majority Owners may, but shall not be required to, appoint a successor Bond Owner Representative by giving signed, written notice of such appointment to the Authority, the Trustee and the Borrower, which appointment shall become effective upon receipt of such written notice by the Authority, the Trustee and the Borrower. During any period in which no Bond Owner Representative has been appointed as provided in the Indenture, references in the Bond Documents and the Loan Documents to the Bond Owner Representative shall be deemed to be references to the Majority Owners. Any successor Bond Owner Representative shall automatically become a party to each agreement to which the Bond Owner representative is a party without the execution or filing of any paper or the performance of any further act. See APPENDIX C—"Forms of Indenture and Loan Agreement" herein.

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DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements in each Fiscal Year on the Series 2019 Bonds:

Fiscal Year ended June 30	Series 2019 Bonds		
	Principal	Interest	Total Debt Service*
2020	-	\$ 1,753,111	\$ 1,753,111
2021	-	3,430,000	3,430,000
2022	-	3,430,000	3,430,000
2023	-	3,430,000	3,430,000
2024	-	3,430,000	3,430,000
2025	-	3,430,000	3,430,000
2026	\$ 750,000	3,403,750	4,153,750
2027	800,000	3,349,500	4,149,500
2028	850,000	3,291,750	4,141,750
2029	925,000	3,229,625	4,154,625
2030	1,000,000	3,162,250	4,162,250
2031	1,050,000	3,090,500	4,140,500
2032	1,150,000	3,013,500	4,163,500
2033	1,225,000	2,930,375	4,155,375
2034	1,300,000	2,842,000	4,142,000
2035	1,400,000	2,747,500	4,147,500
2036	1,500,000	2,646,000	4,146,000
2037	1,625,000	2,536,625	4,161,625
2038	1,725,000	2,419,375	4,144,375
2039	1,850,000	2,294,250	4,144,250
2040	2,000,000	2,159,500	4,159,500
2041	2,150,000	2,014,250	4,164,250
2042	2,300,000	1,858,500	4,158,500
2043	2,450,000	1,692,250	4,142,250
2044	2,625,000	1,514,625	4,139,625
2045	2,825,000	1,323,875	4,148,875
2046	3,025,000	1,119,125	4,144,125
2047	3,250,000	899,500	4,149,500
2048	3,475,000	664,125	4,139,125
2049	3,750,000	411,250	4,161,250
2050	4,000,000	140,000	4,140,000
Total	\$49,000,000	\$73,657,111	\$122,657,111

* Totals may not add due to rounding

CERTAIN RISK FACTORS

The following is a discussion of certain risks that could affect payments to be made by the Borrower with respect to the Series 2019 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Limited Offering Memorandum, and such discussion should not be considered to be a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2019 Bonds should carefully analyze the information contained in this Limited Offering Memorandum, including the APPENDICES hereto.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE BORROWER WILL GENERATE SUFFICIENT REVENUES TO MEET THE BORROWER'S PAYMENT OBLIGATIONS UNDER THE LOAN AGREEMENT.

Payment of Debt Service; Limitation on Revenues

The principal of, redemption premium, if any, and interest on the Series 2019 Bonds are payable solely from the amounts paid by the Borrower to the Authority under the Loan Agreement. No representation can be made and no assurance can be given that revenues will be realized by the Borrower in the amounts necessary to make payments at the times and in the amounts sufficient to pay the debt service on Series 2019 Bonds. The obligations of the Borrower under the Loan Agreement are general obligations of the Borrower secured by the Security Documents.

Future revenues and expenses of the Borrower will be affected by events and conditions relating generally to, among other things, demand for the Borrower's education services, the ability of the Borrower to provide the educational services required, management capabilities, the Borrower's ability to control expenses, competition, tuition costs, legislation, governmental regulation, and developments affecting the federal or state tax-exempt status of nonprofit organizations. Unanticipated events and circumstances may occur that cause variations from the Borrower's expectations, and the variations may be material. For more information concerning the Borrower, see APPENDIX A – “CERTAIN INFORMATION REGARDING THE BORROWER.” The audited financial statements of the Borrower are included as APPENDIX B.

Student Enrollment

Although the Borrower believes that such factors as the ratio of the number of applications to available places, the number of accepted students who enroll, the academic qualifications of admitted students, the effectiveness of the Borrower's student recruitment efforts and general demographic trends, in addition to the strength of its academic program, faculty and facilities, indicate that a stable demand for its educational programs will continue, no assurance can be given that it will do so. A significant decrease in the Borrower's enrollment could adversely affect the Borrower's financial position and results of operations.

Tuition Revenues

Tuition revenue is the principal revenue source for the Borrower. While the Borrower in the past has been able to raise tuition and related fees in sufficient amounts without affecting its ability to pay its debts, there can be no assurance that it will continue to be able to do so in the future.

Reliance on Financial Aid

A substantial percentage of the students at the Borrower receive some form of scholarship or tuition discount, including many of whom are primarily dependent upon such financial aid to pay tuition and other costs of their education. Significant changes in the availability of federal loan programs and other forms of student aid could also adversely affect the Borrower's enrollment.

Investment Income: Unrestricted Net Assets

Committees of the Board of Trustees of the Borrower periodically review the asset allocation of the investment pool in the context of the primary financial objective to provide funds for the current and future operations of the Borrower, including its programs and affiliates. An equally important objective is the financial goal of preserving and enhancing the endowment fund's inflation-adjusted purchasing power, while providing a relatively predictable, stable and continuous stream of income. Although the unrestricted portion of the Borrower's endowment funds and the payout therefrom are available for debt service payments on the Series 2019 Bonds, no assurance can be given that unforeseen developments in the securities markets will not have an adverse effect on the market value of those investments and the income generated therefrom.

Competition

The Borrower currently faces substantial competition from other private and public colleges and universities. If, as a result of competition or otherwise, the enrollment levels were to be materially lower than in past years, there could be a material adverse effect on the Borrower's revenues. The Borrower could face additional competition in the future from other educational institutions that offer comparable services and programs to the population that the Borrower presently serves. This could include the establishment of new programs and the construction, renovation or expansion of competing educational institutions, as well as tuition discounting programs of competing educational institutions.

Fluctuations in Market Values of Investments

Earnings on investments have historically provided the Borrower with an important source of cash flow and capital appreciation to support its programs and services, to finance capital expenditure investments and to build cash reserves. Historically, the value of both debt and equity securities has fluctuated and, in some instances, the fluctuations have been quite significant. Diversification of securities holdings may diminish the impact of these fluctuations. However, no assurances can be given that the market value of the investments of the Borrower will grow or even remain at current levels, and there is no assurance that such market value will not decline.

Damage or Destruction

Although the Borrower will be required to maintain certain insurance as set forth in the Loan Agreement, there can be no assurance that the Borrower will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies.

Government Funding

Federal and state governments provide funding to support education, including tuition assistance. These sources of funding and the governmental programs that support them have been and will continue to be subject to modifications and revision due to state and federal policy decisions, legislative action and government funding limitations. The financial condition of the Borrower could be adversely affected by these actions, and the ability of the Borrower to maintain its creditworthiness will be based on its ability to successfully manage the outcome of any such actions.

Enforcement of Remedies

The remedies granted to the Trustee or the Owners of the Series 2019 Bonds upon an Event of Default under the Indenture or the Loan Agreement may be dependent upon judicial actions, which are often subject to discretion and delay. Under existing law, the remedies specified in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will be qualified as to the enforceability of the provisions of the Indenture and the Loan Agreement by limitations imposed by state and federal laws, rulings and decisions affecting equitable remedies regardless of whether enforceability is sought in a proceeding at law or in equity and by bankruptcy, reorganization, insolvency, receivership or other similar laws affecting the rights of creditors generally.

Limitations on Security; Realization of Value on the Deed of Trust Property

As stated above, the Series 2019 Bonds are secured by payments to be made by the Borrower under the Loan Agreement. The Borrower's obligation to make the payments required under the Loan Agreement constitutes a general obligation of the Borrower, payable from any legally available funds of the Borrower.

The obligations under the Loan Agreement are secured by the Deed of Trust. All of the Deed of Trust Property consists of special purpose buildings and are not suitable for industrial or commercial use. Consequently, it may be difficult to find a buyer or lessee for such property if it were necessary to foreclose on the Deed of Trust. In addition, the value of the lien on the Deed of Trust Property could be diluted by the issuance of additional indebtedness (subject to the requirements of the Loan Agreement), which would be secured equally and ratably with the Series 2019 Bonds. Thus, upon any default, it may not be possible to realize adequate proceeds from a sale or lease of the Deed of Trust Property to pay amounts due on the Series 2019 Bonds.

Bankruptcy

The ability of the Trustee to exercise rights under the Loan Agreement may be limited by bankruptcy, insolvency, reorganization or other similar laws or equitable principles related to or affecting the enforcement of creditors' rights generally. In the event the Borrower becomes a debtor under the United States Bankruptcy Code, 11 U.S.C. §§10 et seq. (the "Bankruptcy Code"), payments under the Loan Agreement may be stayed or, under certain circumstances, subject to avoidance and the interests of the Trustee with respect to payments on the Series 2019 Bonds may not extend to payments acquired after the commencement of such a bankruptcy case. Furthermore, if the bankruptcy court concludes that the Trustee has "adequate protection," it may enter orders affecting the security of the Trustee, including orders providing for the substitution, subordination and sale of the security of the Trustee. In addition, a reorganization plan may be adopted even though it has not been accepted by the Trustee if the Trustee is provided with the benefit of its original lien or the "indubitable equivalent." Thus, in the event of the bankruptcy of the Borrower, the amount realized by the Trustee may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under then existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the Loan Agreement that make bankruptcy and related proceedings by the Borrower an event of default thereunder.

Tax-Exempt Status of the Borrower and the Series 2019 Bonds; Effect of Determination of Taxability

The Internal Revenue Service (the "IRS") has determined that the Borrower is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and therefore is exempt from federal income taxation. In addition, the Borrower is generally exempt from ad valorem property taxation. As a charitable organization, the Borrower is subject to a number of requirements affecting its operations. The IRS has indicated that it is giving greater scrutiny to certain tax-exempt organizations, including universities.

The failure of the Borrower to remain qualified as a tax-exempt organization could affect the amount of funds available to pay debt service on the Series 2019 Bonds. Such failure, as well as failure of the Borrower to comply with certain legal requirements set forth in the Loan Agreement, the Tax Certificate and certain other documents aimed at satisfying applicable requirements of the Code (see "TAX MATTERS" herein), could cause the inclusion of interest on the Series 2019 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds.

It is possible that a period of time may elapse between the occurrence of the event which causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2019 Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of the Series 2019 Bonds are subject to possible adverse tax consequences. See "TAX MATTERS" herein.

In addition, the possible modification or repeal of certain existing federal income tax laws or property tax laws or other loss by the Borrower of the present advantages of such laws, or any

legislation imposing additional conditions on tax-exempt organizations, could adversely impact the financial position of the Borrower.

Constitutional Considerations

In accordance with both state and federal constitutional law, the Authority's conduit financing program includes provisions in the Loan Agreement, whereby the Borrower represents and covenants that it shall not use any portion of the proceeds of the Series 2019 Bonds to finance or refinance (i) any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity during the useful life of such facilities, (ii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, or (iii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any sectarian instruction or religious worship or any program of a school or department of divinity

The Borrower's failure to comply with the requirements of the Loan Agreement or a challenge to the Bond financing on other state or federal constitutional grounds might result in an adverse decision under state or federal law that, if not successfully appealed, could declare the Series 2019 Bonds unenforceable or void. In the event of a final adverse decision, any interest paid on the Series 2019 Bonds would become includable in gross income for federal and state income tax purposes.

The proposed opinion of Bond Counsel addresses the validity the Series 2019 Bonds, the Loan Agreement and the Indenture under applicable law. See APPENDIX E herein. Such opinion is not binding on the courts and is based on certain assumptions including compliance with the Loan Agreement by the Borrower.

No Credit Rating; No Credit Enhancement; Transfer Restrictions

The Series 2019 Bonds are not rated. Furthermore, no credit enhancement will be obtained for the Series 2019 Bonds, and the Borrower does not intend to obtain such enhancement in the future absent a request to do so by the initial Owner of the Series 2019 Bonds.

Prior to the Unrestricted Transfer Date, the Indenture restricts the ability of Owners of the Series 2019 Bonds to transfer their interests in the Series 2019 Bonds to other potential investors. The Series 2019 Bonds are to be offered and sold (including in secondary market transactions) only to Accredited Investors and Qualified Institutional Buyers and are subject to other restrictions on transfer. In addition, the face of each Series 2019 Bond will contain a legend indicating that prior to the Unrestricted Transfer Date such Series 2019 Bond can only be registered in the name of, or transferred to and owned by, Accredited Investors or Qualified Institutional Buyers. Further, the initial purchasers will be required to deliver an Investor Letter substantially in the form of APPENDIX H – “Investor Letter” herein. See “Transfer and Exchange of Series

2019 Bonds” herein

Certain Restrictions on Transfer; Limited Liquidity; Absence of Secondary Market

The Series 2019 Bonds have not been registered or qualified under the Securities Act or the securities laws of any other jurisdiction, and none of the Authority, the Borrower nor the Trustee is obligated to register or qualify the Series 2019 Bonds under the Securities Act or any other securities law or to take any action that could cause the Authority or the Borrower to become subject to the registration requirements of the Investment Company Act, or any other action not otherwise required under the Indenture to permit the transfer of any Series 2019 Bonds or interest therein without such registration or qualification. The Series 2019 Bonds may be resold or transferred only as described under “Transfer and Exchange of Series 2019 Bonds” herein.

Economic Factors Beyond the Borrower’s Control

The costs of education are heavily subsidized by governmental and private financial aid. The financial condition of the Borrower may be adversely affected by a diminution of these financial aids. Despite substantial public and private financial aid, a large portion of the costs of education are paid by the students. The financial condition of the Borrower may be adversely affected by changes in the economy (particularly in the state from which the Borrower draws a significant percentage of its students) that result in a decreased ability of students to pay for the costs of education. Inflation in the Borrower’s operating costs in excess of that anticipated could result in increases in tuition and other student charges beyond the economic means of prospective students.

Suitability of Investment

The Series 2019 Bonds are not suitable investments for all persons. Prospective purchasers should confer with their own legal and financial advisors and should be able to bear the risks associated with the potential limited liquidity and price volatility, as well as the loss of their investment, in the Series 2019 Bonds before considering a purchase of the Series 2019 Bonds.

The factors described under this heading, many of which are outside of the control of the Borrower, may impact the Borrower’s financial condition as well as its ability to make timely debt service payments on the Series 2019 Bonds.

There may be a limited market for the Series 2019 Bonds because they are unrated. Numerous factors may impact the liquidity of the Series 2019 Bonds, including any loss of value of the Series 2019 Bonds as a result of any deterioration of the Borrower’s financial condition, or as a result of market or other factors. There is no assurance that the secondary market for the Series 2019 Bonds will provide the Owners thereof with sufficient liquidity for their investment or that such secondary market will continue through the final maturity of the Series 2019 Bonds. *The Underwriter is not obligated to make a market for the Series 2019 Bonds.*

The secondary market for the Series 2019 Bonds may be limited and the market prices of the Series 2019 Bonds will be determined by factors including relative supply of, and demand for,

the Series 2019 Bonds and other debt obligations of the Borrower, general market and local economic conditions, the State, the United States and globally, and other factors beyond the Borrower's control.

Other Risk Factors

1. Inability of the Borrower to control increases in operating costs, including salaries, wages and fringe benefits, supplies, utility costs, maintenance and other expenses without being able to obtain corresponding increases in revenues from students or other sources.
2. The ability of the Borrower to attract experienced administrators with the requisite skills and expertise and a sufficient number of faculty and other professionals.
3. Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.
4. The occurrence of natural disasters, including earthquakes, may damage the facilities of the Borrower, interrupt utility service to the facilities, or otherwise impair the operation of the Borrower and the generation of revenues from the facilities. To the extent commercially feasible, the facilities of the Borrower are covered by general property insurance in an amount which management considers to be sufficient to provide for the replacement of such facilities in the event of a natural disaster.
5. Claims presently unknown to the Borrower.
6. Withdrawal of any current exemptions from local real estate taxes, business privilege taxes and similar impositions.

LEGALITY FOR INVESTMENT

Obligations issued by the Authority under the Act are, under California law, legal investments for all trust funds, the funds of all insurance companies, banks, both commercial and savings, trust companies, executors, administrators, trustees, and other fiduciaries, for state school funds, pension funds, and for any funds that may be invested in county, school, or municipal bonds. The Series 2019 Bonds are securities that legally may be deposited with, and received by, any state or municipal officer or agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is now, or may hereafter be, authorized by law, including deposits to secure public funds.

LITIGATION

The Authority

To the knowledge of the Authority, there is no material litigation pending or threatened against the Authority concerning the validity of the Series 2019 Bonds or any proceedings of the Authority taken with respect to the issuance thereof.

The Borrower

There is no litigation pending or threatened involving the Borrower that (i) would materially impair the financial stability of the Borrower or affect the issuance, sale or delivery of the Series 2019 Bonds; or (ii) contesting or questioning the due organization and lawful existence of the Borrower or the title of any of the officers or members of the Borrower to their offices, or seeking to restrain or to enjoin the sale, issuance or delivery of the Series 2019 Bonds, or pledging of revenues and other funds of the Borrower referred to in the Indenture, or in any way contesting or affecting the validity or enforceability of the Loan Agreement, the Deed of Trust, the Continuing Disclosure Agreement or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Limited Offering Memorandum, or contesting the powers of the Borrower or its authority with respect to the Loan Agreement, the Security Documents, the Continuing Disclosure Agreement or the Purchase Agreement

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Series 2019 Bonds is less than the amount to be paid at maturity of such Series 2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2019 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2019 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2019 Bonds is the first price at which a substantial amount of such maturity of the Series 2019 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2019 Bonds accrues daily over the term to maturity of such Series 2019 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2019 Bonds. Beneficial Owners of the Series 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2019 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2019 Bonds is sold to the public.

Series 2019 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2019 Bonds. The Authority and the Borrower have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2019 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. The opinion of Bond Counsel also assumes that actions of the Borrower, the Authority and other persons taken subsequent to the date of issuance of the Series 2019 Bonds will not cause any of the Series 2019 Bonds to exceed the \$150,000,000 limitation on qualified 501(c)(3) bonds that do not finance hospital facilities, as set forth in Section 145(b) of the Code. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of

issuance of the Series 2019 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Rossi A. Russell, Counsel to the Borrower, regarding the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Bond Counsel has also relied upon representations of the Borrower concerning the Borrower's "unrelated trade or business" activities as defined in Section 513(a) of the Code. Neither Bond Counsel nor Counsel to the Borrower has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor Counsel to the Borrower can give or has given any opinion or assurance about the future activities of the Borrower, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of the Borrower to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2019 Bonds in a manner that is substantially related to the Borrower's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series 2019 Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2019 Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2019 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2019 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2019 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the Borrower, or

about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the Borrower have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2019 Bonds ends with the issuance of the Series 2019 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Borrower or the Beneficial Owners regarding the tax-exempt status of the Series 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the Borrower and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the Borrower legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2019 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2019 Bonds, and may cause the Authority, the Borrower or the Beneficial Owners to incur significant expense.

PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION, AS TO WHICH BOND COUNSEL WILL NOT EXPRESS AN OPINION.

APPROVAL OF VALIDITY

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2019 Bonds are subject to the approval of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the Authority, whose approving legal opinion will be delivered with the Series 2019 Bonds, substantially in the form annexed hereto as APPENDIX E. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum. Certain legal matters will be passed upon for the Borrower by Rossi A. Russell, Esq., Los Angeles, California and certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, Los Angeles, California.

NO RATING

No Rating has been applied for or received in connection with issuance of Series 2019 Bonds.

UNDERWRITING

Under the bond purchase agreement entered into between the Authority and Loop Capital Markets LLC (the "Underwriter"), the Series 2019 Bonds are being purchased by the Underwriter at an aggregate purchase price of \$47,219,340.00, representing the \$49,000,000.00 par amount of the Series 2019 Bonds, less original issue discount in the amount of \$1,780,660.00. The obligation

of the Underwriter to accept delivery of the Series 2019 Bonds is subject to various conditions contained in the bond purchase agreement.

The expenses associated with the issuance of the Series 2019 Bonds are being paid by the Borrower from proceeds of the Series 2019 Bonds and other available funds. The right of the Underwriter to receive compensation in connection with the Series 2019 Bonds is contingent upon the actual sale and delivery of the Series 2019 Bonds.

The Underwriter has provided the following information for inclusion in this Limited Offering Memorandum: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

CONTINUING DISCLOSURE

Consistent with the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, on the date of delivery of the Series 2019 Bonds, the Borrower will enter into an undertaking in the form of a Continuing Disclosure Agreement with the Trustee, substantially in the form set forth in “APPENDIX G – “FORM OF CONTINUING DISCLOSURE AGREEMENT” for the benefit of the Owners of the Series 2019 Bonds, to provide or cause a dissemination agent to provide certain financial information and operating data relating to the Borrower not later than one hundred eighty (180) days after the end of its fiscal year (which fiscal year currently ends on June 30 of each year) commencing with the fiscal year of the Borrower ending June 30, 2020, and provide notice of certain enumerated events to the Municipal Securities Rulemaking Board. The financial information to be provided generally will be consistent with the information set forth in APPENDIX B – “AUDITED FINANCIAL STATEMENTS”. The operating data to be provided will be similar to the statistical information set forth in APPENDIX A – “CERTAIN INFORMATION CONCERNING THE BORROWER”.

The Borrower has not had any continuing disclosure requirements during the last five years.

FINANCIAL ADVISOR

Prager & Co., LLC (the “Financial Advisor”) has served as financial advisor to the Borrower with respect to this transaction and will receive compensation contingent upon the sale and delivery of the Series 2019 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Limited Offering Memorandum and the APPENDICES hereto.

APPENDICES

APPENDIX A to this Limited Offering Memorandum consists of certain general information concerning the Borrower which has been provided by the Borrower. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX B to this Limited Offering Memorandum consists of certain financial statements concerning the Borrower. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX C to this Limited Offering Memorandum consists of the forms of the Indenture and the Loan Agreement. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX D to this Limited Offering Memorandum consists of the form of the Deed of Trust. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX E of this Limited Offering Memorandum consists of the proposed form of approving legal opinion of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the Authority. Copies of such opinion will be available at the time of delivery of the Series 2019 Bonds.

APPENDIX F of this Limited Offering Memorandum consists of the appraisal dated August 1, 2019, of the Deed of Trust Property prepared by Martorana Bohegian & Co. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX G of this Limited Offering Memorandum consists of the form of the Continuing Disclosure Agreement. Neither the Authority nor the Underwriter has confirmed the

accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX H of this Limited Offering Memorandum consists of the form of the Investor Letter. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

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INDEPENDENT AUDITORS

The financial statements of the Borrower as of June 30, 2018 and for the year then ended with comparative financial information as of and for the year ended June 30, 2017, included in APPENDIX B to this Official Statement, have been audited by Hood and Strong, LLP, independent auditors, as stated in their report, also included in APPENDIX B to this Official Statement.

MISCELLANEOUS

The references herein to the Act, the Authority, the Borrower, the Indenture, Loan Agreement and the Deed of Trust and Security Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, the Trust Indenture, Loan Agreement and the Deed of Trust and Security Agreement for full and complete statements of such provisions. These documents may be inspected at the principal corporate trust office of the Trustee.

Any statements that are contained in this Limited Offering Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Limited Offering Memorandum is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of the Series 2019 Bonds.

The delivery of this Limited Offering Memorandum has been duly authorized by the Authority.

HOLY NAMES UNIVERSITY

By /s/ Rob Kinnard
Its: Vice President for Finance
and Administration

APPENDIX A

CERTAIN INFORMATION CONCERNING THE BORROWER

The information presented in this Appendix A has been provided by Holy Names University and has not been independently verified or reviewed by the Authority.

General

Holy Names University (“HNU” or the “University”) has offered a broad and challenging education to a diverse student body since its founding in 1868.

Classes are small, enabling students and faculty to work closely together in the learning process. Interaction among faculty and students extends beyond the classroom into informal discussions, forums, and social gatherings, all of which foster a free exchange of ideas. The atmosphere of the University aims at helping students to develop their intellectual potential so they enjoy full and satisfying lives. HNU achieves this aim by promoting self-reliance, creativity, and critical thinking in all of its educational programs.

The student body at the University reflects the ethnically diverse Bay Area in which the University is located. In the classroom and in extracurricular activities, students of diverse nationalities and cultures learn in practice as well as theory what it means to be a citizen of the world. No one nationality or ethnic culture claims a majority at HNU. Opportunities and resources are open to every student in exciting and challenging ways.

The University’s student body represents age as well as cultural diversity. A key aspect of HNU is its tradition of offering a strong curriculum taught within innovative schedules and programs that serve the needs of adult learners. For working adults, a number of undergraduate and Master’s programs are offered in an accelerated program on weekends and weekday evenings. The University has initiated and sustains a number of innovative programs such as the Raskob Learning Institute for children and adults with learning disabilities, the Kodály music education program, and the Core Program in Integrative Studies Across Cultures.

Committed as it is to the Catholic tradition, the University fosters its students’ religious faith in their pursuit of learning and service. Students are encouraged to respect diversity, have a sense of their own values, and recognize the service of others as a privilege. The University has a welcoming atmosphere for learners of any faith tradition.

The University is proud of its rich heritage of offering ladders of mobility for generations of its students and takes seriously its responsibility to prepare students for the world of work. As a complement to classroom study, students incorporate internships, independent studies, and seminars into their programs. Through cooperative arrangements with East Bay colleges and universities, students may take concurrent courses at other institutions to enrich their programs and experiences.

Location and Campus

The University is located on 60 wooded acres in the Oakland hills. Its site provides a breathtaking view of Oakland and the San Francisco Bay. Nestled among the hills, the campus provides a quiet, safe, and extremely beautiful study atmosphere. At the same time, students are within easy reach of a variety of cultural, educational, and recreational opportunities within the Bay Area.

Students have ready access to libraries, museums, theaters, concerts, neighboring campuses, sports arenas, and centers for recreation and social opportunities. Numbered among the artistic and intellectual organizations available to students are the San Francisco and Oakland Ballets, the San Francisco Symphony, the Oakland East Bay Symphony, the San Francisco Opera, the Oakland Museum, the De Young Museum of San Francisco, the Lawrence Hall of Science, the Berkeley Repertory Theater, and the Pacific Film Archive in Berkeley. Convenient day-long or weekend trips may be made to Yosemite National Park, the Sierra Gold Country, Lake Tahoe, Monterey Bay and Carmel, and to the Napa Valley and Sonoma County wineries. Parks surrounding the campus offer numerous opportunities for hiking, horseback riding, or bicycling.

The Bay Area's climate reflects its coastal location. The winter months are temperate, fall and spring offer sunny and clear days, and the summers provide foggy early mornings and sunny, breezy afternoons. Any time of year is perfect for work or leisure. The campus is accessible to the freeway system, to bus lines, and to Bay Area Rapid Transit (BART). Two international airports, Oakland and San Francisco, are approximately twenty and forty-five minutes, respectively, by car from campus.

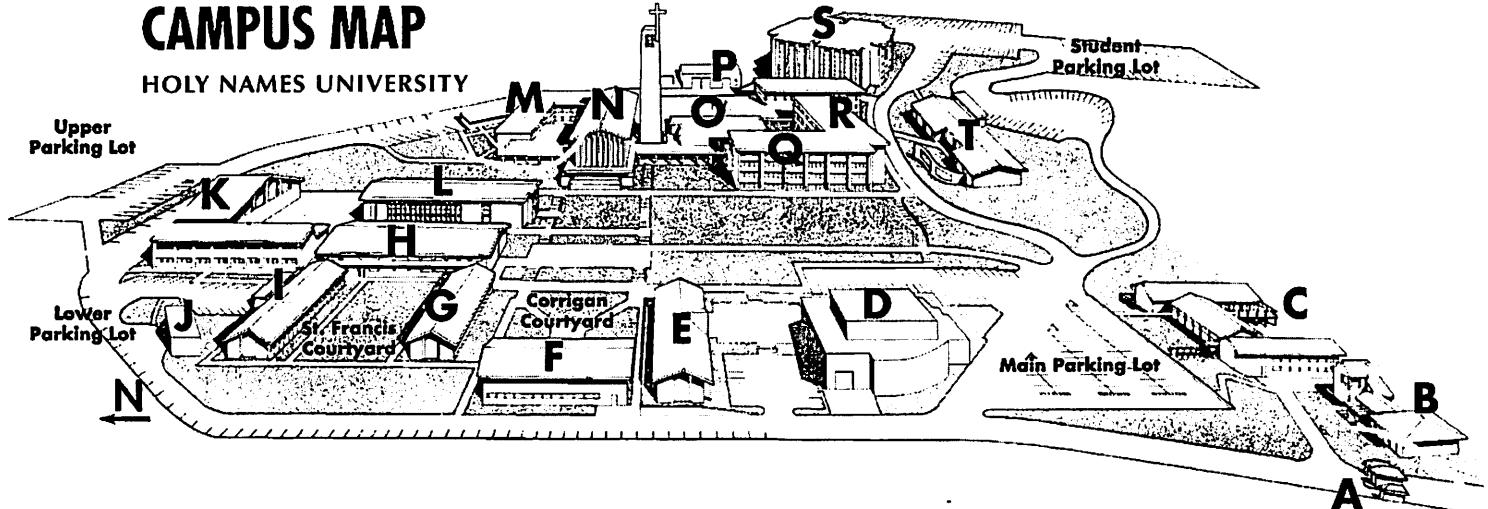
The campus is the home for the academic and administrative core operations of the University. The campus has a current capacity of 438 residence-hall beds and includes a chapel, classrooms, laboratories, a library, a café and cafeteria, and a gymnasium open to all students.

Figure 1 shows a map of the campus and its buildings.

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CAMPUS MAP

HOLY NAMES UNIVERSITY



- A – SODA CAMPUS ENTRANCE**
 - B – McCREA HOUSE**
 - C – J.D. KENNEDY ARTS CENTER**
 - Art Studios
 - Classrooms: 401-409
 - Gallery
 - McElroy Hall
 - Preparatory Music Department Offices
 - D – VALLEY CENTER FOR PERFORMING ARTS**

- 2nd Floor**
Classrooms: 500-539
Music Department Offices

1st Floor
Green Room
Regents' Theatre
Studio Theatre

- E – MICHAEL AND MAUREEN H.
ADMINISTRATION**

Academic Affairs
Business Offices
Disability Support Services
Human Resources
Office of the President
Student Resource Center
Financial Aid
Registrar
Student Accounts Office

- F – PAUL J. CUSHING LIBRARY**
Glass Lounge/Event space
Writing Studio
Library Classroom/Computer Lab
Library Seminar Room

- G – Y&H SODA FOUNDATION STUDENT CENTER WING**

J.M. Long Foundation Student Lounge
Student Success Center
Administrative Technology and Institutional Research
Career Services
Center for Social Justice and Civic Engagement
Student Affairs
 Connections Project
 Orientation
 Student Leadership Development

- H - MADELINE BRENNAN HALL**
2nd Floor
Classrooms: 100-121
Faculty Offices
1st Floor
Advising Center
Bookstore

- | | |
|--|---|
| I – JOYCE AND RODGER DOBBEL ACADEMIC WING | N – MCLEAN CHAPEL |
| Classrooms: 60-78 | Kitchens & Epicurean Office |
| Faculty & Staff Offices | Montclair Dining Room |
| | Public Market |
| J – NURSING SIMULATION LABS | P – SODA COMMONS |
| K – EDWIN AND AGNES TOBIN HALL | ASHNU |
| <i>1st Floor</i> | California Room |
| Athletic Staff Offices | Campus Safety |
| Director of Athletics | Hawk's Nest |
| Coaches | International Student Services |
| Compliance | Mail Room |
| <i>2nd Floor</i> | Mealy Living Room |
| Athletic Staff Offices | Student Development and Engagement |
| Associate Director of Athletics | |
| Director of Sports Medicine | |
| Edie Hawkins Fitness Center | |
| Tobin Gymnasium | |
| Swimming Pool | |
| Athletic Training Room | |
| Locker Rooms | |
| L – EDWIN A. HEAFY HALL | Q – DUROCHER HALL |
| <i>3rd Floor</i> | Counseling Services |
| Classrooms: 650-668 | Residences |
| IT Department | Sophia Center Administrative Offices |
| PC Computer Labs | |
| <i>2nd Floor</i> | |
| Faculty & Staff Offices | R – FEEHAN HALL |
| Nursing Learning Center | Office of Campus Services |
| Psychology Lab | Residence Halls Computer Lab |
| Woodward Faculty Lounge | Residence Life Offices |
| <i>1st Floor</i> | Residence Halls Reception Desk |
| Education Department Faculty & Staff Offices | Residences |
| Staff Lounge | Student Clubs |
| | Upward Bound |
| M – FOUNDERS' HALL (NORTH AND EAST) | S – DUNN HALL |
| Alumni Relations Office | Residences |
| Bay Vista Room | |
| Broadcast Studio | |
| Campus Ministry | T – RASKOB LEARNING INSTITUTE & DAY SCHOOL |
| Graphic Design | |
| Office of Admissions: | |
| Graduate, Undergraduate, Adult | |
| Office of University Advancement (OUA) | |
| Public Relations and Marketing | |
| Residence Halls (Founder's East) | |
| Sophia Classes | |
| Web Manager | |
| | ADMINISTRATIVE OFFICES |
| | Academic Affairs |
| | Admissions |
| | Alumni Relations |
| | Business Offices |
| | Campus Ministry |
| | Campus Safety |
| | Campus Services |
| | Faculty Lounge |
| | Financial Aid |
| | Art Gallery |
| | McElroy Hall |
| | Office of University Advancement |
| | President's Office |
| | Registrar |
| | Student Accounts Office |
| | Student Resource Center |
| | Student Affairs |

ADMINISTRATIVE OFFICES	
Academic Affairs	E
Admissions	L
Alumni Relations	E
Business Offices	E
Campus Ministry	L
Campus Safety	P
Campus Services	R
Faculty Lounge	K
Financial Aid	E
Art Gallery	C
McElroy Hall	C
Office of University Advancement	L
President's Office	E
Registrar	E
Student Accounts Office	E
Student Resource Center	G
Student Affairs	G

History

Pioneering Educators

The University was founded by the Sisters of the HNU of Jesus and Mary, a religious congregation of the Roman Catholic Church. In 1868, six members of this teaching order came to Oakland from Montreal, Canada, to establish a school for girls on the shores of Lake Merritt.

On arrival, May 10th, the weary but excited travelers were greeted with great warmth and provided with a snack that included strawberries and cream—an exotic treat at this time of year for the Sisters from Canada. Each year, the religious faculty and staff members continue to commemorate the University's beginnings in California by serving strawberries to the University community when they celebrate Founders' Day.

By 1880, the school, staffed by the Sisters and known as the Convent of Our Lady of the Sacred Heart, had flourished to the point where the State of California empowered it to grant higher degrees. The primary purpose at the outset was to qualify teachers for schools under the jurisdiction of the HNU Community. Today, the University remains under the sponsorship of the Sisters of the Holy Names of Jesus and Mary.

Key Dates

1908	The name of the institution was changed to Convent and College of the Holy Names.
1916	Secular students were admitted to college-level classes for the first time, and the Alumnae Office was opened with its new constitution decreeing that the annual meeting should coincide with Founders' Day, May 10 th .
1917	Holy Names Junior College was formally inaugurated.
1925	The senior college opened.
1930	The first College of the Holy Names teacher candidates were credentialed by the State of California.
1949	Holy Names became one of the charter members of WSCUC, the WASC Senior College and University Commission.
1955	The coeducational Graduate Division was formally established.
1957	The entire College moved from Lake Merritt to the new campus on Mountain Boulevard.
1960	Raskob Learning Institute opened.
1969	The Kodály Music Education Program was founded.
1971	The College name changed to Holy Names College; the College became totally coeducational.
1987	The Writing Across the Curriculum program was adopted to ensure that development in writing was a component of all undergraduate programs.
1994	The Valley Center for Performing Arts opened, providing the campus and the Oakland community with a state-of-the-art facility.
1997	The Master of Science in Nursing (MSN) Program began offering classes.
1999	The HMST Program was renamed Integrative Studies Across Cultures (ISAC).

2004	The name of the institution was changed to Holy Names University.
2006	Renovation of the science facilities and all classrooms on the second floor of Brennan Hall was completed.
2007	Fiftieth anniversary of the move to the Mountain Boulevard campus.
2009	Renovation of the first floor of Brennan Hall was completed.
2016	The University was accepted for Full Membership in NCAA Division II
2018	The remembrance of the one hundred and fiftieth (150 th) anniversary of the Sisters' arrival in California and the founding of the University were celebrated.

Mission, Vision, and Goals

The Mission, Vision, and Goals of the University were revised in 2018 in creation of the 2019-2023 Strategic Plan by the Institutional Planning Committee and approved by the Board of Trustees. See “Business Plan” herein.

Mission

The University, founded by the Sisters of the Holy Names of Jesus and Mary, is rooted in Catholic intellectual and spiritual traditions. A rigorous and inclusive intellectual community, HNU is committed to continuous improvement and provides professional and liberal arts undergraduate and graduate degree programs. The University empowers a diverse student body to think critically and imaginatively, to understand and employ the various modes of knowledge, to communicate clearly and persuasively, to pursue leadership opportunities, and to promote the common good.

Vision

HNU strives to be a leader in innovative experiential learning committed to inclusivity and collaboration and dedicated to a more just and equitable world for everyone.

Goals

Goal I – Deepen cultivation of rigorous scholarship in academic programs that prepare students for a life of learning and leadership.

Goal II – Explore and critically engage multi-cultural competency throughout the institution.

Goal III – Invest in transformative educational practices and technologies that honor the collaborative nature of learning and prepare students to lead and successfully navigate a rapidly changing world.

Goal IV – Engage with the global and local communities through education, service, and partnerships.

Goal V – Strengthen and sustain the University’s identity, the Sisters of the Holy Names heritage, and its stewardship of resources.

Goal VI – Achieve an optimal student population to support student success while sustaining financial viability.

No Liability of The Member

The Sisters of the Holy Names of Jesus and Mary U.S. – Ontario Province is the sole member (“Member”) of the University. Neither the Member nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims, or actions of any conceivable kind on any conceivable theory under, by reason of or in connection with, the issuance of the Series 2019 Bonds and the documents under which such issuance is effected, including, without limitation, the Indenture, the Loan Agreement, or the Series 2019 Bonds. The Member’s approval of the issuance of the Series 2019 Bonds has been provided solely as an ecclesiastical accommodation to the University, and, in addition to the Member’s non-responsibility for the Series 2019 Bonds, the Member assumes no responsibility for any representations, warranties or covenants made by the University in connection with the issuance of the Series 2019 Bonds to any current or future owners thereof.

Board of Trustees

Responsibility for the properties, affairs, business, and concerns of the University is vested in the Board of Trustees, subject to the provisions of law and of the Articles of Incorporation and Bylaws of the University.

The Board of Trustees consists of 12 to 36 members, all of whom serve without compensation, although they may be reimbursed for reasonable, ordinary and necessary expenses incurred in their capacity as Trustees. A quorum for the transaction of business consists of one-half plus one of the sitting Trustees on the Board.

No Trustee has any vested interest or property interest in the property of the University, and each Trustee has one vote on all matters submitted to the Board of Trustees. The Trustees are elected by the Member after consideration of the recommendations of the Board of Trustees. At all times there are at least three representatives of the Member serving as a Trustee on the Board. Each Trustee serves on at least one committee and is expected to be actively involved in support of the University’s fundraising programs. Vacancies among the elected Trustees of the Board may be filled at the discretion of the Member. All Trustees serve for three-year terms. All appointments to the Board are made by the Member at the annual meeting of the University. Each Trustee holds office until the expiration of the terms for which he or she is elected and until his or her successor has been elected and qualified, or until his or her prior resignation or removal by the Member.

The following table lists the members of the Board of Trustees and their affiliations:

Steven Borg, MA ‘86	Senior Vice President and Corporate Marketing Director, California Bank & Trust
Barbara Bray, SNJM ‘68	Superintendent of Catholic Schools (Retired), Diocese of Oakland
Cynthia Canning, SNJM, MA ‘68	Co-Director (Retired), Next Step Learning Center
Rachel Flynn O’Dwyer, MPA	Deputy County Executive, The City of Fairfax
Michael Groener, MBA	President
Alan Hyman, BA	Chairman of the Board, Fremont Bank, Retired
Mary Pat LeRoy, SNJM, MED ‘68	Consultant / Facilitator

Elizabeth Liebert, SNJM, PhD	Professor of Spiritual Life / Director of Christian Spirituality (Retired), San Francisco Theological Seminary
Martha Rolley, SNJM, EdD '72	Learning Design Team, Apple Inc.
Kathleen Ross, SNJM, PhD	President Emerita and Professor of Cross-Cultural Communication, Heritage University
Nick Jean Thomas, SNJM, MA '71	Principal (Retired), St. Mary's School
Soraya M. Wright, BA '85	Risk Management Leader, SMW Risk Management Consulting, LLC

Steve Borg is a senior vice president and corporate marketing director with California Bank & Trust, a division of Zions Bancorporation. He has over 30 years of financial-service- industry experience, with a focus on marketing communications, strategy, product/channel management, and customer experience. Steve attributes his strong creative and strategic thinking, business leadership, and active collaborative and communicative approach across disciplines, business lines and cultures to his experiences as a student at the University: "I credit HNU for fostering in me five pillars of success that have helped me to build a successful life and career. HNU taught me the importance of critical thinking; it prepared me to be a good communicator; it gave me a sense of responsibility, renewed my faith journey, and gave me a global perspective, in part because of my majors and also because of HNU's diverse student body." A key tenant of Steve's core values is that we stand on the shoulders of others, and benefit from the work of those who have come before us. This is a calling to share talents and time. "It was at HNU where I was introduced to the philosophy and values of the servant-leader. It was an invitation to share one's gifts in order to enrich the lives of others and build better organizations that ultimately create more just and caring communities and world." Steve has served on and led various board committees including advancement, marketing and enrollment, mission effectiveness, and finance. In addition to Chairman of the HNU Board of Trustees, Steve is on the board of Oakland School for the Arts and is finance committee chair for Corpus Christi Church in Piedmont.

Sister Barbara Bray, SNJM, a native of San Francisco, California and a Sister of the Holy Names of Jesus and Mary, received her BA in English and MA in Educational Leadership from HNU. She has taught in elementary Catholic schools in Los Angeles and San Francisco and served as principal of St. Bede School in Hayward and Saint Theresa School in Oakland. In 1997 she became the Assistant Superintendent for Catholic Schools in the Diocese of Oakland, responsible for planning and leading curriculum, instruction, assessment and program planning in 44 elementary Catholic schools. In 2007 she became the Superintendent of Catholic schools in the Diocese of Oakland and currently serves in that capacity. In addition to serving on the HNU Board of Trustees, Barbara has served on the ACE Advisory Board at the University of Notre Dame and currently is a member of the Private School Advisory Committee, K-12 of the California Department of Education.

Sister Cynthia Canning taught in elementary and secondary schools for fourteen years in both Northern and Southern California. Nine of these years were spent in Oakland – two as a teacher at St . Mary's School at 7th and Jefferson, and seven as teacher and principal of Holy Names High School. From 1982 to 1994 she served on the Leadership Team of the Sisters of the Holy Names in the California Province – six years as Director of Ministry and six years as Provincial. She was President of the Leadership Conference of Women Religious in the California region for three of those years. In 1993, as the Sisters of the Holy Names celebrated their 125th anniversary in Oakland, she helped initiate a process of exploring potential new ways that the Sisters might use their experience in education to help meet needs of Oakland residents. As Sister Rosemary Delaney conducted an informal needs assessment among residents and social-service providers, Sister Cynthia wrote grant proposals for seed money. In October of 1994, after a

year of planning and fundraising, Sister Rosemary, Sister Cynthia, and Sister Margaret Kennedy opened Next Step Learning Center in West Oakland. This nonprofit organization is a response to needs expressed by area residents for educational opportunities that would enable them to gain basic literacy skills or complete a high school education that had for some reason been cut short. In 1995, Sister Cynthia enrolled at the University of San Francisco's weekend School of Professional Studies, earning an Executive Certificate in Nonprofit Management. Along with Sister Rosemary, Sister Cynthia has been Co-Director of Next Step Learning Center for over 20 years, responsible for planning and implementing programs in basic adult literacy and GED preparation. She carries primary responsibility for fundraising and development for Next Step, which offers all of its services free of charge. She has served on the Boards of Directors of Holy Names High School and Ramona Convent High School, as well as on the Personnel Placement Board and Cathedral Steering Committee for the Diocese of Oakland. She holds a Master's Degree in English from UCLA and an Executive Certificate in Nonprofit Management from USF.

Rachel O'Dwyer Flynn is Deputy County Executive for the City of Fairfax, Virginia. Flynn oversees the Department of Public Works and Environmental Services, the Department of Transportation, the Park Authority, the Department of Code Compliance, Land Development Services and a future agency that will combine the Department of Planning and Zoning and the Office of Community Revitalization. Flynn has 35 years of experience in both private and public organizations as an architect, urban planner, director of planning/building/economic development and a real estate development executive. She is currently the director of design management, planning and entitlements at Google, and from 2016-18, she was the vice president of FivePoint Communities. Previously, Flynn served as the director of the Department of Planning and Building for the City of Oakland, California from 2013-16; the director of planning for Otak International in Abu Dhabi from 2011-12; the director for the Department of Community Development for the City of Richmond from 2006-11; and the director of the Department of Community Planning and Development for the City of Lynchburg from 1998-2006. Flynn has led efforts to develop award-winning master plans and citywide general plans throughout her career. She has been honored with numerous awards from civic and professional organizations for implementing successful and complex plans, progressive environmental initiatives and innovative GIS/technology programs. Flynn holds a bachelor's in architecture and a master's in engineering management from Catholic University and a master's in public administration from Harvard University. She is a licensed architect and a member of the American Institute of Architects.

Michael Groener (see bio below under Executive Officers)

Alan Hyman is currently the Vice Chairman & Director for Fremont Bancorporation & Fremont Bank's Board of Directors. He currently serves as a Director of First Tee, Tri-Valley, and is the Founder of Americans for Philanthropy. He is a Rotarian Member for 10 years, a past Director, S. F. Council of the Boy Scouts of America and a past Board Member of Diablo Country Club. Alan was the Director of the Fremont Bank Foundation and was the past President of Fremont Bank. He was an executive of Fremont Bank since 1974. During that time, Fremont Bank grew into a \$3.0 billion regional bank featuring an aggressive mortgage lending operation which has lent billions in the San Francisco Bay area. Alan started the bank mortgage lending operation in 1976. He has a BA in Economics from Stanford University and is a graduate of the Landmark Education curriculum. He also served in the US Army, 1st Lieutenant Infantry/AG.

Sister Mary Pat LeRoy is a consultant for the National Religious Retirement Organization. She served as the Chair of the Los Gatos Planning, coordinating with committee members, Province Leadership, advisors, and staff. She was a SNJM Congregational Leader in Quebec, Canada, leading the Congregational Team in collaborating with Province Leadership to make important decisions affecting the Congregation. Sr. Mary Pat was a mentor/consultant for the Community Consulting Services group in Johannesburg, South Africa. While there, she mentored local religious organizations to provide process facilitation and

leadership development to religious congregations, dioceses, parishes and education institutions. Earlier in her career, she co-facilitated a variety of gatherings for religious congregations and leadership groups in the United States, Canada, and Europe. She was also a teacher and principal at St. Francis de Sales Cathedral School in Oakland, California. She received her Master's in Education degree in 1975 from the College of the Holy Names in Oakland, California and her BA in English, with a History minor, in 1968, also from the College of the Holy Names.

Dr. Elizabeth Liebert, Professor of Spiritual Life and Director of the Program in Christian Spirituality (retired), is a pastoral theologian with a special interest in Christian spirituality. Her writing and teaching have focused on engaging pastoral leaders in spiritual practices in such a way that they can foster them in their congregations and organizations. She collaborated in the founding of the MDiv Concentration in Christian Spirituality, the Diplomas in the Art of Spiritual Direction and Spiritual Formation Studies, several emphases in the DMin including Pastor as Spiritual Leader, and the Certificate in Trauma and Spiritual Care. She continues to teach in these programs as time permits. She also serves on the doctoral faculty in Christian Spirituality at the Graduate Theological Union in Berkeley, California. Dr. Liebert is a past president of the Society for the Study of Christian Spirituality. A member of the Sisters of Holy Names of Jesus and Mary, a religious congregation dedicated to the full development of the human person through various educational and social ministries, Sr. Liebert was the first Roman Catholic to hold a tenured faculty position at the San Francisco Theological Seminary and the first Roman Catholic to serve as Dean of a Presbyterian Seminary. She currently serves in formation for her religious congregation.

Sister Martha Rolley grew up in Lafayette, CA and attended Holy Names High School in Oakland. After entering the Sisters of the Holy Names and receiving her BA in Chemistry from the University, she spent 16 years in elementary education, both as a teacher and principal in schools in the Los Angeles area. Her faculty were pioneers in technology professional development and integrating technology into the curriculum. Martha's passion for excellence in education and the role of technology in learning led her to pursue her doctorate in Private School Administration with a specialty in Education Technology from the University of San Francisco. Martha's work with technology has evolved into positions with Apple Inc. and Palm, Inc. When she's not working with technology, she enjoys long distance bicycling, flute playing, landscaping and gardening. Her awards include being named one of the 25 Most Influential Individuals in the Past 25 Years Award in 1997, the Outstanding Educator in Teaching Award from USF in 1995, along with numerous marketing awards at Apple. Martha's civic and community engagements cover a wide range of interests, from being a member of the Los Angeles Police Department Pacific Area Division Advisory Board, serving on the Great Western Bicycle Rally Board of Directors for 15 years, and the Board of Directors of the Council for American Private Education in Washington, DC. In her careers at Apple and at Palm, Martha has established numerous innovative marketing programs incorporating her skill in the areas of faculty professional learning and affinity membership programs, including the Apple Distinguished Educator program and Apple Distinguished Schools. Most recently, she is providing leadership and strategic direction at Apple in the development of new content and programs for faculty learning. These focus on helping faculty acquire skills to create a learning environment that is relevant, collaborative, and challenging.

Sister Kathleen Ross' career in higher education spans more than four decades. In the 1970s at Fort Wright College in Spokane, as the VP for Academic Affairs, she oversaw outreach programs in Toppenish, Washington that extended the opportunity for four-year college degrees to previously unserved rural, minority and low-income populations. When Fort Wright College of the Holy Names closed in 1982, she became the founding president of Heritage University, transforming the Toppenish outreach program into the only independent four- year college in the nation located on an Indian Reservation (the Yakama Nation). For 28 years she oversaw the university's growth from 85 students to more than 1400, stepping down in 2010. After a sabbatical at Claremont Graduate University in Southern California, where she had earned her doctorate in cross-cultural communication and higher education management, she returned to

Heritage to launch the Institute for Student Identity and Success and the Breakthrough Strategies Videos at www.heritage.edu/institute. These three-to-four minute videos feature a faculty member describing a strategy that first-generation-to-college students have identified as especially helpful in supporting their success. Her numerous awards include the 1995 State of Washington Medal of Merit and thirteen honorary doctorates. In 1997 she was named a MacArthur Foundation Fellow, the so-called “Genius Award.” She is a member of the Sisters of the Holy Names of Jesus and Mary and has served on the Board of the University since 1979.

Sister Nicki Jean Thomas first met the sisters as a student at Holy Names High School in Oakland. Upon graduation, she attended Cal Berkeley until she entered the Sisters of the Holy Names of Jesus and Mary. She majored in Biology with a minor in Chemistry. Her MA is in education from Pepperdine University with an emphasis on administration. Sister Nicki has taught third through eighth grades in various grammar schools in California and from 1982-1988 was a youth minister and director of religious education in Orange County, California. Sister Nicki served as principal of St. Mary’s School in Los Gatos from 1988-2015. Sister currently volunteers at Villa Maria del Mar in Santa Cruz, helps with development at Cristo Rey School in San Jose, and helps our infirmed sisters as needed. Sister has served on the Boards of Holy Names High School, Oakland; Archbishop Mitty High School, San Jose; and the Council for Religious, Diocese of San Jose.

Soraya Wright is a proven leader of global, Fortune 500 businesses, for managing complex risks. She drives superior results enhancing risk management capabilities and protecting an organization’s reputation, while driving down the costs of risks. She currently is the founder of SMW Risk Management Consulting, LLC, where she provides outsourced risk management services to organizations on a short-term and long-term basis. Previously, she was the Vice President for Enterprise Risk Management at Target. She also worked for 15 years at The Clorox Company, where she became their Vice President for Global Risk Management and Crisis Management. Soraya earned her BA in Business Administration and Economics from the University in 1985. She has served on many boards and is active in the community. In 2015, she was named one of Business Insurance’s Women to Watch.

Executive Officers

The President of the University is appointed by the Board of Trustees and, as chief executive officer, is charged with the principal responsibility for administration of the University. The following table sets forth the names of principal officers of the University, the position held by each, and the period during which each has served in a position. A brief statement of the background of each officer is set forth below the table.

Executive Officers

Name	Position	Held Since
Michael Groener	President	2017
Sheila Smith-McCoy	Vice President for Academic Affairs, Provost	2019
Rob Kinnard	Vice President for Finance and Administration	2017
Luis Guerra	Vice President for Facilities and Events	2017
Laura Lyndon	Vice President for Student Affairs	2018
Carol Sellman	Vice President for Mission Integration	1999
Mary Boivin-McGhee	Vice President for University Advancement	(1)

⁽¹⁾ Effective September 30, 2019

Michael Groener, President, has more than thirty-five years of experience working at the vice president level in higher education finance and administration. Prior to joining HNU, Groener served as CFO and vice president of finance at Drew University in Madison, New Jersey, where he oversaw finance and business affairs, human resources, IT, and risk management. He chaired a strategic planning process and oversaw development and implementation of a short-term strategic financial plan to attain institutional financial sustainability over a four-year period; and, established a financially beneficial joint-venture partnership for a pathway program for international students interested in matriculating at Drew. At Occidental College in Los Angeles, California, he served as vice president for administration and finance and oversaw finance and business affairs, budgeting, human resources, campus safety, facilities management, hospitality services, and risk management. He revamped the endowment spending policy to mitigate short-term market effects; oversaw the planning and construction of two new buildings and the renovation of many other campus facilities; and, developed a rolling five-year replacement and renewal schedule to address deferred maintenance. During the 1980s and 1990s, Groener served as vice president for business and finance, and treasurer, at Claremont University Center of the Claremont Colleges in Claremont, California, where he oversaw financial and administrative functions serving all the colleges in the consortium and served as chief business officer of Claremont Graduate University. Groener received his Bachelor of Science degree in Economics from California State Polytechnic University, Pomona, and his Executive MBA from Claremont Graduate University.

Sheila Smith-McCoy, Provost and Vice President for Academic Affairs, has over twenty-seven years of experience in academic leadership, faculty development, program review, and curricular innovation, having served previously at Kennesaw State University, North Carolina State University, Vanderbilt University, and Saint Augustine's College. As a committed social justice advocate and critical prison studies proponent, Dr. Smith McKoy also taught at North Carolina Correctional Institution for Women. Smith McKoy is the editor emeritus of *Obsidian: Literature in the African Diaspora*; she also serves on the editorial board of the *College Language Association Journal*. A poet, literary critic, fiction writer and documentary filmmaker, she also works in Humanities Bioethics. Smith McKoy received a Bachelor of Arts degree in English from North Carolina State University, her Masters of Arts in English from the University of North Carolina, Chapel Hill, and her Ph.D. from Duke University. She was the first African American to receive a PhD in English from Duke University. She has held tenured positions at Vanderbilt University, North Carolina State University, and Kennesaw State University. Dr. Smtih McKoy has written several books, appeared in numerous publications, and has made several documentary films. Smith McKoy also maintains an active interest in mental health reform, women's leadership and political advocacy, and international engagement.

Rob Kinnard, Vice President for Finance and Administration, has been with HNU for over two years. Before being named VPFA, Rob served as the Associate Vice President for Finance, Controller for HNU, where he oversaw the general ledger accounting, accounts payable, payroll and cash management functions. Prior to HNU, he was the Director of Financial Accounting and Reporting at Dominican University of California for nearly eight years. At Dominican, Rob managed the monthly closing process, coordinated and compiled the financial statements, managed their grant accounting and reporting activities, and managed the entire year-end audit process. Before leaving Dominican, he led the implementation of a new HRIS/Timekeeping/Payroll system (Workday), a two-year process. Rob attained his BS in Business Administration degree from California State University, Hayward and has worked in the accounting field for over 30 years.

Luis Guerra, Vice President for Facilities and Events, has been with HNU for 35 years. After two years of mining engineering studies, Luis Guerra came to the Bay Area from La Serena, Chile in his early 20s to further his education in the United States. He began in the English as a Second Language program as a student in Holy Names College and worked on campus as a gardener. To expand his education, Luis began programs in electricity, plumbing, and HVAC at Diablo Valley College and became a member of the maintenance team. He fell in love with the University and began work with the SNJM Sisters. As a dedicated member of the community, he continued his dedication to higher education and completed both a Bachelor's degree in Business Administration and Master's degree in Business Administration with emphasis in Finance from HNU. His responsibilities included oversight of maintenance at the University; 35 years later, he now serves as the University's Vice President of Facilities and Events.

Laura Lyndon, Vice President for Student Affairs, received her undergraduate degree from Wellesley College in 1988 and her Master's Degree in Higher Education from Harvard University in 2004. She has held various positions at colleges and universities, including HNU, but they all share a focus on student success. She has been with HNU for over 15 years and was promoted to Vice President in 2018. Laura majored in American Studies in college and is living proof that your undergraduate major does not have to be a direct match to your eventual career path, which is why she enjoys helping students explore their interests and passions.

Sister Carol Sellman, Vice President for Mission Integration, has been a Sister of the Holy Names of Jesus and Mary since 1965. She has worked at HNU since 1983. During that time, she has held a variety of appointments in areas as diverse as residence life, enrollment, academic affairs, and planned giving. She is currently the Vice President for Mission Integration, a position she has held since 1999. Sr. Carol is a proud alumna of HNU, graduating with a BA degree in English and a MM in Music Education with Kodály Emphasis. She has a Doctor of Education from Fielding Graduate University. Prior to her work in higher education, Sr. Carol taught in elementary education for twelve years.

Mary Boivin-McGhee, Vice President for University Advancement, has over 30 years of advancement experience at a variety of educational and medical institutions across the country. Educated at the University of Illinois at Chicago and East Ham College of Technology in London, England, she began her advancement career at the Northwestern Memorial Foundation in Chicago, where she held several positions in major gifts and the annual fund. Mary became the director of major gifts at the medical center at Loyola University in Chicago, served as the development director at the Chicago Foundation for Women, and held senior development positions at the Greater Chicago Food Depository, the Illinois Institute of Technology. Most recently she served as the senior director of development at the University of California, Davis School of Medicine.

Kevin Gin, Chief of Staff, received his Ph.D. in Higher Education from Boston College, his M.S. in Student Affairs in Higher Education from Colorado State University, and his B.S. in Environmental Sciences from the University of California, Berkeley. Prior to coming to HNU, Kevin served within multiple functional areas, including alumni affairs, campus activities, resident life, student leadership, multicultural affairs, classroom instruction, and institutional accreditation. He concluded a three-year term as the National Co-Chair for the Student Affairs Administrators in Higher Education's (NASPA) Asian and Pacific Islander Knowledge Community in March 2017. Kevin's scholarly interests include: racialized hostility on social media, the Asian American college student experience, and assessment in higher education. He has published articles in the Journal of College Student Development, Change: The Magazine of Higher Education, Journal of Critical Scholarship on Higher Education and Student Affairs, and he is a contributing author in multiple books.

Accreditation and Affiliations

The Western Association of Schools and Colleges' Senior College and University Commission (WSCUC) is the regional body that provides accreditation for HNU. HNU's most recent comprehensive review was conducted in 2016 and the institution was granted an eight-year reaffirmation of its accreditation through 2024. HNU has been fully accredited since 1949.

HNU's statement of Accreditation Status can be verified on the WSCUC Website.

Scheduled WSCUC Reviews:

- Special Visit: Spring 2019 (completed February 2019)
- Mid-Cycle Review: Spring 2020
- Offsite Review: Fall 2023
- Accreditation Visit: Spring 2024

In connection with the special visit during the Spring of 2019, the WSCUC team submitted a preliminary report that included commendations and recommendations. The University responded to the recommendations in early May of 2019 and met with the WSCUC Commission on June 27, 2019 in anticipation of the Commission's issuance of an official action letter, which the University received on July 12, 2019. In the letter, the Commission indicated that they were deferring any further action until the University (i) obtained the funding that will result from the issuance of the Series 2019 Bonds, and (ii) delivered to the Commission the University's projections of the required enrollment break-even point and worse-case and best-case enrollment scenarios. The University is preparing a progress report that will be delivered to the Commission following the issuance of the Series 2019 Bonds, but in any event not later than September 30, 2019.

The undergraduate and graduate nursing degrees are accredited by the Commission on Collegiate Nursing Education (<http://www.aacn.nche.edu/ccne-accreditation>).

Academic Programs

Compelling Undergraduate Majors, exceptional faculty, and outstanding Graduate and Adult Programs in a highly diverse, personalized, and interactive setting — this is the HNU Educational Experience!

At HNU, the general education requirements are designed to assure that students attain proficiency in the skills that identify an educated person as well as sufficient breadth of knowledge to appreciate and contribute to a complex and rapidly changing world. The General Education Learning Outcomes at HNU were revised in February 2015, and are as follows:

- **Information literacy:** Students will be able to locate, evaluate, incorporate, and ethically use appropriate information resources in projects, papers, and performances in order to participate in the scholarly and wider human communities.
- **Critical Thinking:** Students will formulate questions, interpret and analyze issues, texts, hypotheses, problems, or trends in ways that are clear, reasoned, open-minded, and evidence-based in order to come to a decision about what to believe or do.
- **Civic Engagement and Social Justice:** Students will collaborate with others to engage with a civic or social issue, evaluate the strength and weaknesses of the process, and, where applicable,

describe the result, exploring diverse perspectives, including those representing different cultural, economic, and geographic interests.

- **Communicative Literacy:** Students will construct sustained, coherent arguments, narratives or explications of issues, problems, texts, or technical processes in writing, speaking, and other communicative media for both general and specific audiences.
- **Integrative Knowledge:** Students will produce an investigative, creative or practical work that synthesizes ideas and methods acquired through the study of the liberal arts to articulate and illuminate the relationships between past and present human events, innovations, cultural expressions, and traditions.

The University currently offers 19 undergraduate degree programs, five adult-degree completion programs and seven master's degree programs. HNU's seven master's degree programs include: MBA, counseling psychology, forensic psychology, education, educational therapy, music, and nursing.

Currently, the University's top-five majors for undergraduate students are Business, Psychology, Biological Sciences (including Pre-Biology), Nursing (including Pre-Nursing), and Criminology.

Marketing and Student Recruitment Plan

In October 2018, HNU created a Marketing and Student Recruitment Plan as part of its ongoing efforts to engage more fully in comprehensive long-range planning regarding areas critical to the University's mission and vision. The plan outlines strategies that will support the goal of achieving an optimal student population to support student success while sustaining institutional financial viability.

In early 2019, HNU began work on a new project with a well-known marketing firm, 160 over 90. Over the past six months, HNU has worked with the agency to update its branding to refresh HNU's messaging and appearance, and ultimately resonate with prospective students. Simultaneously, the marketing firm is redesigning HNU's print and digital materials and completely overhauling its institutional website. This project is scheduled to be completed by November 2019.

Faculty

The faculty of HNU, highly prepared professionally with appropriate degrees and credentials, do far more than give lectures, advise students, correct papers, attend professional meetings, do research, and write scholarly papers for publication. They are also uniquely responsible for setting the academic atmosphere of learning and scholarship shared with one another and with their students.

A distinctive hallmark of the University is the personal interest in the well-being of each student by the professors. HNU faculty stimulates their students to move in directions that students may not have considered. Faculty take the time, through academic advising and through informal and formal meetings before and after class hours, to assist students in their orientation to college life. As students adjust to the rigors and challenges within each of their subjects, the roles of their teachers include mentor, scholar, and researcher—roles that faculty members joyfully share with their students. Students interact with their instructors in career planning, athletic events, drama productions, music performances, art shows, computer laboratories, science laboratories, as well as in lectures, seminars, tutorials, independent studies, research, field work, and internships.

The current full-time-equivalent ("FTE") faculty at the University numbers 82. The following table provides a breakdown of the faculty for the current and five most recent academic years. Figures are

compiled as of the beginning of the fall semester for each year. Non-faculty personnel are detailed under “Employees.”

Table 1 - Faculty Headcount

	Academic Year					
	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019
Full-Time:						
Professors	8	8	8	7	6	7
Associate Professors	14	13	12	13	12	15
Assistant Professors	20	19	17	18	18	20
Instructors	8	7	5	7	5	3
Total: Full-Time	50	47	42	45	41	45
Part-Time	159	158	110	93	84	111
Total: All Faculty	209	205	152	138	125	156

The ratio of faculty to students (based on FTE faculty and FTE Undergraduate students) is approximately 1:8. The Ph.D. degree is required for any professorial rank except in those departments where other terminal professional degrees are appropriate. Reappointments, promotions, and decisions to award tenure are made only after careful and systematic review by faculty peers. Normally the probationary period prior to tenure is six years.

Students

HNU is consistently ranked as one of the most diverse universities in the region. US News & World Report’s America’s Best Colleges 2017 edition ranked HNU as one of the most Ethnically Diverse Regional Universities in the West. Nearly 80% of HNU students are people of color.

HNU is a diverse community that comes together and celebrates similarities and differences. HNU is a community that reflects where its various people live and work.

Table 2 - Enrollment (Fall)

	2014	2015	2016	2017	2018	2019 ⁽¹⁾
Undergraduate	753	656	526	591	629	631
Graduate	438	393	340	293	328	336
Total	1,191	1,049	866	884	957	967

⁽¹⁾ Estimated as of September 1, 2019

Table 3 - Retention (Fall to Fall)

	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018
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All Traditional Undergraduates	74.3%	66.9%	73.4%	81.4%	66.7%
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Table 4 - Graduation Rates (Began in Fall of)

	2011	2012	2013	2014	2015
--	-------------	-------------	-------------	-------------	-------------

4-Year	32.3%	34.4%	34.1%	31.0%	44.0%
5-Year	41.9%	45.0%	45.5%	40.0%	
6-Year	42.7%	48.0%	47.0%		

Gender/Ethnicity/Race for Academic Year 2017-2018

- Gender ratio: 71% women, 29% men
- First-generation college students (undergraduates): 34%
- Amer. Indian/Alaska Native 0.5%
- White 22.6%
- Asian 9.7%
- Hawaiian/Pac Islander 1.7%
- Hispanic 36.5%
- Black 21.3%
- International/non-resident 3.6%
- Two or more races 1.9%
- Unknown 2.1%

Students of color: +70%

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Where are they from?

Sixty-six percent of students come from the Bay Area and ninety-six percent are from California.

Table 5 - Undergraduate Freshman Applicant Pool

Fall Semester	Applied	Admitted	Enrolled
2014	586	339	112
2015	993	435	136
2016	981	478	98
2017	2,882	1,442	179
2018	2,101	1,457	174
2019 ⁽¹⁾	2,187	1,555	167

Table 6 - Graduate Applicant Pool

Fall Semester	Applied	Admitted	Enrolled
2014	263	153	112
2015	225	144	106
2016	213	151	107
2017	196	132	90
2018	268	171	118
2019 ⁽¹⁾	218	141	99

Table 7 - Transfer Student Applicant Pool

Fall Semester	Applied	Admitted	Enrolled
2014	200	105	51
2015	191	97	48
2016	189	96	47
2017	245	113	61
2018	383	131	58
2019 ⁽¹⁾	470	210	80

(1) Estimated as of September 1, 2019

The average entering GPA for the freshman class was 3.33, with an average SAT score of 1,019 for 2018. The following table sets forth quality measures for the fall term's entering freshman class for the past five years:

Table 8 – Enrolled Freshman Test Scores

	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
SAT Test Scores	899	867	911	1,007	1,019
SAT National Average	1,010	1,006	1,002	1,060	1,068
ACT Test Scores	19	19	18	19	19
ACT National Average	21	21	20.8	21	20.8
Comprehensive Fees					

Tuition, room, board and fees for a full-time student for 2019-20 is \$53,688. A summary of comprehensive fees is provided below.

Table 9 - Undergraduate Comprehensive Fees

Academic Year	Tuition and Fees	Room and Board	Total	Percent Increase
2014-15	\$34,488	\$11,412	\$45,900	4.40%
2015-16	\$35,666	\$11,870	\$47,536	3.60%
2016-17	\$37,074	\$12,224	\$49,298	3.71%
2017-18	\$38,188	\$12,592	\$50,780	3.01%
2018-19	\$39,316	\$12,968	\$52,284	2.96%
2019-20	\$40,102	\$13,586	\$53,688	2.69%

Table 10 – Undergraduate Discount Rate

Academic Year	Discount Rate
2014-2015	52.7%
2015-2016	55.8%
2016-2017	58.0%
2017-2018	63.5%
2018-2019	66.1%

Table 11 - Graduate Comprehensive Fees

Academic Year	Tuition per Unit	Fees	Total	Percent Increase
2014-15	\$936	\$500	\$1,436	0.00%
2015-16	\$936	\$500	\$1,436	0.00%
2016-17	\$974	\$500	\$1,474	2.65%
2017-18	\$1,003	\$516	\$1,519	3.05%
2018-19	\$1,003	\$516	\$1,519	0.00%
2019-20	\$1,003	\$516	\$1,519	0.00%

Competition

Like many private institutions, the main competition for HNU's student market is state supported institutions of higher education. Because of the low socioeconomic and local geographic profile of HNU's student population, this is even more true for HNU than other private universities. Recognizing this factor in HNU's marketing, program development, and student recruitment strategies is a key component in meeting the goals of HNU's Five-Year Strategic Business Plan. Because of HNU's position in the market, it is able to offer an alternative to the large, state supported college/university experience. HNU's focus on individual attention and personal opportunities has a strong influence on students and their families during the decision-making process. HNU's financial aid leveraging strategies also allow it to offer this special experience at a reasonable price point that is very comparable to their other choices. When looking at peer and aspirant institutions (small, faith-based institutions) one finds that HNU's unique position in the market provides a special opportunity for growth by being able to capture a bigger piece of a very large student population that is typically served by public colleges and universities.

HNU's top ten competitors for enrollment are San Francisco State University, San Jose State University, Saint Mary's College of California, California State University, East Bay, University of San Francisco, Dominican University of California, University of California, Davis, University of California, Merced, University of California, Riverside, and University of California, Los Angeles. The average annual undergraduate tuition and fees for 2018-2019 for these schools is \$21,823, compared to \$39,316 for HNU for the same academic year. However, HNU's discount rate for that academic year was 66.1%

Financial Aid

HNU serves a student population with significant financial need. For the most recent academic year, 95% of traditional undergraduates qualify for some form of financial aid, and 90% receive need-based scholarship funds. Nearly one-half qualify for Pell Grants, which is the federal government's designation for students unable to afford a college education. HNU awarded more than \$13 million in 2018 in tuition discounts and scholarship support. Some of the federal and state financial aid programs apply to tuition and fees whereas others provide aid for living expenses such as transportation, housing (on-campus), and personal expenses. A substantial portion of the funds provided to students come from sources outside the University. All federal and state financial aid programs remain subject to appropriation and funding by the respective legislatures. Accordingly, there is no assurance that federal and state financial aid to students will continue in the future at the same levels and under the same terms and conditions as present. Any changes in the availability of federal or state financial aid may affect the University's enrollment, but the University cannot assess the scope of any such changes at this time. The following table sets forth student financial aid dollars for the financial aid years 2014 through 2018:

Table 12 - Financial Aid Information (in thousands)

	2013-2014	2014-15	2015-16	2016-17	2017-18
Federal	\$ 1,741	\$ 1,943	\$ 1,527	\$ 1,233	\$ 1,511
State	1,988	1,868	1,808	1,591	2,026
University	10,015	10,190	10,817	10,173	13,485
Total	\$ 13,744	\$ 14,001	\$ 14,152	\$ 12,997	\$ 17,022

Employees

The following table sets forth the number of non-faculty employees over the last five academic years.

Table 13 - Employees
(Regular, full and part-time)

Classification	Academic Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Research	0	1	2	2	2
Library, Academic Affairs	30	49	40	27	50
Management	39	34	27	24	22
Business and Finance	7	4	5	5	7
Computer, Science	4	5	5	4	8
Community, Sports	18	14	16	23	18
Healthcare Practitioners	1	1	2	3	3
Services	7	8	6	1	0
Sales and Related	9	11	5	0	10
Office and Admin Support	23	25	22	16	16
Part-Time	3	2	5	13	2
Total	141	154	135	118	138

Employee Relations

In September 2017, the University's Adjunct Faculty voted to be represented by the Service Employees International Union, Local 1021 (SEIU). At this time, the University entered into a collective bargaining agreement covering the period of January 1, 2018 to June 30, 2020. The relationship between the University and the Union has proceeded to move forward without incident or controversy. While this relationship continues, no other employee groups have pursued union representation. The University believes that it has a good relationship with its employees.

Financial Statements

The audited financial statements of the University are presented in Appendix B and provide financial information as of June 30, 2018, and for the fiscal year then ended. Certain financial information contained in Appendix A as of June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015 and June 30, 2014, and for the fiscal years then ended, has been derived from previously audited financial statements.

The Statement of Financial Position presents the financial position of the University as of the end of the fiscal year. The Statement of Activities presents financial activities during the fiscal year, thereby reconciling the beginning and end-of-year net asset positions contained in the Statement of Financial Position. The audited financial statements are an integral part hereof and should be read in their entirety.

Table 14 - Statement of Financial Position (in thousands)

	June 30,				
	2014	2015	2016	2017	2018
Assets					
Cash and cash equivalents	\$ 993	\$ 409	\$ -	\$ 648	\$ 4,332
Account receivable, less allowances	1,713	1,475	662	1,286	1,044
Notes receivable, less allowances	348	271	205	164	124
Pledges receivable, net	1,033	1,314	753	487	366
Bequests receivable	-	-	3,783	9,291	500
Prepaid expenses and other assets	334	543	372	408	735
Investments	15,427	14,732	39,891	43,434	51,624
Plant facilities, net of accumulated depreciation	16,912	15,617	13,772	12,128	11,877
Total Assets	\$36,761	\$34,360	\$59,438	\$67,846	\$70,602
Liabilities and Net Assets					
Liabilities:					
Cash overdraft	\$ -	\$ -	\$ 23	\$ -	\$ -
Accounts payable and accrued liabilities	1,306	1,490	1,171	1,489	1,548
Deferred revenues and deposits	1,010	1,461	2,337	2,074	2,045
Note payable	129	104	-	-	-
Line of credit	-	-	79	10,625	14,298
Capital lease obligation	156	120	83	43	373
Asset retirement obligation	324	307	292	292	292
Tax-exempt debt	6,221	5,500	4,705	-	-
U.S. Government grants refundable	204	173	180	115	67
Total Liabilities	\$9,350	\$9,154	\$8,870	\$14,637	\$18,624
Net Assets:					
Unrestricted	\$15,072	\$11,979	\$ 5,587	\$ 5,188	\$ (2,608)
Temporarily restricted	4,367	4,678	3,880	6,627	9,349
Permanently restricted	7,973	8,549	41,101	41,394	45,237
Total Net Assets	\$27,411	\$25,206	\$50,568	\$53,209	\$51,978
Total Liabilities and Net Assets	\$36,761	\$34,360	\$59,438	\$67,846	\$70,602

The following table is a summary of the financial activities of the University for the fiscal years ended June 30, 2014 through June 30, 2018. The table is not in accordance with generally accepted accounting principles as it only presents certain changes in net assets.

Table 15 - Statement of Activities (in thousands)

	June 30,				
	2014	2015	2016	2017	2018
OPERATING REVENUE AND SUPPORT					
Net Tuition Revenue	\$20,507	\$17,618	\$14,452	\$12,992	\$12,332
Contribution and Grants	951	1,150	374	6,914	2,083
Bequests	219	81	-	-	-
Contracts and Other Exchange Transactions	1,873	1,826	1,607	1,605	1,178
Sales and Service of Educational Activities	2,541	2,290	2,451	2,815	2,881
Other Revenue	341	436	340	495	380
Auxiliary Income	4,548	4,580	3,929	3,396	4,411
Endowment Spending Distribution	453	520	600	1,604	1,604
Transfer From (To) Board Designated Endowment	(188)	374	(783)	-	4,546
Total Operating Revenue and Support	\$31,245	\$28,875	\$22,970	\$29,821	\$29,415
EXPENSES					
Instruction	\$ 9,826	\$ 9,156	\$ 7,949	\$ 7,801	\$ 7,282
Public Service	3,852	4,085	3,667	3,690	3,409
Academic Support	3,015	2,784	1,850	1,850	2,653
Student Services	6,368	6,145	5,560	5,824	6,349
Institutional Support	5,459	5,656	7,550	7,962	8,161
Auxiliary Enterprises	3,639	3,539	3,347	3,297	3,752
Total Expenses	\$32,159	\$31,365	\$29,923	\$30,424	\$31,606
Increase (Decrease) in Net Assets from Operating Activities	\$ (914)	\$ (2,490)	\$ (6,953)	\$ (603)	\$ (2,191)

Investments

The following table summarizes the value of the University's Investments at June 30 of each of the last five fiscal years. The University carries all investments at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Under this standard, fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

All realized and unrealized gains as well as interest and dividends are reported in the statement of activities and changes in net assets. The fair values of investments held at the Commonfund organization have been estimated using the net asset values as reported by the fund managers.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Table 16 - Investment Summary (in millions)

	June 30,					
	2014 Fair Value	2015 Fair Value	2016 Fair Value	2017 Fair Value	2018 Fair Value	2019 Fair Value
Total Investments	\$15,128	\$14,432	\$39,591	\$43,434	\$51,624	\$54,361

Plant Facilities

The following table summarizes the University’s “Plant Facilities” for each of the fiscal years indicated. Real property purchased is stated at cost. The University believes that the market value of these assets far exceeds book value.

Table 17 - Plant Facilities Summary (in thousands)

	June 30,				
	2014	2015	2016	2017	2018
Buildings	\$ 29,044	\$ 29,737	\$ 29,737	\$ 29,841	\$ 29,917
Land and land improvements	2,241	2,242	2,277	2,314	2,638
Furniture, equipment, and automobiles	12,524	12,703	13,125	13,333	13,938
Construction in progress	196	196	-	9	463
	\$ 44,004	\$ 44,877	\$ 45,139	\$ 45,498	\$ 46,957
Less accumulated depreciation	(27,092)	(29,260)	(31,366)	(33,370)	(35,079)
Plant Facilities, net of accumulated depreciation	\$ 16,912	\$ 15,617	\$ 13,772	\$ 12,128	\$ 11,877

Note: Numbers may not foot due to rounding.

An independent third-party recently completed a maintenance master plan (the “Plan”) for the University. The Plan reports that the University has undertaken efforts to repair and renovate buildings and facilities threatened by deterioration and age while investing resources to prevent further deterioration and aging. Additionally, given that most of the University’s buildings were constructed in the 1950s and 1960s, the Plan observes that such buildings appear to have been well maintained and are in good condition. According to the Plan, with normal ongoing maintenance and replacement of short-lived items, there is a reasonable expectation that the buildings and facilities will support normal campus use for the foreseeable future.

The Appraisal

Attached to this Limited Offering Memorandum as Appendix F is a Real Property Appraisal dated August 1, 2018 (the “Appraisal”), prepared by Martorana Bohegian & Co. According to the Appraisal, the

current use of the University's property is "highest and best use," which is assigned an appraised value of \$79,200,000. If the University's property is converted to vacant land and made available for residential subdivision, the Appraisal considers a range of potential values between \$24,800,000 and \$43,100,000, depending on whether a buyer of the property completed the purchase without obtaining development approvals (\$24,800,000), as opposed to purchasing the property subject to obtaining development approvals (\$43,100,000). All of such values are subject to various assumptions and limitations set forth in the Appraisal. See Appendix F in the Limited Offering Memorandum.

Budgeting

The University employs a collaborative budgeting process. All academic department chairs and staff department managers are responsible for developing annual operating budgets in accordance with targeted goals and managing expenses. Salaries and benefits are managed centrally. Quarterly results are reported to the Board of Trustees.

Insurance

Generally, the University maintains insurance with such coverages as is customarily carried by similar private colleges and universities in California. Currently, the University carries property, general and excess liability, automobile, boiler & machinery, crime, quake, flood, excess D&O liability, personal effects, limited professional health care services, excess limited sexual misconduct, time element, and worker's compensation coverages.

The University's campus is situated approximately one-quarter mile away from the Hayward fault, a significant fault in Northern California. The University participates in the Sisters of Holy Names of Jesus and Mary's earthquake insurance program, which carries an annual aggregated limit of \$10 million shared among all of their locations. The University has not supplemented this insurance with additional coverage given the high cost of earthquake insurance.

Fundraising

Gifts and grants totaled approximately \$6.9 million in fiscal year 2018. Excluding federal grants received in such fiscal year, private gifts and grants were approximately \$5.9 million. In the past five years, HNU has received several of the largest gifts in the history of the institution. In fiscal year 2016, the University recorded a \$34 million endowed scholarship, the largest such gift in HNU's 150-year history. Of this amount, approximately \$32.6 million was received in fiscal year 2016 and the balance was received in fiscal year 2018. In fiscal year 2017, HNU recorded an unrestricted gift of \$6.9 million (a portion of which was received in fiscal year 2018), along with another \$1.0 million endowment gift. In addition to private gifts and grants, HNU is the recipient of several Federal grant awards that total \$1.5 million per year for the next four years. There are no current comprehensive capital campaigns underway.

The University has received a bequest at the beginning of fiscal year 2019-20 for unrestricted funds estimated to be \$1.25 million.

Table 18 - Gifts and Grants (in thousands)

	June 30,				
	2014	2015	2016	2017	2018
Endowment Gifts	\$ 465	\$ 577	\$32,552	\$ 293	\$3,842
Foundations and Corporations Gifts & Grants	223	75	122	135	874
Federal Grants	1,448	1,570	1,403	1,398	1,017
Other Gifts	1,300	1,216	252	6,779	1,209
Total	\$3,435	\$3,438	\$34,329	\$8,605	\$6,942

Note: Numbers may not foot due to rounding.

Strategic Business Plan

In December of 2018, the Board of Trustees approved a five-year Strategic Business Plan for the University that emphasized three significant outcomes:

Outcome 1: “Knowing who we are and who we want to be and developing a marketing/branding/website plan to better promote the HNU of the future to prospective students and their families;”

Outcome 2: “Redesign of academic offerings emphasizing in-demand programs and successfully implementing recruiting and retention policies and practices to result in increased enrollment in undergraduate and graduate degree and certificate programs;” and

Outcome 3: “Contain costs through cost-effective policies and best-practice operating procedures that ensure optimal use of existing institutional resources supporting the University’s academic mission, and for the long run, careful exploration and possible participation in a successful affiliation with another or other institution under a new operating model for the participating institutions.”

Issuance of the Series 2019 Bonds is necessary for the University to achieve Outcomes 1 and 2.

Table 19 - Strategic Business Plan Enrollment Goals (Fall) (Note 1)

	2018	2019	2020	2021	2022
Undergraduate - Traditional	463	490	516	558	596
Undergraduate - Transfers	144	125	167	209	251
Undergraduate - Adult Degree Completion	26	44	86	150	240
Graduate	328	315	340	399	457
Total	961	974	1,109	1,316	1,544

**Note 1: Established as of December 2018.
Does Not Reflect Actual Results.**

The University’s enrollment goals were substantially achieved for the Fall of 2018. See Table 2 for the actual enrollment for the Fall of 2018. Preliminary enrollment figures for the Fall of 2019 indicate seven fewer students from the plan. See Table 2.

Five-Year Strategic Business Plan Financial Summary – Debt Service Covenants

The following table sets forth the calculation of Income Available for Debt Service, Annual Debt Service, Liquidity/Investments to Debt Ratio and Annual Debt Service Coverage Ratio for the fiscal years ended June 30, 2019, 2020, 2021, 2022 and 2023 anticipated as a result of the adoption of the five-year Strategic Business Plan model.

Table 20 - Five-Year Strategic Business Plan (in thousands) (Note 1)

	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Total Operating Revenues					
Net Tuition	\$ 13,942	\$ 13,956	\$ 16,035	\$ 18,992	\$ 21,963
Student Room / Board and Fees	5,658	5,842	6,059	6,322	6,606
Other Revenue (Endowment Allocation, Gifts, Raskob)	6,696	7,065	7,654	8,194	8,373
Total Operating Revenues	\$ 26,296	\$ 26,863	\$ 29,748	\$ 33,508	\$ 36,942
Total Expenses					
Operating Expenses	\$ 28,619	\$ 28,428	\$ 29,466	\$ 30,115	\$ 31,216
Turnaround Working Capital Expenses (Note 2)	1,800	2,750	1,650	1,700	1,750
Interest Expense	600	3,459	3,430	3,430	3,430
Total Expenses	\$ 31,019	\$ 34,637	\$ 34,546	\$ 35,245	\$ 36,396
Net Operating Income (Loss)	\$ (4,723)	\$ (7,774)	\$ (4,798)	\$ (1,737)	\$ 546
Add: Interest Expense	600	3,459	3,430	3,430	3,430
Add: Turnaround Working Capital Expenses (Note 1)	1,800	2,750	1,650	1,700	1,750
Revenue Available for Debt Service	\$ (2,323)	\$ (1,565)	\$ 282	\$ 3,393	\$ 5,726
Note 1: Established as of December 2018. Does Not Reflect Actual Results. For a summary of FY 18-19 results, see Management's Discussion and Analysis, below.					
Note 2: Funded with Series 2019 Bonds.					
Other Key Data					
Gross Investments	\$ 52,140	\$ 52,661	\$ 53,188	\$ 53,720	\$ 54,257
Debt Outstanding	49,000	49,000	49,000	49,000	49,000
Net Debt Service	-	-	-	2,905	3,326
Maximum Annual Debt Service					5,218
Revenue Available for Debt Service	\$ (2,323)	\$ (1,565)	\$ 282	\$ 3,393	\$ 5,726
Financial Covenants					
Liquidity and Investment to Debt	1.06	1.07	1.09	1.10	1.11
Covenant (Greater than)		0.80x	0.85x	0.90x	0.95x
Debt Service Coverage	N/A	N/A	N/A	1.17	1.72
Covenant (Greater than)				1.00x	1.10x

Projects to be Financed

The proceeds of the Series 2019 Bonds will be applied to (i) pay off a line of credit loan from Presidio Bank to refinance certain capital expenditures and working capital expenditures; (ii) finance certain working capital expenses of the University related to enrollment management, branding, marketing, website improvements, information technology, and academic program development; and (iii) provide for capitalized interest, a debt service reserve fund, and costs of issuance.

Legal Proceedings

The University is involved in certain legal proceedings arising in the ordinary course of its affairs, which, in the aggregate, are not expected to have any material adverse effect on the University's financial condition.

Liabilities, Including Long-Term Indebtedness

The University's liabilities at June 30, 2018 are set forth in the University's Statement of Financial Position included in APPENDIX B and its footnotes. In December of 2016, the University obtained a line of credit from Presidio Bank with a \$16 million commitment. In December of 2018, the University secured an extension on the line of credit with a new due date of December 2019 and increased the amount of the commitment to \$20 million. As of June 30, 2018, the outstanding loan balance was \$14,317,978; however, such balance may increase before the issuance of the Series 2019 Bonds, which are expected to repay the outstanding loan balance. The remainder of liabilities consist of accounts payable, accruals, deferred revenue and deposits, capital lease obligations, asset retirement obligations, and government advances.

Over time, the Member has made loans to the University for various purposes, which loans total approximately \$3.6 million and are reflected as a contingent liability in the University's Statement of Financial Position included in APPENDIX B and its footnotes. Such loans are payable only in the event that the University ceases to operate as a college or suffers a bankruptcy event. Such loans are secured by two deeds of trust on portions of the University's property, and the Member has agreed to subordinate those deeds of trust to the lien of the deed of trust being granted by the University to secure the indebtedness evidenced by the Series 2019 Bonds.

Management's Discussion and Analysis

The following summaries and discussion of financial matters should be read in conjunction with the financial statements of the University, related notes, and the independent auditor's report included in Appendix B to the Limited Offering Memorandum.

The University experienced enrollment growth in fiscal year 2017-2018, meeting its enrollment targets for the year, although net tuition revenue was less than expected by approximately 6.9%, primarily due to the discount rate being higher than budgeted. With a healthy \$2 million in operating contributions and grants, along with a release of \$4.5 million from quasi-endowment funds, the overall operating revenues for the year resulted in a substantially higher amount than budgeted. Operating expenses increased nominally from the prior year due to certain write-offs of expenses that were originally capitalized. Taking depreciation of \$1.7 million into account, the overall operating deficit was \$484,000, less than the deficit that was budgeted for the year. In the Statement of Financial Position, there was an increase in the endowment from \$50.9 million to \$51.9 million, mainly due to an additional \$3.8 million in endowment gifts and positive investment returns, less the release of the \$4.5 million from quasi-endowment funds. (See

Note 14 of the 2018 Audited Financial Statement in APPENDIX B for further detail.) Liabilities increased by approximately \$4.0 million primarily due to the increase in the line of credit during the year. Overall, total liabilities and net assets increased by approximately \$2.8 million.

For fiscal year 2018-2019, the University's enrollment for the Fall semester came very close to reaching the target (off by four students), but the Spring semester saw a decrease in retention, and the University expects to miss the net tuition revenue budgeted amount by approximately 5.3%, or \$732,000. Other operating revenues are expected to surpass the budgeted goal, resulting in total revenue and support that will exceed the overall budgeted amount by approximately \$1.8 million. After taking into account the decrease in expected net tuition revenues, the University's total revenues and support is anticipated to exceed total revenue and support by approximately \$1.0 million. As of June 30, 2019, expenses exceeded the budget target by 6.9%, or approximately \$2.1 million. This is primarily due to additional marketing expenses, certain professional fees, voluntary early retirement packages for faculty, unplanned additional staffing, and higher contracts and interest expense. The overall target budgeted deficit for fiscal year 2018-2019 is expected to be exceeded by approximately \$1.1 million, and the overall target budget deficit is expected to be approximately \$6.1 million.

APPENDIX B

FINANCIAL STATEMENTS OF THE BORROWER

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HOLY NAMES UNIVERSITY

JUNE 30, 2018

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

Holy Names University

Independent Auditors' Report and Financial Statements

Independent Auditors' Report

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Financial Statements

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A Century Strong

Independent Auditors' Report

THE BOARD OF TRUSTEES
HOLY NAMES UNIVERSITY
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of **HOLY NAMES UNIVERSITY** ("the University") which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University's June 30, 2017 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated December 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
December 11, 2018

Holy Names University

Statement of Financial Position

<i>June 30, 2018 (with comparative totals for 2017)</i>	2018	2017
Assets		
Cash and cash equivalents	\$ 4,331,890	\$ 648,331
Accounts receivable, less allowance of \$865,057 in 2018 and \$971,799 in 2017:		
Students	836,358	679,999
Other	207,571	606,157
Notes receivable, less allowance of \$36,000 for both periods shown - Note 4	123,565	163,804
Pledges receivable, net - Note 7	366,334	487,218
Bequests receivable - Note 7	500,000	9,290,587
Prepaid expenses and other assets	735,076	408,029
Investments - Note 5	51,623,602	43,434,400
Plant facilities, net of accumulated depreciation - Note 9	11,877,291	12,127,506
Total Assets	\$ 70,601,687	\$ 67,846,031
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities - Note 10	\$ 1,548,149	\$ 1,489,094
Deferred revenues and deposits	2,045,294	2,073,500
Line of credit - Note 11	14,297,978	10,625,213
Capital lease obligations - Note 12	373,348	42,521
Asset retirement obligation	291,799	291,799
U.S. Government grants refundable	67,354	114,704
Total Liabilities	18,623,922	14,636,831
Net Assets:		
Unrestricted	(2,607,947)	5,187,811
Temporarily restricted	9,348,988	6,626,984
Permanently restricted	45,236,724	41,394,405
Total Net Assets	51,977,765	53,209,200
Total Liabilities and Net Assets	\$ 70,601,687	\$ 67,846,031

See accompanying notes to financial statements.

Holy Names University

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2018 (with comparative totals for 2017)

		2018			2017	
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating Revenue and Support:						
Tuition and fees	\$ 25,816,552				\$ 25,816,552	\$ 23,165,345
Institutional student financial aid	(13,484,638)				(13,484,638)	(10,173,349)
Net Tuition and Fees	12,331,914				12,331,914	12,991,996
Contributions and grants	947,507	\$ 1,135,173			2,082,680	6,913,632
Contracts and other exchange transactions	1,177,755				1,177,755	1,604,727
Sales and services of educational activities	2,880,575				2,880,575	2,814,540
Other revenue	379,826				379,826	495,529
Auxiliary income	4,410,885				4,410,885	3,396,390
Net Operating Revenue	22,128,462	1,135,173			23,263,635	28,216,814
Endowment spending distribution	169,635	1,434,365			1,604,000	1,604,395
Transfer from (to) board designated endowment	4,546,407	-			4,546,407	-
Net assets released from restrictions	1,630,235	(1,630,235)			-	-
Total operating revenue and support	28,474,739	939,303			29,414,042	29,821,209
Expenses:						
Program services:						
Instruction	7,281,547				7,281,547	7,800,985
Public service	3,409,221				3,409,221	3,690,279
Academic support	2,653,392				2,653,392	1,849,519
Student services	6,348,608				6,348,608	5,824,037
Supporting services:						
Institutional support	8,161,340				8,161,340	7,961,612
Auxiliary enterprises	3,751,751				3,751,751	3,297,379
Total expenses	31,605,859	-			31,605,859	30,423,811
Change in net assets from operations	(3,131,120)	939,303			(2,191,817)	(602,602)
Nonoperating Activities:						
Contributions			\$ 3,842,319		3,842,319	293,320
Net investment return	58,611	3,221,970			3,280,581	4,583,108
Approved endowment spending distribution	(169,635)	(1,434,365)			(1,604,000)	(1,604,395)
Transfer to (from) board designated endowment	(4,546,407)				(4,546,407)	-
Other gains and losses	(7,207)	(4,904)			(12,111)	(28,338)
Change in Net Assets from Nonoperating Activities	(4,664,638)	1,782,701	3,842,319	960,382	3,243,695	
Total Change in Net Assets	(7,795,758)	2,722,004	3,842,319	(1,231,435)	2,641,093	
Net Assets - Beginning of Year	5,187,811	6,626,984	41,394,405	53,209,200	50,568,107	
Net Assets - End of Year	\$ (2,607,947)	\$ 9,348,988	\$ 45,236,724	\$ 51,977,765	\$ 53,209,200	

See accompanying notes to financial statements.

Holy Names University

Statement of Cash Flows

<i>Year Ended June 30, 2018 (with comparative totals for 2017)</i>	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	\$ (1,231,435)	\$ 2,641,093
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,708,866	2,004,060
Provision for doubtful accounts	(106,742)	180,683
Changes in assets and liabilities:		
Overdraft	-	(23,153)
Accounts receivable	348,969	(804,953)
Pledges receivable	120,884	265,282
Bequests receivable	8,790,587	(5,507,254)
Prepaid expenses and other assets	(327,047)	(36,027)
Accounts payable and accrued liabilities	59,055	317,948
Deferred revenues and deposits	(28,206)	(263,211)
Contributions restricted for long-term investment	(3,842,319)	(293,320)
Net realized and unrealized (gain) loss on investments	(2,668,495)	(3,852,045)
Net cash provided (used) by operating activities	2,824,117	(5,370,897)
Cash Flows from Investing Activities:		
Principal payments under notes receivable	40,239	41,154
Capital improvements	(1,458,651)	(359,213)
Proceeds from sale of investments	15,874	12,285,330
Purchase of investments	(5,536,581)	(11,976,996)
Net cash (used) by investing activities	(6,939,119)	(9,725)
Cash Flows from Financing Activities:		
Contributions restricted for long-term investment	3,842,319	293,320
Payments on capital lease obligations	(44,173)	(40,102)
Proceeds from financing of capital assets	375,000	
Payments on notes payable	-	(79,167)
Payments on tax-exempt debt	-	(4,704,735)
Proceeds from line of credit	3,672,765	10,625,213
Liability for U.S. Government grants refundable	(47,350)	(65,576)
Net cash provided by financing activities	7,798,561	6,028,953
Net Change in Cash and Cash Equivalents	3,683,559	648,331
Cash and Cash Equivalents, at beginning of year	648,331	-
Cash and Cash Equivalents, at end of year	\$ 4,331,890	\$ 648,331
Supplemental Disclosures:		
Interest paid	\$ 601,651	\$ 481,174

See accompanying notes to financial statements.

Holy Names University

Notes to Financial Statements

Note 1 - Nature of Operations:

Holy Names University ("the University") is an independent, Catholic, liberal arts institution of higher education located in Oakland California. The University was founded by the Sisters of the Holy Names of Jesus and Mary. Chartered by the State of California in 1880 and operated continuously since that date, it grants baccalaureate and master's degrees in liberal arts, science, business, nursing and education.

The University is accredited by the Western Association of Schools and Colleges (WASC). Accreditation is required for participation in federal and state student financial aid programs.

Note 2 - Liquidity and Management's Plan:

The University has suffered significant declines in new enrollments and student retention causing a substantial loss from operations and negative cash flow from operating activities for the years ended June 30, 2017 and June 30, 2018. The University's strategic plan and projections for operations indicate the University will continue to incur losses from operations and generate negative cash flows for the following two years. The strategic plan that has been developed by management and supported by the board of trustees include; the use of consultants to expand outreach and student recruitment and increased enrollment and retention through improved processes; higher utilization of campus facilities through collaboration with others; as well as new academic programs, new on-line course delivery systems while maintaining the core values and mission of the University. To provide liquidity and allow for the strategic plan to be executed the University obtained in 2016, a \$16 million loan in the form of a line of credit (Note 11) that is collateralized by the endowment investments of the University. \$4.4 million of the proceeds from this loan were utilized to repay the tax-exempt debt outstanding in 2016.

Note 3 - Basis of Presentation and Summary of Significant Accounting Policies:

The University's financial statements are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U. S. GAAP) for not-for-profit organizations. The financial statements present net asset balances and transactions according to the existence or absence of donor-imposed restrictions.

a. Categories of Net Assets

The University's financial statements include three categories of net assets as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed restrictions, are general in nature, or are for operating purposes. These include activities related to the principal educational mission of the University, as well as auxiliary enterprises (operations of the residence halls and cafeteria). The board of trustees may designate unrestricted net assets for specific purposes (see Note 14).

Holy Names University

Notes to Financial Statements

Temporarily Restricted Net Assets

Net assets that are subject to donor-imposed time or use restrictions that have not been met.

Permanently Restricted Net Assets

Net assets that are subject to donor-imposed restrictions that require the original gift be invested in perpetuity and only the income be used in accordance with donor restrictions.

b. Revenue and Expense Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Payments received for tuition for future periods are reported as deferred tuition revenue. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is limited by donor restriction or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions on the Statement of Activities and Changes in Net Assets from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed into service. Contributions other than cash are recorded at their fair value at the date of gift or at net realizable value if the assets are intended for sale.

Contributions including unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are not recognized as contributions until the conditions on which they depend are substantially met. Unconditional promises to give are donor commitments that are supported by verifiable documentation and contain no ambiguous conditions. If these contributions are to be received after a year and/or over a number of years, they will be discounted at a rate-equivalent with the University's cost of funds. The discount will be amortized and recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. In addition, an allowance for uncollectible promises, based on past collection experience, is recorded.

c. Cash and Cash Equivalents

The University considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents except for cash equivalents included in and managed with the University's investments.

d. Investments

Marketable securities are recorded at fair value based on quoted market prices. For marketable securities, all realized and unrealized gains and losses as well as all interest and dividends are reported in the statement of activities and changes in net assets.

Holy Names University

Notes to Financial Statements

The fair values of investments held at the Commonfund organization have been estimated using the net asset values as reported by the fund managers. The University believes the carrying amount of these investments is a reasonable estimate of its fair value. The timing of the ultimate liquidation of these investments is restricted to certain time periods, and is limited to sale to the Commonfund. Due to inherent uncertainty of valuation of such investments, the estimated value may differ significantly from the value that would have been used had a ready market for such investments existed.

Other investment, primarily a real estate interest, is carried at cost basis.

e. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University follows the accounting policy for fair value measurements and disclosures. This accounting policy requires the University to classify its financial assets and liabilities measured at fair value on a recurring basis based on a valuation method using three levels. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the University's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

f. Endowment Funds

The endowment of the University comprises approximately forty individual funds. Most of these funds were established to provide a permanent source of funding for scholarships. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U. S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of Holy Names University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of California as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets:

- a) the original value of gifts donated to the permanent endowment
- b) the original value of subsequent gifts to the permanent endowment, and

Holy Names University

Notes to Financial Statements

- c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) the duration and preservation of the fund
- 2) the purposes of the University and the donor-restricted endowment fund
- 3) general economic conditions
- 4) the possible effect of inflation and deflation
- 5) the expected total return from income and appreciation of investments
- 6) other resources of the University
- 7) the University's investment policies.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported as reductions in unrestricted net assets.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

Holy Names University

Notes to Financial Statements

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned, or an amount deemed prudent by the Board of Trustees. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

g. Accounts Receivable

Accounts receivable consist of student accounts receivable. Student accounts receivable are carried at the unpaid balance of the original amount billed to students less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student accounts receivable are written off when deemed uncollectible. Recoveries of student accounts receivable previously written off are recorded when received.

Payments not received by the specified due date are assessed late fees.

h. Notes Receivable

Notes receivable consist of student loans receivable. The University participates in the Federal Perkins Loan Program, which provides low-interest, long-term loans primarily to undergraduate students. The loans, including interest at 3 percent to 5 percent, are generally payable over approximately 10 years following college attendance.

The program, which is funded primarily by the federal government, also requires the University to contribute a matching share. Advances from the federal government under the program are distributable to the federal government upon repayment of the related loans. Therefore, federal money advanced is reflected as a liability ("U.S. Government grants refundable") in the accompanying statement of financial position.

Holy Names University

Notes to Financial Statements

Student loans receivable are written off when deemed uncollectible. Uncollectible student loans receivable may be assigned to the Federal Department of Education. Loans previously written off and later paid are recorded when received.

After a student is no longer enrolled in an institution of higher education and after a grace period, interest is charged on student loans receivable and is recognized as it is charged. Late fees are charged if payments are not paid by the next monthly calculation date, which is approximately 15 days after the due date. Late fees are recognized as they are charged. Student loans receivable are considered to be past due if a payment is not made on or before the due date per Department of Education regulations. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the Department of Education.

Current federal regulations permit the re-lending of proceeds from loan collections. Funds not so used are immediately refundable to the federal government.

i. Plant Facilities

Plant facilities purchased or constructed are valued at historical cost. Assets acquired by gift or bequest are stated at fair value at the date of donation. Assets are stated net of accumulated depreciation, which is recorded on the straight-line basis over the estimated life of 60 years for buildings, and 3-10 years for all other depreciable assets. Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

j. Deferred Revenue

Deferred revenue represents payments received, primarily tuition, and deposits received, which will be earned in the following fiscal year.

k. Tuition and Fees

Tuition and fee revenue is reduced by financial aid allowances which are discounts or donor funded scholarships. Tuition is recorded as earned on a pro rata basis over the applicable teaching period.

l. Non-Operating Revenue and Gains

Non-operating revenue and gains includes gifts and grants restricted or designated for endowment or plant and the related investment income and net realized gains on investments in excess of the allocated income under the University's endowment spending policy.

Holy Names University

Notes to Financial Statements

m. Tax-Exempt Status

The University is exempt from federal and state tax on related sources of income under the Internal Revenue Service Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. In addition, the University may be subject to tax on unrelated business income, if any, generated by its investments.

The University follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 for accounting for uncertainty in income taxes. As of June 30, 2018, management evaluated the University's tax positions and concluded that the University had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

n. Use of Estimates

The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

o. Functional Expense Allocations

Certain expenses are allocated among programs and supporting services based on allocation methods and estimates made by the University's management.

p. Advertising Costs

The University policy is to expense advertising costs as they are incurred.

q. Asset Retirement Obligation

The University is required to abate asbestos and other hazardous materials currently found in some of its buildings in connection with future renovations, repairs or demolition of those buildings. The University is accruing the fair value of its asset retirement obligations each period as the liability is incurred. The fair value of that liability is measured based on an expected cash flow approach discounted using a credit-adjusted risk-free rate. Increases to the fair value of the liability, except for accretion due to the passage of time, are added to the carrying value of the buildings. Those increases are then reported in depreciation expense in the statement of activities as increases in the fair value of the liability are expected to occur ratably over the estimated useful lives of the buildings.

r. Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U. S. GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2017, from which the information was derived.

Holy Names University

Notes to Financial Statements

s. Subsequent Events

The University evaluated subsequent events from June 30, 2018 through December 11, 2018, the date these financial statements were available to be issued. There are no other material subsequent events that required recognition or additional disclosures in the financial statements other than those in Notes 11 and 20.

t. Reclassifications

Certain 2017 amounts were reclassified to conform to the 2018 presentation. There was no effect on the Statement of Net Assets or the Statement of Changes in Net Assets as a result of these reclassifications.

u. Recent Accounting Pronouncements

Pronouncements implemented

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent). The amendments in this update apply to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) as a practical expedient. Under Topic 820, a reporting entity is permitted, as a practical expedient, to estimate the fair value of certain investments using those investments' NAV per share. Prior to ASU 2015-07, these investments were categorized in the fair value hierarchy based on whether the investment was redeemable with the investee at NAV on measurement date, never redeemable with the investee at NAV, or redeemable with the investee at net asset value at a future date. These criteria were different from the criteria used for all other investments. All other investments are categorized based on inputs to the fair value.

To alleviate inconsistencies in the categorization of investments within the hierarchy, ASU 2015-07 removes the requirement to categorize all investments for which fair value is measured using the NAV per share practical expedient. The amendments also clarify that certain disclosure requirements are limited to investments for which the entity has elected to measure fair value using that practical expedient, and not all investments eligible to be measured at fair value using the practical expedient. The amendments in this ASU will be effective for fiscal periods beginning after December 15, 2016, for non public entities. The University adopted ASU 2015-07, an amendment to ASU Topic 820, as of June 30, 2018 and was applied retroactively to June 30, 2017.

Holy Names University

Notes to Financial Statements

Pronouncements effective in the future

In May 2014, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards (IFRS), the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606,) related to revenue recognition. The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The guidance provides alternative methods of initial adoption and is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The University is currently evaluating the impact of this pronouncement on its financial statements.

In August 2016, the FASB issued ASU 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments in the ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in the ASU is permitted and applied retrospectively. The University is currently evaluating the impact of this pronouncement on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It provides a framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. The University is currently evaluating the impact of this pronouncement on its financial statements.

Holy Names University

Notes to Financial Statements

Note 4 - Notes Receivable:

At June 30, 2018, notes receivable constituted the University's financing receivable of federal Perkins loans to eligible students.

	2018	2017
Notes receivable	\$ 159,565	\$ 199,804
Less allowance for doubtful accounts:		
Beginning of year	36,000	36,000
Increase (decrease)	-	-
 End of year	 36,000	 36,000
 Notes receivable, net	 \$ 123,565	 \$ 163,804

The availability of funds for loans under the Perkins loan program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government are ultimately refundable to the government and are classified as liabilities in the statement of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

The principal amount past due under the Perkins loan program was approximately \$97,000 and \$130,000 at June 30, 2018 and 2017.

Note 5 - Investments:

At June 30, 2018 and 2017, investments, are as follows:

	2018	2017
Money market savings account	\$ 1,864,565	\$ 1,868,377
Commonfund multi-strategy equity fund	29,397,509	26,191,954
Commonfund multi-strategy bond fund	6,891,638	6,853,163
Commonfund intermediate term bond fund	13,263,428	8,302,382
Pooled income fund and charitable trust	206,462	218,524
 	 \$ 51,623,602	 \$ 43,434,400

For the year ended June 30, 2018, net investment gains (losses) from marketable securities were \$2,668,495, net dividend and interest income from investments was \$711,947, and the investment expenses included in net income from investments was (\$99,861).

Holy Names University

Notes to Financial Statements

For the year ended June 30, 2017, net investment gains (losses) from marketable securities were \$3,852,045, net dividend and interest income from investments was \$824,347, and the investment expenses included in net income from investments was (\$93,284).

Note 6 - Fair Value Measurements:

The table below presents the assets measured at fair value at June 30, 2018 and 2017 on a recurring basis.

June 30, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Endowment:			
Commonfund:			
Multi-strategy equity fund (a)			\$ 29,397,509
Multi-strategy bond fund (a)			6,891,638
Intermediate term bond fund (a)			13,263,428
Money market savings account	\$ 1,864,565		1,864,565
Pooled income fund:			
Mutual fund – bond		\$ 206,462	206,462
	\$ 1,864,565	\$ 206,462	\$ 51,623,602

June 30, 2017	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Endowment:			
Commonfund:			
Multi-strategy equity fund (a)			\$ 26,191,954
Multi-strategy bond fund (a)			6,853,163
Intermediate term bond fund (a)			8,302,382
Money market savings account	\$ 1,868,377		1,868,377
Pooled income fund:			
Mutual fund – bond		\$ 218,524	218,524
	\$ 1,868,377	\$ 218,524	\$ 43,434,400

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

Holy Names University

Notes to Financial Statements

The University uses the NAV to determine the fair value of all the underlying investments which do not have readily determinable fair value. The following table lists investments by major category as of June 30, 2018:

Strategies	Number Of Funds	Unfunded Valuation	Commit- ment	Redemption Frequency	Redemption Notice Period
Commonfund:					
Multi strategy equity fund ^(a)	1	\$ 29,397,509	None	Monthly	5 business days
Multi strategy bond fund ^(b)	1	\$ 6,891,638	None	Monthly	5 business days
Intermediate term bond fund ^(c)	1	\$ 13,263,428	None	Weekly	5 business days

- (a) The Multi-Strategy Equity fund allocates assets across a broad spectrum of public equity strategies in proportions optimal for a fully diversified equity portfolio. The program will seek to diversify its portfolio by allocating assets to common stocks and other equity securities of foreign companies in both developed and emerging markets. In addition, the program expects to invest in marketable alternative strategies that seek opportunities in domestic and foreign markets for equity-type returns with low correlation to the equity markets.
- (b) The Multi-Strategy Bond fund allocates assets across a broad spectrum of fixed income sectors in proportions considered optimal for a fully diversified fixed income portfolio. The program will seek to diversify its portfolio by allocating assets to other fixed income securities and strategies, including but not limited to global bonds, inflation indexed bonds, high yield bonds, emerging markets debt and opportunistic credit strategies. The benchmark for the program is the Barclays Capital U.S. Aggregate Bond Index.
- (c) Intermediate Term Bond Fund invests in a diversified portfolio of intermediate and longer term high quality marketable securities. The fund seeks to produce a total return in excess of its benchmark, the Merrill Lynch 1-3 Year Treasury Index and to generate a higher current yield than short-term money market instruments in a manner that mitigates the chances of a negative total return over any 12-month period.

Holy Names University

Notes to Financial Statements

Note 7 - Pledges and Bequests Receivable:

The University has a number of pledges and bequests outstanding. All pledges and bequests are considered collectible.

The pledges receivable as of June 30 are due as follows:

	2018	2017
One year or less	\$ 236,500	\$ 331,352
Two to five years	138,500	164,500
 Less discount	 (8,666)	 (8,634)
 Net Pledges Receivable	 <u>\$ 366,334</u>	 <u>\$ 487,218</u>

The bequests receivables in total and due within one year or less were \$500,000 and \$9,290,587 as of June 30, 2018 and 2017 respectively. The bequest receivable balance at June 30, 2018 is due from one donor.

Note 8 - Split Interest Agreement:

Pooled Income Fund

At June 30, 2018, the University is the residual beneficiary of a pooled income fund.

The pooled income fund was established in 1992 with funding from several donors. The fund assets are maintained in a trust. The University is the trustee. The fund assets are invested in a single large mutual fund.

There are ten life beneficiaries participating in the fund. The life beneficiaries receive quarterly distributions from the fund during their lifetime. Upon the death of a life beneficiary, the University has the right to receive the corresponding remainder interest.

After each calendar quarter the quarterly income realized by the pooled income fund is distributed to the life beneficiaries. Each life beneficiary receives a share of the quarterly distribution that is based on the amounts and the dates of the beneficiary's contributions to the fund.

In the Statement of Financial Position, the University reports the fair value of the pooled income fund assets as an investment and as such, are disclosed in Notes 5 and 6. This investment is offset by the reporting of deferred revenue proportional to the aggregate "Life Estate" interest of the life beneficiaries. This amount is estimated in accordance with IRS-published Life Estate factors that are based on the ages of the life beneficiaries using the discount rate of seven percent applicable when the funds were established.

Holy Names University

Notes to Financial Statements

The net assets of the pooled income fund have time restrictions but have no purpose restrictions. They are reported as temporarily restricted net assets. Changes in the net assets of the pooled income fund are reported in temporarily restricted other gains/(losses) on the Statement of Activities and Changes in Net Assets. The deferred revenue associated with the pooled income fund was \$64,025 and \$71,183 for the years ended June 30, 2018 and 2017 respectively.

Note 9 - Plant Facilities:

	2018	2017
Buildings	\$ 29,916,693	\$ 29,841,311
Land and land improvement	2,638,075	2,314,379
Furniture, equipment, and automobiles	13,938,421	13,333,266
	46,493,189	45,488,956
Less accumulated depreciation and amortization	<u>(35,079,329)</u>	<u>(33,370,463)</u>
	11,413,860	12,118,493
Construction in progress	463,431	9,013
	<u>Plant Facilities, net of accumulated depreciation</u>	<u>\$ 11,877,291</u>
	<u></u>	<u>\$ 12,127,506</u>

Depreciation and amortization expense amounted to \$1,708,866 and \$2,004,060 for the years ended June 30, 2018 and 2017, respectively.

Plant facilities, net includes \$633,209 of intangible assets and \$436,033 of accumulated amortization of intangibles. The intangibles relate to software costs and to the contractual right to use an off-campus athletic field.

Note 10 - Accounts Payable and Accrued Liabilities:

At June 30, 2018 and 2017, accounts payable and accrued liabilities are as follows:

	2018	2017
Accounts payable	\$ 79,919	\$ 239,538
Accrued salaries and wages	460,134	558,493
Accrued vacation	344,265	262,345
Other accrued liabilities	663,831	428,718
	<u>\$ 1,548,149</u>	<u>\$ 1,489,094</u>

Holy Names University

Notes to Financial Statements

Note 11 - Line of Credit:

On December 13, 2016 the University obtained a \$16 million loan in the form of a line of credit that is collateralized by the endowment investments of the University through Presidio Bank. \$4.4 million of the proceeds from this loan was used to repay the tax-exempt debt that was outstanding in 2016. The line of credit matures in two years from the date of issuance. The line of credit bears interest at the bank's prime rate, adjustable monthly with interest payments due monthly. The draws on the line of credit are limited to 75% of the fair market value of the collateral. Outstanding balances may not exceed 85% of the fair market value of the collateral or the balance becomes payable or additional collateral will be due in 30 days. The balance of the loan outstanding was \$14,317,978 with unamortized loan issuance costs of \$20,000 at June 30, 2018. The interest expense on the loan was \$601,651 and \$107,212 for the years ending June 30, 2018 and 2017. The outstanding balance is due in December of 2018.

On December 10, 2018, the University secured an extension on the line of credit with Presidio Bank with a new due date of December 13, 2019 and increasing the loan to \$20 million.

Note 12 - Capital Lease Obligations:

The University has entered into lease arrangements for cafeteria equipment. Following are the lease payments for the university over the terms of these leases.

Year Ending June 30,	
2019	\$ 31,080
2020	31,080
2021	31,080
2022	31,080
2023	31,080
Thereafter	<u>308,138</u>
Total future minimum lease commitments	463,538
Less amount representing interest	(90,190)
	<u>\$ 373,348</u>

Holy Names University

Notes to Financial Statements

Note 13 - Net Assets:

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended June 30 as follows:

	2018	2017
Restricted funds utilized for:		
Operating purposes		
Education and general	\$ 288,826	\$ 319,076
Financial aid	1,341,409	1,073,332
Satisfaction of time restrictions		265,000
Non-operating purposes		
General purposes		<u>20,203</u>
	<u>\$ 1,630,235</u>	<u>\$ 1,677,611</u>

Temporarily restricted net assets were restricted for the following purposes at June 30:

	2018	2017
Educational and general purposes	\$ 1,833,271	\$ 620,446
Financial aid	6,376,936	4,767,879
Capital projects	630,100	605,100
Pooled income funds and charitable trusts	142,347	146,341
Pledges with time restrictions, no purpose restrictions	366,334	487,218
	<u>\$ 9,348,988</u>	<u>\$ 6,626,984</u>

Note 14 - Endowment:

Endowment net asset composition as of June 30, 2018 was:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 6,030,837	\$ 45,236,724	\$ 51,267,561
Board-designated quasi-endowment funds	<u>\$ 649,979</u>			<u>649,979</u>
Total endowment funds	<u>\$ 649,979</u>	<u>\$ 6,030,837</u>	<u>\$ 45,236,724</u>	<u>\$ 51,917,540</u>

Holy Names University

Notes to Financial Statements

Changes in endowment net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 5,308,029	\$ 4,243,232	\$ 41,394,405	\$ 50,945,846
Investment return	57,812	3,221,970		3,279,782
Contributions and bequests			3,842,319	3,842,319
Actual expenditures	(169,635)	(1,434,365)		(1,604,000)
Transfer out of board designated net assets	(4,546,407)			(4,546,407)
Change in endowment net assets	(4,658,230)	1,787,605	3,842,319	971,694
Endowment net assets, end of year	\$ 649,979	\$ 6,030,837	\$ 45,236,724	\$ 51,917,540

Endowment net asset composition as of June 30, 2017 was:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 4,243,232	\$ 41,394,405	\$ 45,637,637
Board-designated quasi- endowment funds	\$ 5,308,029			5,308,029
Total endowment funds	\$ 5,308,029	\$ 4,243,232	\$ 41,394,405	\$ 50,945,846

Holy Names University

Notes to Financial Statements

Changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 4,883,671	\$ 1,689,071	\$ 41,101,085	\$ 47,673,827
Investment return	537,118	4,045,796		4,582,914
Contributions and bequests			293,320	293,320
Actual expenditures	(169,615)	(1,434,780)		(1,604,395)
Change in underwater endowments	56,855	(56,855)		
Change in endowment net assets	424,358	2,554,161	293,320	3,271,839
Endowment net assets, end of year	\$ 5,308,029	\$ 4,243,232	\$ 41,394,405	\$ 50,945,846

Permanently restricted net assets were restricted for the following purposes at June 30:

	2018	2017
Financial aid	\$ 44,015,332	\$ 40,276,756
Educational and general purposes	1,221,392	1,117,649
	\$ 45,236,724	\$ 41,394,405

Unrestricted net assets of \$54,869 and \$4,285,413, prior to the allocation of investment gains and losses and prior to actual expenditures (endowment payouts), were designated by the Board of Trustees as funds to function as endowments (quasi-endowments) at June 30, 2018 and 2017, respectively. The University had borrowed \$0 and \$4,546,457 from quasi-endowment funds for operations at June 30, 2018 and 2017, respectively.

In accordance with U. S. GAAP, deficiencies in endowment funds are reported as unrestricted net assets and totaled \$0 for both of June 30, 2018 and 2017.

Holy Names University

Notes to Financial Statements

Note 15 - Measure of Operations and Functional Expense:

Allocated depreciation and amortization, interest expense, and plant service costs have been included in functional expenses in the statement of activities as follows:

June 30, 2018	Depreciation and Expenses	Amortization	Interest Expense	Plant Service Costs	Total
Instruction	\$ 6,047,439	\$ 444,989	\$ 141,766	\$ 647,353	\$ 7,281,547
Public Service	3,082,210	117,912	37,565	171,534	3,409,221
Academic Support	2,376,144	99,969	31,848	145,431	2,653,392
Student Service	5,818,283	191,222	60,920	278,183	6,348,608
Institutional Support	7,707,318	163,709	52,155	238,158	8,161,340
Auxiliary Enterprises	1,835,188	691,065	220,162	1,005,336	3,751,751
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$26,866,582	\$1,708,866	\$ 544,416	\$2,485,995	\$31,605,859

In the University's institutional support expenses are costs of development and fund raising which amounted to \$455,952 for the year ended June 30, 2018.

Advertising costs, which comprise print, television, and radios advertisements for the purpose of generating tuition and fees for the year ended June 30, 2018 amounted to \$1,338,564.

June 30, 2017	Depreciation and Expenses	Amortization	Interest Expense	Plant Service Costs	Total
Instruction	\$ 6,669,451	\$ 521,857	\$ 125,298	\$ 484,379	\$ 7,800,985
Public Service	3,390,449	138,280	33,201	128,349	3,690,279
Academic Support	1,595,314	117,238	28,149	108,818	1,849,519
Student Service	5,337,791	224,254	53,843	208,149	5,824,037
Institutional Support	7,545,326	191,989	46,096	178,201	7,961,612
Auxiliary Enterprises	1,540,112	810,442	194,587	752,238	3,297,379
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$26,078,443	\$2,004,060	\$ 481,174	\$1,860,134	\$30,423,811

In the University's institutional support expenses are costs of development and fund raising which amounted to \$499,942 for the year ended June 30, 2017.

Advertising costs, which comprise print, television, and radios advertisements for the purpose of generating tuition and fees for the year ended June 30, 2017 amounted to \$773,337.

Holy Names University

Notes to Financial Statements

Note 16 - Retirement Benefits:

The University sponsors a 403(b) defined contribution retirement plan. The terms of the retirement plan are governed by the University's 403(b) Plan Document. Employees who are scheduled to work and do work at least 20 hours per week are eligible to participate in the Plan. Under the Plan, the University has the discretion to match the contributions of each participating employee up to five percent of the employee's base salary. The University provided discretionary matching contributions of \$458,339 and \$450,725 for the years ended June 30, 2018 and 2017, respectively.

Note 17 - Commitments and Contingencies:

The University is a party to routine claims and lawsuits in the ordinary course of business. In the opinion of management all such routine claims and lawsuits are adequately covered by insurance, or if not so covered, the results are not expected to materially affect the University's financial position.

The University is contingently liable for notes payable (used to build the campus in the late 1950s) to a related party, the Sisters of the Holy Names of Jesus and Mary, totaling \$3,414,514 at June 30, 2018 and 2017. The notes are payable only upon the dissolution, closure, or bankruptcy of the University.

Federal grants administered by the University are subject to audit and final acceptance by federal granting agencies. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the University management expects such amounts, if any, will not have a significant impact on the financial statements.

Note 18 - Related Parties:

The Members of this Corporation, appointed by the Province Leader of the Sisters of the Holy Names of Jesus and Mary U.S.-Ontario Province, have the authority to elect the members of the University's Board of Trustees, to remove members from the Board of Trustees, and to fill vacancies on the board. The University has a contingent note payable to the Sisters (see Note 17).

During the year ended June 30, 2018 the University received gifts of \$89,364 from related parties, primarily members of the Board of Trustees and the Sisters of the Holy Names of Jesus and Mary. At June 30, 2018 there were outstanding pledges from related parties of \$363,860.

Certain members of the Board of Trustees are employed by companies providing banking and employee benefits brokerage services to the University.

Holy Names University

Notes to Financial Statements

Note 19 - Concentrations:

The University has defined its financial instruments which are potentially subject to credit risk as student accounts receivable and investments.

Accounts receivable due from students are unsecured and concentrated in the San Francisco Bay Area; however, concentrations of credit risk with respect to these receivables are limited due to the large number of individual student accounts.

To address concentration of credit risk in the investment area, the University maintains a formal investment policy which sets out performance criteria, investment guidelines and requires review of investment performance.

Note 20 - Subsequent Events

In September 2018, Samuel Merritt University (SMU) withdrew from a previously agreed joint campus plan with the University. SMU informed Holy Names University leadership that they no longer desired to pursue a joint campus plan and were terminating their letter of intent previously agreed to. This led Holy Names University management to expense \$511,291 of incurred costs related to the predevelopment plans for a joint campus as of June 30, 2018. However, Holy Names University capitalized \$463,431 of expenses related to a new Holy Names University only campus master plan upgrade envisioned for the future and are reflected in Note 9 above under construction in progress.

APPENDIX C

FORMS OF INDENTURE AND LOAN AGREEMENT

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INDENTURE OF TRUST

by and between

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

Dated as of _____ 1, 2019

**Relating to
California Municipal Finance Authority Revenue Bonds
(Holy Names University)**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”), dated as of _____ 1, 2019, is by and between the CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”);

WHEREAS, the Authority is authorized under the Act to issue bonds, notes or other evidences of indebtedness, and enter into loan agreements to, among other things, financing and refinancing certain costs and expenses for organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (a “501(c)(3) Organization”);

WHEREAS, the Borrower is a 501(c)(3) Organization and has applied to the Authority to issue bonds on the Borrower’s behalf and to make a loan to the Borrower to finance (a) the costs of repaying the unpaid advances under a loan agreement between the Borrower and Presidio Bank, and (b) certain working capital expenses of the Borrower, and the Authority has accepted such application;

WHEREAS, the Authority has authorized the issuance of its California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019 (the “Series 2019 Bonds”), the proceeds of which will be applied to (a) provide funds to repay such advances and to provide such working capital, (b) fund a reserve fund for the Series 2019 Bonds, (c) fund a portion of the interest on the Series 2019 Bonds, and (d) pay the costs of issuance incurred in connection with the issuance of the Series 2019 Bonds;

WHEREAS, the Authority and the Borrower have entered into the Loan Agreement, dated as of September 1, 2019, specifying the terms and conditions of the loan by the Authority to the Borrower of the proceeds of the Series 2019 Bonds to provide funds for the purposes described above and of the payment by the Borrower to the Authority of amounts sufficient for the payment of the principal of, premium, if any, and interest on the Series 2019 Bonds, and costs incidental thereto, as and when due and payable;

WHEREAS, in order to provide for the authentication and delivery of the Series 2019 Bonds and any additional bonds issued pursuant hereto on a parity with the Series 2019 Bonds (the Series 2019 Bonds and any such additional bonds, the “Bonds”), to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal of, premium, if any, and interest on the Bonds, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special limited obligations of the Authority,

and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; EQUAL SECURITY

Section 1.01. Definitions. Certain terms are defined in Exhibit A attached hereto and by this reference incorporated herein. Unless the context otherwise requires, the terms defined in Exhibit A hereto shall for all purposes of this Indenture and of any certificate, opinion or other document herein or therein mentioned, have the meanings therein specified.

Section 1.02. Rules of Construction. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated "Articles," "Sections," "Exhibits," "subsections," "paragraphs," "clauses," and other subdivisions are to the designated Articles, Sections, Exhibits, subsections, paragraphs, clauses, and other subdivisions of this Indenture.

(h) The words "hereof" (except when preceded by a specific Section or Article reference) "herein," "hereby," "hereunder," "hereinabove," "hereinafter," and other equivalent words and phrases used herein refer to this Indenture and not solely to the particular portion hereof in which any such word is used.

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time

of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01. Authorization and Delivery of Bonds; Limited Obligations. (a) The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Act and other applicable laws of the State. The Bonds may consist of one or more Series of Bonds of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the “California Municipal Finance Authority Revenue Bonds (Holy Names University),” each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

(b) The Bonds shall be special obligations of the Authority, payable solely from the payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, and the other assets pledged therefor under this Indenture. Neither the faith and credit of the Authority nor the faith and credit or the taxing power of any member of the Authority or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power.

No covenant or agreement contained herein or in any Bond or related document shall be deemed to be a covenant or agreement of any member of the Board of Directors of the Authority, or any officer, employee or agent of the Authority in such Person’s individual capacity and neither the Board of Directors of the Authority nor any member thereof or officer of the Authority executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 2.02. Terms of Series 2019 Bonds. (a) The Series 2019 Bonds shall be designated “California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019.” The aggregate principal amount of Series 2019 Bonds that may be issued and Outstanding under this Indenture shall not exceed \$_____, except as may be otherwise provided in Section 2.09. The Series 2019 Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2019 Bond shall have more than one maturity date. The Series 2019 Bonds shall be dated as of the Closing Date, shall be in the aggregate principal amount of \$_____, shall mature on October 1, 20__ and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate of ____% per annum; provided, however, that (i) during any period in which an Event of Default with respect to the Series 2019 Bonds under paragraph (i) of Section 8.01(a) shall have occurred and be continuing, the Series 2019 Bonds, any unpaid principal thereof, unpaid Redemption Price thereof, and unpaid interest thereon, shall bear interest at the Default Rate, (ii) during any period in which the interest rate on the Series 2019 Bonds is to be increased pursuant to Section 6.11(d) of the Loan Agreement, the Series 2019 Bonds shall bear interest at the Step-Up Rate, and (iii) during any period in which a Determination of Taxability with respect to the Series 2019 Bonds shall have occurred and be continuing, the Series 2019 Bonds shall bear interest at the Taxable Rate.

(b) Interest on the Series 2019 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2019 Bond is authenticated on

or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2019 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2019 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2019 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; provided, however, that, upon the written request of an Owner of Series 2019 Bonds in an aggregate principal amount of \$1,000,000 or more delivered to the Trustee (which request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee), received at least ten days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest on such Series 2019 Bonds shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Notwithstanding the foregoing, interest on any Series 2019 Bond that is not punctually paid or duly provided for on any Interest Payment Date shall (A) on such Interest Date and on each Interest Date thereafter until such interest is paid in full, be compounded at the rate of interest borne by such Series 2019 Bond, and (B) if and to the extent that amounts subsequently become available such interest, as so compounded, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2019 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(c) The principal of the Series 2019 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(d) The Series 2019 Bonds shall be subject to redemption as provided in Article IV.

(e) The Series 2019 Bonds shall be in substantially the form set forth in Exhibit B hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03. Special Exchange of Series 2019 Bonds. Upon delivery to the Trustee of (a) the written direction of 100% of the Owners of the Series 2019 Bonds, (b) an Opinion of Bond Counsel substantially to the effect that the exchange described in this Section will not, in and of itself, cause interest on any Tax-Exempt Bond received by the Owner or Beneficial Owner thereof to be included in the gross income of such Owner or Beneficial Owner for federal income tax purposes, and (c) all of the Outstanding Series 2019 Bonds, the Authority shall execute and the Trustee shall authenticate and deliver, in exchange for such Series 2019 Bonds, one or more serial and/or term Series 2019 Bonds in such principal amounts, bearing interest at such rates, maturing on such dates and being subject to mandatory sinking fund redemption on such dates as are specified in such written direction of such Owners; provided, however, that (i) the aggregate principal amount of such serial and/or term Series 2019 Bonds shall be less than or equal to the aggregate principal amount of all Series 2019 Bonds Outstanding immediately prior to such exchange, and (ii) the Annual Debt Service in each Fiscal Year on such serial and/or term Series

2019 Bonds shall be less than or equal to the Annual Debt Service in such Fiscal Year on the Series 2019 Bonds Outstanding immediately prior to such exchange. All costs and expenses of such exchange, including the costs for new CUSIP numbers and DTC registration, the costs and expenses of the Authority (including the fees, costs and expenses of any attorneys or consultants retained by it in connection therewith), the costs and expenses of the Trustee (including the fees, costs and expenses of any attorneys retained by it in connection therewith), the costs and expenses of the Borrower (including the fees, costs and expenses of any attorneys retained by it in connection therewith) and the fees, costs and expenses of Bond Counsel, shall be paid by the Owners of the Series 2019 Bonds, and the Authority may require a deposit of funds in a reasonable amount or other reasonable security to ensure such payment. The Series 2019 Bonds delivered to the Trustee in exchange for such serial and/or term Series 2019 Bonds shall be cancelled by the Trustee and destroyed.

Section 2.04. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of a member of the Board of Directors of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case the member of the Board of Directors of the Authority who shall have signed any of the Bonds shall cease to be a member of the Board of Directors of the Authority before the Bonds so signed shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the Person who signed the same had continued to be a member of the Board of Directors of the Authority, and also any Bonds may be signed on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be a member of the Board of Directors of the Authority although at the nominal date of such Bonds any such Person shall not have been a member of the Board of Directors of the Authority.

Section 2.05. Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit B hereto for the Series 2019 Bonds, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.06. Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as herein provided. The Authority and the Trustee may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the Registration Books as the absolute Owner of such Bond for the purpose of receiving payment of, or on account of, the principal thereof and interest thereon and for all other purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Section 2.07. Transfer and Exchange of Bonds. (a) Prior to the Unrestricted Transfer Date, the Series 2019 Bonds may be transferred only to a Person that is either (i) a Qualified Institutional Buyer, or (ii) an Accredited Investor. Each Person to whom ownership of a Series

2019 Bond is so transferred shall be deemed by the acceptance of such ownership to have agreed to be bound by the provisions of this subsection. From and after the Unrestricted Transfer Date, the restrictions on transfer set forth in this subsection shall no longer apply to the Series 2019 Bonds.

(b) Subject to (i) with respect to the Series 2019 Bonds, the provisions of subsection (a) of this Section, and (ii) with respect to Bonds of a Series of Additional Bonds, the restrictions, if any, on the transfer of such Additional Bonds contained in the provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued, any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Owner requesting such transfer shall pay any tax or other governmental charge required to be paid with respect to such transfer.

(c) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Owner requesting such exchange shall pay any tax or other governmental charge required to be paid with respect to such exchange.

(d) The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Section 2.08. Book-Entry System. (a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully registered Bond (which may be typewritten). Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The Series 2019 Bonds shall initially be issued as Book-Entry Bonds. Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and

its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Authority and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Authority and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or “upon the order of” (as that term is used in the Uniform Commercial Code) the respective Owner, as shown in the Registration Books, or such Owner’s respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Authority and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository’s book-entry system, the Authority shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Authority, the Authority and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository’s book-entry program.

(g) In the event the Authority determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available and notifies the Depository and the Trustee of such determination, the Depository

will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Authority shall discontinue the Book-Entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered Bond of the appropriate Series for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.07, 2.09 and 2.10. Whenever the Depository requests the Authority to do so, the Authority shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Indenture to the contrary, if the Depository is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Authority or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series

issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.10. Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

ARTICLE III

ISSUANCE OF SERIES 2019 BONDS; APPLICATION OF PROCEEDS; ADDITIONAL BONDS

Section 3.01. Issuance of Series 2019 Bonds. The Authority may at any time execute the Series 2019 Bonds and deliver the same to the Trustee. The Trustee shall authenticate the Series 2019 Bonds and deliver the Series 2019 Bonds to the Original Purchasers thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Section 3.02. Application of Amounts. On the Closing Date, the proceeds of the sale of the Series 2019 Bonds received by the Trustee, \$_____, shall be deposited or transferred by the Trustee as follows:

- (a) the Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund;
- (b) the Trustee shall deposit the amount of \$_____ in the Interest Account;
- (c) the Trustee shall deposit the amount of \$_____ in the Reserve Fund, which amount is equal to the Reserve Requirement as of the Closing Date;
- (d) the Trustee shall deposit the amount of \$_____ in the Expenditure Fund; and
- (e) the Trustee shall transfer the amount of \$_____ to or upon the written order of Presidio Bank, as repayment in full of all outstanding and unpaid Advances under the Presidio Loan Agreement and any amounts payable pursuant to the Presidio Loan Agreement in connection with such repayment of such Advances. The Trustee may establish a temporary account in its records to facilitate such transfer.

Section 3.03. Conditions for the Issuance of Additional Bonds. Additional Bonds secured by and payable solely from the Trust Estate on a parity with all other Bonds theretofore issued hereunder may be issued in one or more additional Series, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

- (a) the issuance of such Additional Bonds shall have been authorized under and pursuant to this Indenture and the Act;
- (b) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing hereunder;
- (c) the Trustee shall have received original executed counterparts of (i) the agreements supplementing and amending the Loan Agreement, the Deed of Trust (if being amended and supplemented in connection with the issuance of such Additional Bonds) and the other Security Documents (if being amended and supplemented in connection with the issuance of such Additional Bonds), and (ii) the Supplemental Indenture pursuant to which such Additional Bonds are issued, which Supplemental Indenture shall specify;

(i) the purpose for which such Additional Bonds are being issued, which shall only include one or more of (A) providing for the costs of improvements to the Facilities, or funding additional costs and expenses with respect to the Facilities, including operating expenses and working capital, (B) refunding Outstanding Bonds, (C) providing for the payment of Costs of Issuance incurred in connection with respect to such Additional Bonds, (D) providing capitalized interest with respect to such Additional Bonds, (E) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (viii) below, and (F) making any deposits to the Funds and Accounts required by the provisions of such Supplemental Indenture;

(ii) the principal amount and designation of such Series of Additional Bonds and the interest rate to be borne by each maturity of such Additional Bonds;

(iii) the Series designation of such Additional Bonds;

(iv) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either April 1 or October 1 and shall be for a period of not longer than 12 months;

(v) the date and the maturity date or dates of such Additional Bonds and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (A) each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a October 1, and (C) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(vi) the redemption premiums and terms, if any, for such Additional Bonds;

(vii) the form of such Additional Bonds;

(viii) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, however, that the amount on deposit in the Reserve Fund at the time that such Additional Bonds become Outstanding shall be at least equal to the Reserve Requirement;

(ix) the application of the proceeds of the sale of such Additional Bonds, including the amount, if any, to be deposited in the Funds and Accounts established under this Indenture; and

(x) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of this Indenture or the Loan Agreement.

(d) The Trustee shall have received a written certificate of an Independent Financial Consultant demonstrating (i) that, based upon the audited financial statements of the Borrower, the Prior Period Operating Ratio for each of the two most recently ended

Fiscal Years was no less than 1.00:1, (ii) that, based upon a written report of an Independent Market Consultant, which report shall be appended to or identified in such written certificate, the Projected Operating Coverage Ratio for the Fiscal Year in which such Additional Bonds are issued and in each of the two succeeding Fiscal Years is projected to be no less than 1.20:1, and (iii) the Liquidity to Debt Ratio for the most recently ended Fiscal Year, assuming for purposes of calculating such Liquidity to Debt Ratio that such Additional Bonds had been issued on the last day of such Fiscal Year, is not less than 1.25:1.

Notwithstanding the foregoing (a) if (i) such Additional Bonds are being issued to finance the acquisition or renovation of student housing at the Facilities, and (ii) the aggregate principal amount of such Additional Bonds is less than or equal to \$20,000,000, the satisfaction of the Liquidity to Debt Ratio requirement set forth in clause (iii) of paragraph (d), above, shall not be a condition precedent to the issuance of such Additional Bonds, and (b) if (i) such Additional Bonds are being issued to refund Outstanding Bonds, and (ii) Assumed Debt Service for the Bonds in each Fiscal Year, calculated for all Bonds to be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Assumed Debt Service for the Bonds in such Fiscal Year, calculated for all Bonds Outstanding immediately prior to the issuance of such Additional Bonds, the receipt of the certificate described in paragraph (d), above, shall not be a condition precedent to the issuance of such Additional Bonds.

Section 3.04. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Authority for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

- (a) certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds and, if applicable, the agreements supplementing and amending the Loan Agreement, the Deed of Trust and the other Security Documents;
- (b) a Written Certificate of the Borrower to the effect that (i) no event of default has occurred and is continuing under this Indenture, the Loan Agreement, the Deed of Trust or any other Security Document, (ii) the Borrower is not in default under the Loan Agreement, the Deed of Trust or any other Security Document, and (iii) the conditions precedent to the issuance of such Additional Bonds specified in Section 3.03 have been satisfied;
- (c) a Written Request of the Authority as to the delivery of such Additional Bonds;
- (d) an Opinion of Bond Counsel substantially to the effect that (i) this Indenture and all Supplemental Indentures have been duly executed and delivered by, and constitute the valid and binding limited obligations of, the Authority, enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the

State, (ii) such Additional Bonds constitute valid and binding special limited obligations of the Authority and are enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State, (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Tax-Exempt Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes, and (iv) if such Additional Bonds are intended to be Tax-Exempt Bonds, the interest on such Additional Bonds is excluded from gross income for federal income tax purposes;

(e) the proceeds of the sale of such Additional Bonds; and

(f) such further documents or monies as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Section 3.05. No Additional Obligations Other Than Additional Bonds. Subsequent to the issuance of the Series 2019 Bonds, the Authority shall not incur any additional debt obligations payable from the Trust Estate, except Additional Bonds as provided in Sections 3.03 and 3.04.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Optional Redemption of Series 2019 Bonds. The Series 2019 Bonds shall be subject to redemption prior to maturity, in whole, or in part in Authorized Denominations, on any date on or after October 1, 20__, from and to the extent of the optional prepayment by the Borrower, pursuant to Section 4.03(a) of the Loan Agreement, of all or a portion of the Loan, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
October 1, 20__ through September 30, 20__	101%
October 1, 20__ and thereafter	100

Section 4.02. Extraordinary Mandatory Redemption of Series 2019 Bonds Upon Determination of Taxability. Upon the prepayment by the Borrower, pursuant to Section 4.03(b) of the Loan Agreement, of a portion of the Loan sufficient to redeem all Outstanding Series 2019 Bonds as a result of a Determination of Taxability, such Outstanding Series 2019 Bonds shall be subject to extraordinary mandatory redemption, in whole, at a Redemption Price equal to 105% of the principal amount thereof, together with accrued interest to the date of redemption.

Section 4.03. Extraordinary Mandatory Redemption of Series 2019 Bonds From Insurance or Condemnation Proceeds. To the extent of a prepayment, pursuant to Section 4.03(c) of the Loan Agreement, of all or a portion of the Loan by the Borrower from Net Proceeds of insurance or condemnation proceeds, the Series 2019 Bonds shall be subject to extraordinary mandatory redemption, in whole, or in part in Authorized Denominations, on any date, at a Redemption Price equal to the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Section 4.04. Extraordinary Mandatory Redemption of Series 2019 Bonds From Excess Proceeds. The Series 2019 Bonds shall be subject to extraordinary mandatory redemption, in whole, or in part in Authorized Denominations, on any date, from and to the extent of amounts transferred from the Expenditure Fund to the Redemption Fund in accordance with Section 5.03(c), at a Redemption Price equal to the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Section 4.05. Mandatory Sinking Fund Redemption of Series 2019 Bonds. The Series 2019 Bonds shall be subject to mandatory sinking fund redemption, in part, on October 1 in each year, commencing October 1, 20__, at a Redemption Price equal to the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (October 1)	Principal Amount to be Redeemed
	(Maturity)

If some but not all of the Series 2019 Bonds are redeemed pursuant to Section 4.01, the principal amount of the Series 2019 Bonds to be redeemed pursuant to Section 4.05 on any subsequent October 1 shall be reduced, as designated by the Borrower in a Written Request of the Borrower approved in writing by the Bond Owner Representative filed with the Trustee; provided, however, that (i) after such reduction, the principal amount of the Series 2019 Bonds to be redeemed pursuant to Section 4.05 on any subsequent October 1 shall be equal to an Authorized Denomination, and (ii) the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2019 Bonds redeemed pursuant to Section 4.01. If some but not all of the Series 2019 Bonds are redeemed pursuant to Section 4.03, the principal amount of the Series 2019 Bonds to be redeemed pursuant to Section 4.05 on any subsequent October 1 shall be reduced, on a *pro rata* basis as nearly as practicable; provided, however, that (i) after such reduction, the principal amount of the Series 2019 Bonds to be redeemed pursuant to Section 4.05 on any subsequent October 1 shall be equal to an Authorized Denomination, and (ii) the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2019 Bonds redeemed pursuant to Section 4.03.). If some but not all of the Series 2019 Bonds are redeemed pursuant to Section 4.04, the principal amount of the Series 2019 Bonds to be redeemed pursuant to Section 4.05 on any subsequent October 1 shall be reduced, on a *pro rata* basis as nearly as practicable; provided, however, that (i) after such reduction, the principal amount of the Series 2019 Bonds to

be redeemed pursuant to Section 4.05 on any subsequent October 1 shall be equal to an Authorized Denomination, and (ii) the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2019 Bonds redeemed pursuant to Section 4.04.

Section 4.06. Notice of Redemption. The Trustee, on behalf of the Authority and at the expense of the Borrower, shall mail, by first class mail, notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Bonds of a Series, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 12.02, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Section 4.07. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in Written Request of the Borrower approved in writing by the Bond Owner Representative, (b) with respect to any redemption of Series 2019 Bonds pursuant to Section 4.03, among the maturities of Series 2019 Bonds on a *pro rata* basis as nearly as practicable, (c) with respect to any redemption of Series 2019 Bonds pursuant to Section 4.04, among the maturities of Series 2019 Bonds on a *pro rata* basis as nearly as practicable, and (d) with respect to any redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner that the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of the greatest number of separate denominations that would result in each such denomination being an Authorized Denomination and each such separate denomination shall be treated as a separate Bond that may be separately redeemed.

Section 4.08. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner

thereof, at the expense of the Borrower, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Section 4.09. Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and disposed of by the Trustee in accordance with its customary procedures.

ARTICLE V

PLEDGE AND ASSIGNMENT; REVENUES AND FUNDS AND ACCOUNTS

Section 5.01. Pledge and Assignment. (a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and to the Reserved Rights of the Authority, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act, the Authority hereby pledges, and grants a lien and security interest on, the Trust Estate to the Trustee for the benefit of the Owners of the Bonds. Said pledge shall constitute a lien and security interest which shall attach immediately to such collateral and shall be effective, binding and enforceable against the Authority, the Trustee, purchasers of such collateral, creditors and all other parties having claims against the Authority or thereon, irrespective of whether such parties have notice thereof and without the need for any physical delivery, recordation, filing, or further act.

(b) The Authority hereby assigns, conveys and transfers to the Trustee, for the benefit of the Owners, all of its right, title and interest in and to the Loan Agreement, including all Loan Payments and prepayments thereof, all revenues and receipts payable or receivable or pledged thereunder, including Gross Revenues, and the security interest granted pursuant thereto, excluding, however, the Reserved Rights of the Authority. In consideration of the Authority's making the Loan, as provided in the Loan Agreement, from the proceeds of the Series 2019 Bonds, and in order to induce the Trustee to accept such assignment, conveyance and transfer, the Authority has, pursuant to the Loan Agreement, required the Borrower, in order to secure the payment of the Series 2019 Bonds and the performance and observance of all of the Secured Obligations to (i) execute and, simultaneously with the execution and delivery of the Loan Agreement, deliver the Security Documents to which the Borrower is a party, (ii) cause each other party to a Security Document to execute and, simultaneously with the execution and delivery of the Loan Agreement, deliver such Security Document, and (iii) as necessary or appropriate to protect the security of the Trustee thereunder, keep, record, register or file, or cause to be kept, recorded, registered or filed, each such Security Document and all security instruments, financing statements and all supplements thereto and other instruments in such manner and in such places as may be required by law. The Trustee hereby accepts such assignment, conveyance and transfer, for the benefit of the Owners, all of the Authority's right, title and interest in and to the Loan Agreement, except the Reserved Rights of the Authority.

(c) The Trustee shall be entitled to, and shall, collect and receive all of the Loan Payments, and any Loan Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority and shall forthwith be paid by the Authority to the Trustee.

Section 5.02. Costs of Issuance Fund. (a) The Trustee shall establish and maintain and hold in trust a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount specified in Section 3.02. There shall additionally be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee to pay Costs of Issuance, as directed by the Borrower in a Written Request of the Borrower substantially in the form of Exhibit C attached hereto. On the last Business Day that is no later than six months after the Closing Date, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Expenditure Fund.

(c) If the Costs of Issuance Fund has been closed in accordance with the provisions hereof, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 5.03. Expenditure Fund. (a) The Trustee shall establish and maintain and hold in trust a separate fund designated the “Expenditure Fund.” On the Closing Date, the Trustee shall deposit in the Expenditure Fund the amount specified in Section 3.02. There shall additionally be deposited in the Expenditure Fund (i) amounts received by the Trustee when accompanied by a Written Request of the Borrower that such amounts are to be deposited in such Fund, and (ii) in connection with the issuance of Additional Bonds, the amount, if any, required to be deposited in such Fund under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Amounts in the Expenditure Fund shall be disbursed by the Trustee to pay Authorized Expenditures, as directed by the Borrower in a Written Request of the Borrower substantially in the form of Exhibit D attached hereto; provided, that, the written consent of the Bond Owner Representative shall be required for any disbursement of amounts in excess of \$10 million in the aggregate from the Expenditure Fund during the period commencing on the Closing Date and ending on December 31, 2020. Disbursements from the Expenditure Fund shall be made semiannually on or after April 1 and October 1 to pay for Authorized Expenditures for the six-month period commencing on such April 1 or October 1, as applicable, as reflected in Schedule 1 attached to Exhibit D, or at such times as approved by the Bond Owner Representative.

(c) If, on September 26, 2024, any amount remains on deposit in the Expenditure Fund, the Trustee shall transfer all of such amount remaining in the Expenditure Fund to the Redemption Fund, to be applied to the to be applied to the redemption of Series 2019 Bonds in accordance with Section 4.04; provided, however, that, if, prior to such transfer, the Trustee receives (i) a Written Request of the Borrower, approved in writing by the Bond Owner Representative, directing the Trustee make an alternate disposition of all or a portion of such amount remaining in the Expenditure Fund, and (ii) an Opinion of Bond Counsel to the effect that such disposition would not, in and of itself, adversely affect the exclusion of interest on the Series 2019 Bonds from gross income for federal income tax purposes, the Trustee shall make such alternate disposition of such remaining amount or portion thereof in accordance with such Written Request of the Borrower.

Section 5.04. Loan Payment Fund. (a) The Trustee shall establish and maintain and hold in trust a separate fund designated the “Loan Payment Fund.” There shall be deposited in the Loan Payment Fund (i) any and all Loan Payments received by the Trustee, as and when so received, and (ii) amounts received by the Trustee when accompanied by a Written Request of the Borrower that such amounts are to be deposited in such Fund.

(b) No later than the Business Day immediately preceding each Interest Payment Date, the Trustee shall withdraw from the Loan Payment Fund an amount sufficient to enable the Trustee to make the following transfers in the following order of priority:

(i) *Interest Account.* To the Interest Account, the amount, if any, necessary to cause the amount on deposit in the Interest Account to be equal to the interest due on the Bonds on such Interest Payment Date; and

(ii) *Principal Account.* To the Principal Account, the amount, if any, necessary to cause the amount on deposit in the Principal Account to be equal to the principal, if any, due on the Bonds on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

Section 5.05. Debt Service Fund. (a) The Trustee shall establish and maintain and hold in trust a separate fund designated the “Debt Service Fund.” Within the Debt Service Fund, the Trustee shall establish and maintain a separate account designated the “Principal Account” and a separate account designated the “Interest Account.” On the Closing Date, the Trustee shall deposit in the Interest Account the amount specified in Section 3.02. There shall additionally be deposited in the Interest Account, in connection with the issuance of Additional Bonds, the amount, if any, required to be deposited in such Account under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Interest Account.

(c) On each Interest Payment Date, the Trustee shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest on the Bonds then due and payable.

(d) In the event that, on the Business Day prior to a October 1 on which principal of the Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, amounts in the Principal Account are insufficient to pay such principal, after having withdrawn any amounts from the Reserve Fund required to be withdrawn therefrom on such date pursuant to subsection (b) of this Section, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Principal Account.

(e) On each October 1 on which principal of the Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, the Trustee shall withdraw from the Principal Account for payment to the Owners of the Bonds such principal then due and payable.

Section 5.06. Reserve Fund. (a) The Trustee shall establish and maintain and hold in trust a separate fund designated the “Reserve Fund.” On the Closing Date, the Trustee shall deposit in the Reserve Fund the amount specified in Section 3.02. There shall additionally be deposited into the Reserve Fund (i) amounts transferred to the Trustee for deposit therein pursuant to paragraph (iii) of Section 4.02(a) of the Loan Agreement, (ii) amounts received by the Trustee

when accompanied by a Written Request of the Borrower that such amounts are to be deposited therein, and (iii) in connection with the issuance of Additional Bonds, the amount, if any, required to be deposited in such Fund under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Except as otherwise provided in this Section, amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with Section 5.05(b) in the event of any deficiency at any time in the Interest Account of the amount then required for payment of the interest on the Bonds, (ii) making transfers to the Principal Account in accordance with Section 5.05(d) in the event of any deficiency at any time in the Principal Account of the amount then required for payment of the principal of the Bonds, and (iii) redeeming Bonds in accordance with the provisions of this Section. Upon making any such withdrawal, the Trustee shall notify the Authority, the Borrower and the Bond Owner Representative in writing of such withdrawal and of the amount thereof.

(c) Whenever Bonds are to be optionally redeemed or redeemed from Net Proceeds of insurance or condemnation awards, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee pursuant to Section 12.02, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

(d) Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay all Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the Borrower approved in writing by the Bond Owner Representative, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

(e) If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account.

Section 5.07. Redemption Fund. (a) The Trustee shall establish and maintain and hold in trust a separate fund designated the “Redemption Fund.” There shall be deposited into the Redemption Fund (i) amounts received in connection with the optional redemption of Series 2019 Bonds pursuant to Section 4.01, (ii) amounts received upon a Determination of Taxability in connection with an extraordinary mandatory redemption of Series 2019 Bonds pursuant to Section 4.02, (iii) amounts received in connection with an extraordinary mandatory redemption of Series

2019 from Net Proceeds pursuant to Section 4.03, (iv) amounts received in connection with an extraordinary mandatory redemption of Series 2019 from excess proceeds pursuant to Section 4.04 and (v) amounts required to be deposited therein pursuant to the provisions of any Supplemental Indenture.

(b) Amounts in the Redemption Fund shall be disbursed therefrom (i) for the payment of the Redemption Price of Series 2019 Bonds redeemed pursuant to Section 4.01, (ii) for the payment of the Redemption Price of Series 2019 Bonds redeemed pursuant to Section 4.02, (iii) for the payment of the Redemption Price of Series 2019 Bonds redeemed pursuant to Section 4.03, (iv) for the payment of the Redemption Price of Series 2019 Bonds redeemed pursuant to Section 4.04, and (v) for the payment of the Redemption Price of Additional Bonds redeemed pursuant to the provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 5.08. Rebate Fund. (a) The Trustee shall establish and maintain a separate fund designated the “Rebate Fund.” There shall be deposited in the Rebate Fund (i) amounts required to be deposited therein pursuant to the Tax Certificate, (ii) amounts received by the Trustee when accompanied by a Written Request of the Borrower that such amounts are to be deposited therein, and (iii) amounts required to be deposited therein pursuant to the provisions of any Supplemental Indenture.

(b) All amounts at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the Written Requests of the Borrower delivered to it with respect thereto, and shall have no liability or responsibility to enforce compliance by the Authority or the Borrower with the terms of the Tax Certificate. The Trustee may conclusively rely upon the determinations, calculations and certifications required by the Tax Certificate made by the Borrower. The Trustee shall have no responsibility to independently make any calculation or determination or to review such calculations.

(c) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Trustee of a Written Request of the Borrower, be withdrawn by the Trustee and remitted to the Borrower.

Section 5.09. Investment of Moneys. (a) Except as otherwise provided herein, all moneys in the Funds and Accounts shall be invested by the Trustee solely in Permitted Investments, as specified in a Written Request of the Borrower received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in such Funds and Accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent a timely Written Request of the Borrower, the Trustee shall invest or re-invest any moneys in such funds in Permitted Investments described in paragraph (e) of the definition thereof.

(b) Subject to the provisions of Section 5.08, all interest, profits and other income received from the investment of moneys in any Fund or Account (other than the Reserve Fund) shall be retained therein. Subject to the provisions of Section 5.08, all interest, profits or other

income received from the investment of moneys in the Reserve Fund shall be deposited in the Interest Account, provided that any such transfer shall be made only if and to the extent that, after such deposit, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

(c) Permitted Investments acquired as an investment of moneys in each Fund or Account shall be credited to such Fund or Account. For the purpose of determining the amount in each such Fund or Account, all Permitted Investments credited thereto shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each March 15 and September 15.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee shall be entitled sell or present for redemption any Permitted Investments in any Fund or Account whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such Fund or Account, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section.

(e) The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment or liquidation of an investment hereunder.

(f) Each of the Authority and the Borrower acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Borrower the right to receive brokerage confirmations of security transactions as they occur, each of the Authority and the Borrower specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the Authority and the Borrower periodic cash transaction statements, which shall include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS

Section 6.01. Punctual Payment. The Authority shall, from and to the extent of the limited sources of payment specified herein, punctually pay or cause to be paid the principal of, and premium, if any, and interest on, all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof.

Section 6.02. Protection of Security and Rights of Owners. The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect all the rights of the Owners under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.03. Performance of Covenants. Subject to the provisions of Article VII, the Authority shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in each and every Bond and in all proceedings of the Authority pertaining thereto. Anything contained in this Indenture to the contrary notwithstanding, none of the covenants of the Authority contained in this Indenture are intended to create a general obligation of the Authority.

Section 6.04. Recordation or Filing of Security Instruments. Pursuant to the Loan Agreement, the Borrower has agreed that the Borrower will cause this Indenture, the Loan Agreement and all supplements hereto and thereto, as well as all security instruments, financing statements and all supplements thereto and other instruments as may be required, to be kept, recorded, registered and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the Owners and all rights of the Trustee hereunder. The Borrower shall file or cause to be filed continuation statements with regard to filed financing statements and neither the Authority nor the Trustee shall have any responsibility whatsoever with respect thereto.

Section 6.05. Rights Under the Loan Agreement. (a) Wherever in the Loan Agreement it is stated that the Borrower shall notify the Trustee, whenever the Loan Agreement gives the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, such part of the Loan Agreement shall be as though it were set out in this Indenture in full. The Trustee shall hold such documents, certificates or reports of the Borrower delivered to it in accordance with the Loan Agreement and, at the written request of an Owner, deliver such documents, certificates or reports to such Owner.

(b) Notwithstanding anything to the contrary in this Indenture, the Authority shall have no obligation to, and instead the Trustee, as assignee of the Loan Agreement, may enforce, in its name or in the name of the Authority, all rights of the Authority (other than the Reserved Rights of the Authority, the enforcement of which shall be reserved exclusively to the Authority and the Indemnified Persons, as the case may be) and all obligations of the Borrower under and pursuant to the Loan Agreement for and on behalf of the Owners, whether or not the Authority is in default hereunder.

Section 6.06. Tax Covenants. (a) Subject to the provisions of Article VII, the Authority shall not take any action, or fail to take any action reasonably within its control that is inconsistent

with the provisions of this Indenture, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2019 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2019 Bonds.

(b) Notwithstanding any provisions of this Section, if the Borrower shall provide to the Authority and the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2019 Bonds, the Authority and the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.07. Continuing Disclosure. The Borrower and the Dissemination Agent have entered into the Continuing Disclosure Agreement. Pursuant to the Loan Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements for the Series 2019 Bonds applicable pursuant to Securities and Exchange Commission Rule 15c2-12, and the Authority shall have no obligation, responsibility or liability to the Owners or any other Person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Borrower or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter, the Bond Owner Representative or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2019 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate to compel performance under the Continuing Disclosure Agreement, including seeking mandate or specific performance by court order.

Section 6.08. Credit Ratings and Bond Insurance Solicitations. (a) If so requested in a Written Request of the Bond Owner Representative, the Authority shall, not later than 60 days after receipt of such Written Request, commence to cooperate, and shall thereafter continue to cooperate, in the solicitation of a credit rating on one or more Series of Bonds from one or more nationally recognized bond rating agencies in order to obtain a credit rating on such Bonds. All reasonable and necessary out-of-pocket costs associated with such solicitation incurred by the Authority shall be the responsibility of the Bond Owner Representative and the Authority shall have no responsibility to pay any such costs or expenses.

(b) If so requested in a Written Request of the Bond Owner Representative, the Authority shall, not later than 60 days after receipt of such Written Request, commence to cooperate, and shall thereafter continue to cooperate, in the application for a municipal bond insurance policy for the Series 2019 Bonds from one or more bond insurers approved by the Bond Owner Representative. All reasonable and necessary out-of-pocket costs associated with such application incurred by the Authority, and the premium charged for any municipal bond insurance policy obtained as a result of such application, shall be the responsibility of the Bond Owner Representative and the Authority shall have no responsibility to pay any such costs, expenses or premium.

Section 6.09. Further Assurances. The Authority shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture. The Authority shall be under no obligation to prepare, record or file any such instruments or transfers or any obligation to pay for same.

ARTICLE VII

LIMITATIONS ON LIABILITY OF AUTHORITY

Section 7.01. No Pecuniary Liability of Authority. No agreements or provisions contained herein, or any agreement, covenant, or undertaking by the Authority in connection with the issuance, sale, and delivery of the Bonds shall give rise to any pecuniary liability of the Authority or a charge against its general credit, or shall obligate the Authority financially in any way, except as may be payable from the Trust Estate as provided in this Indenture. No failure by the Authority to comply with any term, covenant or agreement contained in the Bonds, this Indenture or the Loan Agreement, or in any document executed by the Authority in connection with the issuance and sale of the Bonds, shall subject the Authority to liability for any claim for damages, costs or other financial or pecuniary charges, except to the extent the same can be paid or recovered from the Trust Estate or other amounts derived under the Loan Agreement. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Authority for any failure to comply with any term, condition, covenant or agreement herein; provided, however, that no costs, expenses, or other monetary relief shall be recoverable from the Authority, except as may be payable from the Trust Estate or other amounts derived under the Loan Agreement. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Authority, or the breach thereof, shall constitute or give rise to a charge against the Authority's general credit. In making the agreements, provisions and covenants set forth in this Indenture, the Authority has not obligated itself, except with respect to the application of the Trust Estate or other amounts derived under the Loan Agreement.

Section 7.02. Reliance on Facts and Certificates. Anything in this Indenture to the contrary notwithstanding, the Authority shall be entitled to rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Authority by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Authority.

Section 7.03. Immunity of Authority's Directors, Agents, Etc. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Indenture, any other Authority Document or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Authority contained in any agreement, instrument, or certificate executed in connection with the issuance and sale of the Bonds, against any of the Indemnified Persons, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any of the Indemnified Persons, either directly or by reason of any of the obligations, covenants, promises or agreements entered into by the Authority with the Borrower or the Trustee, or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each of the Indemnified Persons is, by the execution of the Bonds, this Indenture and the other Authority Documents, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Indenture and the other Authority Documents, is expressly waived and released.

Section 7.04. Unrelated Bond Issues. The Authority has, prior to the issuance of the Series 2019 Bonds, issued, and subsequent to the issuance of the Series 2019 Bonds, the Authority expects to issue, various series of bonds, notes or other obligations in connection with the financing of other projects pursuant to the Act. Any pledge, mortgage, or assignment made in connection with any such other bonds, notes or other obligations, other than Additional Bonds, shall be protected, and any funds pledged or assigned for the payment of principal of, premium, if any, or interest on such other bonds, notes or other obligations shall not be used for the payment of principal premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on any such other bonds, notes or other obligations.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. (a) The following events shall be Events of Default:

(i) failure to pay in full the principal or Redemption Price of, or interest on, the Bonds as and when the same shall become due and payable;

(ii) failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in this Indenture or the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority and the Borrower by the Trustee, or to the Authority, the Borrower and the Trustee by the Bond Owner Representative; provided, however, that, if the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such 30 day period and the Authority shall thereafter diligently and in good faith cure such failure in a period of time reasonably determined by the Bond Owner Representative to be appropriate under the circumstances;

(iii) the Authority shall either (A) become insolvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due, (B) voluntarily commence any proceeding or file any petition under federal or State bankruptcy, insolvency or similar law seeking dissolution or reorganization or the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business, or (C) take any action for the purpose of effectuating any of the foregoing; and

(iv) the occurrence and continuance of a Loan Default Event.

(b) Upon obtaining actual knowledge of the existence of any Event of Default, the Trustee shall notify the Authority, the Borrower and the Bond Owner Representative in writing as soon as practicable, but in any event within three Business Days.

Section 8.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may and, at the Written Request of the Bond Owner Representative or the written direction of the Majority Owners, upon notice in writing to the Authority and the Borrower, shall declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately and, upon any such declaration the same shall become and shall be immediately due and payable Upon any such declaration of acceleration, the Authority and the Trustee shall immediately declare all Loan Payments under the Loan Agreement to be immediately due and payable as provided in Section 8.02 of the Loan Agreement.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the Borrower shall deposit with the Trustee a sum sufficient to pay all the principal of, and interest on, the Bonds payment of which is overdue, with interest on such overdue principal at the highest rate of interest borne by the Bonds, and the reasonable fees, charges and expenses of the Authority, the Trustee and, if applicable, the Bond Owner Representative, including those of their respective attorneys, and any and all other defaults (other than in the payment of principal of, and interest on, the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, if such declaration was made by the Trustee without direction from the Bond Owner Representative or the Owners, and the Trustee shall, upon receipt of a Written Request of the Bond Owner Representative or written notice by the Majority Owners, as applicable, which Written Request or written notice shall also be delivered to the Authority and the Borrower, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.03. Additional Remedies. Upon the occurrence and during the continuance of an Event of Default, the Trustee (or, in lieu thereof pursuant to Section 8.07, the Bond Owner Representative):

- (a) may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Authority and the Borrower, or either of them, under the Act, this Indenture, the Loan Agreement and the Security Documents, and may, by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the Trustee or the Owners under the Act, this Indenture, the Loan Agreement or the Security Documents;
- (b) may foreclose under the Deed of Trust on or against all or any portion of the Deed of Trust Property or any interest of the Borrower therein with the power of sale as and to the extent permitted of a mortgagee or beneficiary by the laws of the State, and exercise all of the rights and remedies with respect thereto under the Deed of Trust;
- (c) may, subject to the terms and provisions of the Deposit Account Control Agreement and any non-disturbance agreement, foreclose under the Security Documents and exercise all of the rights and remedies of a secured party under the Uniform Commercial Code with respect thereto, and realize upon the security interest in the Trust Estate and exercise all of the rights and remedies of a secured party under the Uniform Commercial Code with respect thereto;
- (d) may sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, for the enforcement of any of its rights, or the rights of the Owners hereunder, but any such judgment against the Authority shall be enforceable only against the Trust Estate; provided, however, that no recovery of any judgment by the Trustee shall in any manner or to any

extent affect the lien of this Indenture or any rights, powers or remedies of the Trustee hereunder, or any lien, rights, powers or remedies of the Owners of the Bonds, but such lien, rights, powers and remedies of the Trustee and of the Owners shall continue unimpaired as before; and

(e) may, subject to the provisions of the Loan Agreement, exercise any and all rights and pursue any and all remedies available pursuant to law or provided under the Loan Documents (other than the Reserved Rights of the Authority) upon a Loan Default Event.

Section 8.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee, to the Bond Owner Representative or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law and not otherwise limited by the terms hereof, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 8.05. Power of Trustee to Enforce. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee (or, in lieu thereof pursuant to Section 8.07, the Bond Owner Representative) without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee (or, in lieu thereof pursuant to Section 8.07, the Bond Owner Representative) shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 8.06. Application of Funds After Event of Default. If an Event of Default shall occur and be continuing, amounts held in the Funds and Accounts, all Loan Payments and any other amounts thereafter received by the Trustee under any of the provisions of this Indenture or the Loan Documents shall be applied as follows and in the following order:

first, to the payment of any expenses incurred by the Trustee, the Authority and the Bond Owner Representative necessary in the reasonable opinion thereof to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee, the Authority and the Bond Owner Representative (including reasonable fees and disbursements of their respective counsel) incurred in and about the performance of their respective powers and duties under this Indenture;

second, to the payment to the Persons entitled thereto of the principal of, and interest then due on, the Bonds, with interest on such amounts at the Default Rate, and, if the amount available shall not be sufficient to pay in full the principal of, and interest then due on, the Bonds, together with such interest, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or preference; and

third, any remaining amounts shall be transferred by the Trustee to the Loan Payment Fund.

Section 8.07. Direction of Remedies by Bond Owner Representative. Anything in this Indenture to the contrary notwithstanding, if an Event of Default shall have occurred and be continuing (a) the Bond Owner Representative, in its sole discretion, as evidenced by a Written Request of the Bond Owner Representative delivered to the Trustee, may, but shall not be required to, direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, or any other proceedings or remedies hereunder; provided, however, that (i) such direction shall not be otherwise than in accordance with the provisions hereof and applicable law, and (ii) except with respect to a declaration of the acceleration of the principal of and interest on the Bonds in accordance herewith, the Trustee shall not be required to act on any such Written Request of the Bond Owner Representative delivered to it unless indemnified to its reasonable satisfaction as provided in Section 9.03(h) and Section 9.07, and (b) the Bond Owner Representative, in its sole discretion, as evidenced by a Written Request of the Bond Owner Representative delivered to the Trustee, may, but shall not be required to (i) in lieu of the Trustee, exercise such one or more of the rights and powers conferred on the Trustee or the Owners by this Article, and (ii) exercise such other rights and powers granted to the Authority under this Indenture or the Loan Documents, either by a suit or suits in equity or in law for the enforcement of any appropriate equitable or legal remedy that the Bond Owner Representative shall deem most expedient in the interests of the Owners. Notwithstanding the foregoing, the provisions of this Section shall not apply to the Reserved Rights of the Authority, the enforcement of which shall be reserved exclusively to the Authority and the Indemnified Persons, as the case may be.

Section 8.08. Direction of Remedies by Owners; Limitations Thereon. (a) Subject to the provisions of Section 8.07, the Majority Owners shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of this Indenture, the Act and other applicable law, and, provided, further, that the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction. Notwithstanding the foregoing, the provisions of this Section shall not apply to the Reserved Rights of the Authority, the enforcement of which shall be reserved exclusively to the Authority and the Indemnified Persons, as the case may be.

(b) No Owner shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture or any applicable law, unless (i) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (ii) the Bond Owner Representative shall not have delivered to the Trustee a Written Request of the Bond Owner Representative pursuant to Section 8.07, (iii) such Owner shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (iv) such Owner shall have tendered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (v) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner any remedy hereunder or

under law, it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under the Bonds, this Indenture or applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of this Indenture.

Section 8.09. Termination of Proceedings. In case any proceedings taken by the Trustee (or, in lieu thereof pursuant to Section 8.07, the Bond Owner Representative) or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, the Bond Owner Representative or the Owners, then in every such case the Authority, the Trustee, the Bond Owner Representative and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee, the Bond Owner Representative and the Owners shall continue as though no such proceedings had been taken.

Section 8.10. Trustee to File Proofs of Claim in Receivership. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Trust Estate or the Borrower, the Authority or the Trustee shall, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings for the entire amount due and payable by the Authority under this Indenture at the date of the institution of such proceedings and for any additional amounts that may become due and payable by it after such date, without prejudice, however, to the right of any Owner to file a claim in his own behalf.

Section 8.11. Waivers. (a) At the Written Request of the Bond Owner Representative or the written direction of the Majority Owners, the Trustee shall, upon indemnification of the Trustee to its reasonable satisfaction, waive any default or Event of Default hereunder, other than an Event of Default under paragraph (a) of Section 8.01; provided, however, that such direction shall not be otherwise than in accordance with the provisions of this Indenture and other applicable law, and, provided, further, that the Trustee shall have the right to decline to follow any such Written Request or direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 8.12. Delay or Omission No Waiver. No delay or omission of the Trustee, the Bond Owner Representative or any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee, the Bond Owner Representative or the Owners may be exercised from time to time and as often as may be deemed expedient.

Section 8.13. No Waiver of One Default to Affect Another. No waiver of any default or Event of Default hereunder, whether by the Trustee, the Bond Owner Representative or the Owners, shall extend to or affect any subsequent or any other then existing default or Event of Default or shall impair any rights or remedies consequent thereon. Nothing in this Indenture shall

be deemed or construed to limit, impair or affect in any way the Authority's (or any Indemnified Person's) right to enforce the Reserved Rights of the Authority, regardless of whether there is then existing an Event of Default (including a payment default), or any action based thereon or occasioned by an Event of Default or alleged Event of Default, and regardless of any waiver or forbearance granted by the Trustee, the Bond Owner Representative or any Owner in respect thereof. Any default or Event of Default in respect of the Reserved Rights of the Authority may only be waived with the Authority's written consent.

ARTICLE IX

TRUSTEE

Section 9.01. Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 9.02. Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party hereto and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof that is (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company is) (i) a national banking association that is supervised by the Office of the Comptroller of the Currency, or (ii) a state-chartered commercial bank that is a member of the Federal Reserve System that, in either case, has at least \$500 million of assets. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Authority may, with the written consent of the Bond Owner Representative, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Bond Owner Representative, or (ii) the Trustee shall cease to be eligible in accordance with subsection (a) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Authority and the Borrower, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of subsection (a) of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(d) Upon removal or resignation of the Trustee, the Authority shall, upon receipt of (i) a Written Request of the Borrower approved in writing by the Bond Owner Representative, or (ii) if the Borrower has not submitted such a Written Request within ten days after such removal or

resignation, a Written Request of the Bond Owner Representative, promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may, at the expense of the Borrower, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority, the Borrower and the Bond Owner Representative and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall, upon payment of all amounts owed to it hereunder, execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall, within 15 days after such acceptance, mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under subsection (a) of this Section shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 9.03. Liability of Trustee. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the Authority or others in accordance with this Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(d) No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(f) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents. Such immunities and protections shall survive the Trustee's resignation or removal and final payment of the Bonds.

(h) Before taking action under Article VIII, this Article or otherwise taking any discretionary act hereunder upon the direction of the Bond Owner Representative or the Majority Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bond Owner Representative or the Majority Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(j) The Trustee shall be under no responsibility or duty with respect to the application of any moneys paid to the Authority, the Borrower or others in accordance with this Indenture or the Loan Agreement, except as to the application of any moneys paid to it in its capacity as Trustee.

(k) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(l) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(m) The Trustee shall not be responsible for the recording or rerecording, filing or refiling of this Indenture or any security agreement in connection therewith or for the sufficiency of the security of the Bonds. The Trustee shall have no obligation to file any financing statements or continuation or amendments thereof. The Trustee shall not be required to give any bond or surety in respect to the execution of its trusts and powers hereunder.

(n) The permissive right of the Trustee to act pursuant to this Indenture shall not be construed as a duty.

(o) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever, including loss of profit, irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(p) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts or war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer software or computer hardware services.

(q) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless it has actual knowledge thereof

Section 9.04. Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any Written Certificate, Written Request, notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the Borrower elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's good faith understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's good faith reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority or the Borrower, as the case may be, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

(c) Whenever in the administration of the duties imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written

Certificate of the Authority, a Written Request of the Authority, a Written Certificate of the Borrower, a Written Request of the Borrower, a Written Certificate of the Bond Owner Representative or a Written Request of the Bond Owner Representative, as applicable, and such Written Certificate or Written Request shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate or Written Request, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(d) The Trustee may consult with counsel of its selection, which may be counsel of or to the Authority with respect to any action proposed to be taken or not taken by the Trustee hereunder or any action that the Trustee is requested to take or not take hereunder, including the Trustee's execution and delivery of a Supplemental Indenture pursuant to Section 11.01 and the Trustee's consent to amendments, supplements or modifications to a Loan Document pursuant to Section 11.05. The Trustee may obtain and act upon such advice of counsel or, if the Trustee determines that such is necessary or appropriate under the circumstances, an Opinion of Counsel, including, where appropriate, an Opinion of Bond Counsel, and the written advice of such counsel, such Opinion of Counsel or such Opinion of Bond Counsel, as applicable, shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon; provided, however, that at any time the Trustee is to receive an Opinion of Counsel or Opinion of Bond Counsel upon which it will rely, the Trustee shall request that the Authority be named as an addressee of such Opinion of Counsel or Opinion of Bond Counsel. If the Trustee is informed that counsel will not name the Authority as an addressee of such opinion, the Trustee shall promptly send notice thereof to the Authority, and the Trustee shall refrain from acting upon any such opinion for a period of three Business Days, unless in the judgement of the Trustee such delay would adversely affect the interests of the Owners. Notwithstanding anything to the contrary, in no event shall any failure by the Trustee to request that the Authority be named an addressee of an Opinion of Counsel, or to provide such notice to the Authority in accordance with the foregoing, prevent the Trustee from taking any act or refraining from taking any act that in the opinion of the Trustee is in the best interests of the Owners.

Section 9.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with reasonable corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the moneys received by it and all Funds and Accounts. Such books of record and account shall be available for inspection by the Authority, the Borrower and the Bond Owner Representative during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Borrower a monthly accounting of the Funds and Accounts; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Section 9.06. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall, during business hours and upon reasonable notice, be subject to the inspection of the Authority, the Borrower, the Bond Owner Representative and their agents and representatives duly authorized in writing.

Section 9.07. Compensation and Indemnification. The Trustee shall be entitled to receive and collect from the Borrower, as provided in Section 6.24 of the Loan Agreement, all reasonable compensation for all services rendered by the Trustee hereunder, and also all reasonable expenses and charges of the Trustee, and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under hereunder. The Trustee and its officers, directors and employees shall be indemnified and held harmless by the Borrower, as and to the extent provided in Section 6.24 of the Loan Agreement.

ARTICLE X

BOND OWNER REPRESENTATIVE

Section 10.01. Appointment of Bond Owner Representative. (a) The initial Bond Owner Representative shall be PHC. PHC shall serve as the Bond Owner Representative until (i) PHC resigns as the Bond Owner Representative as provided herein, or (ii) PHC (A) is the Owner of less than 25% of the Outstanding Bonds, and (B) is removed as the Bond Owner Representative as provided herein.

(b) The Bond Owner Representative (i) shall have such rights as are set forth therefor in this Indenture and the Loan Documents, and (ii) shall be the sole representative of the Owners of the Bonds to give any consents, authorizations or approvals hereunder, exercise any rights or direct remedies hereunder or take any other action as may be taken by the Owners under this Indenture.

(c) So long as PHC is the Owner of 25% or more of the principal amount of the Outstanding Bonds, PHC may not be removed as Bond Owner Representative. During any period in which PHC is not the Owner of 25% or more of the principal amount of the Outstanding Bonds, the Majority Owners may remove the Bond Owner Representative, by giving signed, written notice of such removal to the Authority, the Trustee, the Borrower and the Bond Owner Representative, which removal shall become effective upon receipt of such written notice by the Authority, the Trustee, the Borrower and the Bond Owner Representative. The Bond Owner Representative may at any time resign by giving at least 30 days' written notice of such resignation to the Authority, the Trustee and the Borrower. Upon removal or resignation of the Bond Owner Representative, the Majority Owners may, but shall not be required to, appoint a successor Bond Owner Representative, by giving signed, written notice of such appointment to the Authority, the Trustee and the Borrower, which appointment shall become effective upon receipt of such written notice by the Authority, the Trustee and the Borrower. During any period in which no Bond Owner Representative has been appointed as provided herein, references in the Bond Documents and the Loan Documents to the Bond Owner Representative shall be deemed to be references to the Majority Owners.

(d) Any successor Bond Owner Representative shall automatically become a party to each agreement to which the Bond Owner Representative is a party without the execution or filing of any paper or the performance of any further act.

Section 10.02. Notices and Reporting Obligations. The appointment of a Bond Owner Representative shall in no way affect any reporting or notice requirements to the Owners hereunder or under the Bond Documents, except that such Bond Owner Representative shall also receive copies of all such reports and notices.

Section 10.03. Limitation of Liability; Indemnification. (a) The Bond Owner Representative (and its officers, directors, employees agents and representatives) shall not be liable to the Owners of the Bonds for any act or omission in its capacity as Bond Owner Representative unless it is determined by a court of competent jurisdiction by a final and non-appealable order that the Bond Owner Representative engaged in fraud or that its actions constituted gross negligence or willful misconduct. The Bond Owner Representative shall be entitled to treat as

genuine any letter or other document furnished to it in its capacity as Bond Owner Representative that it believed to be genuine and to have been signed and presented by the proper party or parties.

(b) The Bond Owner Representative, and its officers, directors, employees agents and representatives, shall, as and to the extent provided in Section 6.24 of the Loan Agreement, be indemnified and held harmless by the Borrower against any claims, damages, judgments, loss, liability, cost or expense (including attorney's fees and costs) that it may incur in the exercise and performance of its powers and duties hereunder, under any other Bond Document or under any Loan Document, including the enforcement of any remedies and the defense of any suit, and that are not due to the Bond Owner Representative's gross negligence or its willful misconduct, including any costs or expenses of the Bond Owner Representative in having to indemnify the Trustee for any actions it takes hereunder or under any Bond Document or Loan Document.

Section 10.04. Permissive Right. The permissive right of the Bond Owner Representative to act pursuant to this Indenture shall not be construed as a duty, and the Bond Owner Representative shall not be answerable with respect to any such permissive right other than for its gross negligence or willful misconduct that the Bond Owner Representative is finally adjudicated (sustained on appeal, if any) by a court of competent jurisdiction to have committed. The Bond Owner Representative shall have no duties, including no fiduciary or contractual duties, to any Person unless such duties are expressly set forth in this Indenture, and no such duties shall be implied or imposed under any principle of equity. Whenever any Bond Document or Loan Document makes reference to obtaining or granting Bond Owner Representative consent or approval, such consent or approval may be granted or withheld by the Bond Owner Representative in its sole, absolute and unreviewable discretion.

Section 10.05. Arbitration. Any action, claim or proceeding brought against the Bond Owner Representative by the Owners, or by any other party to the Bond Documents or Loan Documents other than the Trustee or the Authority, shall be determined by arbitration administered by the American Arbitration Association and governed by its arbitration rules in effect as of the date of this Indenture, subject to any modifications contained herein. The number of arbitrators shall be three. The place of arbitration shall be New York, New York, and any and all awards and other decisions shall be deemed to have been made there, without prejudice to the right of the arbitral tribunal to hold hearings, meetings, or sessions any place it deems appropriate. The language of the arbitration shall be English. All and any awards or other decisions of the arbitral tribunal shall be final and binding on the parties to such arbitration. The parties to any such arbitration consent to the jurisdiction of the courts of the state of New York to confirm an arbitration award.

ARTICLE XI

SUPPLEMENTAL INDENTURES; AMENDMENTS OF LOAN DOCUMENTS

Section 11.01. Supplemental Indentures. (a) This Indenture and the rights and obligations of the Authority, the Trustee, the Borrower, the Bond Owner Representative and the Owners hereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into when there is filed with the Trustee the written consent of the Bond Owner Representative. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, this Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, this Indenture, except as expressly provided in this Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) materially adversely affect the rights or obligations of the Borrower, without the prior written consent of the Borrower, or (iv) modify or amend this Section without the prior written consent of the Owners of all Bonds then Outstanding.

(b) This Indenture and the rights and obligations of the Authority, the Trustee, the Borrower, the Bond Owner Representative and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into with prior notice to the Borrower and the Bond Owner Representative, but without the consent of the Bond Owner Representative or any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or any portion thereof, or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Sections 3.03 and 3.04;

(iv) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) to cause interest on the Tax-Exempt Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder.

(c) No Supplemental Indenture that would materially affect the rights or obligations of the Borrower hereunder shall be entered into by the Authority and the Trustee without the prior written consent of the Borrower, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) The Trustee may in its discretion, but shall not be obligated to, enter into a Supplemental Indenture that materially adversely affects the Trustee's rights, duties or immunities under this Indenture.

(e) Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice, by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Borrower and to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Section 11.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee, the Borrower, the Bond Owner Representative and the Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to this Article may bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform to any modification or amendment contained in such Supplemental Indenture shall be prepared and executed by the Authority and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount shall be exchanged for such Owner's Bond so surrendered.

Section 11.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

Section 11.05. Amendments, Supplements or Modifications to Loan Documents. (a) Except for the amendments, supplements or modifications authorized pursuant to subsection (b)

of this Section, neither the Authority nor the Trustee shall enter into or agree or consent to any amendment, supplement or other modification to any Loan Document unless there is filed with the Trustee the written consent of the Bond Owner Representative. No such amendment, modification or supplement shall (i) have the effect of extending the time for payment or reduce any amount payable by the Borrower under such Loan Document, without the consent of the Owner of each Bond affected thereby, (ii) permit the creation of any lien on, security interest in or charge or other encumbrance upon the assets, a lien on, security interest in or charge or other encumbrance upon which is created under any Loan Document, prior to or on a parity with such lien, security interest, charge or other encumbrance created by such Loan Document or deprive the Trustee of the lien, security interest, charge or other encumbrance created by such Loan Document, except as expressly provided therein, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend this Section without the prior written consent of the Owners of all Bonds then Outstanding.

(b) The Authority and the Trustee may also enter into or agree or consent to an amendment, supplement or other modification to any Loan Document with prior notice to the Bond Owner Representative, but without the consent of the Bond Owner Representative or any Owners for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Borrower or other party thereto in such Loan Document contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security thereunder, or to surrender any right or power herein reserved to or conferred upon the Borrower or such other party;
- (ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in such Loan Document, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;
- (iii) to make such amendment, supplement or other modification as may be required by the provisions of the Loan Documents or this Indenture;
- (iv) to make provision for or accommodate the issuance of one or more Series of Additional Bonds, subject to and in accordance with the provisions of Sections 3.03 and 3.04;
- (v) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;
- (vi) to cause interest on the Tax-Exempt Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and
- (vii) in any other respect whatsoever as the Authority or the Trustee may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners.

(c) Promptly after the execution of any amendment, supplement or modification to a Loan Document executed in accordance with the provisions of this Section, the Trustee shall mail a notice, by first class mail postage prepaid, setting forth in general terms the substance of such

amendment, supplement or modification, to the Borrower and to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or modification.

ARTICLE XII

DEFEASANCE

Section 12.01. Discharge of Indenture. (a) If (i) the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, and (ii) all amounts payable to the Indemnified Persons, the Bond Owner Representative and the Trustee hereunder and under the Loan Agreement, and all other Administrative Costs then due and payable, have been paid in full, then the Owners shall cease to be entitled to the pledge of the Trust Estate, and all agreements, covenants and other obligations of the Authority hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority, the Borrower and the Bond Owner Representative all such instruments as the Authority may request to evidence such discharge and satisfaction, and the Trustee shall, upon receipt of a Written Request of the Borrower directing the Trustee to do so, pay over or deliver to the Borrower all money or securities held by it pursuant hereto that are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this Section, when any Bond shall have been paid and if, at the time of such payment, the Authority shall have kept, performed and observed all of the covenants and promises in the Bonds and in this Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Trust Estate, and all agreements, covenants and other obligations of the Authority as to such Bond hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of this Indenture or the discharge and satisfaction of this Indenture in respect of any Bond, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the duties of the Trustee in connection with all of the foregoing, the rights of the Trustee under Article IX hereof shall remain in effect and shall be binding upon the Trustee and the Owners of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

Section 12.02. Bonds Deemed to Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond, the payment of the interest thereon to the maturity or redemption date thereof, and the payment of the premium, if any, thereon, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 12.01. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 12.01 if (i) in case any of such Bonds are to be redeemed on any date prior to such Bond's maturity date, the Authority, pursuant to a Written Request of the Borrower, shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with

the provisions of Section 4.06, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with Section 4.06, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Authority, at the written request of the Borrower, shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of subsection (a) of this Section unless the Borrower shall have caused to be delivered to the Authority, the Trustee, the Borrower and the Bond Owner Representative (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority, the Trustee and the Borrower, in form and in substance acceptable to the Authority, the Borrower and the Bond Owner Representative, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Authority, the Borrower and the Bond Owner Representative and shall provide (A) that no substitution of Defeasance Securities shall be permitted except with (I) other Defeasance Securities and upon delivery of a new Verification Report, and (II) the prior written consent of the Borrower, and the Bond Owner Representative, and (B) that no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report, and (iii) a copy of an Opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Authority, the Trustee and the Borrower, in form and in substance acceptable to the Authority, the Borrower and the Bond Owner Representative, to the effect that such Bond has been paid within the meaning and with the effect expressed in this Indenture, this Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the Authority hereunder as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

Section 12.03. Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bond that remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the Borrower as its absolute property, subject to any claim, cause of action, judgment or attachment of or by the Authority or any Indemnified Person in respect of the Reserved Rights of the Authority, but otherwise free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Borrower for the payment of such principal, premium or interest.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Authority:

California Municipal Finance Authority
2111 Palomar Airport Road, Suite 320
Carlsbad, California 92011
Attention: Financial Advisor

with a copy to:

Jones Hall, a Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Ron Lee

If to the Trustee:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust

If to the Bond Owner Representative:

Preston Hollow Capital, LLC
1717 Main Street, Suite 3900
Dallas, Texas 75201
Attention: General Counsel/Director of Operations

If to the Borrower:

Holy Names University
3500 Mountain Boulevard
Oakland, California 94619
Attention: Vice President for Finance and Administration

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States

mail, (c) if given by electronic mail, on the date sent, but only if confirmation of the receipt of such electronic mail is received or if notice is concurrently sent by another means specified herein, and (d) if given by any other means, upon delivery at the address specified in this Section.

Section 13.02. Limitation of Rights. With the exception of rights herein expressly conferred on the Borrower, nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Authority and the Owners any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Authority and the Owners.

Section 13.03. Third-Party Beneficiaries. Each of (a) each Indemnified Person, other than the Authority, (b) the Borrower, and (c) the Bond Owner Representative shall each be considered to be a third-party beneficiary of this Indenture. Nothing in this Indenture shall confer any right upon any person other than the parties hereto and the specifically designated third party beneficiaries of this Indenture.

Section 13.04. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.05. Disposition of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, dispose of such Bonds in accordance with its customary procedures.

Section 13.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 13.07. Evidence of Rights of Owners. (a) Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer

of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(c) The ownership of Bonds shall be proved by the Registration Books.

(d) Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 13.08. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the Borrower, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Borrower or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Borrower or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 13.09. Money Held for Particular Bonds. The money held by the Trustee for the payment of the amount due on any particular date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 12.03 but without any liability for interest thereon.

Section 13.10. Funds and Accounts. Any Fund or Account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a Fund or as an Account; but all such records with respect to all such Funds and Accounts shall at all times be maintained in accordance with reasonable corporate trust industry standards to the extent practicable, and with due regard for the requirements hereof and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional Funds or Accounts as it deems necessary to perform its obligations hereunder.

Section 13.11. Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 13.12. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies,

telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 13.13. Waiver of Personal Liability. No director, member, officer, agent, counsel, consultant or employee of the Authority shall be individually or personally liable for the payment of the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such director, member officer, agent, counsel, consultant or employee from the performance of any official duty provided by law or by this Indenture.

Section 13.14. Governing Law and Venue. This Indenture shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State. This Indenture shall be enforceable in the State, and any action arising hereunder shall, unless waived by the Authority in writing, be filed and maintained in the Superior Court of California, County of San Diego.

Section 13.15. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the Authority has caused this Indenture to be signed in its name by its representative thereunto duly authorized, and the Trustee has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

**CALIFORNIA MUNICIPAL FINANCE
AUTHORITY**

By: _____
Authorized Signatory

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

By: _____
Authorized Officer

EXHIBIT A
MASTER DEFINITIONS

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code, exempt from the payment of federal income tax under Section 501(a) of the Code.

“Accountant” means any independent public accounting firm (which may be the firm of accountants who regularly audit the books and accounts of the Borrower) from time to time selected by the Borrower and approved by the Bond Owner Representative; provided, however, that Hood & Strong LLP is an approved Accountant.

“Accounts” means the accounts from time to time established pursuant to the Indenture in any of the Funds established and held by the Trustee pursuant to the Indenture.

“Accredited Investor” means an “accredited investor” as defined in Section 501(a) of Regulation D promulgated under the Securities Act.

“Act” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code.

“Additional Bonds” means Bonds other than Series 2019 Bonds issued under the Indenture in accordance with the provisions of Sections 3.03 and 3.04 thereof.

“Additional Payments” means the amounts required to be paid by the Borrower to the Authority, the Trustee, the Bond Owner Representative or other Person, as applicable, pursuant to Section 4.02 of the Loan Agreement.

“Administrative Costs” means (a) any and all reasonable costs and expenses of the Authority, including reasonable attorneys’ fees and costs, but excluding Extraordinary Costs, incurred by the Authority (i) in connection with the authorization, issuance, sale and delivery of the Series 2019 Bonds, (ii) in collecting, compromising and enforcing payment of the Loan Payments, (iii) in preserving, exercising and enforcing the rights and remedies under the Bond Documents or the Loan Documents, (iv) in protecting, defending and preserving the validity and priority of the Liens and security interests granted under the Loan Agreement, the Indenture or the Security Documents, (v) in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations, and (vi) otherwise in connection with the administration of the Bond Documents or the Loan Documents, (b) all compensation of the Trustee for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Indenture, as provided in Section 9.07 of the Indenture, (c) any and all reasonable costs and expenses of the Bond Owner Representative, including reasonable attorneys’ fees and costs, incurred by the Bond Owner Representative (i) in collecting, compromising and enforcing payment of the Loan Payments, (ii) in preserving, exercising and enforcing the rights and remedies under the Bond Documents or the Loan Documents, (iii) in protecting, defending and preserving the validity and priority of the Liens and security interests granted under the Loan Agreement, the Indenture or the Security Documents, (iv) in connection with the reasonable supervision or inspection of the Borrower, its properties,

assets or operations, and (v) otherwise in connection with the administration of the Bond Documents or the Loan Documents, and (d) the reasonable fees and expenses of such Accountants, rebate analysts, consultants, attorneys and other experts as may be engaged by the Authority, the Trustee or the Bond Owner Representative in connection with the performance of their respective duties, or pursuit of their respective rights, under the Loan Agreement or the Indenture and to prepare audits, financial statements, reports, opinions or provide such other services required under the Bond Documents or the Loan Documents, including, but not limited to, any audit or inquiry by the Internal Revenue Service or any other governmental body.

“Affiliate” means, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, another Person. For the purpose of this definition, “control” means having (a) direct or indirect power to direct or cause the direction of the management or policies of a non-natural Person (including the right to veto policy decisions), whether through the ownership of voting interests, by agreement, or otherwise, or (b) a family relationship to a natural Person.

“Annual Debt Service” means, with respect to any particular Outstanding Bonds, for any Fiscal Year, the Debt Service on such Bonds for such Fiscal Year.

“Assumed Debt Service” means, with respect to Indebtedness of the Borrower, for any Fiscal Year, the Debt Service on such Indebtedness for such Fiscal Year; provided, however, that, for purposes of calculating Assumed Debt Service for such Fiscal Year (a) to the extent that amounts of capitalized interest, and the anticipated investment earnings with respect thereto based on a reasonably determined rate of return, will be available to pay all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Assumed Debt Service for such Fiscal Year, and (b) to the extent that anticipated investment earnings on amounts on deposit in a reserve fund established for such Indebtedness, based on a reasonably determined rate of return, will be available to pay all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Assumed Debt Service for such Fiscal Year; provided, however, that, for such purposes, Debt Service for such Fiscal Year on Short-Term Indebtedness incurred pursuant to Section 6.07 of the Loan Agreement shall be excluded from Assumed Debt Service.

“Authority” means the California Municipal Finance Authority, a joint exercise of powers authority organized and existing under the laws of the State of California, and any successor thereto.

“Authority Annual Fee” means (a) for the initial Authority Fee, the greater of (i) 0.015% of the aggregate principal amount of the Series 2019 Bonds issued on the Closing Date, or (ii) \$500, and (b) for the Authority Annual Fee for each annual period from the anniversary of the Closing Date to but not including the next succeeding anniversary of the Closing Date, commencing with the annual period that begins on the first anniversary of the Closing Date, the greater of (i) 0.015% of the aggregate principal amount of the Series 2019 Bonds Outstanding on the first day of the month in which the anniversary of the Closing Date occurs, or (ii) \$500.

“Authority Documents” means the Bond Documents and the Loan Documents to which the Authority is a party and the certificates, documents or agreements executed by the Authority in connection therewith.

“Authority Issuance Fee” means the fee payable to the Authority upon the issuance of the Series 2019 Bonds, which fee is in the amount of \$37,000.

“Authorized Denominations” means (a) with respect to the Series 2019 Bonds and the (i) prior to the Unrestricted Transfer Date, \$25,000 and integral multiples of \$5,000 in excess thereof, and (ii) from and after the Unrestricted Transfer Date, \$5,000 and integral multiples of \$5,000 in excess thereof, and (b) with respect to each Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

“Authorized Expenditures” means (a) capital and working capital expenditures of the Borrower for enrollment management, branding, marketing, website improvements and academic program development, and (b) expenditures for operating expenses of the Borrower; provided however, that Authorized Expenditures shall not include (i) capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, including the Borrower’s Religious Activities Department, during the useful life of such facilities, (ii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, including the Borrower’s Religious Activities Department, or (iii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any sectarian instruction or religious worship or any program of a school or department of divinity, including the Borrower’s Religious Activities Department.

“Authorized Representative” means (a) in the case of the Borrower, the President or the Vice President for Finance and Administration of the Borrower, and any other Person designated as an Authorized Representative of the Borrower in a Written Certificate of the Borrower filed with the Trustee, (b) in the case of the Authority, any member of the Board of Directors of the Authority or the Executive Director of the Authority, and any other Person designated as an Authorized Representative of the Authority in a Written Certificate of the Authority filed with the Trustee, and (c) in the case of the Bond Owner Representative, the President, Secretary, Assistant Secretary, Managing Director or General Counsel of the Bond Owner Representative, and any other Person designated as an Authorized Representative of the Bond Owner Representative in a Written Certificate of the Bond Owner Representative filed with the Trustee.

“Beneficial Owners” means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

“Bond Counsel” means a firm of attorneys, selected by the Authority and acceptable to the Bond Owner Representative, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bond Documents” means the Indenture, the Series 2019 Bonds, the Loan Agreement, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Security Documents and the Tax Certificate.

“Bond Owner Representative” means (a) initially, PHC, and (b) any successor thereto as Bond Owner Representative substituted in its place as provided in Article X of the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated _____, 2019, by and among the Authority, the Borrower and Loop Capital Markets LLC.

“Bonds” means the California Municipal Finance Authority Revenue Bonds (Holy Names University) issued under the Indenture, including the Series 2019 Bonds and any Additional Bonds.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.08 of the Indenture.

“Borrower” means (a) Holy Names University, a nonprofit public benefit corporation organized and existing under the laws of the State of California, or (b) any surviving, resulting or transferee corporation, as provided in Section 6.01 of the Loan Agreement.

“Borrower Documents” means the Loan Agreement, the Tax Certificate, the Security Documents, the Bond Purchase Agreement, the Continuing Disclosure Agreement and any certificates, documents or agreements executed in conjunction therewith.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State of New York, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Capital Lease” means a lease (as such term defined for purposes of General Accepted Accounting Principles) that is required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles; provided, however, that “Capital Lease” shall not include any lease that, if such lease had been entered into on the Closing Date, would not have been required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles in effect on the Closing Date, regardless of whether such lease would be required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles in effect on the date of determining whether or not such lease constitutes a Capital Lease.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“Closing Date” means the date upon which the Series 2019 Bonds are delivered to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, all applicable regulations under that Code and the statutory predecessor of the Code, whether proposed, temporary or final, and any official rulings and judicial determinations under the foregoing.

“Common Control Entity” means an entity that is a member of a “controlled group of corporations” with, or is under “common control” with, the Borrower as defined in Section 414(b) or Section 414(c), as applicable, of the Code.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the Closing Date, by and between the Borrower and Digital Assurance Certification, LLC, as Dissemination Agent, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Indenture.

“Costs of Issuance” means the items of expense relating to the authorization, sale and issuance of Bonds, including travel expenses, printing costs, costs of reproducing documents, computer fees and expenses, filing and recording fees, initial fees and charges of the Trustee, the Authority (including the Authority Issuance Fee and the initial Authority Annual Fee), the Borrower and the Bond Owner Representative, legal fees and charges, consulting fees and charges, real estate advisory fees and expenses, auditing fees and expenses, financial advisor’s fees and charges, underwriting fees, if any, costs of credit ratings, fees and charges for the execution, transportation and safekeeping of Bonds and any other administrative or other costs of issuing, securing, carrying and the Bonds and the preparation of the Bond Documents, the Loan Documents, the Security Documents and all other documents in connection therewith.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.02 of the Indenture.

“Debt Service” means, with respect to any particular Indebtedness, including the Bonds, for any Fiscal Year, the sum of (a) the interest due on such Indebtedness in such Fiscal Year, assuming that the principal, installment purchase, lease or similar payments, as applicable, with respect to such Indebtedness are paid as and when due and payable pursuant to the terms thereof and the terms of the agreement, contract, indenture or other document or instrument, howsoever denominated, pursuant to which such Indebtedness is issued or incurred, and (b) the principal, installment purchase, lease or similar payments, as applicable, with respect to such Indebtedness due and payable in such Fiscal Year pursuant to the terms thereof and the terms of the agreement, contract, indenture or other document or instrument, howsoever denominated, pursuant to which such Indebtedness is issued or incurred.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.05 of the Indenture.

“Deed of Trust” means the Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement, dated as of September 1, 2019, from the Borrower for the benefit of the Trustee, relating to the Facilities, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms of the Indenture, the Loan Agreement and thereof.

“Deed of Trust Property” means, at any time, the property described in Exhibit A to the Deed of Trust, including any and all improvements and fixtures located thereon and any and all easements and other property rights granted or conveyed for the benefit of such property.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Default Rate” means (a) with respect to the Series 2019 Bonds, the lesser of (i) the rate of 10.00% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to each Series of Additional Bonds, the rate, if any, specified in the Supplemental Indenture pursuant to which the Bonds of such Series are issued.

“Deposit Account Control Agreement” means the Deposit Account Control Agreement, by and among the Trustee, the Borrower and the Depository Bank, relating to the Gross Revenue Fund, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Loan Agreement.

“Depository” means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.08 of the Indenture.

“Depository Bank” means the depository banking institution selected by the Borrower, and reasonably satisfactory to the Trustee and the Bond Owner Representative, to serve as depository bank under the Deposit Account Control Agreement.

“Derivative Instruments” means interest rate exchange agreements, hedges or similar arrangement, including an interest rate swaps, asset swaps, constant maturity swaps, forward or futures contracts, caps, collars, options, floors, forward or other hedging agreements, arrangements or security, direct funding transaction or other derivatives, howsoever denominated and whether entered into on a current or forward basis.

“Determination of Taxability” means a determination that interest accrued or paid on any Tax-Exempt Bonds is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of (a) the date on which any Owner or Beneficial Owner is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes, (b) the date on which the Authority or the Borrower receives notice from an Owner or Beneficial Owner that such Owner or Beneficial Owner has been advised (i) in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Owner or Beneficial Owner which asserts, in effect, that interest on the Tax-Exempt Bonds received by such Owner or Beneficial Owner is included

in the gross income of such Owner or Beneficial Owner for federal income tax purposes, or (ii) by an Opinion of Bond Counsel received by such Owner or Beneficial Owner that concludes, in effect, that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes, (c) the day on which the Authority is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on Tax-Exempt Bonds is included in gross income for federal income tax purposes, or (d) the day on which the Authority is advised in writing by counsel to an Owner or Beneficial Owner that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Authority and the Borrower have been given written notice and an opportunity to participate and defend that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; provided, however, that Determination of Taxability shall not include any such determination that is solely the result of a change in the Code.

“Dissemination Agent” means Digital Assurance Certification, LLC, as dissemination agent under the Continuing Disclosure Agreement, or any successor thereto as dissemination agent under the Continuing Disclosure Agreement substituted in its place as provided in the Indenture.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

“Endowment” means a donation of money or property to the Borrower, the corpus of which and the resulting income from which is restricted to being used for one or more specified purpose.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Plan” means any “employee pension benefit plan” (as such term is defined in ERISA) from time to time in effect for the benefit of employees of the Borrower.

“Event of Default” means any event specified in Section 8.01 of the Indenture.

“Expenditure Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.03 of the Indenture.

“Extraordinary and One-Time Expenses” means (a) any material expense incurred by the University to implement its strategic business plan (as described in the Limited Offering Memorandum, dated _____, 2019, relating to the Series 2019 Bonds) paid with amounts withdrawn by the University from the Expenditure Fund, other than any such expense that is required to be capitalized for purposes of Generally Accepted Accounting Principles, and (b) any other expense approved in writing by the Bond Owner Representative, which approval shall not be unreasonably withheld, conditioned or delayed (i) the underlying event or transaction with respect to which possesses a high degree of abnormality and is of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the Borrower, taking into account the environment in which the Borrower operates, or (ii) the underlying event or transaction with respect to which is of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the Borrower operates.

“Facilities” means the all of the real and personal property constituting Holy Names University in Oakland, California, including furniture, fixtures and equipment therein, thereon or related thereto, as the same may be improved, expanded, reconstructed, replaced, repaired, restored or rebuilt.

“Fair Market Value” means, with respect to the valuation of the Deed of Trust Property or portions thereof (a) so long as PHC is the Bond Owner Representative, the value thereof established by any method or combination of methods reasonably acceptable to the Bond Owner Representative, including real estate brokers’ opinions of value, prior Qualified Appraisal Reports or new Qualified Appraisal Reports, and (b) if PHC is no longer the Bond Owner Representative, the value thereof as set forth in a Qualified Appraisal Report.

“Fiscal Year” means the Borrower’s fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year, or any other 12-month period selected and designated as the fiscal year of the Borrower.

“Funds” means the separate special funds from time to time established and held by the Trustee pursuant to the Indenture.

“Generally Accepted Accounting Principles” means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting that have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented and amended.

“Governmental Authority” means any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi-governmental authority with jurisdiction over the property or the Person in question.

“Gross Revenue Fund” means the fund by that name established and maintained by the Borrower with the Depository Bank pursuant to Section 4.05 of the Loan Agreement.

“Gross Revenues” means all moneys, fees, rates, receipts, rentals, charges, issues and income received by or on behalf of the Borrower derived from the operations of the Borrower or the operation of the Facilities or any other source whatsoever, including gifts, grants, bequests, donations and contributions, moneys received from the operation of the Borrower’s business or the possession or operation of its real and personal properties, indirect cost recovery payments under research grant agreements, insurance proceeds or condemnation awards, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of the same whether now owned or held or hereafter coming into being, but excluding (a) gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on Indebtedness) and the income derived therefrom to the extent required by such gift, grant, bequest, donation or contribution, (b) any unrealized gains and losses on investments of the Borrower.

“Hazardous Materials” means any substance or material that is now or in the future included within the definitions of “hazardous substances,” “hazardous materials,” “toxic

substances,” “pollutant,” “contaminant,” “hazardous waste,” or “universal waste,” or in any Hazardous Materials Law, including (a) petroleum or petroleum derivatives, including crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or waste, and waste water, (b) asbestos and asbestos-containing materials (whether friable or non-friable), (c) polychlorinated biphenyls, (d) urea formaldehyde, (e) lead and lead based paint or other lead containing materials (whether friable or non-friable), (f) microbiological pollutants, (g) batteries or liquid solvents or similar chemicals, (h) radon gas, and (i) pesticides and pesticide contaminated materials. The term “Hazardous Materials” shall not include (i) chemicals, lubricants, refrigerants, batteries and other substances kept in amounts typical for, and used as, standard janitorial supplies, office and household supplies, and the like in connection with the routine maintenance and operation of projects similar to the Facilities, to the extent kept, used and maintained in strict compliance with all such applicable Hazardous Materials Laws, (ii) gasoline, oil and other automotive products kept and used in an ordinary manner in or for the use of motor vehicles at the Facilities, or (iii) any substance or material that would otherwise be a Hazardous Material in environmental media (air, soil or water) in concentrations that does not require release reporting, monitoring or investigation under Hazardous Materials Laws or removal or remediation of Hazardous Materials.

“Hazardous Materials Laws” means any and all applicable statutes, terms, conditions, limitations, restrictions, regulations, standards, prohibitions, obligations, schedules, plans, and timetables that are contained in or promulgated pursuant to any federal, state or local laws, whether existing now or hereinafter enacted, relating to pollution or the protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of Hazardous Materials into ambient or indoor air, surface water, ground water, drinking water, lands (including the surface and subsurface thereof), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, refinement, production, disposal, transport, or handling of Hazardous Materials, including the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., the Clean Air Act, 42 U.S.C. 7401 et seq., and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. “Hazardous Materials Laws” shall not include laws relating to industrial hygiene or worker safety, except to the extent that such laws address asbestos and asbestos-containing materials (whether friable or non-friable) or lead and lead-based paint or other lead containing materials.

“Indebtedness” means (a) all obligations of the Borrower for borrowed money, (b) all obligations of the Borrower evidenced by bonds, debentures, notes or other similar instruments, including the Bonds, and all reimbursement or other obligations in respect of letters of credit, bankers acceptances or other financial products, or obligations to bonding companies, (c) all obligations of the Borrower as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of the Borrower, irrespective of whether such obligation or liability is assumed, (e) all obligations of the Borrower to pay the deferred purchase price of assets, other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices and other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses, and (f) all obligations of the Borrower guaranteeing

or intended to guarantee, whether directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse, any obligation of any other Person that would constitute Indebtedness of such Person under any of clauses (a) through (e) above if such Person, rather than the Borrower were referred to in such clauses; provided, however, that (i) for purposes of determining Indebtedness (A) the amount of any Indebtedness that is limited or is non-recourse to a Person or for which recourse is limited to identified assets shall be valued at the lesser of (I) if applicable, the limited amount of such obligations, and (II) if applicable, the fair market value of such assets securing such obligation, and (B) the amount of any Indebtedness that constitutes an obligation described in clause (f), above, shall be the lesser of (I) the principal amount of the obligations guaranteed and still outstanding, and (II) the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such guaranty, (ii) for the purpose of computing Indebtedness of a Person, there shall be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there shall have been irrevocably deposited with the proper depository in trust the necessary funds (or direct, nonredeemable obligations of the United States of America) for the payment, redemption or satisfaction of such Indebtedness, and thereafter such funds and such direct obligations of the United States of America so deposited shall not be included in any computation of the assets of such Person and the income derived from such funds and such direct obligations of the United States of America so deposited shall not be included in any computation of the income of such Person, and (iii) for the purpose of computing Indebtedness of a Person, Operating Leases shall not be included.

“Indemnified Persons” means the Authority and the past, present and future officers, members, directors, officials, employees, attorneys and agents thereof.

“Indenture” means the Indenture of Trust, dated as of September 1, 2019, by and between the Authority and U.S. Bank National Association, as Trustee, as originally executed and as it may be amended, supplemented or otherwise modified from time to time by any Supplemental Indenture.

“Independent Financial Consultant” means any consultant or firm of such consultants selected by the Borrower with the written approval of the Bond Owner Representative and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the domination of the Authority or the Borrower or any Affiliate thereof, (c) does not have any substantial interest, direct or indirect, with or in the Authority or the Borrower or any Affiliate thereof or the Facilities, and (d) is not a member of the governing body, an officer, an employee, a partner, or a member of, or a shareholder in Authority or the Borrower or any Affiliate thereof.

“Independent Market Consultant” means any consultant or firm of such consultants selected by the Borrower with the written approval of the Bond Owner Representative and who, or each of whom (a) is generally recognized to be qualified in the field of projecting revenues and expenses for university facilities similar to the Facilities in markets similar to the market in the general geographic area of the Facilities, (b) is in fact independent and not under the domination of Authority or the Borrower or any Affiliate thereof, (c) does not have any substantial interest, direct or indirect, with or in Authority or the Borrower or any Affiliate thereof or the Facilities, and (d) is not a member of the governing body, an officer, an employee, a partner, or a member of, or a shareholder in, Authority or the Borrower or any Affiliate thereof.

“Interest Account” means the account by that name within the Debt Service Fund established and held by the Trustee pursuant to Section 5.05 of the Indenture.

“Interest Payment Date” means, with respect to the Bonds, April 1 and October 1 of each year, commencing April 1, 2020.

“Letter of Representations” means the Letter of Representations from the Authority to the Depository, in which the Authority makes certain representations with respect to issues of its securities for deposit with the Depository.

“Lien” means any lien, encumbrance, or charge levied on account of any mechanic’s, laborer’s or materialman’s lien, or any security agreement, conditional bill of sale, title retention agreement, chattel mortgage or otherwise, other than any Permitted Encumbrance.

“Liquid Assets” means, as of any date of determination, the fair market value of all restricted and unrestricted liquid cash and investments of the Borrower, as reflected in the audited financial statements of the Borrower for the most recently ended Fiscal Year, but excluding therefrom amounts on deposit in any debt service fund, reserve fund or similar fund available for, and pledged to, the payment debt service on any Indebtedness, the determination of which shall be set forth in a Written Certificate of the Borrower, which Written Certificate shall set forth, or be accompanied by, the data and computations upon which such determination was based.

“Liquidity to Debt Ratio” means, as of any date of determination, the ratio of (a) Liquid Assets as of such date of determination to (b) the sum of (i) the principal amount of all Indebtedness of the Borrower outstanding on such date of determination, plus (ii) the principal amount of the additional Indebtedness, if any, proposed to be incurred, a condition of the incurrence of which is that the Liquidity to Debt Ratio so determined be at a specified level; provided, however, that, if Additional Bonds have been issued in accordance with Sections 3.03 and 3.04 of the Indenture to finance the acquisition or renovation of student housing at the Facilities, the principal amount of such Additional Bonds shall not be included in the calculation of Indebtedness for purposes of determining the Liquidity to Debt Ratio for the period commencing on the date of issuance of such Additional Bonds and ending on the date that is five years after the date of substantial completion of such acquired or renovated student housing.

“Loan” means the loan by the Authority to the Borrower of the proceeds from the sale of the Series 2019 Bonds pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement, dated as of September 1, 2019, by and between the Authority and the Borrower, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Indenture.

“Loan Default Event” means any event specified in Section 8.01 of the Loan Agreement.

“Loan Documents” means the Loan Agreement and the Security Documents.

“Loan Payments” means those payments required to be paid by the Borrower pursuant to Section 4.01 of the Loan Agreement.

“Majority Owners” means the Beneficial Owners of at least a majority in aggregate principal amount of the Outstanding or, if the Bonds shall cease to be in book-entry form, the Owners of at least a majority in aggregate principal amount of the Bonds Outstanding.

“Management Consultant” means an independent consulting or management firm specializing in the management and operation of university facilities similar to the Facilities selected by the Borrower and approved in writing by the Bond Owner Representative.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, and, if Moody’s Investors Service, Inc., shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower.

“Net Proceeds” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“Multiemployer Plan” has the meaning ascribed to such term in Section 4001(a)(3) of ERISA and the rules and regulations promulgated from time to time thereunder.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 of the Indenture.

“Office of the Trustee” means the designated corporate trust office of the Trustee located at the address set forth in Section 13.01 of the Indenture, or at such other place as the Trustee shall designate by notice given under said Section 13.01 of the Indenture, or such other office designated by the Trustee from time to time.

“Operating Lease” means a lease (as such term defined for purposes of General Accepted Accounting Principles) that, if such lease had been entered into on the Closing Date, would not have been required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles in effect on the Closing Date.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Opinion of Counsel” means a written opinion of legal counsel, who may be counsel to the Authority, the Trustee or the Borrower.

“Original Purchaser” means, with respect to a Series of Bonds, the original purchaser of the Bonds of such Series from the Authority.

“Outstanding” means, with respect to any Bonds as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Indenture except (a) Bonds canceled or delivered for cancellation at or prior to such date, (b) Bonds in lieu of which other Bonds have been authenticated and delivered, or that have been paid without surrender thereof, pursuant to Section 2.09 of the Indenture, and (c) Bonds deemed to have been paid as provided in Article XII of the Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” has the meaning ascribed to such term in the Continuing Disclosure Agreement.

“Permitted Encumbrance” means any of (a) liens specifically permitted by, or created by, the Bond Documents or the Loan Documents, and the rights and entitlements of the Borrower thereunder, (b) liens for Taxes or other similar charges which are either not yet due and payable or are being contested in good faith by appropriate proceedings conducted with due diligence, if adequate reserves therefor have been established and are being maintained, (c) materialmen’s, mechanics’, workmen’s, repairmen’s, employees’ or other like Liens arising in the course of construction or reconstruction of any part of the Facilities or in the ordinary course of operations or maintenance of the Facilities, in each such case securing obligations that are not delinquent or are bonded in a manner satisfactory to the Bond Owner Representative acting reasonably and in good faith or are being contested in good faith by appropriate proceedings conducted with due diligence (unless by such contest there exists any risk (taking into account any applicable insurance, reserves or bonding covering such Lien) that any portion of the Facilities may become subject to loss or forfeiture or that such Lien or contest thereof might otherwise interfere with the use of the Facilities), (d) utility, access and other easements, rights of way and restrictions encumbering the Deed of Trust Property as of the Closing Date, as set forth in the mortgagee’s title insurance policy delivered pursuant to Section 4.07 of the Loan Agreement, (e) such exceptions to title to the Deed of Trust Property as are enumerated in the mortgagee’s title insurance policy delivered pursuant to Section 4.07 of the Loan Agreement, (f) purchase-money security interests and security interests placed upon personal property being acquired to secure a portion of the purchase price thereof, or lessor’s interests in Capitalized Leases; provided, however, that the aggregate principal amounts secured by any such interests shall not exceed at any time more than \$100,000, (g) personal property security interests in existence on June 24, 2019, (h) any lien arising by reason of deposits with, or the giving of any form of security to, any Governmental Authority for any purpose at any time as required by Applicable Law as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen’s compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements, but only with respect to the property deposited, and (i) any additional liens or encumbrances consented to in writing by the Borrower and the Bond Owner Representative.

“Permitted Investments” means any of the following:

(a) (i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America, (ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (iii) obligations fully and unconditionally guaranteed as to timely

payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (iv) evidences of ownership or proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, or (v) securities of or other interests in any open end or closed end management type investment company or investment trust registered under the federal “Investment Company Act of 1940,” 15 U.S.C. Section 80(a)-1 et seq., if the portfolio of such investment company or investment trust is limited to United States of America obligations which are backed by the full faith and credit of the United States of America, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (A) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (B) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (C) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(b) negotiable certificates of deposit issued by, or banker’s acceptances drawn on and accepted by, any bank, including the Trustee and its affiliates, the certificate of deposit or debt obligations of which (or if such bank is the principal bank in a bank holding company, debt obligations of the bank holding company) are rated, at the time such certificates or acceptances are issued, in one of the three highest Rating Categories;

(c) commercial paper, rated at the time of purchase in one of the three highest Rating Categories or commercial paper backed by a letter of credit or line of credit, with the bank providing the enhancement being rated at the time of purchase in one of the three highest Rating Categories and corporate bonds or notes rated at the time acquired in one of the three highest Rating Categories;

(d) time deposits and certificates of deposit issued by a commercial bank, savings and loan association or mutual savings bank, the short-term obligations of which are rated in the highest Rating Category;

(e) money market funds rated in the highest Rating Category;

(f) obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations, at the time of purchase, are rated in one of the three highest Rating Categories;

(g) repurchase agreements with respect to obligations listed in paragraph (a), above, if entered into with a nationally or state-chartered bank, trust company or a “broker” or “dealer” (as defined by the Securities Exchange Act of 1934) that is a member of the

Securities Investors Protection Borrower or other entity if such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by the depositor, provided that any such repurchase agreement must provide that the value of the underlying obligations shall be maintained at current market value, calculated no less than monthly, or not less than the repurchase price;

(h) investment agreements, including guaranteed investment contracts and forward delivery agreements with any nationally or state-chartered bank, financial institution, insurance company or other entity that is rated or guaranteed by an entity that is rated in one of the three highest Rating Categories (without regard to gradations or modifiers within such category) by Moody's or S&P; provided, however, that, if an investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only; and

(i) forward purchase and sale agreements with providers rated not lower than the third highest Rating Category (without regard to gradations within such category), at the time of acquisition thereof, by Moody's or S&P; provided, however, that, if a forward purchase and sale agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"PBGC" means the Pension Benefit Guaranty Corporation, and any successor thereto.

"PHC" means Preston Hollow Capital, LLC, a Delaware limited liability company, and any successor thereto.

"Presidio Advance" has the meaning ascribed to the term "Advance" in the Presidio Loan Agreement.

"Presidio Loan Agreement" means the Business Loan Agreement, dated December 10, 2018, by and between the Borrower and Presidio Bank.

"Principal Account" means the account by that name within the Debt Service Fund established and held by the Trustee pursuant to Section 5.05 of the Indenture.

"Principal Payment Date" means with respect to any Series of Bonds, a date on which principal of such Series of Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption.

"Prior Period Cash Available for Debt Service" means, with respect to the Borrower, for any Fiscal Year prior to the date of determination thereof, the sum of the change in net assets from operations, depreciation, amortization, interest expense, any other noncash expense and Extraordinary and One-Time Expenses for such Fiscal Year, all as determined for financial reporting purposes for such Fiscal Year in accordance with Generally Accepted Accounting Principles.

“Prior Period Debt Service” means, with respect to Indebtedness of the Borrower, for any Fiscal Year prior to the date of determination thereof, the Debt Service on such Indebtedness for such Fiscal Year; provided, however, that, for purposes of calculating Prior Period Debt Service for such Fiscal Year (a) to the extent that amounts of capitalized interest, and any investment earnings with respect thereto, have been applied to the payment of all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Prior Period Debt Service on such Indebtedness for such Fiscal Year, and (b) to the extent that investment earnings on amounts on deposit in a reserve fund established for such Indebtedness have been applied to the payment of all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Prior Period Debt Service on such Indebtedness for such Fiscal Year; provided, however, that, for such purposes, Debt Service for such Fiscal Year on Short-Term Indebtedness incurred pursuant to Section 6.07 of the Loan Agreement shall be excluded from Prior Period Debt Service.

“Prior Period Operating Ratio” means, for any Fiscal Year prior to the date of determination thereof, the ratio of (a) Prior Period Cash Available for Debt Service for such Fiscal Year, to (b) Prior Period Debt Service for such Fiscal Year.

“Projected Cash Available for Debt Service” means, with respect to the Borrower, for any Fiscal Year, the sum of the change in net assets from operations, depreciation, amortization, interest, any other noncash expense and Extraordinary and One-Time Expenses projected for such Fiscal Year, all as determined for financial reporting purposes for such Fiscal Year in accordance with Generally Accepted Accounting Principles, as set forth in a written report of an Independent Market Consultant, which written report is dated, or is updated by a letter that is dated, no earlier than three months prior to the date on which such projections are to be employed for purposes hereof.

“Projected Operating Ratio” means, for any Fiscal Year, the ratio of (a) Projected Cash Available for Debt Service for such Fiscal Year, to (b) Assumed Debt Service for such Fiscal Year.

“Property” means any and all rights, titles and interests in and to any and all property of the Borrower, whether real or personal, tangible or intangible and wherever situated.

“Qualified Appraisal Report” means a real estate appraisal report that (a) has been prepared by a Qualified Appraiser, (b) uses a date of value that is no earlier than three months prior to the date on which the value reported in such appraisal report is used in accordance with the provisions of the Loan Agreement, and (c) is prepared in accordance with the applicable standards of the Appraisal Institute for such reports.

“Qualified Appraiser” means a real estate appraiser selected by the Borrower and approved in writing by the Bond Owner Representative and having an “MAI” designation from the Appraisal Institute.

“Qualified Institutional Buyer” means a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act.

“Rating Category” means the ranking categories assigned by S&P or Moody’s, as applicable, to debt obligations that (a) with respect to any long-term rating category, are designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, are designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rating Date” means, with respect to the Series 2019 Bonds, the date on which the Borrower provides to the Authority, the Trustee and the Bond Owner Representative written evidence to the effect that S&P or Moody’s has rated such Series of Bonds “BBB-” or equivalent, or higher.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.08 of the Indenture.

“Rebate Requirement” has the meaning ascribed to such term in the Tax Certificate.

“Record Date” means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.07 of the Indenture.

“Redemption Price” means, with respect to any Bond, the amount, including any applicable premium, payable upon the optional or mandatory redemption thereof, as provided in the Indenture.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.06 of the Indenture.

“Release Parcel” means a portion of the Deed of Trust Property that has been, or is proposed to be, released from the lien of the Deed of Trust pursuant to Section 5.07 of the Loan Agreement and Section 1.20 of the Deed of Trust.

“Reportable Event” means a reportable event as defined in Section 4043(b) of ERISA, other than a reportable event for which the notice required thereunder has been waived in accordance therewith.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.06 of the Indenture.

“Reserve Requirement” means, as of the date of any calculation, an amount equal to the least of (a) “10% of the proceeds of the issue,” within the meaning of Section 148 of the Code, with respect to the Bonds, (b) the maximum Annual Debt Service on the Outstanding Bonds, and (c) 125% of the average Annual Debt Service on the Outstanding Bonds.

“Reserved Rights of the Authority” means (a) the Authority’s rights to (i) the prompt reimbursement of expenses incurred by or on behalf of the Authority in connection with the Authority Documents, the Bonds or the Facilities and the prompt payment of the Authority Issuance Fee and the Authority Annual Fee, (ii) enforce the choice of venue provisions of the Loan Agreement and the Indenture, (iii) consent or approve amendments to the Loan Agreement or the Indenture, (iv) indemnification of the Authority (including pursuant to Section 7.03 of the Loan Agreement), by the Borrower and security for the Borrower’s indemnification obligation, if any, and (v) the benefit of all provisions providing the Authority immunity from, and limitation of, liability, and (b) any rights of the Authority to receive notices, certificates, requests, requisitions, directions, opinions, payments, consents and other communications under the Authority Documents.

“S&P” means S&P Global Ratings, a business unit of Standard and Poor’s Financial Services, LLC, its successors and assigns, and, if S&P Global Ratings shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower.

“Secured Obligations” means all liabilities and obligations, howsoever arising, owed by the Borrower to the Authority or the Trustee, in its capacity as Trustee or as assignee of the Authority pursuant to the Indenture, of every kind and description, whether or not evidenced by any note or instrument and whether or not for the payment of money, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, in each case, pursuant to the terms of any Loan Document to which the Borrower is a party, including all interest (including interest that accrues after the commencement of any bankruptcy or other insolvency proceeding by or against the Borrower, whether or not allowed or allowable), fees, charges, expenses, attorneys’ fees and accountants’ fees and expenses chargeable to and payable by the Borrower under any Loan Document.

“Securities Act” means the Securities Act of 1933, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.

“Security Agreement” means the Security Agreement, dated as of September 1, 2019, by and between the Borrower and the Trustee, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Indenture.

“Security Documents” means the Deed of Trust, the Security Agreement, the Deposit Account Control Agreement, and any and all other documents that the Borrower has executed and delivered to the Authority or the Trustee, or may hereafter execute and deliver to the Authority or the Trustee, to secure the Secured Obligations, or any part thereof, as originally executed and as the same may be amended, supplemented or otherwise modified from time to time in accordance with their respective terms, together with and any and all consent and subordination agreements of other third parties delivered in connection therewith and any and all financing statements filed in connection with, as the same may be amended, supplemented or otherwise modified from time to time in accordance with their respective terms and the terms of the Indenture.

“Series” means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to the Indenture as the Series 2019 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“Series 2019 Bonds” means the California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019, issued under the Indenture.

“Short-Term Indebtedness” means Indebtedness having an original maturity less than or equal to two years and not renewable at the option of the Borrower for a term greater than one year beyond the date of original incurrence or issuance.

“Sisters of the Holy Names” means the Sisters of the Holy Names of Jesus and Mary U.S. – Ontario Province Corporation, a nonprofit religious corporation organized and existing under the laws of the State of Oregon, and any successor thereto.

“State” means the State of California.

“Step-Up Rate” means (a) with respect to the Series 2019 Bonds, the lesser of (i) the rate of 10.00% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to each Series of Additional Bonds, the rate, if any, specified in the Supplemental Indenture pursuant to which the Bonds of such Series are issued.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Certificate” means the Tax Certificate and Agreement delivered by the Authority and the Borrower at the time of issuance of the Series 2019 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Tax-Exempt Bonds” means Bonds of a Series the interest on which is excluded from gross income for purposes of federal income taxation, including the Series 2019 Bonds and any Additional Bonds issued as Tax-Exempt Bonds.

“Taxable Rate” means, with respect to the Series 2019 Bonds, the lesser of (i) the rate of 11.50% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to each Series of Additional Bonds, the rate, if any, specified in the Supplemental Indenture pursuant to which the Bonds of such Series are issued.

“Taxes” means all taxes and assessments whether general or special, ordinary or extraordinary, foreseen or unforeseen, which at any time may be assessed, levied, confirmed or imposed by any Governmental Authority on the Borrower or on any of its properties or assets or any part thereof or in respect of any of its franchises, businesses, income or profits, including all taxes of any kind whatsoever that may at any time be lawfully assessed, levied, confirmed or

imposed against or with respect to the Facilities or any interest therein, or any machinery, equipment, or other property installed or brought by the Borrower therein or thereon.

“Trust Estate” means (a) the Loan Agreement and all payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, (b) all money, instruments, investment property and other property from time to time on deposit in or credited to the Funds and Accounts (other than the Rebate Fund), (c) all personal property, intangibles, contracts, agreements and permits in which the Borrower has rights or the power to transfer rights to the extent that a security interest in the same has been granted to the Trustee pursuant to the Security Documents and all payments under or in respect of any of the foregoing, (d) the interests of the Borrower in and to the Facilities, and all fixtures and improvements now or hereafter existing thereon to the extent that a security interest in the same has been granted to the Trustee as beneficiary under the Deed of Trust, (e) all present and future claims, demands, causes and choses in action in respect of the foregoing, (f) all proceeds of the foregoing of every kind and nature whatsoever, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property that at any time constitute all or part of or are included in the proceeds of the foregoing, and (g) all proceeds of the foregoing; provided, however, that “Trust Estate” does not include the Additional Payments, the Reserved Rights of the Authority or any payments in respect of the Reserved Rights of the Authority.

“Trustee” means U.S. Bank National Association, as trustee under the Indenture, or any successor thereto as Trustee under the Indenture substituted in its place as provided in the Indenture.

“Uniform Commercial Code” means the California Uniform Commercial Code, as the same may, from time to time, be in effect.

“Unrestricted Transfer Date” means, with respect to the Series 2019 Bonds, the Rating Date therefor.

“Verification Report” means, with respect to the deemed payment of Bonds pursuant to clause (ii) of Section 12.02(a) of the Indenture, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii) of Section 12.02(a) of the Indenture.

“WSCUC” means the WASC Senior College and University Commission, or any successor thereto.

“Written Certificate” and **“Written Request”** (a) of the Authority mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Representative of the Authority, (b) of the Borrower mean, respectively, a written certificate or written request signed in the name of the Borrower by an Authorized Representative of the Borrower, and (c) of the Bond Owner Representative mean, respectively, a written certificate or

written request signed in the name of the Bond Owner Representative by an Authorized Representative of the Bond Owner Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

EXHIBIT B
FORM OF SERIES 2019 BONDS

No. _____ \$ _____

PRIOR TO THE UNRESTRICTED TRANSFER DATE, THIS BOND MAY BE TRANSFERRED ONLY TO A PERSON THAT IS EITHER (A) A QUALIFIED INSTITUTIONAL BUYER, OR (B) AN ACCREDITED INVESTOR. EACH PERSON TO WHOM OWNERSHIP OF THIS BOND IS SO TRANSFERRED SHALL BE DEEMED BY THE ACCEPTANCE OF SUCH OWNERSHIP TO HAVE AGREED TO BE BOUND BY SUCH RESTRICTIONS ON TRANSFER.

NEITHER THE FAITH AND CREDIT OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY NOR THE FAITH AND CREDIT OR THE TAXING POWER OF ANY MEMBER OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THIS BOND. THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY HAS NO TAXING POWER.

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY
REVENUE BONDS
(HOLY NAMES UNIVERSITY)
SERIES 2019**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	October 1, 20__	_____, 2019	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The California Municipal Finance Authority, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America, and to pay interest thereon at the Interest Rate identified above (calculated on the basis of a 360-day year comprised of twelve 30-day months) in like lawful money from the date hereof payable on April 1 and October 1 of each year, commencing April 1, 2020 (the "Interest Payment Dates"), until payment of such Principal Amount in full. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture of Trust, dated as of September 1, 2019 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

This Bond is one of a duly authorized series of bonds in the aggregate principal amount of \$_____ designated "California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019 (the "Series 2019 Bonds"). This Bond is one of a series of a duly authorized issue of bonds issued for the purpose of loaning the proceeds thereof to Holy Names University, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Borrower"), pursuant to the Loan Agreement, dated as of September 1, 2019, by and between the Authority and the Borrower, to finance and refinance costs of certain capital facilities and improvements and working capital. The Series 2019 Bonds are issued pursuant to the Indenture, the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code (the "Act"), and other applicable laws of the State of California.

Reference is hereby made to said Act and other applicable laws and to the Indenture and any and all amendments thereof for a description of the terms on which the Series 2019 Bonds are issued, for the rights of the Owners of the Series 2019 Bonds, for the provisions for payment of the Series 2019 Bonds, for the amendment of the Indenture (with or without consent of the Owners of the Series 2019 Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner of this Bond, to all the provisions of which the Registered Owner of this Bond, by acceptance hereof, agrees and consents.

Pursuant to and as more particularly provided in the Indenture, additional bonds ("Additional Bonds") may be issued by the Authority on a parity with the Series 2019 Bonds. The Series 2019 Bonds and any Additional Bonds are collectively referred to as the "Bonds."

During any period any period in which (a) an Event of Default with respect to the Series 2019 Bonds under paragraph (i) of Section 8.01(a) shall have occurred and be continuing, the Series 2019 Bonds, any unpaid principal thereof, unpaid Redemption Price thereof, and unpaid interest thereon, shall bear interest at the Default Rate, (b) the interest rate on the Series 2019 Bonds is to be increased pursuant to Section 6.11(d) of the Loan Agreement, the Series 2019 Bonds shall bear interest at the Step-Up Rate, and (c) a Determination of Taxability with respect to the Series 2019 Bonds shall have occurred and be continuing, the Series 2019 Bonds shall bear interest at the Taxable Rate.

"Default Rate" is defined in the Indenture to mean (a) with respect to the Series 2019 Bonds, the lesser of (i) the rate of 10.00% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to each Series of Additional Bonds, the rate, if any, specified in the Supplemental Indenture pursuant to which the Bonds of such Series are issued.

"Step-Up Rate" is defined in the Indenture to mean, with respect to the Series 2019 Bonds, the lesser of (a) the rate of 10.00% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (b) the maximum interest rate permitted by applicable law.

"Taxable Rate" is defined in the Indenture to mean, with respect to the Series 2019 Bonds, the lesser of (a) the rate of 11.50% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (b) the maximum interest rate permitted by applicable law.

The Bonds shall be special obligations of the Authority, payable solely from the payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, and the other assets pledged therefor under this Indenture. Neither the faith and credit of the Authority nor the faith and credit or the taxing power of any member of the Authority or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power.

No covenant or agreement contained in the Indenture or in any Bond or related document shall be deemed to be a covenant or agreement of any member of the Board of Directors of the Authority, or any officer, employee or agent of the Authority in such Person's individual capacity and neither the Board of Directors of the Authority nor any member thereof or officer of the Authority executing the Bonds shall be liable personally on this Bond or any other Bond or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Interest on the Series 2019 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (a) a Series 2019 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (b) a Series 2019 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (c) interest on any Series 2019 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2019 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; provided, however, that, upon the written request of an Owner of Series 2019 Bonds in an aggregate principal amount of \$1,000,000 or more delivered to the Trustee (which request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee), received at least ten days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest on such Series 2019 Bonds shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Notwithstanding the foregoing, interest on any Series 2019 Bond that is not punctually paid or duly provided for on any Interest Payment Date shall (i) on such Interest Date and on each Interest Date thereafter until such interest is paid in full, be compounded at the rate of interest borne by such Series 2019 Bond, and (ii) if and to the extent that amounts subsequently become available such interest, as so compounded, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2019 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

The principal of the Series 2019 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The Series 2019 Bonds are subject to redemption on the dates, at the Redemption Prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Series 2019 Bond or any portion thereof shall be given as provided in the Indenture.

The Series 2019 Bonds are being issued in fully registered form without coupons in Authorized Denominations. “Authorized Denominations” means, with respect to the Series 2019 Bonds, (a) prior to the Unrestricted Transfer Date, \$25,000 and integral multiples of \$5,000 in excess thereof, and (b) from and after the Unrestricted Transfer Date, \$5,000 and integral multiples of \$5,000 in excess thereof.

Prior to the Unrestricted Transfer Date, the Series 2019 Bonds may be transferred only to a Person that is either (a) a Qualified Institutional Buyer, or (b) an Accredited Investor. Each Person to whom ownership of a Series 2019 Bond is so transferred shall be deemed by the acceptance of such ownership to have agreed to be bound by such restrictions on transfer. From and after the Unrestricted Transfer Date, the restrictions on transfer set forth in this paragraph shall no longer apply to the Series 2019 Bonds.

Subject to the restrictions on transfer provisions in the Indenture, any Series 2019 Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person’s duly authorized attorney, upon surrender of such Series 2019 Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Series 2019 Bond or Series 2019 Bonds shall be so surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Series 2019 Bond or Series 2019 Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Owner requesting such transfer shall pay any tax or other governmental charge required to be paid with respect to such transfer.

The Series 2019 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2019 Bonds of the same Series and maturity of other Authorized Denominations. The Owner requesting such exchange shall pay any tax or other governmental charge required to be paid with respect to such exchange.

The Series 2019 Bonds are also subject to additional special exchange, as provided in the Indenture.

The Indenture and the rights and obligations of the Authority, the Trustee, the Borrower, the Bond Owner Representative and the Owners of the Bonds may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture.

The Indenture contains provisions permitting the Authority to make provision for the payment of the principal of and the interest and premium, if any, on any of the Bonds so that such Bonds shall no longer be deemed to be Outstanding under the terms of the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER,

PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

This Bond shall not be entitled to any benefit, protection or security under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been executed and dated by an authorized officer of the Trustee.

IN WITNESS WHEREOF, the California Municipal Finance Authority has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of a member of its Board of Directors, all as of the Dated Date identified above.

**CALIFORNIA MUNICIPAL FINANCE
AUTHORITY**

By: _____
Member, Board of Directors

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2019 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____

**U.S. BANK NATIONAL
ASSOCIATION, AS TRUSTEE**

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____, whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT C

FORM OF WRITTEN REQUEST FOR DISBURSEMENTS FROM THE COSTS OF ISSUANCE FUND

CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS (HOLY NAMES UNIVERSITY PROJECT)

WRITTEN REQUEST NO. _____ FOR DISBURSEMENTS FROM THE COSTS OF ISSUANCE FUND

Holy Names University, a California nonprofit public benefit corporation (the “Borrower”), hereby states and certifies:

(a) that the undersigned is an “Authorized Representative” of the Borrower, as such term is defined in the Indenture of Trust, dated as of September 1, 2019 (the “Indenture”), by and between the California Municipal Finance Authority and U.S. Bank National Association, as trustee (the “Trustee”);

(b) that the Trustee is hereby requested to disburse from the Costs of Issuance Fund, established pursuant to Section 5.02 of the Indenture, to the payees set forth on Schedule 1 attached hereto and by this reference incorporated herein, the amount set forth on Schedule 1 opposite each such payee, for payment of Costs of Issuance incurred for the purposes identified on said Schedule 1;

(c) that each such expense constitutes a Cost of Issuance and each such payment is a proper charge against the Costs of Issuance Fund;

(d) that each such amount has not been the subject of a prior disbursement from the Costs of Issuance Fund; and

(e) that a statement or invoice for each amount requested hereunder is attached hereto.

Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

Dated: _____

HOLY NAMES UNIVERSITY

By: _____

Name:

Title:

SCHEDULE 1
COSTS OF ISSUANCE FUND DISBURSEMENTS

<u>Payee Name and Address</u>	<u>Purpose of Obligation</u>	<u>Amount*</u>
-------------------------------	------------------------------	----------------

*Not-to-exceed amount

EXHIBIT D

FORM OF WRITTEN REQUEST FOR DISBURSEMENTS FROM THE EXPENDITURE FUND

CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS (HOLY NAMES UNIVERSITY PROJECT)

WRITTEN REQUEST NO. _____ FOR DISBURSEMENTS FROM THE EXPENDITURE FUND

Holy Names University, a California nonprofit public benefit corporation (the “Borrower”), hereby states and certifies:

(a) that the undersigned is an “Authorized Representative” of the Borrower, as such term is defined in the Indenture of Trust, dated as of September 1, 2019 (the “Indenture”), by and between the California Municipal Finance Authority and U.S. Bank National Association, as trustee (the “Trustee”);

(b) that the Trustee is hereby requested to disburse from the Expenditure Fund, established pursuant to Section 5.03 of the Indenture, to the Borrower the amount of \$_____, representing the amount set forth under Period No. ____ in Schedule 1 attached hereto and by this reference incorporated herein or such other amount for such Period [as approved hereby by the Bond Owner Representative], for payment by the Borrower of Authorized Expenditures incurred or to be incurred for such Period for the purposes identified on said Schedule 1;

(c) that all of such amount so disbursed will be expended only on Authorized Expenditures and each such payment is a proper charge against the Expenditure Fund;

(d) that none of such amount so disbursed will be expended on (i) capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, including the Borrower’s Religious Activities Department, during the useful life of such facilities, (ii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, including the Borrower’s Religious Activities Department, or (iii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any sectarian instruction or religious worship or any program of a school or department of divinity, including the Borrower’s Religious Activities Department;

(e) that each such expenditure of the amount so disbursed will comply with the provisions of, and representations made in, the Loan Agreement; and

(f) that each such amount so disbursed has not and will not be expended on items (or portions thereof) for which an amount was previously disbursed from the Expenditure Fund.

Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

Dated: _____

HOLY NAMES UNIVERSITY

By: _____
Name:
Title:

[*If required pursuant to Section 5.03 of the Indenture:*] [The Bond Owner Representative hereby approves of Written Request No. ____ for Disbursements from the Expenditure Fund. [The Bond Owner Representative hereby approves the change in the amount to be disbursed for Period No. ____ to \$_____.]]

[Dated: _____

[_____, AS BOND
OWNER REPRESENTATIVE

By: _____
Name:
Title:]

SCHEDULE 1
EXPENDITURE FUND DISBURSEMENTS SCHEDULE

<u>Period No./Period</u>	<u>Purposes of Obligation</u>	<u>Amount</u>
1. October 1, 2019 – March 31, 2020		
2. April 1, 2020 – September 30, 2020		
3. October 1, 2020 – March 31, 2021		
4. April 1, 2021 – September 30, 2021		
5. October 1, 2021 – March 31, 2022		
6. April 1, 2022 – September 30, 2022		
7. October 1, 2022 – March 31, 2023		

Pursuant to the Indenture of Trust, dated as of September 1, 2019, the rights of the California Municipal Finance Authority under this Loan Agreement, other than the Reserved Rights of the Authority (as defined herein), have been assigned to U.S. Bank National Association, as trustee under said Indenture of Trust.

LOAN AGREEMENT

by and between

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

and

HOLY NAMES UNIVERSITY

Dated as of _____ 1, 2019

**Relating to
California Municipal Finance Authority Revenue Bonds
(Holy Names University), Series 2019**

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of _____ 1, 2019 (this “Loan Agreement”), is by and between the CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), and HOLY NAMES UNIVERSITY, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Borrower”).

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”);

WHEREAS, the Authority is authorized under the Act to issue bonds, notes or other evidences of indebtedness, and enter into loan agreements to, among other things, financing and refinancing certain costs and expenses for organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (a “501(c)(3) Organization”);

WHEREAS, the Borrower is a 501(c)(3) Organization and has applied to the Authority to issue bonds on the Borrower’s behalf and to make a loan to the Borrower to finance (a) the costs of repaying the unpaid advances under a loan agreement between the Borrower and Presidio Bank, and (b) certain working capital expenses of the Borrower, and the Authority has accepted such application;

WHEREAS, the Authority has authorized the issuance of its California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019 (the “Series 2019 Bonds”), the proceeds of which will be applied to (a) provide funds to repay such advances and to provide such working capital, (b) fund a reserve fund for the Series 2019 Bonds, (c) fund a portion of the interest on the Series 2019 Bonds, and (d) pay the costs of issuance incurred in connection with the issuance of the Series 2019 Bonds;

WHEREAS, the Series 2019 Bonds are being issued pursuant to the Indenture of Trust, dated as of September 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee;

WHEREAS, the Authority is entering into this Loan Agreement with the Borrower specifying the terms and conditions of the loan by the Authority to the Borrower of the proceeds of the Series 2019 Bonds to provide funds for the purposes described above and of the payment by the Borrower to the Authority of amounts sufficient for the payment of the principal of, premium, if any, and interest on the Series 2019 Bonds, and costs incidental thereto, as and when due and payable; and

WHEREAS, pursuant to the Act, the Authority has duly authorized the execution and delivery of this Loan Agreement and, pursuant to the Act and the Indenture, the Authority has duly authorized the issuance of the Series 2019 Bonds;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. Certain terms are defined in Exhibit A attached hereto and by this reference incorporated herein. Unless the context otherwise requires, the terms defined in Exhibit A hereto shall for all purposes of this Loan Agreement and of any certificate, opinion or other document herein or therein mentioned, have the meanings therein specified.

Section 1.02. Rules of Construction. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated "Articles," "Sections," "Exhibits," "subsections," "paragraphs," "clauses," and other subdivisions are to the designated Articles, Sections, Exhibits, subsections, paragraphs, clauses, and other subdivisions of this Loan Agreement.

(h) The words "hereof" (except when preceded by a specific Section or Article reference) "herein," "hereby," "hereunder," "hereinabove," "hereinafter," and other equivalent words and phrases used herein refer to this Loan Agreement and not solely to the particular portion hereof in which any such word is used.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the Authority. The Authority represents and warrants to the Borrower and to the initial purchasers of the Series 2019 Bonds that, as of the Closing Date:

- (a) the Authority is a joint exercise of powers authority duly organized and existing under the laws of the State and is duly authorized to issue the Bonds and to perform its obligations under the Authority Documents;
- (b) by official action of the Authority prior to or concurrently herewith, the Authority has duly authorized and approved the execution and delivery of the Authority Documents and the consummation by the Authority of the transactions contemplated thereby;
- (c) when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against entities such as the Authority in the State;
- (d) to the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending directly against the Authority seeking to restrain or enjoin the issuance or sale of the Series 2019 Bonds, or in any way contesting or affecting (i) the existence or powers of the Authority relating to the authorization, issuance and sale of the Series 2019 Bonds, (ii) any proceedings of the Authority concerning the issuance or sale of the Series 2019 Bonds, (iii) the pledge or application of any moneys or security provided for the payment of the Series 2019 Bonds, (iv) the validity or enforceability of the Authority Documents, or (v) the tax-exempt status of the Series 2019 Bonds;
- (e) the Authority has not pledged, assigned or granted, and will not pledge, assign or grant any of its rights or interest in or under this Loan Agreement for any purpose other than as provided in the Indenture.

The Authority makes no representation or warranty that the amount of the Loan will be adequate or sufficient for the repayment of the Presidio Advances and the payment of the Authorized Expenditures adequate or sufficient purposes of the Borrower.

Section 2.02. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Authority and to the initial purchasers of the Series 2019 Bonds that, as of the Closing Date:

(a) the Borrower is a nonprofit public benefit corporation organized and existing and in good standing under the laws of the State, has full power and authority to enter into and to perform its obligations under the Borrower Documents and to approve the Indenture and the Limited Offering Memorandum;

(b) the Borrower (i) has been determined by the Internal Revenue Service to be, and continues to qualify as, a 501(c)(3) Organization, (ii) is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated business income subject to taxation under Section 511 of the Code, and (iii) is not a “private foundation” as defined in Section 509(a) of the Code;

(c) the facts and circumstances that formed the basis of the Borrower’s status as an organization described in Section 501(c)(3) of the Code as represented to the Internal Revenue Service continue substantially to exist;

(d) the Borrower (i) is an institution for higher education, other than a public college or university, situated within the State, (ii) by virtue of law or charter, is a nonprofit educational institution that is regionally accredited and empowered to provide a program of education beyond the high school level, and (iii) is accredited by the WSCUC, and WSCUC has not issued a warning, imposed a sanction or issued a show cause order to the Borrower in the past ten years;

(e) by proper action, the Borrower has duly authorized and approved the execution and delivery of the Borrower Documents and the consummation by the Borrower of the transactions contemplated thereby;

(f) the Authorized Representatives of the Borrower who have executed or are executing the Borrower Documents are duly and properly in office and fully authorized to execute the same;

(g) when executed and delivered by the respective parties thereto, the Borrower Documents will constitute, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases;

(h) the execution and delivery of the Borrower Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation, bylaws or other organizational document of the Borrower, any Applicable Law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, agreement, lease, contract or other instrument to which the Borrower is a party or by which it or its properties

are otherwise subject or bound, or result in the creation or imposition of any Lien upon any of the property or assets of the Borrower other than those created pursuant to the Loan Documents, which conflict, violation, breach, default or Lien might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Bond Documents or the Loan Documents, the ability of the Borrower to perform its obligations under the Borrower Documents or the financial condition, assets, properties or operations of the Borrower;

(i) the Loan Payments due under this Loan Agreement are in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Series 2019 Bonds, and the Borrower will pay or provide for the payment of all Administrative Costs;

(j) no portion of the proceeds of the Presidio Line of Credit was used to finance or refinance (i) any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity during the useful life of such facilities, (ii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, or (iii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any sectarian instruction or religious worship or any program of a school or department of divinity;

(k) the Borrower (A) has no outstanding Indebtedness other than the Presidio Line of Credit, and (B) has not, directly or indirectly, entered into, accepted the assignment of or assumed or incurred obligations under or pursuant to any Derivative Instrument;

(l) no consent or approval of any trustee or holder of any Indebtedness of the Borrower or any guarantor of Indebtedness of, or provider of credit to the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) was or is necessary in connection with the execution and delivery of the Borrower Documents by the Borrower, the consummation of any transaction herein or therein contemplated or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect;

(m) the Borrower is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and that are material to its properties, operations, finances or status as an organization described in Section 501(c)(3) of the Code;

(n) the Borrower has obtained all licenses, permits, franchises or other governmental authorizations necessary and material to the ownership of its property or to the conduct of its activities;

(o) no event has occurred and no condition exists that would constitute a Loan Default Event or that, with the passing of time or with the giving of notice or both would become a Loan Default Event;

(p) there is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the best knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower (i) that, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Borrower Documents, upon the ability of the Borrower to perform its obligations under the Borrower Documents or upon the financial condition, assets, properties or operations of the Borrower, and the Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Bond Documents and the Loan Documents, the ability of the Borrower to perform its obligations under the Borrower Documents or the financial condition, assets, properties or operations of the Borrower;

(q) all tax returns (federal, state and local), if any, required to be filed by or on behalf of the Borrower have been filed (subject to lawful extensions), and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein;

(r) all financial statements heretofore delivered to the Authority by the Borrower, fairly and accurately present the financial position thereof and have been prepared (except where specifically noted therein) in accordance with Generally Accepted Accounting Principles consistently applied and, since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the Borrower;

(s) subsequent to the date on which the Authority adopted its resolution approving the issuance of the Series 2019 Bonds and as of the Closing Date, there has been no material adverse change in the financial condition, prospects or business affairs of the Borrower;

(t) no written information, exhibit or report furnished to the Authority by the Borrower in its application for financing or by the Borrower or its representatives in connection with the negotiation of this Loan Agreement or the other Borrower Documents, regardless of whether the Authority is a party thereto (including any financial statements, whether audited or unaudited, and any other financial information provided in connection

therewith) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(u) the Borrower has not failed to disclose any fact known to it that materially adversely affects or that the Borrower anticipates, or should reasonably be expected to anticipate, will materially adversely affect, the properties, operations or financial condition of the Borrower, or its ability to perform its obligations under the Borrower Documents;

(v) the Borrower has good marketable title to the Deed of Trust Property free and clear from all encumbrances other than Permitted Encumbrances;

(w) the property to be encumbered by the Security Documents is not and will not be mortgaged, pledged, or hypothecated in any manner or for any purpose and has not been and will not be the subject of a grant of a security interest by the Borrower other than as provided in the Security Documents as security for its obligations under this Loan Agreement;

(x) with respect to the ERISA Plans of the Borrower (i) each such ERISA Plan has been established and heretofore maintained by the Borrower in compliance in all material respects with the applicable provisions of ERISA and the Code, (ii) no such ERISA Plan has engaged in a prohibited transaction and compliance by the Borrower with the provisions of this Loan Agreement will not involve any prohibited transaction that would subject the Borrower to a tax or penalty on prohibited transactions, (iii) no such ERISA Plan that is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code has had an accumulated funding deficiency, whether or not waived, as of the last day of the most recent plan year of such ERISA Plan ended prior to the date hereof, (iv) no liability to the PBGC has been, or is expected by the Borrower to be, incurred by the Borrower with respect to any such ERISA Plan subject to Title IV of ERISA, other than for premium payments, (v) there has been no material Reportable Event with respect to any such ERISA Plan subject to Section 4043 of ERISA since the effective date of said Section, and since such date, no event or condition has occurred that presents a material risk of termination of any such ERISA Plan by the PBGC, (vi) as of the most recent valuation date, the present value of all vested accrued benefits under each such ERISA Plan subject to Title IV of ERISA as determined by each ERISA Plan's enrolled actuary within the meaning of Section 103 of ERISA under actuarial assumptions used in connection with the actuarial valuation of each such ERISA Plan did not exceed the value of such ERISA Plan's assets (less all liabilities other than those attributable to accrued benefits), as determined by each such enrolled actuary, allocable to such vested accrued benefits by more than \$1,000,000, and (vii) neither the Borrower nor any Common Control Entity has incurred any withdrawal liability in connection with a Multiemployer Plan that has not yet been paid;

(y) to the best knowledge of the Borrower, the Deed of Trust Property complies in all material respects with all applicable Hazardous Materials Laws;

(z) to the best knowledge of the Borrower, neither the Borrower nor the Deed of Trust Property is the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Hazardous Materials Laws or to respond to a release of any Hazardous Materials into the environment;

(aa) to the knowledge of the Borrower, the Borrower does not have any material contingent liability in connection with any release of any Hazardous Materials into the environment in violation of Hazardous Materials Laws;

(bb) except as described in writing delivered to the Authority and the Trustee (i) neither the Borrower nor, to the knowledge of the Borrower, any other Person, has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, under or at the Deed of Trust Property or any part thereof in violation of applicable Hazardous Materials Laws, (ii) no part of the Deed of Trust Property previously contained and does not contain any underground storage tanks other than in compliance with all applicable Hazardous Materials Laws, and (iii) no part of the Deed of Trust Property has ever been used by the Borrower or, to the knowledge of the Borrower, by any other Person, as a temporary or permanent storage or disposal site for any Hazardous Materials in violation of applicable Hazardous Materials Laws;

(cc) the Borrower has complied and will comply in all material respects with all Hazardous Materials Laws applicable to the Deed of Trust Property;

(dd) the Borrower (i) understands the nature and structure of the transactions relating to the subject financing, (ii) is familiar with the provisions of all of the documents and instruments relating to such financing to which the Borrower is a party or of which it is a beneficiary, including the Indenture, (iii) understands the risks inherent in such transactions, and (iv) has not relied upon the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Borrower Documents and the Indenture or otherwise relied upon the Authority for any advice; and

(ee) the Borrower has made such diligent inquiry as is reasonable under the circumstances concerning its representations and warranties in this Loan Agreement; and

All representations and warranties of the Borrower in this Section shall remain operative and in full force and effect regardless of the issuance of the Series 2019 Bonds, and shall remain operative and in full force and effect until no Series 2019 Bonds are any longer Outstanding.

ARTICLE III

THE SERIES 2019 BONDS; LOAN OF PROCEEDS

Section 3.01. The Series 2019 Bonds; Assignment of Loan Agreement; Security.

(a) For the purpose of financing the repayment of the Presidio Advances and the Authorized Expenditures, the Authority has authorized the issuance of its California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019, in the aggregate principal amount of \$_____.

(b) As security for the payment of the Bonds, the Authority is, pursuant to the Indenture, simultaneously with the execution and delivery of this Loan Agreement, assigning, conveying and transferring to the Trustee, for the benefit of the Owners, all of the Authority's right, title and interest in and to this Loan Agreement and the other Loan Documents, except the Reserved Rights of the Authority. The Borrower hereby consents to such assignment.

(c) In consideration of the Authority's making the Loan, as provided herein, from the proceeds of the Series 2019 Bonds, and in order to induce the Trustee to accept the assignment, conveyance and transfer by the Authority to the Trustee, for the benefit of the Owners, pursuant to the Indenture, of all of the Authority's right, title and interest in and to the Loan Agreement, except the Reserved Rights of the Authority, the Borrower shall, in order to secure the payment of the Series 2019 Bonds and the performance and observance of all of the Secured Obligations (i) execute and, simultaneously with the execution and delivery of this Loan Agreement, deliver the Security Documents, (ii) cause each other party to a Security Document to execute and, simultaneously with the execution and delivery of this Loan Agreement, deliver such Security Document, and (iii) as necessary or appropriate to protect the security of the Trustee thereunder, keep, record, register or file, or cause to be kept, recorded, registered or filed, each such Security Document and all security instruments, financing statements and all supplements thereto and other instruments in such manner and in such places as may be required by law.

Section 3.02. Loan of Proceeds. The Authority hereby lends and advances to the Borrower, solely from the proceeds of the sale of the Series 2019 Bonds, and the Borrower hereby borrows and accepts from the Authority, the Loan, from the proceeds of the Series 2019 Bonds, which are to be applied under the terms and conditions of the Indenture. The Authority and the Borrower agree that the application of the proceeds of the sale of the Series 2019 Bonds as provided in the Indenture shall be deemed to be and treated for all purposes as a loan to the Borrower of an amount equal to the full aggregate principal amount of the Series 2019 Bonds. The Borrower acknowledges and agrees that it has received and reviewed the Indenture and hereby approves the Indenture, the issuance of the Series 2019 Bonds thereunder by the Authority and the assignment thereunder to the Trustee of the right, title and interest of the Authority, except for the Reserved Rights of the Authority, in this Loan Agreement.

ARTICLE IV

REPAYMENT OF LOAN; SECURITY PROVISIONS; PROVISIONS FOR PAYMENT

Section 4.01. Loan Payments. (a) The Borrower shall pay, in immediately available funds, as a Loan Payment, on or before each date provided in or pursuant to the Indenture for the payment of principal of (whether at maturity or upon redemption or acceleration), premium, if any, and interest then payable on the Outstanding Series 2019 Bonds, until the principal of, premium, if any, and interest on the Series 2019 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with Article XII of the Indenture, a sum equal to the amount then payable as principal (whether at maturity or upon redemption or acceleration), premium, if any, and interest on the Outstanding Series 2019 Bonds as provided in the Indenture.

(b) Amounts on deposit in the Debt Service Fund established under the Indenture shall be credited against the obligations of the Borrower to make Loan Payments as described in subsection (a) of this Section, but at all times subject to the terms and conditions of the Indenture, and only to the extent that such funds are authorized to be used for the purposes so designated, and such amounts shall not diminish or otherwise affect the obligations of the Borrower under this Section unless such obligations are in fact paid or otherwise satisfied therefrom.

Section 4.02. Additional Payments. (a) In addition to the Loan Payments, the Borrower shall also pay to the Authority, the Trustee, the Bond Owner Representative or other Person, as the case may be, the following Additional Payments:

(i) Administrative Costs;

(ii) the Authority Annual Fee;

(iii) if at any time the amount on deposit in the Reserve Fund is less than the Reserve Requirement due to (A) a transfer to the Interest Account or the Principal Account to make up a deficiency therein, or (B) a realized loss on a Permitted Investment held therein, the Borrower shall pay to the Trustee for deposit in the Reserve Fund, on the first day of each calendar month following such transfer or realized loss until the aggregate amount of such payments equals the amount so transferred or lost, the lesser of (A) the amount so transferred or lost, as applicable, and (B) one-twelfth of the amount of the Reserve Requirement;

(iv) such amounts as may be required pursuant to the Indenture to satisfy the Rebate Requirement; and

(v) all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any Governmental Authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the

Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that (A) the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as applicable, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon it, and (B) the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee.

(b) Except as otherwise provided in this subsection, such Additional Payments shall be billed to the Borrower by the Authority, the Trustee or the Bond Owner Representative, as applicable, from time to time, together with (i) a statement certifying that the amount billed has been incurred or paid by the Authority, the Trustee, the Bond Owner Representative, and (ii) invoices, receipts and other documentation supporting the expenses incurred and the amounts paid. After such a demand, amounts so billed shall be paid by the Borrower within 30 days after receipt of the bill by the Borrower, and, if not so paid within such 30 days, together with interest thereon at the highest rate of interest then applicable to the Series 2019 Bonds, from the date that is 30 days after the date of such receipt by the Borrower until paid in full. Notwithstanding the foregoing, neither the Authority nor the Trustee shall be required to submit a bill to the Borrower for (i) payment of the Authority Annual Fee, (ii) payment of amounts to be transferred to the Trustee for deposit in the Reserve Fund as provided in paragraph (iii) of subsection (a) of this Section, notice of which payment shall be made in accordance with Section 5.06(b) of the Indenture, or (iii) any amounts due with respect to the Rebate Requirement, the calculation and payment for which is the responsibility of the Borrower. The Borrower's obligation to pay Additional Payments constitutes an obligation under this Loan Agreement, which shall be secured by the Security Documents.

(c) The Authority Issuance Fee and the initial Authority Annual Fee shall be paid to the Authority as a Cost of Issuance on the Closing Date. Thereafter, the Authority Annual Fee shall be due and payable by the Borrower in advance on September 1 of each year commencing September 1, 2020. The Borrower's obligation to pay the Authority Issuance Fee and the Authority Annual Fee shall in no way limit the amounts payable by the Borrower to the Authority under the Borrower Documents, including for the enforcement thereof.

Section 4.03. Prepayment of the Loan. (a) The Borrower shall have the right at any time or from time to time to prepay all or any part of the Loan Payments, but only at the times and in the manner required, and at a prepayment price sufficient, to effectuate (i) the redemption of Series 2019 Bonds pursuant to Section 4.01 of the Indenture, or (ii) the defeasance of Series 2019 Bonds pursuant to Article XII of the Indenture. The Borrower shall, in a Written Request of the Borrower, give the Trustee written notice of its intention to prepay Loan Payments pursuant to this subsection not less than 45 days prior to the prepayment date, unless a later date is agreed to by the Trustee, which Written Request shall specify (A) the date on which such prepayment of Loan Payments is to be made, (B) the amount of the Loan Payments to be prepaid, and (C) the maturity dates of the Series 2019 Bonds to which such prepayment is to be applied and the amount of such prepayment to be applied to each such maturity of Series 2019 Bonds. All such prepayments shall be deposited with the Trustee and applied, in accordance with the provisions of the Indenture, to the redemption or defeasance, as applicable, of the Series 2019 Bonds specified in such Written Request of the

Borrower. Notwithstanding any such prepayment, so long as any Series 2019 Bonds remain Outstanding, the Borrower shall not be relieved of its obligations hereunder.

(b) The Loan shall be subject to extraordinary prepayment, in full, upon a Determination of Taxability and the Borrower's election, approved in writing by the Bond Owner Representative, to so prepay the Loan pursuant to Section 6.17 hereof. All such prepayments shall be deposited with the Trustee and applied to the redemption of the Series 2019 Bonds in accordance with Section 4.02 of the Indenture.

(c) The Loan shall be subject to extraordinary prepayment from Net Proceeds of insurance and condemnation awards required to be applied thereto pursuant to Section 5.06 hereof. All such prepayments shall be deposited with the Trustee and applied to the redemption of the Series 2019 Bonds in accordance with Section 4.03 of the Indenture.

Section 4.04. Obligations of Borrower Unconditional. The obligations of the Borrower to make the Loan Payments, the Additional Payments and the other payments required to be made by it hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and until such time as the Loan Payments, the Additional Payments and such other payments as are required to be made by the Borrower hereunder shall have been paid in full, the Borrower shall not discontinue or suspend any Loan Payment, any Additional Payment or any such other payment when due or fail to observe such other agreements (a) whether or not the Facilities or any part thereof is operating or operable, or the use thereof is suspended, interfered with, reduced, curtailed or terminated in whole or in part, or (b) as a result of any failure of consideration, eviction or constructive eviction, destruction of or damage to the Facilities, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either thereof, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied. The Borrower may at its own cost and expense and in its own name or in the name of the Authority (without expense to the Authority and with the Authority's prior written consent), prosecute or defend any action or proceeding or take any other action involving third Persons that the Borrower deems reasonably necessary in order to secure or protect its rights of possession, occupancy and use of the Facilities; provided, however, that any such prosecution, defense or action taken by the Borrower in the name of the Authority shall not submit the Authority to jurisdiction outside of the State or preclude or prohibit in any way the Authority from prosecuting, defending, joining or intervening in such action or proceedings, or taking any other action it deems necessary, in its own name and of its own accord.

Section 4.05. Gross Revenue Fund; Deposit, Control and Application of Gross Revenues. (a) The Borrower shall establish and maintain the Gross Revenue Fund as a deposit account with the Depository Bank. As security for its obligation to make the Loan Payments, the Additional Payments and any other payments required to be made by it hereunder, the Borrower shall cause all Gross Revenues, as and when received, to be deposited in the Gross Revenue Fund,

as provided in the Deposit Account Control Agreement. The Borrower shall administer the Gross Revenue Fund in accordance with the Deposit Account Control Agreement.

(b) Subject only to the provisions of this Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the Loan Payments, the Additional Payments and any other payments required to be made by it hereunder and the performance by the Borrower of its other obligations hereunder, the Borrower hereby pledges, and, to the extent permitted by law, grants a lien and security interest on, all of the Gross Revenues and amounts on deposit in the Gross Revenue Fund to the Authority for the benefit of the Owners of the Bonds. Said pledge shall constitute a lien and security interest which shall attach immediately to such collateral and shall be effective, binding and enforceable against the Borrower, purchasers of such collateral, creditors and all other parties having claims against the Borrower or thereon, irrespective of whether such parties have notice thereof and without the need for any physical delivery, recordation, filing, or further act. The Borrower shall file Uniform Commercial Code financing statements, and shall authorize, execute and deliver such other documents, including amendments to such Uniform Commercial Code financing statements, as may be necessary or reasonably requested by the Trustee or the Bond Owner Representative in order to perfect or maintain the perfection and priority of such security interest

(c) Amounts in the Gross Revenue Fund may be withdrawn and used by the Borrower from time to time for any lawful purpose, except as hereinafter provided. In the event that a Loan Default Event has occurred, exclusive control over the Gross Revenue Fund shall be exercised by the Trustee as provided in the Deposit Account Control Agreement and all Gross Revenues shall continue to be deposited in the Gross Revenue Fund as provided in subsection (a) of this Section and the Trustee shall continue to exercise exclusive control over the Gross Revenue Fund until the amounts on deposit in said fund are sufficient to pay in full, or have been used to pay in full, all Loan Payments in default and until all other Loan Default Events shall have been cured or waived to the satisfaction of the Trustee and the Bond Owner Representative or provision deemed by the Trustee and the Bond Owner Representative to be adequate shall have been made therefore. During any period that the Gross Revenue Fund is subject to the exclusive control of the Trustee, the Trustee shall withdraw amounts therefrom and use such amounts so withdrawn to make Loan Payments, Additional Payments and other payments required of the Borrower under this Loan Agreement as such payments become due and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then to the payment, first, of Loan Payments and then to such other payments in the order that the Trustee, in its discretion, shall determine to be in the best interests of the Owners of the Bonds, without discrimination or preference. During any period in which the Gross Revenue Fund is subject to the exclusive control of the Trustee, the Borrower shall not be entitled to withdraw or use any amounts from the Gross Revenue Funds unless the Trustee, with the written approval of the Bond Owner Representative, so directs for the payment of current or past due operating expenses of the Borrower; provided, however, that the Borrower may submit requests to the Trustee as to which expenses to pay and in which order. The Borrower shall execute and deliver all instruments as may be required to implement the provisions of this subsection. The Borrower acknowledges and agrees that a failure to comply with the terms of this subsection will cause irreparable harm to the Owners from time to time of the Bonds, and shall

entitle the Trustee, with or without notice to the Borrower, to take immediate action to compel the specific performance of the obligations of the Borrower as provided in this subsection.

Section 4.06. Security for the Loan. The Borrower agrees and acknowledges that the Secured Obligations, including its obligations with respect to the Loan and under this Loan Agreement, will be secured to the extent and in the manner set forth in, and pursuant to the terms of, this Loan Agreement and the Security Documents.

Section 4.07. Title Insurance. (a) On or before the Closing Date (i) the Borrower shall obtain a standard owner's title insurance policy insuring the Borrower's fee interest in the Deed of Trust Property, and (ii) the Borrower shall provide the Trustee with a standard mortgagee's title insurance policy in form and content satisfactory to the Bond Owner Representative insuring the Trustee's mortgagee's interest under the Deed of Trust, subject only to Permitted Encumbrances, in an amount not less than the aggregate principal amount of the Series 2019 Bonds. Such policy shall be in the form of title insurance issued by a title company qualified to do business in the State, including deletion of customary standard exceptions, where applicable and permitted, and may not permit the title insurer to purchase any Series 2019 Bonds in lieu of providing payment under the policy unless, upon purchase, all Series 2019 Bonds are cancelled.

(b) The Net Proceeds of title insurance shall be applied as provided in Section 5.06 hereof.

ARTICLE V

THE FACILITIES

Section 5.01. Right of Access to and Inspection of the Facilities. The Authority, the Trustee and the Bond Owner Representative shall have the right, upon reasonable notice, at all reasonable times during normal business hours, to enter upon and into the Facilities in order to examine and inspect the Facilities; provided, however, that (a) such right is subject to federal and State laws and regulations applicable to the Facilities, and (b) the Borrower reserves the right to restrict access to the Facilities in accordance with reasonably adopted procedures relating to safety and security.

Section 5.02. Licenses and Qualifications. The Borrower shall do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply with such permits, licenses and other governmental approvals necessary for operation of the Facilities.

Section 5.03. Maintenance and Modifications of Facilities by Borrower. (a) The Facilities shall be operated and maintained by the Borrower in substantial compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to the Facilities.

(b) The Borrower shall (i) keep the Facilities in as reasonably safe condition as the operations at the Facilities permit and Applicable Laws require, and (ii) keep the Facilities in good repair and in good operating condition and make from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof.

(c) The Borrower may, at its own expense, make or cause to be made from time to time such additions, modifications or improvements to the Facilities as it may deem desirable for its purposes and that do not substantially reduce the value of the Facilities; provided, however, that all additions, modifications and improvements as are affixed to the Facilities shall become a part of the Facilities and shall be subject to the liens created under the Security Documents.

Section 5.04. Taxes, Utility and Other Charges. (a) The Borrower shall promptly pay or cause to be paid, as and when the same become due and payable (i) all Taxes, or payments in lieu of such Taxes, that, if not paid, will become a Lien on the Facilities or an interest therein or a charge on the Gross Revenues prior to or on a parity with the charge thereon under this Loan Agreement, and (ii) all utility and other charges incurred in the operation, maintenance, use and upkeep of the Facilities; provided, however, that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Borrower shall be obligated to pay only such installments as may have become due during the term of this Loan Agreement.

(b) The Borrower may, at its expense, in good faith contest any such Taxes, utility and other charges and, in the event of any such contest, may permit the Taxes, utility or other charges contested to remain unpaid during the period of such contest and any appeal therefrom unless, in

the opinion of the Bond Owner Representative, the Facilities shall be subject to loss or forfeiture, in which case such Taxes, utility or other charges shall be paid promptly or secured by posting a bond with the Trustee in form satisfactory to the Trustee and the Bond Owner Representative. Subject to the provisions of Article VII hereof, the Authority shall cooperate fully with the Borrower in the handling and conduct of any such contest; provided however, that any expenses resulting from cooperation by the Authority in any such contest shall be immediately paid or reimbursed directly by the Borrower, and any failure by the Borrower to pay or reimburse such expenses shall not constitute an advance by or an obligation of the Authority to pay such expenses.

Section 5.05. Insurance Required. (a) The Borrower shall maintain or cause to be maintained with respect to the Facilities, with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are approved in writing by the Bond Owner Representative (which risks and amounts, and the costs of the coverage therefor, shall not be materially greater than those for insurance customarily carried by private colleges and universities located in the State of a nature similar to that of the Borrower), which insurance shall include property damage, fire and extended coverage, business interruption, public liability and property damage liability insurance. The Borrower shall at all times also maintain worker's compensation insurance as required by the laws of the State. Such property damage, fire and extended coverage insurance shall be in an amount not less than the lesser of (i) the full replacement value of the Facilities, and (ii) the aggregate principal amount of the Outstanding Series 2019 Bonds, subject to reasonable deductibles.

(b) Each such policy evidencing any of the insurance required pursuant to subsection (a) of this Section, other than worker's compensation insurance, shall name the Authority and the Trustee as additional insureds, as their interests may appear. Each such policy evidencing such insurance shall provide that such insurance shall not be altered or cancelled without 30 days' written notice to the Authority, the Trustee and the Bond Owner Representative.

(c) The Net Proceeds of insurance received as a result of destruction of or damage to the Facilities shall be applied as provided in Section 5.06 hereof. The Net Proceeds of business interruption insurance shall be deposited into the Gross Revenue Fund. The Net Proceeds of any other insurance required pursuant to this Section shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

(d) In the event the Borrower shall fail to maintain the full insurance coverage required by this Loan Agreement, following ten days' written notice of such failure to the Borrower from the Trustee or the Bond Owner Representative, the Bond Owner Representative may, but shall be under no obligation to, obtain the required policies of insurance and pay the premiums on the same, and such payment by the Bond Owner Representative shall constitute an advance and shall become an additional obligation of the Borrower under this Loan Agreement to the Bond Owner Representative.

Section 5.06. Damage to or Destruction or Condemnation of the Facilities. (a) If (i) all or any portion of the Facilities is damaged or destroyed by fire or other casualty, (ii) title to, or the use and occupancy of, the Facilities, or any portion thereof, is taken under the exercise of the

power of eminent domain, or (iii) as a result of a title defect, the Borrower does not have use and occupancy of the Facilities, or any portion thereof, the Borrower shall transfer to the Trustee, and the Trustee shall apply, the Net Proceeds of any insurance received as a result of such damage, destruction or title defect or condemnation award received as a result of such taking to the prepayment of Loan Payments and to the redemption of Bonds as provided in Section 4.03 of the Indenture; provided, however, that the Borrower need not so transfer such Net Proceeds to the Trustee if the Borrower delivers to the Trustee and the Bond Owner Representative a Written Certificate of the Borrower certifying that (A) such Net Proceeds, together with other moneys on hand and available to the Borrower for such purpose, are sufficient to repair, rebuild, restore or replace the damaged, destroyed or condemned portion of the Facilities, or the portion thereof affected by such title defect, as applicable, (B) the Borrower will apply such moneys promptly to the repair, rebuilding, restoration or replacement of such portion of the Facilities, and (C) during the period prior to completion of such repair, rebuilding, restoration or replacement, the Borrower's ability to pay the Loan Payments and comply with its other obligations hereunder will not be materially adversely affected, which Written Certificate shall be accompanied by such written documentation as the Bond Owner Representative may reasonably require in order to substantiate the matters certified in such Written Certificate.

(b) If (i) all or any portion of the Facilities is damaged or destroyed by fire or other casualty, (ii) title to, or the use and occupancy of, the Facilities, or any portion thereof, is taken under the exercise of the power of eminent domain, or (iii) as a result of a title defect, the Borrower does not have use and occupancy of the Facilities, or any portion thereof, the Borrower shall nevertheless be obligated to continue to pay the Loan Payments and the Additional Payments, without diminution or abatement, and to perform its other obligations hereunder, as provided herein.

Section 5.07. Release of Deed of Trust Property. Portions of the Deed of Trust Property may, from time to time, be released from the lien of the Deed of Trust if the following conditions are satisfied:

(a) the Bond Owner Representative shall have consented in writing to such release, which consent shall not be unreasonably withheld, conditioned or delayed;

(b) the aggregate Fair Market Value of all Release Parcels to be released from the lien of the Deed of Trust at any one time shall not exceed 5% of the Fair Market Value of the Deed of Trust Property then subject to the lien of the Deed of Trust;

(c) the aggregate Fair Market Value of all Release Parcels released from the lien of the Deed of Trust shall not exceed 10% of the Fair Market Value of the entire Deed of Trust Property originally subject to the lien of the Deed of Trust; and

(d) the Borrower shall retain an economic interest in all Release Parcels that are released from the lien of the Deed of Trust, or the Borrower otherwise shall ensure that such Release Parcels continue to be used in furtherance of the Borrower's purposes, including the financing, development and construction of additional Facilities.

Section 5.08. Hazardous Materials Laws. The Borrower shall comply in all material respects with all Hazardous Materials Laws applicable to the Facilities.

ARTICLE VI

COVENANTS AND AGREEMENTS

Section 6.01. Consolidation, Merger, Sale or Conveyance; No Assignment. (a) The Borrower shall maintain its existence as a nonprofit public benefit corporation and a 501(c)(3) Organization, duly qualified to do business and in good standing in the State and, except as otherwise provided in subsection (b) of this Section, shall not dissolve or otherwise dispose of all or substantially all of its assets, and shall not combine or consolidate with or merge into another Person or permit one or more Persons to consolidate with or merge into it.

(b) The Borrower may, without violating the provisions of subsection (a) of this Section, consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve if (i) in case the Borrower is the surviving, resulting or transferee Person, as the case may be (A) the Person consolidating with or merging into the Borrower has, prior to such consolidation or merger, long-term indebtedness rated by a Rating Agency “Baa2” or “BBB” or the equivalent, or higher, and (B) the Borrower has, after such consolidation or merger, long-term indebtedness rated by a Rating Agency “Baa3” or “BBB-” or the equivalent, or higher, (ii) in case the Borrower is not the surviving, resulting or transferee Person, as the case may be, the surviving, resulting or transferee Person (A) has, after such consolidation or merger, long-term indebtedness rated by a Rating Agency “Baa3” or “BBB-” or the equivalent, or higher (B) assumes in writing all of the obligations of the Borrower under this Loan Agreement and agrees to fulfill and comply with the terms, covenants and conditions hereof; (C) is not, after such consolidation, merger, sale or transfer in default under any provisions in this Loan Agreement, and (D) is a 501(c)(3) Organization, and (iii) the Trustee, the Authority and the Bond Owner Representative have received (A) an Opinion of Bond Counsel substantially to the effect that such consolidation, merger, sale or transfer, as applicable, will not, in and of itself, adversely affect the exclusion of interest on the Bonds that are Tax-Exempt Bonds from gross income for purposes of federal income taxation, and (B) an Opinion of Counsel reasonably acceptable to the Trustee, the Authority and the Bond Owner Representative substantially to the effect that, after such consolidation, merger, sale or transfer, as applicable (I) this Loan Agreement constitutes a valid and binding obligation of the surviving, resulting or transferee Person, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases, and (II) the security interests created by this Loan Agreement and the Security Documents will not be adversely affected by such consolidation, merger, sale or transfer.

(c) Except for an assignment that occurs as a result of a consolidation, merger, sale or transfer undertaken in accordance with the provisions of subsection (b) of this Section, this Loan Agreement, and the rights and obligations of the Borrower hereunder, may not be assigned by the Borrower.

Section 6.02. Transfer of Assets. The Borrower shall not transfer any of its assets, except (a) the transfer of assets having a market value of not more than \$25,000 in any one Fiscal Year without consideration therefor, (b) the transfer of assets for fair market value consideration as determined by a third party appraiser or other qualified professional, approved by the Bond Owner Representative, (c) the sale or disposal of furniture, fixtures, equipment, signs and other improvements and personal property that have become unserviceable, inoperable, beyond reasonable wear and tear, or reached end of useful life.

Section 6.03. Compliance with Applicable Laws. The Borrower shall comply, in all material respects, with all Applicable Laws, and shall correct all violations of any Applicable Law. Notwithstanding the foregoing, the Borrower shall have, to the extent permitted by law, the right to contest any Applicable Law, and to defer compliance therewith pending the outcome of such contest, provided that (a) the Borrower conducts such contest at its own expense and prosecutes such contest diligently and in good faith, (b) such contest operates to prevent (i) any adverse effect upon the lien or security interest created by the Bond Documents or the Loan Documents, (ii) the Authority, the Trustee and the Bond Owner Representative from being subject to any criminal or, unless indemnified by the Borrower to the reasonable satisfaction of the Authority, the Trustee or the Bond Owner Representative, as applicable, civil liability, and (ii) any impairment of the insurance coverage required under this Loan Agreement, and (c) the Borrower shall (i) prior to the commencement of such contest, notify the Authority, the Trustee and the Bond Owner Representative of its intention to commence such contest, (ii) provide (A) such security as may be reasonably requested by the Authority, the Trustee or the Bond Owner Representative to assure discharge of any Tax, penalty, fine, liability or charge that could arise out of such noncompliance or contest, (B) such assurances as may be reasonably requested by the Authority, the Trustee or the Bond Owner Representative to assure compliance with such Applicable Law, in the event the Borrower is unsuccessful in such contest, and (C) keep the Authority, the Trustee and the Bond Owner Representative apprised of the course and outcome of such contest.

Section 6.04. Prohibited Uses. The Borrower shall not use any portion of the proceeds of the Series 2019 Bonds to finance or refinance (i) any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity during the useful life of such facilities, (ii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, or (iii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any sectarian instruction or religious worship or any program of a school or department of divinity.

Section 6.05. Accreditation. The Borrower shall maintain its accreditation by WSCUC, or its successor as a body that accredits colleges and universities or, if there is no such successor, another nationally recognized body or bodies that accredit colleges and universities. The Borrower shall provide to the Authority, the Trustee and the Bond Owner Representative, within 30 days of receipt thereof, copies of any letter in which the accrediting agency places the Borrower on

probation, issues a warning to the Borrower or indicates that the Borrower's accreditation is being revoked.

Section 6.06. ERISA Covenants. (a) The Borrower shall not, without the prior written consent of the Bond Owner Representative (i) incur any "accumulated funding deficiency," as such term is defined in Section 412 of the Code, with respect to any ERISA Plan, whether or not waived, if the amount of such accumulated funding deficiency, plus any accumulated funding deficiencies previously incurred with respect to such ERISA Plan and not eliminated, would aggregate more than \$100,000, (ii) terminate any ERISA Plan subject to Title IV of ERISA, or (iii) withdraw from a Multiemployer Plan in a "complete withdrawal" or a "partial withdrawal" as defined in Section 4203(a) and Section 4205(a), respectively, of ERISA.

(b) The Borrower shall (i) fund all current and past service pension liabilities under the provisions of all ERISA Plans subject to Title IV of ERISA in amounts such that, if all such ERISA Plans were terminated at the same time by the Borrower, any liens imposed on the Borrower under Section 4068 of ERISA would not be in an amount in the aggregate that would materially affect the Borrower's ability to comply at any time with any of the provisions of this Loan Agreement, (ii) comply in all material respects with the provisions applicable to its ERISA Plans contained in ERISA, the Code and the regulations promulgated thereunder, except for any noncompliance approved in writing by the Bond Owner Representative, and (iii) notify the Authority, the Trustee and the Bond Owner Representative, in writing, promptly upon (A) the happening of any material Reportable Event with respect to any ERISA Plan subject to Title IV of ERISA and, in any event, at least five days prior to any notification of such material Reportable Event given to the PBGC pursuant to the terms of Section 4043 of ERISA, and (B) any assessment against the Borrower or any Common Control Entity of any withdrawal liability to a Multiemployer Plan.

Section 6.07. Limitations on Incurrence of Additional Indebtedness and Operating Leases. (a) The Borrower shall not, without the prior written consent of the Bond Owner Representative, incur Indebtedness, other than the Loan (as increased pursuant to the terms hereof in connection with the issuance of Additional Bonds pursuant to Sections 3.03 and 3.04 of the Indenture); provided, however, that, without such consent, the Borrower shall be permitted to incur Indebtedness, in addition to the Loan, if (a) no Loan Default Event has occurred and is continuing, (b) such Indebtedness is (i) Indebtedness that is not secured by a Lien on any asset of the Borrower, (ii) Short-Term Indebtedness, or (iii) Indebtedness secured by (A) a purchase money security interest in machinery or equipment being purchased with the proceeds of such Indebtedness, or (B) a Lien on assets of the Borrower that are not part of the Trust Estate, and (c) the principal amount of such Indebtedness, together with the outstanding principal amount of all other Indebtedness incurred pursuant to this Section, does not exceed the greater of (i) 5.0% of the outstanding principal amount of all Indebtedness of the Borrower, and (ii) \$4,000,000.

(b) The Borrower shall not, without the prior written consent of the Bond Owner Representative, enter into any Operating Lease if the nominal amount of such Operating Lease, together with the aggregate nominal amounts of all Operating Leases then in effect under which the Borrower is a lessee or a guarantor of a lessee's obligations, would exceed \$4,000,000.

Section 6.08. Derivative Instruments. The Borrower shall not, directly or indirectly, enter into, accept the assignment of or assume or incur obligations under or pursuant to any Derivative Instrument without the prior written approval of the Bond Owner Representative.

Section 6.09. Limitations on Liens; No Pledge of Endowment. Except as specifically provided in this Loan Agreement, the Borrower shall not pledge, assign or otherwise encumber, or create, assume, incur or suffer to be created, assumed or incurred any Liens on the Gross Revenues, the Facilities or the Property. The Borrower shall not pledge, assign or otherwise encumber, or create or incur or suffer to be created or incurred any Lien on, any Endowment.

Section 6.10. Security Interest Filings. The Borrower shall cause the pledges and security interests otherwise described in the Indenture, this Loan Agreement or the Security Documents to be perfected by the filing of financing statements that fully comply with the Uniform Commercial Code in the office of the Secretary of State of the State, and in such other office as is at the time provided by law as the proper place for the filing thereof. The Borrower shall file or cause to be filed continuation statements within the time prescribed by the Uniform Commercial Code in order to continue such security interests.

Section 6.11. Financial Covenants. (a) The Borrower shall, in each Fiscal Year, charge rates, fees and charges for the facilities and services of the Facilities that are sufficient to yield (i) for the Fiscal Year ending June 30, 2022, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.00:1, (ii) for the Fiscal Year ending June 30, 2023, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.10:1, (iii) for the Fiscal Year ending June 30, 2024, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.15:1, and (iv) for the Fiscal Year ending June 30, 2025 and each Fiscal Year thereafter, a Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) of not less than 1.20:1; provided, however, that (A) so long as the Borrower is in compliance with the provisions of subsection (b) of this Section (I) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2023 of equal to or greater than 1.00:1, but less than 1.10:1, (II) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2024 of equal to or greater than 1.00:1, but less than 1.15:1, and (III) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2025 or for any Fiscal Year thereafter of equal to or greater than 1.00:1, but less than 1.20:1, shall not constitute a default under this subsection, and (B) a Prior Period Operating Ratio for the Fiscal Year ending June 30, 2022 or for any Fiscal Year thereafter of less than 1.00:1, shall constitute a default under this subsection.

(b) The Borrower shall, for each Fiscal Year, compute the Prior Period Operating Ratio for such Fiscal Year (determined as of the day next following the last day of such Fiscal Year) and shall, no later than the August 31 immediately following the end of such Fiscal Year, deliver to the Trustee and the Bond Owner Representative a Written Certificate of the Borrower setting forth such computations and the data on which such computations were based. If (i) for the Fiscal Year ending June 30, 2023, the Prior Period Operating Ratio for such Fiscal Year was less than 1.10:1, (ii) for the Fiscal Year ending June 30, 2024, the Prior Period Operating Ratio for such Fiscal Year

was less than 1.15:1, or (iii) for the Fiscal Year ending June 30, 2025 or for any Fiscal Year thereafter, the Prior Period Operating Ratio for such Fiscal Year was less than 1.20:1, the Borrower, if directed to do so in writing by the Bond Owner Representative, shall, no later than the date specified in such written direction, engage a Management Consultant to make recommendations as to a revision of the rates, fees and charges for the facilities and services of the Facilities or the methods of operation of the Facilities that will, in the view of such Management Consultant, result in the requirements of subsection (a) of this Section being met for each subsequent Fiscal Year. The Borrower shall deliver copies of the recommendations of such Management Consultant to the Trustee and the Bond Owner Representative within five days of the Borrowers receipt thereof. The Borrower shall consult with the Bond Owner Representative regarding the recommendations of such Management Consultant and, if and to the extent permitted by law and approved by the Bond Owner Representative, shall revise the rates, fees and charges for the facilities and services of the Facilities or the methods of operation of the Facilities and take such other action as shall be in conformity with such recommendations or as shall be permitted by law and approved by the Bond Owner Representative.

(c) The Borrower shall cause the Liquidity to Debt Ratio (i) for the Fiscal Year ending June 30, 2020, to be not less than 0.80:1, (ii) for the Fiscal Year ending June 30, 2021, to be not less than 0.85:1, (iii) for the Fiscal Year ending June 30, 2022, to be not less than 0.90:1, (iv) for the Fiscal Year ending June 30, 2023, to be not less than 0.95:1, and (v) for the Fiscal Year ending June 30, 2024 and for each Fiscal Year thereafter, to be not less than 1.00:1.

(d) The Borrower shall, for each Fiscal Year, compute the Liquidity to Debt Ratio for such Fiscal Year and shall, no later than the August 31 immediately following the end of such Fiscal Year, deliver to the Trustee and the Bond Owner Representative a Written Certificate of the Borrower setting forth such computations and the data on which such computations were based. If, in any Fiscal Year, the Borrower fails to cause the Liquidity to Debt Ratio for such Fiscal Year to satisfy the requirements therefor specified in subsection (c) of this Section, such failure shall not constitute a default under said subsection; provided, however, that, if the Borrower, in the next succeeding Fiscal Year, fails to cause the Liquidity to Debt Ratio for such Fiscal Year to satisfy the requirements therefor specified in subsection (c) of this Section, then, commencing in the Fiscal Year immediately following the Fiscal Year in which such second failure occurred and continuing through and including the first subsequent Fiscal Year in which the Liquidity to Debt Ratio for such Fiscal Year satisfies the requirements therefor specified in subsection (c) of this Section, the interest rate on the Series 2019 Bonds shall, as provided in Section 2.02 of the Indenture, be increased to a rate per annum equal to the Step-Up Rate.

(e) Within 30 days of completion of the audit of the books and records of the Borrower for a Fiscal Year, as provided in Section 6.13 hereof, the Borrower shall deliver to the Trustee and the Bond Owner Representative a Written Certificate of the Borrower (i) that confirms that the computation of the Prior Period Operating Ratio for such Fiscal Year delivered pursuant to subsection (b) of this Section and the computation of the Liquidity Debt Ratio for such Fiscal Year delivered pursuant to subsection (b) of this Section are not materially different than the computation thereof based on such audit of the books and records of the Borrower, or (ii) if either of such computations are materially different than the computation thereof based on such audit of

the books and records of the Borrower, that sets forth the computation thereof based on such audit of the books and records of the Borrower and the data on which such computation was based and that describes the reasons for such material difference.

Section 6.12. Budgets. No more than 90 days and no less than 60 days prior to the commencement of each Fiscal Year, the Borrower shall deliver, or cause to be delivered, to the Trustee and the Bond Owner Representative a copy of the Borrower's preliminary annual operating budget for such Fiscal Year approved by the Board of Directors of the University. No later than 60 days following the commencement of each Fiscal Year, the Borrower shall deliver, or cause to be delivered, to the Trustee and the Bond Owner Representative a copy of the Borrower's final annual operating budget for such Fiscal Year approved by the Board of Directors of the University. So long as amounts remain on deposit in the Expenditure Fund, the budget for each Fiscal Year shall include (a) a description of each Expenditure expected to be made during such Fiscal Year, (b) the amount of each such expected Expenditure, and (c) the date on which each such Expenditure is expected to be made.

Section 6.13. Books and Records; Audits. (a) The Borrower shall maintain, or cause to be maintained, proper books of records and accounts of the Facilities, with full, true and correct entries of all of its dealings. The Borrower shall have its books and records for each Fiscal Year audited by an Accountant as soon as practicable after the close of such Fiscal Year and, within 150 days after the end of such Fiscal Year, shall furnish a copy of such audit report to the Authority (upon request of the Authority), the Trustee and the Bond Owner Representative, together with a Written Certificate of the Borrower, approved by its Accountant, as to the calculation of Gross Revenues for such Fiscal Year. None of the Authority, the Trustee or the Bond Owner Representative has any obligation to review any such audit report of the Borrower.

(b) Upon receipt by the Borrower of the Accountant's management letter, if any, the Borrower shall provide the Trustee and the Bond Owner Representative with a copy of such management letter.

(c) Upon the reasonable request of the Authority or the Bond Owner Representative, the Borrower shall also provide to the Authority or the Bond Owner Representative, as applicable, additional information concerning the Facilities and the operations, financial condition and any pending material transactions of the Borrower.

Section 6.14. No Default Certificate. Within 120 days after the end of each Fiscal Year, the Borrower shall furnish to the Authority, the Trustee and the Bond Owner Representative a Written Certificate of the Borrower (a) stating that no Loan Default Event has occurred and is continuing and that, to the knowledge of the Borrower, no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a Loan Default, or (b) if a Loan Default Event has occurred and is continuing or if an event has occurred that, with the passage of time or the giving of notice, or both, would constitute a Loan Default Event, describing such Loan Default Event or such event known to the Borrower.

Section 6.15. Maintenance of Records. The Borrower shall maintain records relating to the use and investment of the proceeds of the Series 2019 Bonds and the use and operation of the Facilities for a period of four years after the later of (a) payment in full of the Series 2019 Bonds, or (b) payment in full of any bonds, notes or other obligations issued or incurred to refund the Series 2019 Bonds.

Section 6.16. Tax Covenants. (a) The Borrower shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2019 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Borrower shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2019 Bonds.

(b) The Borrower shall not use any portion of the proceeds of the Series 2019 Bonds to finance or refinance any facility, place or building to be used (i) by a Person that is not a 501(c)(3) Organization or a governmental unit, or (ii) by a 501(c)(3) Organization in an “unrelated trade or business” (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Series 2019 Bonds being treated as an obligation not described in Section 103(a) of the Code.

Section 6.17. Determination of Taxability. Within 30 days of the occurrence of a Determination of Taxability, the Borrower shall deliver to the Trustee and the Bond Owner Representative a Written Request of the Borrower stating either (a) that the Borrower elects to prepay the Loan in full on a date no later than 90 days after the date of delivery of such Written Request, or (b) the Borrower elects not to so prepay the Loan; provided, however, that (i) if the Borrower elects to so prepay the Loan (A) such Written Request shall be accompanied by evidence reasonably satisfactory to the Bond Owner Representative that the Borrower will have sufficient amounts available to it to so prepay the Loan on the date specified in such Written Request, and (B) such election shall be effective only if approved in writing by the Bond Owner Representative, which approval shall not be unreasonably withheld, conditioned or delayed, and (ii) if the Borrower fails to provide such Written Request within 30 days of the occurrence of such Determination of Taxability, the Borrower shall be deemed to have elected not to so prepay the Loan.

Section 6.18. Continuing Disclosure. (a) The Borrower shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Loan Agreement or the Indenture, failure by the Borrower to comply with the Continuing Disclosure Agreement shall not be considered a Loan Default Event; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2019 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

(b) If the Bond Owner Representative or the Majority Owners are in possession of information regarding the Borrower or the Bonds that the Bond Owner Representative or the Majority Owners, as applicable, has reasonably concluded is material non-public information and the Bond Owner Representative or the Majority Owners, as applicable, notifies the Borrower of such conclusion, the Borrower shall, within 10 Business Days of such notification, cause such information, in such form as is reasonably agreed to by the Borrower and the Bond Owner Representative or the Majority Owners, as applicable, to be filed with the Repository (as defined in the Continuing Disclosure Agreement) in the manner provided for in the Continuing Disclosure Agreement.

Section 6.19. Board Observer. The Bond Owner Representative may, with the consent of the Borrower, which consent may be given or withheld at the sole discretion of the Borrower, participate, as a passive observer only, either telephonically or in person, in meetings of the Board of Directors of the Borrower at which financial matters or business affairs of the Borrower are discussed; provided, however, that the Bond Owner Representative shall not be permitted to be present at any such meeting during (a) discussions at such meetings of matters unrelated to financial matters or business affairs of the Borrower, or (b) privileged discussions of such Board of Directors or of the Executive Committee thereof. The Bond Owner Representative shall not be obligated to so participate in such meetings.

Section 6.20. Amendment of Loan Documents. Except as otherwise provided in this Loan Agreement or in the Indenture, this Loan Agreement and the other Loan Documents may not be effectively amended, supplemented or modified except in accordance with Section 11.05 of the Indenture.

Section 6.21. Borrower's Duties Under Indenture. The Borrower acknowledges having read the Indenture and agrees to perform all duties imposed on it by the Indenture. Insofar as any section of the Indenture imposes duties and responsibilities on the Borrower, such section is specifically incorporated herein by reference. The Borrower further agrees that Series 2019 Bond proceeds, the Gross Revenues, any Net Proceeds and any other amounts held or to be held in any of the Funds and Accounts shall be collected, deposited, held, invested, transferred, disbursed and applied as set forth in, and subject to the provisions of, the Indenture and the Deposit Account Control Agreement, as applicable.

Section 6.22. Credit Ratings and Bond Insurance Solicitations. (a) The Borrower shall, not later than 60 days after receipt of a Written Request of the Bond Owner Representative, cooperate in the solicitation of a credit rating on the Series 2019 Bonds from one or more nationally recognized rating agencies approved by the Bond Owner Representative in order to obtain a credit rating on such Bonds; provided, however, that the Borrower shall not be required pursuant to this subsection to cooperate in the solicitation of a credit rating on the Series 2019 Bonds (i) more than one time during the first two years after the Closing Date, (ii) more than two times during the first five years after the Closing Date, and (iii) after the date that is five years after the Closing Date. At the Written Request of the Bond Owner Representative, the Borrower shall consent to and cooperate in causing any rating received as a result of a solicitation thereof as provided in this subsection to be published in one or more market publications in which ratings of municipal debt

obligations are published. All reasonable and necessary costs and expenses associated with such solicitation and publication incurred by the Borrower shall be the responsibility of the Bond Owner Representative and the Borrower shall have no responsibility to pay any costs related to such solicitation or publication.

(b) If the Series 2019 Bonds receive an investment grade rating as a result of a solicitation thereof as provided in subsection (a) of this Section, the Borrower shall, if so requested in a Written Request of the Bond Owner Representative, cooperate in the preparation of an offering or remarketing memorandum for such Series of Bonds. All reasonable and necessary costs and expenses associated with such preparation of an offering or remarketing memorandum for the Series 2019 Bonds by the Borrower shall be the responsibility of the Bond Owner Representative and the Borrower shall have no responsibility to pay any such costs or expenses.

(c) The Borrower shall, not later than 60 days after receipt of a Written Request of the Bond Owner Representative, cooperate in the application for a municipal bond insurance policy for the Series 2019 Bonds from one or more bond insurers approved by the Bond Owner Representative. All reasonable and necessary costs and expenses associated with such application incurred by the Borrower, and the premium charged for any municipal bond insurance policy obtained as a result of such application, shall be the responsibility of the Bond Owner Representative and the Borrower shall have no responsibility to pay any such costs, expenses or premium.

Section 6.23. Incorporation of Additional Collateral and Covenants. In the event that the Borrower shall, directly or indirectly, incur, enter into or otherwise consent to any Indebtedness payable to any Person, or any amendment thereto, that provides such Person with any financial covenant, or security interest in or pledge of any asset or proceeds now owned or hereafter acquired by the Borrower in addition to those provided in the Indenture, this Loan Agreement or the Security Documents or more favorable to such Person or other counterparty under such Indebtedness than the corresponding provisions of the Indenture, this Loan Agreement or the Security Documents, the Borrower shall provide the Bond Owner Representative with a copy of each contract, agreement or instrument, and any such amendment thereto, pursuant to which such Indebtedness is payable and such financial covenant, security interest and pledge shall automatically be deemed to be incorporated into the Indenture, this Loan Agreement or the Security Documents, as applicable, and the Owners shall have the benefits of such financial covenant, security interest or pledge (for so long as such Indebtedness remains outstanding) as if specifically set forth therein or herein and such financial covenant, security interest or pledge shall be for the benefit of the Owners and shall be governed by the rights and remedies in the Indenture, this Loan Agreement and the Security Documents. Upon the written request of the Bond Owner Representative, the Borrower, the Authority and the Trustee shall promptly enter into amendments to the Indenture, this Loan Agreement or the Security Documents, as applicable, to reflect such financial covenants, security interest or pledge that has been so automatically incorporated therein or herein. Notwithstanding the foregoing, the provisions of this Section shall not apply to any purchase money Indebtedness incurred pursuant to Section 6.07 hereof.

Section 6.24. Compensation and Indemnification of the Trustee and Bond Owner Representative.

(a) The Borrower shall pay to the Trustee from time to time all reasonable compensation for all services rendered by the Trustee under the Indenture, and also all reasonable expenses and charges of the Trustee, and those of its officers, directors, attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture. The Borrower shall indemnify and save the Trustee and its officers, directors and employees harmless against any costs, suits, judgments, damages, liabilities, claims, expenses, including legal fees and expenses, and liabilities that it may incur in the exercise and performance of its powers and duties under the Indenture, including the enforcement of any remedies and the defense of any suit, and that are not due to its negligence or its willful misconduct. The duty of the Borrower to indemnify the Trustee shall survive the resignation or removal of the Trustee and the discharge and satisfaction of this Indenture.

(b) The Borrower shall indemnify and hold harmless the Bond Owner Representative, and its officers, directors, employees, agents and representatives, against any claims, damages, judgments, loss, liability, cost or expense (including attorney's fees and costs) that it may incur in the exercise and performance of its powers and duties under the Indenture, under any other Bond Document or under any Loan Document, including the enforcement of any remedies and the defense of any suit, and that are not due to the Bond Owner Representative's gross negligence or its willful misconduct, including any costs or expenses of the Bond Owner Representative in having to indemnify the Trustee for any actions it takes hereunder or under any Bond Document or Loan Document.

Section 6.25. Amounts Remaining in Funds and Accounts Under Indenture. Any amounts remaining in the Funds and Accounts upon expiration of the term of this Loan Agreement and payment of all amounts owed hereunder shall be applied by the Trustee in accordance with the Indenture.

Section 6.26. Authority of Authorized Representatives. (a) Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Borrower is required, or the Authority or the Trustee is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Representative of the Borrower unless otherwise specified in this Loan Agreement or the Indenture. The Authority or the Trustee, as the case may be, shall be authorized to act on any such approval or request and the Borrower shall have no complaint against the Authority or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement or the Indenture by an Authorized Representative of the Borrower shall be on behalf of the Borrower and shall not result in any personal liability of such Authorized Representative.

(b) Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Authority is required, or the Trustee or the Borrower is required to take some action at the request of the Authority, such approval or such request shall be made by the Authorized Representative of the Authority unless otherwise specified in this Loan Agreement or the Indenture. The Trustee or the Borrower, as the case may be, shall be authorized to act on any such

approval or request and the Authority shall have no complaint against the Borrower (except as otherwise provided in Article VII hereof) or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement or the Indenture by an Authorized Representative of the Authority shall be on behalf of the Authority and shall not result in any personal liability of such Authorized Representative.

(c) Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Bond Owner Representative is required, or the Authority, the Trustee or the Borrower is required to take some action at the request of the Bond Owner Representative, such approval or such request shall be made by the Authorized Representative of the Bond Owner Representative unless otherwise specified in this Loan Agreement or the Indenture. The Authority, the Trustee or the Borrower, as the case may be, shall be authorized to act on any such approval or request and the Bond Owner Representative shall have no complaint against the Authority, the Trustee or the Borrower as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement or the Indenture by an Authorized Representative of the Bond Owner Representative shall be on behalf of the Bond Owner Representative and shall not result in any personal liability of such Authorized Representative.

Section 6.27. Further Assurances. The Authority and the Borrower shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Loan Agreement, subject, however, to the terms and conditions of Article VII hereof and Article VII of the Indenture.

ARTICLE VII

LIMITATIONS ON LIABILITY; EXPENSES; INDEMNIFICATION

Section 7.01. No Liability of the Authority. (a) The Authority shall not be obligated to pay the principal of and interest and premium, if any, on the Bonds, except from payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, and other available amounts in the Funds and Accounts under the Indenture. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal of and interest and premium, if any, on the Bonds. Neither the Authority nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent of payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, and other available amounts in the Funds and Accounts under the Indenture.

(b) The Borrower hereby acknowledges and agrees that the Authority's sole source of moneys to repay the Bonds will be provided by payments made by the Borrower to the Trustee pursuant to this Loan Agreement, together with certain other available amounts in the Funds and Accounts under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all of the principal of and interest and premium, if any, on the Bonds as the same shall become due, whether by maturity, redemption, acceleration or otherwise, then upon notice from the Trustee or the Bond Owner Representative, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal of and interest and premium, if any, on the Bonds, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor but solely, in the case of the Authority, from payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, other than with respect to any deficiency caused by the willful misconduct of the Authority.

Section 7.02. Expenses. (a) The Borrower shall pay all reasonable fees, costs and charges of the Authority incurred in good faith and arising out of or in connection with the Borrower Documents, the Loan Documents or the Bond Documents, including reasonable fees and expenses of attorneys, accountants, consultants and other experts.

(b) The obligations of the Borrower under this Section shall survive and remain in full force and effect notwithstanding the payment or redemption in full, or defeasance of the Series 2019 Bonds, the discharge of the Indenture and the termination or expiration of this Loan Agreement.

Section 7.03. Indemnification. (a) To the fullest extent permitted by law, the Borrower shall indemnify, hold harmless and defend the Indemnified Persons, against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Persons, or any of them, may become subject under or any statutory law, including federal or state securities laws, or at common law or otherwise, arising out of or based upon or in any way relating to (i) the Borrower Documents, the Loan Documents or the Bond Documents or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds, (ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Facilities, the operation of the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of the Facilities or any part thereof, (iii) any Lien or charge upon payments by the Borrower to the Authority and the Trustee hereunder, or any taxes, including ad valorem taxes and sales taxes, but excluding taxes on income, assessments, impositions and other charges imposed on the Authority in respect of any portion of the Facilities, (iv) any violation of any Hazardous Materials Laws with respect to, or the release of any Hazardous Materials from, the Facilities or any part thereof, (v) the defeasance and/or redemption, in whole or in part, of the Bonds, (vi) except as set forth in the Limited Offering Memorandum for the Series 2019 Bonds under the headings "THE AUTHORITY", "ABSENCE OF MATERIAL LITIGATION – The Authority," any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for the Series 2019 Bonds or any of the documents relating to the Series 2019 Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Series 2019 Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (vii) any declaration of taxability of interest on any Series 2019 Bonds, or allegations that interest on any Series 2019 Bond is not excludible from gross income for purposes of federal income taxation or any regulatory audit or inquiry regarding whether interest on any Series 2019 Bond is excludible from gross income for purposes of federal income taxation, and (viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Series 2019 Bonds to which it is a party, except to the extent such damages are caused by the willful misconduct of the Indemnified Person.

(b) In the event that any action or proceeding is brought against any Indemnified Person with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Person, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Person, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided, however, that the Indemnified Person shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Person shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of

such separate counsel; provided, however, that such Indemnified Person may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Person a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action or inaction of counsel.

(c) The obligations of the Borrower under this Section shall survive and remain in full force and effect notwithstanding the payment or redemption in full, or defeasance of the Series 2019 Bonds, the discharge of the Indenture and the termination or expiration of this Loan Agreement.

Section 7.04. No Obligation to Enforce Assigned Rights. Notwithstanding anything to the contrary in this Loan Agreement or the Indenture, the Authority shall have no obligation to and instead the Trustee, the Bond Owner Representative and/or the Owners, as the case may be, in accordance with this Loan Agreement or the Indenture, shall have the right, without any direction from or action by the Authority, to take any and all steps, actions and proceedings, to enforce any or all rights of the Authority under this Loan Agreement and the Indenture (other than the Reserved Rights of the Authority), including the rights to enforce the remedies upon the occurrence and continuation of a Loan Default Event and the obligations of the Borrower under this Loan Agreement.

Section 7.05. No Warranty by Authority. The Borrower acknowledges and agrees that the Authority has not had and will not have any involvement in the operations of the Facilities and that the Authority has not made and will not make any inspection of the Facilities or of any fixture or other item constituting a portion thereof. The Authority makes no warranty or representation, express or implied or otherwise, with respect to the Facilities or the location, use, description, design, merchantability, fitness for use for any particular purpose, condition or durability thereof, or as to the quality of the material or workmanship therein, it being agreed that all risks incident thereto are to be borne by the Borrower. In the event of any defect or deficiency of any nature in the Facilities or any fixture or other item constituting a portion thereof, whether patent or latent, the Authority shall have no responsibility or liability with respect thereto. The provisions of this Section have been negotiated and are intended to be a complete exclusion and negation of any warranties or representations by the Authority, express or implied, with respect to the Facilities or any fixture or other item constituting a portion thereof, whether arising pursuant to the Uniform Commercial Code or any other law now or hereafter in effect.

Section 7.06. No Liability of the Sisters of the Holy Names. Neither the Sisters of the Holy Names nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Loan Agreement, the Bonds or the Indenture. The approval by the Sisters of the Holy Names, as a Member of the Borrower, of the financing involving the issuance of the Series 2019 Bonds has been provided solely as an ecclesiastical accommodation to the Borrower, and the Sisters of the Holy Names takes no responsibility for the Borrower's obligations hereunder or with respect to the Series 2019 Bonds or any representations, warranties or covenants made by the Borrower hereunder or with respect to the issuance of the Series 2019 Bonds.

ARTICLE VIII

LOAN DEFAULT EVENTS AND REMEDIES

Section 8.01. Loan Default Events. The following events shall be Loan Default Events:

(a) the failure of the Borrower to make due and punctual payment of any Loan Payment when and as the same shall become due and payable;

(b) the failure of the Borrower to observe and perform any other covenant, condition or agreement on its part to be observed or performed hereunder other for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrower by the Authority, the Trustee or the Bond Owner Representative; provided, however, that, if in the reasonable opinion of the Bond Owner Representative, as stated in writing to the Authority and the Trustee, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute a Loan Default Event if corrective action is instituted by the Borrower within such 30 day period and the Borrower shall thereafter diligently and in good faith cure such failure in a period of time reasonably determined by the Bond Owner Representative to be appropriate under the circumstances;

(c) any representation or warranty made by the Borrower herein or made by the Borrower in any Borrower Document or any document, instrument or certificate furnished to the Trustee or the Authority in connection with the issuance of the Series 2019 Bonds shall at any time prove to have been incorrect in any material respect as of the time made, and such misrepresentation has a material adverse effect on the Facilities, the operation of the Facilities, the Series 2019 Bonds or the Borrower's ability to perform its obligations under this Loan Agreement or the other Borrower Documents;

(d) the occurrence and continuance of an event of default under the Deed of Trust;

(e) the occurrence and continuance of an Event of Default under the Indenture;

(f) the dissolution or liquidation of the Borrower, or the failure by the Borrower promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facilities or to make any payments under this Loan Agreement;

(g) the attachment of any writ or warrant against the Facilities or any part thereof that is not released or bonded within 45 days of attachment thereof; and

(h) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Borrower, or adjudging the Borrower a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Borrower under the United States Bankruptcy Code or any other

applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for the Borrower or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

Section 8.02. Remedies on Default. (a) Whenever any Loan Default Event shall have occurred and be continuing, the Authority or the Trustee may, with the written consent of the Bond Owner Representative, or shall, at the written direction of the Bond Owner Representative, but subject to the Trustee's rights under Article IX of the Indenture, take any one or more of the following remedial steps, in each case subject to the terms of the Security Documents and the Tax Certificate:

(i) the Trustee may declare the Loan Payments payable hereunder for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become due and payable;

(ii) the Trustee may (A) exercise its rights under the Deed of Trust, including the right to foreclose on the Facilities pursuant thereto, and (B) exercise its rights under the other Security Documents, and may realize upon the security interest in the Gross Revenues and may exercise all the rights and remedies of a secured party under the Uniform Commercial Code with respect thereto; and

(iii) the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Borrower under this Loan Agreement, or may, by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the Authority or the Trustee thereunder.

(b) Notwithstanding the provisions of subsection (a) of this Section, prior to the exercise by the Authority, the Trustee or the Bond Owner Representative of any remedy that would prevent the application of this subsection, the Borrower may, at any time, pay all accrued payments hereunder, exclusive of any such payments accrued solely by virtue of declaration pursuant to paragraph (i) of subsection (a) of this Section, and fully cure all defaults, and in such event, the Borrower shall be fully reinstated to its position hereunder as if such Loan Default Event had never occurred.

(c) Any proceeds received by the Authority or the Trustee from the exercise of any of the above remedies shall be applied by the Trustee in accordance with the provisions of Section 8.06 of the Indenture.

(d) If the Authority, the Trustee or the Bond Owner Representative shall have proceeded to enforce their rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Trustee or the Bond Owner Representative, then and in every such case, the Borrower, the Authority, the Trustee and the Bond Owner Representative shall be restored to their

respective positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Authority, the Trustee and the Bond Owner Representative shall continue as though no such proceedings had been taken.

Section 8.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority, the Trustee or the Bond Owner Representative is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 8.04. Waiver. In the event any agreement contained in this Loan Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Authority's rights in and under this Loan Agreement to the Trustee under the Indenture, the Authority shall retain the Reserved Rights of the Authority, but shall have no power to waive any Loan Default Event hereunder without the prior written consent of the Trustee and the Bond Owner Representative (nor shall the Trustee or the Bond Owner Representative have any power to waive any breach or default in respect of the Reserved Rights of the Authority without the prior written consent of the Authority). Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Series 2019 Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Loan Default Event under this Loan Agreement and a rescission and annulment of its consequences; provided, however, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon. The Trustee shall not waive any Loan Default Event without the prior written consent of the Bond Owner Representative.

Section 8.05. No Duty to Mitigate Damages. The Authority, the Trustee and the Bond Owner Representative shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Borrower if any Loan Default Event shall occur.

Section 8.06. Actions Taken by the Bond Owner Representative. Notwithstanding anything in this Loan Agreement to the contrary, if a Loan Default Event shall have occurred and be continuing, the Bond Owner Representative, in its sole discretion, as evidenced by written notice delivered to the Trustee, may, but shall not be required to (a) in lieu of the Trustee, exercise such one or more of the rights and powers conferred on the Trustee by this Article, and (b) exercise one or more of the rights and powers granted to the Trustee and the Owners under Article VIII of the Indenture, either by a suit or suits in equity or in law for the enforcement of any appropriate equitable or legal remedy the Bond Owner Representative shall deem most expedient in the interests of the Owners; provided, however, that this Section shall not apply to the Reserved Rights of the Authority, the enforcement of which shall be reserved exclusively to the Authority and the Indemnified Persons, as the case may be.

Section 8.07. Attorneys' Fees and Expenses. If, during the continuance of a Loan Default Event, the Authority, the Trustee or the Bond Owner Representative should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower shall on demand therefor pay to the Authority, the Trustee or the Bond Owner Representative, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses incurred by the Authority, the Trustee or the Bond Owner Representative. The obligations of the Borrower under this Section shall continue in full force and effect notwithstanding the final payment of the Series 2019 Bonds or the termination of this Loan Agreement for any reason.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Authority:

California Municipal Finance Authority
2111 Palomar Airport Road, Suite 320
Carlsbad, California 92011
Attention: Financial Advisor

with a copy to:

Jones Hall, a Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Ron Lee

If to the Borrower:

Holy Names University
3500 Mountain Boulevard
Oakland, California 94619
Attention: Vice President for Finance and Administration

If to the Trustee:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust

If to the Bond Owner Representative:

Preston Hollow Capital, LLC
1717 Main Street, Suite 3900
Dallas, Texas 75201
Attention: General Counsel/Director of Operations

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is

addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (c) if given by electronic mail, on the date sent, but only if confirmation of the receipt of such electronic mail is received or if notice is concurrently sent by another means specified herein, and (d) if given by any other means, upon delivery at the address specified in this Section.

Section 9.02. Limitation of Rights. Except as otherwise provided in Section 9.03 hereof, nothing in this Loan Agreement expressed or implied is intended or shall be construed to give to any Person other than the Authority, the Trustee, the Borrower, the Bond Owner Representative and the Owners any legal or equitable right, remedy or claim under or in respect of this Loan Agreement or any covenant, condition or provision herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Borrower, the Bond Owner Representative and the Owners.

Section 9.03. Third Party Beneficiaries. Notwithstanding any provision hereof to the contrary, it is specifically acknowledged and agreed that, to the extent of their rights hereunder (including their rights to immunity, indemnification and exculpation from pecuniary liability), the Indemnified Persons and the Bond Owner Representative, and each of them, is a third-party beneficiary of this Loan Agreement entitled to enforce such rights in his, her, its or their own name or names.

Section 9.04. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Borrower, and their respective successors and assigns, subject, however, to the limitations contained in Section 6.01 hereof.

Section 9.05. Waiver of Personal Liability. No member, director, officer, agent or employee of the Authority and no director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any Loan Payment or Additional Payment, any principal of, premium, if any, or interest on the Series 2019 Bonds or any other sum payable hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; provided, however, that nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 9.06. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Loan Agreement shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Loan Agreement and, unless otherwise specifically provided in this Loan Agreement, no interest shall accrue for the period from and after such nominal date.

Section 9.07. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall

be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 9.08. Term of Loan Agreement; Survival. (a) Except as otherwise provided herein, this Loan Agreement shall remain in full force and effect from the date of funding of the Loan until the Series 2019 Bonds are no longer Outstanding under the Indenture. Upon the expiration of the term of this Loan Agreement, the Authority shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Loan Agreement and the discharge of the lien hereof. The provisions of this Loan Agreement concerning (i) the tax-exempt status of the Series 2019 Bonds (including provisions concerning rebate), (ii) the interpretation of this Loan Agreement, (iii) governing law, jurisdiction and venue, (iv) the forum for resolving disputes, (v) the Authority's right to rely on facts or certificates, (vi) the immunity of the Indemnified Persons, (vii) the Borrower's obligation to indemnify the Indemnified Persons pursuant to Section 7.03 hereof, and (viii) the Authority's lack of pecuniary liability, shall survive and remain in full force and effect notwithstanding the payment or redemption in full, or defeasance of the Series 2019 Bonds, the discharge of the Indenture and the termination or expiration of this Loan Agreement.

Section 9.09. Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 9.10. Governing Law and Venue. This Loan Agreement shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State. This Loan Agreement shall be enforceable in the State, and any action arising hereunder shall, unless waived by the Authority in writing, be filed and maintained in the Superior Court of California, County of San Diego.

Section 9.11. Effective Date. This Loan Agreement has been dated for convenience purposes only. Notwithstanding the stated date of this Loan Agreement, this Loan Agreement shall be effective on the Closing Date.

Section 9.12. Execution in Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the Authority and the Borrower have executed this Loan Agreement as of the date first above written.

**CALIFORNIA MUNICIPAL FINANCE
AUTHORITY**

By: _____
Authorized Signatory

HOLY NAMES UNIVERSITY

By: _____
Robert Kinnard, Vice President
for Finance and Administration

EXHIBIT A
MASTER DEFINITIONS

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code, exempt from the payment of federal income tax under Section 501(a) of the Code.

“Accountant” means any independent public accounting firm (which may be the firm of accountants who regularly audit the books and accounts of the Borrower) from time to time selected by the Borrower and approved by the Bond Owner Representative; provided, however, that Hood & Strong LLP is an approved Accountant.

“Accounts” means the accounts from time to time established pursuant to the Indenture in any of the Funds established and held by the Trustee pursuant to the Indenture.

“Accredited Investor” means an “accredited investor” as defined in Section 501(a) of Regulation D promulgated under the Securities Act.

“Act” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code.

“Additional Bonds” means Bonds other than Series 2019 Bonds issued under the Indenture in accordance with the provisions of Sections 3.03 and 3.04 thereof.

“Additional Payments” means the amounts required to be paid by the Borrower to the Authority, the Trustee, the Bond Owner Representative or other Person, as applicable, pursuant to Section 4.02 of the Loan Agreement.

“Administrative Costs” means (a) any and all reasonable costs and expenses of the Authority, including reasonable attorneys’ fees and costs, but excluding Extraordinary Costs, incurred by the Authority (i) in connection with the authorization, issuance, sale and delivery of the Series 2019 Bonds, (ii) in collecting, compromising and enforcing payment of the Loan Payments, (iii) in preserving, exercising and enforcing the rights and remedies under the Bond Documents or the Loan Documents, (iv) in protecting, defending and preserving the validity and priority of the Liens and security interests granted under the Loan Agreement, the Indenture or the Security Documents, (v) in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations, and (vi) otherwise in connection with the administration of the Bond Documents or the Loan Documents, (b) all compensation of the Trustee for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Indenture, as provided in Section 9.07 of the Indenture, (c) any and all reasonable costs and expenses of the Bond Owner Representative, including reasonable attorneys’ fees and costs, incurred by the Bond Owner Representative (i) in collecting, compromising and enforcing payment of the Loan Payments, (ii) in preserving, exercising and enforcing the rights and remedies under the Bond Documents or the Loan Documents, (iii) in protecting, defending and preserving the validity and priority of the Liens and security interests granted under the Loan Agreement, the Indenture or the Security Documents, (iv) in connection with the reasonable supervision or inspection of the Borrower, its properties,

assets or operations, and (v) otherwise in connection with the administration of the Bond Documents or the Loan Documents, and (d) the reasonable fees and expenses of such Accountants, rebate analysts, consultants, attorneys and other experts as may be engaged by the Authority, the Trustee or the Bond Owner Representative in connection with the performance of their respective duties, or pursuit of their respective rights, under the Loan Agreement or the Indenture and to prepare audits, financial statements, reports, opinions or provide such other services required under the Bond Documents or the Loan Documents, including, but not limited to, any audit or inquiry by the Internal Revenue Service or any other governmental body.

“Affiliate” means, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, another Person. For the purpose of this definition, “control” means having (a) direct or indirect power to direct or cause the direction of the management or policies of a non-natural Person (including the right to veto policy decisions), whether through the ownership of voting interests, by agreement, or otherwise, or (b) a family relationship to a natural Person.

“Annual Debt Service” means, with respect to any particular Outstanding Bonds, for any Fiscal Year, the Debt Service on such Bonds for such Fiscal Year.

“Assumed Debt Service” means, with respect to Indebtedness of the Borrower, for any Fiscal Year, the Debt Service on such Indebtedness for such Fiscal Year; provided, however, that, for purposes of calculating Assumed Debt Service for such Fiscal Year (a) to the extent that amounts of capitalized interest, and the anticipated investment earnings with respect thereto based on a reasonably determined rate of return, will be available to pay all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Assumed Debt Service for such Fiscal Year, and (b) to the extent that anticipated investment earnings on amounts on deposit in a reserve fund established for such Indebtedness, based on a reasonably determined rate of return, will be available to pay all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Assumed Debt Service for such Fiscal Year; provided, however, that, for such purposes, Debt Service for such Fiscal Year on Short-Term Indebtedness incurred pursuant to Section 6.07 of the Loan Agreement shall be excluded from Assumed Debt Service.

“Authority” means the California Municipal Finance Authority, a joint exercise of powers authority organized and existing under the laws of the State of California, and any successor thereto.

“Authority Annual Fee” means (a) for the initial Authority Fee, the greater of (i) 0.015% of the aggregate principal amount of the Series 2019 Bonds issued on the Closing Date, or (ii) \$500, and (b) for the Authority Annual Fee for each annual period from the anniversary of the Closing Date to but not including the next succeeding anniversary of the Closing Date, commencing with the annual period that begins on the first anniversary of the Closing Date, the greater of (i) 0.015% of the aggregate principal amount of the Series 2019 Bonds Outstanding on the first day of the month in which the anniversary of the Closing Date occurs, or (ii) \$500.

“Authority Documents” means the Bond Documents and the Loan Documents to which the Authority is a party and the certificates, documents or agreements executed by the Authority in connection therewith.

“Authority Issuance Fee” means the fee payable to the Authority upon the issuance of the Series 2019 Bonds, which fee is in the amount of \$37,000.

“Authorized Denominations” means (a) with respect to the Series 2019 Bonds and the (i) prior to the Unrestricted Transfer Date, \$25,000 and integral multiples of \$5,000 in excess thereof, and (ii) from and after the Unrestricted Transfer Date, \$5,000 and integral multiples of \$5,000 in excess thereof, and (b) with respect to each Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

“Authorized Expenditures” means (a) capital and working capital expenditures of the Borrower for enrollment management, branding, marketing, website improvements and academic program development, and (b) expenditures for operating expenses of the Borrower; provided however, that Authorized Expenditures shall not include (i) capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, including the Borrower’s Religious Activities Department, during the useful life of such facilities, (ii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity, including the Borrower’s Religious Activities Department, or (iii) operating expenses or other working capital expenditures for, allocable to or incurred with respect to any sectarian instruction or religious worship or any program of a school or department of divinity, including the Borrower’s Religious Activities Department.

“Authorized Representative” means (a) in the case of the Borrower, the President or the Vice President for Finance and Administration of the Borrower, and any other Person designated as an Authorized Representative of the Borrower in a Written Certificate of the Borrower filed with the Trustee, (b) in the case of the Authority, any member of the Board of Directors of the Authority or the Executive Director of the Authority, and any other Person designated as an Authorized Representative of the Authority in a Written Certificate of the Authority filed with the Trustee, and (c) in the case of the Bond Owner Representative, the President, Secretary, Assistant Secretary, Managing Director or General Counsel of the Bond Owner Representative, and any other Person designated as an Authorized Representative of the Bond Owner Representative in a Written Certificate of the Bond Owner Representative filed with the Trustee.

“Beneficial Owners” means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

“Bond Counsel” means a firm of attorneys, selected by the Authority and acceptable to the Bond Owner Representative, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bond Documents” means the Indenture, the Series 2019 Bonds, the Loan Agreement, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Security Documents and the Tax Certificate.

“Bond Owner Representative” means (a) initially, PHC, and (b) any successor thereto as Bond Owner Representative substituted in its place as provided in Article X of the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated _____, 2019, by and among the Authority, the Borrower and Loop Capital Markets LLC.

“Bonds” means the California Municipal Finance Authority Revenue Bonds (Holy Names University) issued under the Indenture, including the Series 2019 Bonds and any Additional Bonds.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.08 of the Indenture.

“Borrower” means (a) Holy Names University, a nonprofit public benefit corporation organized and existing under the laws of the State of California, or (b) any surviving, resulting or transferee corporation, as provided in Section 6.01 of the Loan Agreement.

“Borrower Documents” means the Loan Agreement, the Tax Certificate, the Security Documents, the Bond Purchase Agreement, the Continuing Disclosure Agreement and any certificates, documents or agreements executed in conjunction therewith.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State of New York, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Capital Lease” means a lease (as such term defined for purposes of General Accepted Accounting Principles) that is required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles; provided, however, that “Capital Lease” shall not include any lease that, if such lease had been entered into on the Closing Date, would not have been required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles in effect on the Closing Date, regardless of whether such lease would be required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles in effect on the date of determining whether or not such lease constitutes a Capital Lease.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“Closing Date” means the date upon which the Series 2019 Bonds are delivered to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, all applicable regulations under that Code and the statutory predecessor of the Code, whether proposed, temporary or final, and any official rulings and judicial determinations under the foregoing.

“Common Control Entity” means an entity that is a member of a “controlled group of corporations” with, or is under “common control” with, the Borrower as defined in Section 414(b) or Section 414(c), as applicable, of the Code.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the Closing Date, by and between the Borrower and Digital Assurance Certification, LLC, as Dissemination Agent, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Indenture.

“Costs of Issuance” means the items of expense relating to the authorization, sale and issuance of Bonds, including travel expenses, printing costs, costs of reproducing documents, computer fees and expenses, filing and recording fees, initial fees and charges of the Trustee, the Authority (including the Authority Issuance Fee and the initial Authority Annual Fee), the Borrower and the Bond Owner Representative, legal fees and charges, consulting fees and charges, real estate advisory fees and expenses, auditing fees and expenses, financial advisor’s fees and charges, underwriting fees, if any, costs of credit ratings, fees and charges for the execution, transportation and safekeeping of Bonds and any other administrative or other costs of issuing, securing, carrying and the Bonds and the preparation of the Bond Documents, the Loan Documents, the Security Documents and all other documents in connection therewith.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.02 of the Indenture.

“Debt Service” means, with respect to any particular Indebtedness, including the Bonds, for any Fiscal Year, the sum of (a) the interest due on such Indebtedness in such Fiscal Year, assuming that the principal, installment purchase, lease or similar payments, as applicable, with respect to such Indebtedness are paid as and when due and payable pursuant to the terms thereof and the terms of the agreement, contract, indenture or other document or instrument, howsoever denominated, pursuant to which such Indebtedness is issued or incurred, and (b) the principal, installment purchase, lease or similar payments, as applicable, with respect to such Indebtedness due and payable in such Fiscal Year pursuant to the terms thereof and the terms of the agreement, contract, indenture or other document or instrument, howsoever denominated, pursuant to which such Indebtedness is issued or incurred.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.05 of the Indenture.

“Deed of Trust” means the Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement, dated as of September 1, 2019, from the Borrower for the benefit of the Trustee, relating to the Facilities, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms of the Indenture, the Loan Agreement and thereof.

“Deed of Trust Property” means, at any time, the property described in Exhibit A to the Deed of Trust, including any and all improvements and fixtures located thereon and any and all easements and other property rights granted or conveyed for the benefit of such property.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Default Rate” means (a) with respect to the Series 2019 Bonds, the lesser of (i) the rate of 10.00% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to each Series of Additional Bonds, the rate, if any, specified in the Supplemental Indenture pursuant to which the Bonds of such Series are issued.

“Deposit Account Control Agreement” means the Deposit Account Control Agreement, by and among the Trustee, the Borrower and the Depository Bank, relating to the Gross Revenue Fund, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Loan Agreement.

“Depository” means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.08 of the Indenture.

“Depository Bank” means the depository banking institution selected by the Borrower, and reasonably satisfactory to the Trustee and the Bond Owner Representative, to serve as depository bank under the Deposit Account Control Agreement.

“Derivative Instruments” means interest rate exchange agreements, hedges or similar arrangement, including an interest rate swaps, asset swaps, constant maturity swaps, forward or futures contracts, caps, collars, options, floors, forward or other hedging agreements, arrangements or security, direct funding transaction or other derivatives, howsoever denominated and whether entered into on a current or forward basis.

“Determination of Taxability” means a determination that interest accrued or paid on any Tax-Exempt Bonds is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of (a) the date on which any Owner or Beneficial Owner is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes, (b) the date on which the Authority or the Borrower receives notice from an Owner or Beneficial Owner that such Owner or Beneficial Owner has been advised (i) in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Owner or Beneficial Owner which asserts, in effect, that interest on the Tax-Exempt Bonds received by such Owner or Beneficial Owner is included

in the gross income of such Owner or Beneficial Owner for federal income tax purposes, or (ii) by an Opinion of Bond Counsel received by such Owner or Beneficial Owner that concludes, in effect, that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes, (c) the day on which the Authority is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on Tax-Exempt Bonds is included in gross income for federal income tax purposes, or (d) the day on which the Authority is advised in writing by counsel to an Owner or Beneficial Owner that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Authority and the Borrower have been given written notice and an opportunity to participate and defend that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; provided, however, that Determination of Taxability shall not include any such determination that is solely the result of a change in the Code.

“Dissemination Agent” means Digital Assurance Certification, LLC, as dissemination agent under the Continuing Disclosure Agreement, or any successor thereto as dissemination agent under the Continuing Disclosure Agreement substituted in its place as provided in the Indenture.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

“Endowment” means a donation of money or property to the Borrower, the corpus of which and the resulting income from which is restricted to being used for one or more specified purpose.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Plan” means any “employee pension benefit plan” (as such term is defined in ERISA) from time to time in effect for the benefit of employees of the Borrower.

“Event of Default” means any event specified in Section 8.01 of the Indenture.

“Expenditure Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.03 of the Indenture.

“Extraordinary and One-Time Expenses” means (a) any material expense incurred by the University to implement its strategic business plan (as described in the Limited Offering Memorandum, dated _____, 2019, relating to the Series 2019 Bonds) paid with amounts withdrawn by the University from the Expenditure Fund, other than any such expense that is required to be capitalized for purposes of Generally Accepted Accounting Principles, and (b) any other expense approved in writing by the Bond Owner Representative, which approval shall not be unreasonably withheld, conditioned or delayed (i) the underlying event or transaction with respect to which possesses a high degree of abnormality and is of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the Borrower, taking into account the environment in which the Borrower operates, or (ii) the underlying event or transaction with respect to which is of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the Borrower operates.

“Facilities” means the all of the real and personal property constituting Holy Names University in Oakland, California, including furniture, fixtures and equipment therein, thereon or related thereto, as the same may be improved, expanded, reconstructed, replaced, repaired, restored or rebuilt.

“Fair Market Value” means, with respect to the valuation of the Deed of Trust Property or portions thereof (a) so long as PHC is the Bond Owner Representative, the value thereof established by any method or combination of methods reasonably acceptable to the Bond Owner Representative, including real estate brokers’ opinions of value, prior Qualified Appraisal Reports or new Qualified Appraisal Reports, and (b) if PHC is no longer the Bond Owner Representative, the value thereof as set forth in a Qualified Appraisal Report.

“Fiscal Year” means the Borrower’s fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year, or any other 12-month period selected and designated as the fiscal year of the Borrower.

“Funds” means the separate special funds from time to time established and held by the Trustee pursuant to the Indenture.

“Generally Accepted Accounting Principles” means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting that have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented and amended.

“Governmental Authority” means any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi-governmental authority with jurisdiction over the property or the Person in question.

“Gross Revenue Fund” means the fund by that name established and maintained by the Borrower with the Depository Bank pursuant to Section 4.05 of the Loan Agreement.

“Gross Revenues” means all moneys, fees, rates, receipts, rentals, charges, issues and income received by or on behalf of the Borrower derived from the operations of the Borrower or the operation of the Facilities or any other source whatsoever, including gifts, grants, bequests, donations and contributions, moneys received from the operation of the Borrower’s business or the possession or operation of its real and personal properties, indirect cost recovery payments under research grant agreements, insurance proceeds or condemnation awards, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of the same whether now owned or held or hereafter coming into being, but excluding (a) gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on Indebtedness) and the income derived therefrom to the extent required by such gift, grant, bequest, donation or contribution, (b) any unrealized gains and losses on investments of the Borrower.

“Hazardous Materials” means any substance or material that is now or in the future included within the definitions of “hazardous substances,” “hazardous materials,” “toxic

substances,” “pollutant,” “contaminant,” “hazardous waste,” or “universal waste,” or in any Hazardous Materials Law, including (a) petroleum or petroleum derivatives, including crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or waste, and waste water, (b) asbestos and asbestos-containing materials (whether friable or non-friable), (c) polychlorinated biphenyls, (d) urea formaldehyde, (e) lead and lead based paint or other lead containing materials (whether friable or non-friable), (f) microbiological pollutants, (g) batteries or liquid solvents or similar chemicals, (h) radon gas, and (i) pesticides and pesticide contaminated materials. The term “Hazardous Materials” shall not include (i) chemicals, lubricants, refrigerants, batteries and other substances kept in amounts typical for, and used as, standard janitorial supplies, office and household supplies, and the like in connection with the routine maintenance and operation of projects similar to the Facilities, to the extent kept, used and maintained in strict compliance with all such applicable Hazardous Materials Laws, (ii) gasoline, oil and other automotive products kept and used in an ordinary manner in or for the use of motor vehicles at the Facilities, or (iii) any substance or material that would otherwise be a Hazardous Material in environmental media (air, soil or water) in concentrations that does not require release reporting, monitoring or investigation under Hazardous Materials Laws or removal or remediation of Hazardous Materials.

“Hazardous Materials Laws” means any and all applicable statutes, terms, conditions, limitations, restrictions, regulations, standards, prohibitions, obligations, schedules, plans, and timetables that are contained in or promulgated pursuant to any federal, state or local laws, whether existing now or hereinafter enacted, relating to pollution or the protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of Hazardous Materials into ambient or indoor air, surface water, ground water, drinking water, lands (including the surface and subsurface thereof), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, refinement, production, disposal, transport, or handling of Hazardous Materials, including the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., the Clean Air Act, 42 U.S.C. 7401 et seq., and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. “Hazardous Materials Laws” shall not include laws relating to industrial hygiene or worker safety, except to the extent that such laws address asbestos and asbestos-containing materials (whether friable or non-friable) or lead and lead-based paint or other lead containing materials.

“Indebtedness” means (a) all obligations of the Borrower for borrowed money, (b) all obligations of the Borrower evidenced by bonds, debentures, notes or other similar instruments, including the Bonds, and all reimbursement or other obligations in respect of letters of credit, bankers acceptances or other financial products, or obligations to bonding companies, (c) all obligations of the Borrower as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of the Borrower, irrespective of whether such obligation or liability is assumed, (e) all obligations of the Borrower to pay the deferred purchase price of assets, other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices and other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses, and (f) all obligations of the Borrower guaranteeing

or intended to guarantee, whether directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse, any obligation of any other Person that would constitute Indebtedness of such Person under any of clauses (a) through (e) above if such Person, rather than the Borrower were referred to in such clauses; provided, however, that (i) for purposes of determining Indebtedness (A) the amount of any Indebtedness that is limited or is non-recourse to a Person or for which recourse is limited to identified assets shall be valued at the lesser of (I) if applicable, the limited amount of such obligations, and (II) if applicable, the fair market value of such assets securing such obligation, and (B) the amount of any Indebtedness that constitutes an obligation described in clause (f), above, shall be the lesser of (I) the principal amount of the obligations guaranteed and still outstanding, and (II) the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such guaranty, (ii) for the purpose of computing Indebtedness of a Person, there shall be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there shall have been irrevocably deposited with the proper depository in trust the necessary funds (or direct, nonredeemable obligations of the United States of America) for the payment, redemption or satisfaction of such Indebtedness, and thereafter such funds and such direct obligations of the United States of America so deposited shall not be included in any computation of the assets of such Person and the income derived from such funds and such direct obligations of the United States of America so deposited shall not be included in any computation of the income of such Person, and (iii) for the purpose of computing Indebtedness of a Person, Operating Leases shall not be included.

“Indemnified Persons” means the Authority and the past, present and future officers, members, directors, officials, employees, attorneys and agents thereof.

“Indenture” means the Indenture of Trust, dated as of September 1, 2019, by and between the Authority and U.S. Bank National Association, as Trustee, as originally executed and as it may be amended, supplemented or otherwise modified from time to time by any Supplemental Indenture.

“Independent Financial Consultant” means any consultant or firm of such consultants selected by the Borrower with the written approval of the Bond Owner Representative and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the domination of the Authority or the Borrower or any Affiliate thereof, (c) does not have any substantial interest, direct or indirect, with or in the Authority or the Borrower or any Affiliate thereof or the Facilities, and (d) is not a member of the governing body, an officer, an employee, a partner, or a member of, or a shareholder in Authority or the Borrower or any Affiliate thereof.

“Independent Market Consultant” means any consultant or firm of such consultants selected by the Borrower with the written approval of the Bond Owner Representative and who, or each of whom (a) is generally recognized to be qualified in the field of projecting revenues and expenses for university facilities similar to the Facilities in markets similar to the market in the general geographic area of the Facilities, (b) is in fact independent and not under the domination of Authority or the Borrower or any Affiliate thereof, (c) does not have any substantial interest, direct or indirect, with or in Authority or the Borrower or any Affiliate thereof or the Facilities, and (d) is not a member of the governing body, an officer, an employee, a partner, or a member of, or a shareholder in, Authority or the Borrower or any Affiliate thereof.

“Interest Account” means the account by that name within the Debt Service Fund established and held by the Trustee pursuant to Section 5.05 of the Indenture.

“Interest Payment Date” means, with respect to the Bonds, April 1 and October 1 of each year, commencing April 1, 2020.

“Letter of Representations” means the Letter of Representations from the Authority to the Depository, in which the Authority makes certain representations with respect to issues of its securities for deposit with the Depository.

“Lien” means any lien, encumbrance, or charge levied on account of any mechanic’s, laborer’s or materialman’s lien, or any security agreement, conditional bill of sale, title retention agreement, chattel mortgage or otherwise, other than any Permitted Encumbrance.

“Liquid Assets” means, as of any date of determination, the fair market value of all restricted and unrestricted liquid cash and investments of the Borrower, as reflected in the audited financial statements of the Borrower for the most recently ended Fiscal Year, but excluding therefrom amounts on deposit in any debt service fund, reserve fund or similar fund available for, and pledged to, the payment debt service on any Indebtedness, the determination of which shall be set forth in a Written Certificate of the Borrower, which Written Certificate shall set forth, or be accompanied by, the data and computations upon which such determination was based.

“Liquidity to Debt Ratio” means, as of any date of determination, the ratio of (a) Liquid Assets as of such date of determination to (b) the sum of (i) the principal amount of all Indebtedness of the Borrower outstanding on such date of determination, plus (ii) the principal amount of the additional Indebtedness, if any, proposed to be incurred, a condition of the incurrence of which is that the Liquidity to Debt Ratio so determined be at a specified level; provided, however, that, if Additional Bonds have been issued in accordance with Sections 3.03 and 3.04 of the Indenture to finance the acquisition or renovation of student housing at the Facilities, the principal amount of such Additional Bonds shall not be included in the calculation of Indebtedness for purposes of determining the Liquidity to Debt Ratio for the period commencing on the date of issuance of such Additional Bonds and ending on the date that is five years after the date of substantial completion of such acquired or renovated student housing.

“Loan” means the loan by the Authority to the Borrower of the proceeds from the sale of the Series 2019 Bonds pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement, dated as of September 1, 2019, by and between the Authority and the Borrower, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Indenture.

“Loan Default Event” means any event specified in Section 8.01 of the Loan Agreement.

“Loan Documents” means the Loan Agreement and the Security Documents.

“Loan Payments” means those payments required to be paid by the Borrower pursuant to Section 4.01 of the Loan Agreement.

“Majority Owners” means the Beneficial Owners of at least a majority in aggregate principal amount of the Outstanding or, if the Bonds shall cease to be in book-entry form, the Owners of at least a majority in aggregate principal amount of the Bonds Outstanding.

“Management Consultant” means an independent consulting or management firm specializing in the management and operation of university facilities similar to the Facilities selected by the Borrower and approved in writing by the Bond Owner Representative.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, and, if Moody’s Investors Service, Inc., shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower.

“Net Proceeds” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“Multiemployer Plan” has the meaning ascribed to such term in Section 4001(a)(3) of ERISA and the rules and regulations promulgated from time to time thereunder.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 of the Indenture.

“Office of the Trustee” means the designated corporate trust office of the Trustee located at the address set forth in Section 13.01 of the Indenture, or at such other place as the Trustee shall designate by notice given under said Section 13.01 of the Indenture, or such other office designated by the Trustee from time to time.

“Operating Lease” means a lease (as such term defined for purposes of General Accepted Accounting Principles) that, if such lease had been entered into on the Closing Date, would not have been required to be capitalized for financial reporting purposes in accordance with General Accepted Accounting Principles in effect on the Closing Date.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Opinion of Counsel” means a written opinion of legal counsel, who may be counsel to the Authority, the Trustee or the Borrower.

“Original Purchaser” means, with respect to a Series of Bonds, the original purchaser of the Bonds of such Series from the Authority.

“Outstanding” means, with respect to any Bonds as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Indenture except (a) Bonds canceled or delivered for cancellation at or prior to such date, (b) Bonds in lieu of which other Bonds have been authenticated and delivered, or that have been paid without surrender thereof, pursuant to Section 2.09 of the Indenture, and (c) Bonds deemed to have been paid as provided in Article XII of the Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” has the meaning ascribed to such term in the Continuing Disclosure Agreement.

“Permitted Encumbrance” means any of (a) liens specifically permitted by, or created by, the Bond Documents or the Loan Documents, and the rights and entitlements of the Borrower thereunder, (b) liens for Taxes or other similar charges which are either not yet due and payable or are being contested in good faith by appropriate proceedings conducted with due diligence, if adequate reserves therefor have been established and are being maintained, (c) materialmen’s, mechanics’, workmen’s, repairmen’s, employees’ or other like Liens arising in the course of construction or reconstruction of any part of the Facilities or in the ordinary course of operations or maintenance of the Facilities, in each such case securing obligations that are not delinquent or are bonded in a manner satisfactory to the Bond Owner Representative acting reasonably and in good faith or are being contested in good faith by appropriate proceedings conducted with due diligence (unless by such contest there exists any risk (taking into account any applicable insurance, reserves or bonding covering such Lien) that any portion of the Facilities may become subject to loss or forfeiture or that such Lien or contest thereof might otherwise interfere with the use of the Facilities), (d) utility, access and other easements, rights of way and restrictions encumbering the Deed of Trust Property as of the Closing Date, as set forth in the mortgagee’s title insurance policy delivered pursuant to Section 4.07 of the Loan Agreement, (e) such exceptions to title to the Deed of Trust Property as are enumerated in the mortgagee’s title insurance policy delivered pursuant to Section 4.07 of the Loan Agreement, (f) purchase-money security interests and security interests placed upon personal property being acquired to secure a portion of the purchase price thereof, or lessor’s interests in Capitalized Leases; provided, however, that the aggregate principal amounts secured by any such interests shall not exceed at any time more than \$100,000, (g) personal property security interests in existence on June 24, 2019, (h) any lien arising by reason of deposits with, or the giving of any form of security to, any Governmental Authority for any purpose at any time as required by Applicable Law as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen’s compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements, but only with respect to the property deposited, and (i) any additional liens or encumbrances consented to in writing by the Borrower and the Bond Owner Representative.

“Permitted Investments” means any of the following:

(a) (i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America, (ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (iii) obligations fully and unconditionally guaranteed as to timely

payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (iv) evidences of ownership or proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, or (v) securities of or other interests in any open end or closed end management type investment company or investment trust registered under the federal “Investment Company Act of 1940,” 15 U.S.C. Section 80(a)-1 et seq., if the portfolio of such investment company or investment trust is limited to United States of America obligations which are backed by the full faith and credit of the United States of America, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (A) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (B) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (C) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(b) negotiable certificates of deposit issued by, or banker’s acceptances drawn on and accepted by, any bank, including the Trustee and its affiliates, the certificate of deposit or debt obligations of which (or if such bank is the principal bank in a bank holding company, debt obligations of the bank holding company) are rated, at the time such certificates or acceptances are issued, in one of the three highest Rating Categories;

(c) commercial paper, rated at the time of purchase in one of the three highest Rating Categories or commercial paper backed by a letter of credit or line of credit, with the bank providing the enhancement being rated at the time of purchase in one of the three highest Rating Categories and corporate bonds or notes rated at the time acquired in one of the three highest Rating Categories;

(d) time deposits and certificates of deposit issued by a commercial bank, savings and loan association or mutual savings bank, the short-term obligations of which are rated in the highest Rating Category;

(e) money market funds rated in the highest Rating Category;

(f) obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations, at the time of purchase, are rated in one of the three highest Rating Categories;

(g) repurchase agreements with respect to obligations listed in paragraph (a), above, if entered into with a nationally or state-chartered bank, trust company or a “broker” or “dealer” (as defined by the Securities Exchange Act of 1934) that is a member of the

Securities Investors Protection Borrower or other entity if such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by the depositor, provided that any such repurchase agreement must provide that the value of the underlying obligations shall be maintained at current market value, calculated no less than monthly, or not less than the repurchase price;

(h) investment agreements, including guaranteed investment contracts and forward delivery agreements with any nationally or state-chartered bank, financial institution, insurance company or other entity that is rated or guaranteed by an entity that is rated in one of the three highest Rating Categories (without regard to gradations or modifiers within such category) by Moody's or S&P; provided, however, that, if an investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only; and

(i) forward purchase and sale agreements with providers rated not lower than the third highest Rating Category (without regard to gradations within such category), at the time of acquisition thereof, by Moody's or S&P; provided, however, that, if a forward purchase and sale agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"PBGC" means the Pension Benefit Guaranty Corporation, and any successor thereto.

"PHC" means Preston Hollow Capital, LLC, a Delaware limited liability company, and any successor thereto.

"Presidio Advance" has the meaning ascribed to the term "Advance" in the Presidio Loan Agreement.

"Presidio Loan Agreement" means the Business Loan Agreement, dated December 10, 2018, by and between the Borrower and Presidio Bank.

"Principal Account" means the account by that name within the Debt Service Fund established and held by the Trustee pursuant to Section 5.05 of the Indenture.

"Principal Payment Date" means with respect to any Series of Bonds, a date on which principal of such Series of Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption.

"Prior Period Cash Available for Debt Service" means, with respect to the Borrower, for any Fiscal Year prior to the date of determination thereof, the sum of the change in net assets from operations, depreciation, amortization, interest expense, any other noncash expense and Extraordinary and One-Time Expenses for such Fiscal Year, all as determined for financial reporting purposes for such Fiscal Year in accordance with Generally Accepted Accounting Principles.

“Prior Period Debt Service” means, with respect to Indebtedness of the Borrower, for any Fiscal Year prior to the date of determination thereof, the Debt Service on such Indebtedness for such Fiscal Year; provided, however, that, for purposes of calculating Prior Period Debt Service for such Fiscal Year (a) to the extent that amounts of capitalized interest, and any investment earnings with respect thereto, have been applied to the payment of all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Prior Period Debt Service on such Indebtedness for such Fiscal Year, and (b) to the extent that investment earnings on amounts on deposit in a reserve fund established for such Indebtedness have been applied to the payment of all or a portion of the interest payable on such Indebtedness during such Fiscal Year, all or such portion of such interest shall be disregarded and not included in calculating Prior Period Debt Service on such Indebtedness for such Fiscal Year; provided, however, that, for such purposes, Debt Service for such Fiscal Year on Short-Term Indebtedness incurred pursuant to Section 6.07 of the Loan Agreement shall be excluded from Prior Period Debt Service.

“Prior Period Operating Ratio” means, for any Fiscal Year prior to the date of determination thereof, the ratio of (a) Prior Period Cash Available for Debt Service for such Fiscal Year, to (b) Prior Period Debt Service for such Fiscal Year.

“Projected Cash Available for Debt Service” means, with respect to the Borrower, for any Fiscal Year, the sum of the change in net assets from operations, depreciation, amortization, interest, any other noncash expense and Extraordinary and One-Time Expenses projected for such Fiscal Year, all as determined for financial reporting purposes for such Fiscal Year in accordance with Generally Accepted Accounting Principles, as set forth in a written report of an Independent Market Consultant, which written report is dated, or is updated by a letter that is dated, no earlier than three months prior to the date on which such projections are to be employed for purposes hereof.

“Projected Operating Ratio” means, for any Fiscal Year, the ratio of (a) Projected Cash Available for Debt Service for such Fiscal Year, to (b) Assumed Debt Service for such Fiscal Year.

“Property” means any and all rights, titles and interests in and to any and all property of the Borrower, whether real or personal, tangible or intangible and wherever situated.

“Qualified Appraisal Report” means a real estate appraisal report that (a) has been prepared by a Qualified Appraiser, (b) uses a date of value that is no earlier than three months prior to the date on which the value reported in such appraisal report is used in accordance with the provisions of the Loan Agreement, and (c) is prepared in accordance with the applicable standards of the Appraisal Institute for such reports.

“Qualified Appraiser” means a real estate appraiser selected by the Borrower and approved in writing by the Bond Owner Representative and having an “MAI” designation from the Appraisal Institute.

“Qualified Institutional Buyer” means a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act.

“Rating Category” means the ranking categories assigned by S&P or Moody’s, as applicable, to debt obligations that (a) with respect to any long-term rating category, are designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, are designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rating Date” means, with respect to the Series 2019 Bonds, the date on which the Borrower provides to the Authority, the Trustee and the Bond Owner Representative written evidence to the effect that S&P or Moody’s has rated such Series of Bonds “BBB-” or equivalent, or higher.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.08 of the Indenture.

“Rebate Requirement” has the meaning ascribed to such term in the Tax Certificate.

“Record Date” means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.07 of the Indenture.

“Redemption Price” means, with respect to any Bond, the amount, including any applicable premium, payable upon the optional or mandatory redemption thereof, as provided in the Indenture.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.06 of the Indenture.

“Release Parcel” means a portion of the Deed of Trust Property that has been, or is proposed to be, released from the lien of the Deed of Trust pursuant to Section 5.07 of the Loan Agreement and Section 1.20 of the Deed of Trust.

“Reportable Event” means a reportable event as defined in Section 4043(b) of ERISA, other than a reportable event for which the notice required thereunder has been waived in accordance therewith.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.06 of the Indenture.

“Reserve Requirement” means, as of the date of any calculation, an amount equal to the least of (a) “10% of the proceeds of the issue,” within the meaning of Section 148 of the Code, with respect to the Bonds, (b) the maximum Annual Debt Service on the Outstanding Bonds, and (c) 125% of the average Annual Debt Service on the Outstanding Bonds.

“Reserved Rights of the Authority” means (a) the Authority’s rights to (i) the prompt reimbursement of expenses incurred by or on behalf of the Authority in connection with the Authority Documents, the Bonds or the Facilities and the prompt payment of the Authority Issuance Fee and the Authority Annual Fee, (ii) enforce the choice of venue provisions of the Loan Agreement and the Indenture, (iii) consent or approve amendments to the Loan Agreement or the Indenture, (iv) indemnification of the Authority (including pursuant to Section 7.03 of the Loan Agreement), by the Borrower and security for the Borrower’s indemnification obligation, if any, and (v) the benefit of all provisions providing the Authority immunity from, and limitation of, liability, and (b) any rights of the Authority to receive notices, certificates, requests, requisitions, directions, opinions, payments, consents and other communications under the Authority Documents.

“S&P” means S&P Global Ratings, a business unit of Standard and Poor’s Financial Services, LLC, its successors and assigns, and, if S&P Global Ratings shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower.

“Secured Obligations” means all liabilities and obligations, howsoever arising, owed by the Borrower to the Authority or the Trustee, in its capacity as Trustee or as assignee of the Authority pursuant to the Indenture, of every kind and description, whether or not evidenced by any note or instrument and whether or not for the payment of money, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, in each case, pursuant to the terms of any Loan Document to which the Borrower is a party, including all interest (including interest that accrues after the commencement of any bankruptcy or other insolvency proceeding by or against the Borrower, whether or not allowed or allowable), fees, charges, expenses, attorneys’ fees and accountants’ fees and expenses chargeable to and payable by the Borrower under any Loan Document.

“Securities Act” means the Securities Act of 1933, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.

“Security Agreement” means the Security Agreement, dated as of September 1, 2019, by and between the Borrower and the Trustee, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms and the terms of the Indenture.

“Security Documents” means the Deed of Trust, the Security Agreement, the Deposit Account Control Agreement, and any and all other documents that the Borrower has executed and delivered to the Authority or the Trustee, or may hereafter execute and deliver to the Authority or the Trustee, to secure the Secured Obligations, or any part thereof, as originally executed and as the same may be amended, supplemented or otherwise modified from time to time in accordance with their respective terms, together with and any and all consent and subordination agreements of other third parties delivered in connection therewith and any and all financing statements filed in connection with, as the same may be amended, supplemented or otherwise modified from time to time in accordance with their respective terms and the terms of the Indenture.

“Series” means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to the Indenture as the Series 2019 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“Series 2019 Bonds” means the California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019, issued under the Indenture.

“Short-Term Indebtedness” means Indebtedness having an original maturity less than or equal to two years and not renewable at the option of the Borrower for a term greater than one year beyond the date of original incurrence or issuance.

“Sisters of the Holy Names” means the Sisters of the Holy Names of Jesus and Mary U.S. – Ontario Province Corporation, a nonprofit religious corporation organized and existing under the laws of the State of Oregon, and any successor thereto.

“State” means the State of California.

“Step-Up Rate” means (a) with respect to the Series 2019 Bonds, the lesser of (i) the rate of 10.00% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to each Series of Additional Bonds, the rate, if any, specified in the Supplemental Indenture pursuant to which the Bonds of such Series are issued.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Certificate” means the Tax Certificate and Agreement delivered by the Authority and the Borrower at the time of issuance of the Series 2019 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Tax-Exempt Bonds” means Bonds of a Series the interest on which is excluded from gross income for purposes of federal income taxation, including the Series 2019 Bonds and any Additional Bonds issued as Tax-Exempt Bonds.

“Taxable Rate” means, with respect to the Series 2019 Bonds, the lesser of (i) the rate of 11.50% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to each Series of Additional Bonds, the rate, if any, specified in the Supplemental Indenture pursuant to which the Bonds of such Series are issued.

“Taxes” means all taxes and assessments whether general or special, ordinary or extraordinary, foreseen or unforeseen, which at any time may be assessed, levied, confirmed or imposed by any Governmental Authority on the Borrower or on any of its properties or assets or any part thereof or in respect of any of its franchises, businesses, income or profits, including all taxes of any kind whatsoever that may at any time be lawfully assessed, levied, confirmed or

imposed against or with respect to the Facilities or any interest therein, or any machinery, equipment, or other property installed or brought by the Borrower therein or thereon.

“Trust Estate” means (a) the Loan Agreement and all payments received pursuant or with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, (b) all money, instruments, investment property and other property from time to time on deposit in or credited to the Funds and Accounts (other than the Rebate Fund), (c) all personal property, intangibles, contracts, agreements and permits in which the Borrower has rights or the power to transfer rights to the extent that a security interest in the same has been granted to the Trustee pursuant to the Security Documents and all payments under or in respect of any of the foregoing, (d) the interests of the Borrower in and to the Facilities, and all fixtures and improvements now or hereafter existing thereon to the extent that a security interest in the same has been granted to the Trustee as beneficiary under the Deed of Trust, (e) all present and future claims, demands, causes and choses in action in respect of the foregoing, (f) all proceeds of the foregoing of every kind and nature whatsoever, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property that at any time constitute all or part of or are included in the proceeds of the foregoing, and (g) all proceeds of the foregoing; provided, however, that “Trust Estate” does not include the Additional Payments, the Reserved Rights of the Authority or any payments in respect of the Reserved Rights of the Authority.

“Trustee” means U.S. Bank National Association, as trustee under the Indenture, or any successor thereto as Trustee under the Indenture substituted in its place as provided in the Indenture.

“Uniform Commercial Code” means the California Uniform Commercial Code, as the same may, from time to time, be in effect.

“Unrestricted Transfer Date” means, with respect to the Series 2019 Bonds, the Rating Date therefor.

“Verification Report” means, with respect to the deemed payment of Bonds pursuant to clause (ii) of Section 12.02(a) of the Indenture, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii) of Section 12.02(a) of the Indenture.

“WSCUC” means the WASC Senior College and University Commission, or any successor thereto.

“Written Certificate” and **“Written Request”** (a) of the Authority mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Representative of the Authority, (b) of the Borrower mean, respectively, a written certificate or written request signed in the name of the Borrower by an Authorized Representative of the Borrower, and (c) of the Bond Owner Representative mean, respectively, a written certificate or

written request signed in the name of the Bond Owner Representative by an Authorized Representative of the Bond Owner Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

APPENDIX D

FORM OF DEED OF TRUST

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RECORDING REQUESTED BY:)
AND WHEN RECORDED RETURN TO:)
)
)
)
Orrick, Herrington & Sutcliffe LLP)
777 South Figueroa Street, Suite 3200)
Los Angeles, CA 90017)
)
Attention:)

Space Above this Line for Recorder's Use

**DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT
AND FIXTURE FILING**

This DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is made as of _____ 1, 2019, by HOLY NAMES UNIVERSITY, a nonprofit public benefit corporation organized and existing under the laws of the State of California, as trustor (the "Trustor"), to COMMONWEALTH LAND TITLE INSURANCE COMPANY, as trustee under this Deed of Trust (including its successors and assigns, the "Trustee"), in favor of U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Beneficiary") under the Indenture of Trust, dated as of September 1, 2019 (the "Indenture"), by and between the CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as lender ("Lender"), and the Beneficiary (Trustor, Lender and Beneficiary shall be collectively referred to herein as the "Parties"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

RECITALS:

WHEREAS, the Lender will issue \$_____ aggregate principal amount of its California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019 (the "Series 2019 Bonds") pursuant to the Indenture; and

WHEREAS, proceeds of the Series 2019 Bonds will be loaned by Lender to Trustor pursuant to a Loan Agreement, dated as of September 1, 2019 (as the same may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "Loan Agreement"), by and between the Lender and the Trustor (capitalized undefined terms used herein have the meanings ascribed thereto in the Loan Agreement); and

WHEREAS, Trustor shall use the proceeds of the Series 2019 Bonds to (a) repay unpaid advances under a loan agreement between the Borrower and Presidio Bank and to finance working capital costs of the Borrower, (b) fund a reserve fund for the Series 2019 Bonds, (c) fund a portion of the interest on the Series 2019 Bonds, and (d) pay the costs of issuance incurred in connection with the issuance of the Series 2019 Bonds; and

WHEREAS, the Lender has agreed to make a loan to Trustor by issuing the Series 2019 Bonds, and as a condition to such issuance, the Lender has required Trustor to enter into this Deed of Trust pursuant to which Trustor will grant a first priority mortgage and assignment of leases and rents to the Beneficiary with respect to the Mortgaged Property (as defined herein); and

WHEREAS, pursuant to the Indenture, the Lender has assigned, conveyed and transferred to the Beneficiary, for the benefit of the Owners, all of its right, title and interest in and to the Loan Agreement, including all Loan Payments and prepayments thereof, all revenues and receipts payable or receivable or pledged thereunder, including Gross Revenues, and the security interest granted pursuant thereto, excluding, however, the Reserved Rights of the Lender; and

WHEREAS, Trustor has agreed, in order to induce the Lender to issue the Series 2019 Bonds, to grant a first deed of trust lien on the Mortgaged Property to the Beneficiary pursuant to this Deed of Trust.

WITNESSETH:

THIS DEED OF TRUST IS TO BE FILED IN THE REAL ESTATE RECORDS AND CONSTITUTES A FIXTURE FILING UNDER SECTIONS 9102(a)(40), 9334 AND 9502(a) OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF CALIFORNIA. TO THE EXTENT THE GOODS ARE FIXTURES UNDER THE LAWS OF THE STATE OF CALIFORNIA, THE FIXTURES ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY LOCATED IN THE CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED IN EXHIBIT A ATTACHED HERETO.

FOR THE PURPOSE OF SECURING (a) the payment of all Additional Payments of Trustor and Loan Payments of Trustor arising under the Loan Agreement in the original principal amount of _____ Dollars (\$ _____) (together, the "Loan") together with interest thereon, and all modifications, extensions and/or renewals thereof, (b) the observance and performance by Trustor of each covenant and obligation on the part of Trustor to be observed or performed pursuant to the Loan Agreement or the Indenture, (c) the payment and performance of all indebtedness and obligations of Trustor arising under this Deed of Trust; and (d) the payment of all other amounts owing under the Indenture and the Loan Agreement to the Beneficiary under the Bonds (the matters set forth in clauses (a) through (d) are hereinafter referred to as "Secured Obligations"), Trustor has granted, mortgaged, bargained, sold, alienated, released, conveyed and confirmed, and by these presents does grant, mortgage, bargain, sell, alienate, release, convey and confirm unto the Trustee, in trust, WITH POWER OF SALE, all its estate, right, title and interest in, to and under any and all of the real property located in the City of Oakland, County of Alameda, State of California and more particularly described in Exhibit A, attached hereto and made a part hereof, including all easements, rights, privileges, tenements, hereditaments and appurtenances thereunto belonging or otherwise appertaining, and all of the estate, right, title, interest, claim, demand, reversion or remainder whatsoever of Trustor therein or thereto, either at law or in equity, in possession or expectancy, now or hereafter acquired, including without limitation all and singular ways, waters, water courses, water rights and powers, privileges, sewers, pipes, conduits, wires and other facilities furnishing utility or other services to the property (collectively, the "Land");

TOGETHER WITH any and all buildings and improvements now or hereafter erected on the property including without limitation fixtures, tenements, attachments, appliances, equipment, building systems, machinery, and other articles now or hereafter attached to said buildings and improvements (collectively, the "Improvements", with the Land and the Improvements hereinafter collectively referred to as the "Premises" to

the extent such Land and Improvements are deemed real property under the laws of the State of California), all of which shall be deemed and construed to be a part of the real property;

TOGETHER WITH all earnings, rents, issues, profits, revenues, royalties, income, proceeds and other benefits, including without limitation prepaid rents and security deposits (collectively, the "Rents") now or hereafter affecting, arising from or relating to all or any portion of the Land or the Improvements or the use or occupancy thereof,

TOGETHER WITH all interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Land or the Improvements, including without limitation all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate in the Land or the Improvements;

TOGETHER WITH all easements, tenements, hereditaments, appurtenances, rights-of-way and rights now owned or hereafter acquired by Trustor used or useful in connection with the Premises or as a means of access thereto, including, without limiting the generality of the foregoing, all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, all oil and gas and other hydrocarbons and all other minerals and water and water rights and shares of stock evidencing the same now owned or hereafter acquired by Trustor;

TOGETHER WITH all leasehold estate, right, title and interest of Trustor in and to all leases, subleases, subtenancies, licenses, franchises, occupancy agreements and other agreements covering the Land, the Improvements or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, including without limitation all cash or security deposits, prepaid or advance rentals, and deposits or payments of similar nature (each a "Lease," and collectively, the "Leases");

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Land, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Land;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, both in law and in equity, including claims or demands with respect to the proceeds of insurance in effect with respect to the Premises, which Trustor now has or may hereafter acquire in the Land or the Improvements (irrespective of whether or not such insurance is required to be maintained hereunder), and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Mortgaged Property, as hereinafter defined below, including without limitation any awards resulting from a change of grade of streets and awards for severance damages;

TOGETHER WITH all rights of Trustor in or to any fund, program or trust monies and any reimbursement therefrom directly or indirectly established, maintained or administered by any governmental authority or any other individual or entity which is designed to or has the effect of providing funds (whether directly or indirectly or as reimbursement) for the repair or replacement of storage tanks (whether above or below ground) located on the Premises or the remediation or cleanup of any spill, leakage or contamination from any such tank or resulting from the ownership, use or maintenance of any such tank or to compensate third parties for any personal injury or property damage;

TOGETHER WITH all goods, equipment, machinery, furniture, furnishings, fixtures, appliances, inventory, building materials, chattels and articles of personal property (other than personal property

which is or at any time has become hazardous or toxic waste or waste products or hazardous substances), including any interest therein, now or at any time hereafter affixed to, attached to, or used in any way in connection with or to be incorporated at any time into the Premises, or placed on any part thereof but not attached or incorporated thereto, together with any and all replacements thereof, appertaining and adapted to the complete and compatible use, enjoyment, occupancy, operation or improvement of the Premises (collectively, the "Chattels");

TOGETHER WITH all permits, plans, licenses, specifications, subdivision rights, tentative tract maps, final tract maps, security interests, contracts, contract rights or other rights as may affect or otherwise relate to the Premises;

TOGETHER WITH all refunds, rebates or credits in connection with a reduction in real estate taxes and assessments changed against the Premises as a result of tax certiorari or any applications or proceedings for reduction; and

TOGETHER WITH any and all other rights, title and interest of every nature of Trustor in the items set forth in the above granting clauses, including without limitation, all receivables and other accounts of Trustor relating to the Premises and in all monies deposited or to be deposited in any funds or account maintained or deposited with Beneficiary, or its assigns, in connection herewith, if any.

The entire estate, property and interest hereby conveyed to Trustee may hereinafter be referred collectively to as the "Mortgaged Property".

TO HAVE AND TO HOLD the Mortgaged Property unto the Trustee, its successors and assigns as provided herein for the benefit of the Beneficiary (as defined herein).

CERTAIN DEFINITIONS

As used herein, the following terms shall have the following meanings. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Loan Agreement.

"Beneficiary" has the meaning assigned in the preamble hereto.

"Indenture" has the meaning assigned in the recitals hereto.

"Loan Agreement" means that certain Loan Agreement, dated as of September 1, 2019, between the Lender and Trustor, entered into in connection with the Series 2019 Bonds, as that same may be amended, supplemented, or extended from time to time.

"Series 2019 Bonds" means the California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019.

ARTICLE 1

COVENANTS OF TRUSTOR

Trustor further covenants with the Trustee and Beneficiary as follows:

SECTION 1.1 Title; Authority to Enter into Deed of Trust. Trustor makes the following representations and warranties to Beneficiary:

(a) Trustor has full legal right, power and authority to enter into this Deed of Trust and to carry out and consummate all transactions contemplated herein.

(b) The execution, delivery and performance of this Deed of Trust and the consummation of the transactions contemplated herein will not conflict with, or constitute on the part of Trustor a breach of or default under, its articles of incorporation or bylaws or any statute, indenture, mortgage, deed of trust, lease, note agreement or other agreement or instrument to which Trustor is a party or by which it, its properties or the Mortgaged Property are bound, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Trustor or any of its activities or properties.

(c) This Deed of Trust has been duly authorized, executed and delivered by Trustor and constitutes a legal, valid and binding obligation of Trustor to Beneficiary, enforceable in accordance with its terms.

(d) All corporate proceedings legally required to be taken by Trustor in connection with the authorization of this Deed of Trust and of the transactions related thereto or contemplated thereby, including the obtaining of all approvals, authorizations, consents or other orders of local, state or federal regulatory agencies, public boards or bodies, if any, as may be legally required to be obtained by Trustor prior to the date of this Deed of Trust with respect to all or any of such matters, have been taken or obtained.

(e) Trustor has good, marketable and insurable title to an indefeasible fee estate in the Premises free and clear of liens, charges, and encumbrances except Permitted Encumbrances and without limitation on the right to encumber; that it owns the Chattels free and clear of liens and claims; this Deed of Trust, when properly recorded in the records of the county in which the Land is located, will be and will remain a valid and enforceable first lien on the Mortgaged Property subject only to the exceptions referred to above. Trustor has full power and lawful authority to convey the Mortgaged Property in the manner and form herein done or intended hereafter to be done and will preserve such title, and will forever preserve, warrant and defend the same unto the Trustee and Beneficiary, and will forever preserve, warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

SECTION 1.2 Costs of Transaction.

(a) Trustor will, at its sole cost and expense, and without expense to the Trustee or Beneficiary, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, deeds of trust, assignments, notices of assignments, transfers and assurances as the Trustee or Beneficiary shall from time to time reasonably require, for the purpose of better assuring, conveying, assigning, transferring, pledging, mortgaging, warranting and confirming unto the Trustee the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering or recording this Deed of Trust.

(b) Trustor will pay all filing, registration or recording fees, all federal, state, county and municipal stamp taxes and other fees, taxes, duties, imposts, assessments and all other charges incident to, arising out of or in connection with the preparation, execution, delivery and enforcement of the Loan Agreement, this Deed of Trust, any deed of trust supplemental thereto or hereto, the assignment of this Deed of Trust, any security instrument with respect to the Chattels or any instrument of further assurance.

SECTION 1.3 Payment of Interest and Principal. Trustor will punctually pay the principal and interest and all other sums to become due in respect of the Loan Agreement, including, but not limited to, any and all amounts owed to the Beneficiary, at the time and place and in the manner specified therein and herein, all in any coin or currency of the United States of America which at the time of such payment shall be legal tender for the payment of public and private debts.

SECTION 1.4 After-Acquired Property. All right, title and interest of Trustor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, or constructed, assembled or placed by Trustor on the Premises, and all conversions of the security constituted thereby, immediately upon acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further grant, conveyance, assignment or other act by Trustor, shall become subject to the prior lien and security interest of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Trustor and specifically described in the granting clause hereof, but at any and all times Trustor will execute and deliver to Trustee and/or Beneficiary any and all such further assurances, deeds of trust, conveyances or assignments thereof with respect thereto as Beneficiary may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Deed of Trust.

SECTION 1.5 Payment of Taxes and Liens.

(a) Trustor, from time to time when the same shall become due, will pay and discharge, or cause to be paid and discharged, all taxes and governmental charges of every kind and nature as provided in Section 5.04 of the Loan Agreement.

(b) Trustor will pay from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom. Provided, however, so long as Trustor is not in default under the terms of this Deed of Trust, the Loan Agreement, Trustor shall have the right to defer payment or performance of such claims or demands or obligations under Section 1.5(a) or 1.5(b) herein, to persons other than Beneficiary so long as (i) it is contesting the validity of such claims, demands or obligations in good faith by appropriate legal action which serves to stay enforcement of such claims, demands or obligations and any lien securing such claims, demands, or obligations, and (ii) it has obtained a bond, insurance or other security reasonably satisfactory to Beneficiary. Trustor in general will do or cause to be done everything necessary so that the lien and security interest hereof shall be fully preserved, at the cost of Trustor, without expense to Beneficiary.

SECTION 1.6 Insurance.

(a) Trustor will maintain or cause to be maintained, with insurance companies or by means of self-insurance, all insurance specified in the Loan Agreement all in accordance with the provisions and standards set forth in the Loan Agreement.

(b) [Reserved].

(c) Any self-insurance program implemented by Trustor shall be such that such program, together with other insurance of Trustor, provides, with respect to each risk covered thereby, coverage of a scope and in an amount as is sufficient to adequately and appropriately cover such risks and is actuarially sound.

(d) Trustor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.6, unless Beneficiary is included thereon as named insured with loss payable to Beneficiary under a standard California Form 438 BFU (NS) mortgagee endorsement, or its local equivalent. Trustor shall immediately notify Beneficiary whenever any such separate insurance is taken out, specifying the insurer thereunder and full particulars as to the policies evidencing the same.

SECTION 1.7 No Further Encumbrance or Transfer. Except as permitted in Sections 1.13 and 1.14, Trustor will not further encumber, sell, convey or transfer any interest in, or any part of, the Mortgaged Property without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld. Any such encumbrance, sale, conveyance or transfer made without Beneficiary's prior written consent shall be an immediate Event of Default hereunder.

SECTION 1.8 Right of Inspection. Beneficiary and Trustee shall have access to and the right to inspect the Premises at all reasonable times upon reasonable notice to Trustor.

SECTION 1.9 Compliance with Law. Trustor shall comply in all material respects with all applicable restrictive covenants, zoning and subdivision ordinances and building codes and all other applicable laws, rules, regulations, requirements, directives, orders and notices of violations issued by any governmental agency, body or officer relating to or affecting the Premises or the business or activity being conducted thereon whether by Trustor or by any occupant thereof ("laws, regulations, ordinances, orders and covenants"). Trustor shall have the right to contest or protest such laws, regulations, ordinances, orders and covenants so long as (i) it is contesting the validity of such laws, regulations, ordinances, orders and covenants in good faith by appropriate legal action which serves to stay enforcement of such laws, regulations, ordinances, orders and covenants and any lien securing such laws, regulations, ordinances, orders and covenants, and (ii) it has obtained a bond, insurance or other security reasonably satisfactory to Beneficiary. Trustor in general will do or cause to be done everything necessary so that the lien and security interest hereof shall be fully preserved, at the cost of Trustor, without expense to Beneficiary during the contest or protest.

SECTION 1.10 Waste. Trustor will not commit any waste at or with respect to the Mortgaged Property.

SECTION 1.11 Condemnation Proceedings. Trustor will immediately notify, Beneficiary of the institution of any proceeding for the condemnation or taking by eminent domain of the Mortgaged Property, or any portion thereof, Beneficiary may participate in any such proceeding, and Trustor from time to time will deliver to Beneficiary all instruments requested by it to permit such participation. In the event of such condemnation proceedings, or a conveyance in lieu of such taking, the award compensation payable is hereby assigned to and shall be paid to Beneficiary to the full extent of all obligations secured by the Deed of Trust for deposit in the Gross Revenue Fund in accordance with the Loan Agreement. Beneficiary shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid, but shall have no right to bind Trustor or to make settlement of its claim, except to the extent of the interest of Beneficiary. In any such condemnation proceedings Beneficiary may be represented by counsel selected by Beneficiary.

SECTION 1.12 Assignment of Rents. The assignment of Rents contained in the granting clause of this Deed of Trust shall be fully operative without any further action on the part of Trustor or Beneficiary, and specifically Beneficiary shall be entitled, upon an Event of Default, as hereinafter defined in Section 2.1, at its option, to all Rents from the Mortgaged Property, whether or not Beneficiary takes possession of the Mortgaged Property. Trustor hereby grants to Beneficiary the right upon an Event of Default (i) to the extent permitted by law, to enter upon and take possession of the Mortgaged Property for the purpose of collecting the Rents, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Beneficiary, (iii) to let the Mortgaged Property or any part thereof, and (iv) to apply the Rents, after payment of all necessary charges and expenses, (subject to any rights of other application under the Loan Agreement) to the Beneficiary and in accordance with the Loan Agreement. Such assignment and grant shall continue in effect until the indebtedness and other sums secured hereby are paid, the execution of this Deed of Trust constituting and evidencing the irrevocable consent of Trustor to the entry upon and taking possession of the Mortgaged Property by Beneficiary pursuant to such grant, whether or not sale or foreclosure has been instituted. Neither the exercise of any rights under this Section 1.12 by Beneficiary nor the application of the Rents to the indebtedness and other sums secured hereby, shall cure or waive any Event of Default, or notice of default hereunder or invalidate any act done pursuant hereto, but shall be cumulative of all other rights and remedies. The assignment of Rents contained herein shall not impose upon Beneficiary any duty to produce Rents from the Mortgaged Property and shall not cause Beneficiary to be a “mortgagee-in-possession” for any purpose.

The foregoing provisions hereof shall constitute an absolute and present assignment of the Rents from the Mortgaged Property, subject, however, to the conditional permission given hereby to Trustor to collect and use the Rents until the occurrence of an Event of Default at which time such conditional permission shall automatically terminate.

After the occurrence of an Event of Default, Beneficiary may, at its option, after delivery of a written notice to Trustor of the exercise of its rights under this Section 1.12 (a “Notice”), receive and collect all rents, income and profits from the Mortgaged Property as they become due. Trustor hereby acknowledges that from and after the date a Notice is given to Trustor, Beneficiary shall have the exclusive right to demand, collect, receive and give complete acquittance for any and all rents, income and profits accruing from the Mortgaged Property. All tenants of the Mortgaged Property are hereby expressly authorized and directed, following receipt of a Notice from Beneficiary, to pay any and all amounts due Trustor pursuant to the Leases to Beneficiary or such nominee as Beneficiary may designate in a writing delivered to and received by such tenants, and the tenants of the Mortgaged Property are expressly relieved of any and all duty, liability or obligation to Trustor in respect of all payments so made to Beneficiary or its nominee. After delivery to Trustor of a Notice, Beneficiary is hereby vested with full power to use all measures, legal and equitable, deemed by it to be necessary or proper to enforce its rights under this Section 1.12 and to collect the rents, income and profits assigned hereunder. Beneficiary shall be under no obligation to exercise or prosecute any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the landlord under any of the Leases, and Beneficiary does not assume any of the liabilities or obligations of the landlord under the Leases. It is further understood that the assignment set forth in this Section 1.12 shall not operate to place responsibility for the control, care, management or repair of the Mortgaged Property, or any part thereof, upon Beneficiary, nor shall it operate to make Beneficiary liable for the performance of any of the terms and conditions of any of the Leases, or for any waste of the Mortgaged Property, or for any dangerous or defective condition of the Mortgaged Property, or for any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in loss or injury or death to any lessee, licensee, employee or stranger.

SECTION 1.13 Rights with Respect to Assignment of Rents, Leases.

(a) Trustor will not without the consent of Beneficiary (i) execute an assignment of the Rents or any part thereof from the Mortgaged Property, or (ii) except where the lessee is in material default thereunder, terminate or consent to the cancellation or surrender of any Lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made unless, promptly after the cancellation or surrender of any Lease, a new Lease is entered into with a new lessee on terms at least as favorable to the landlord thereunder as were the terms of the Lease so terminated or canceled; provided, however, that the foregoing shall not apply to short-term student Leases referred to in Section 1.14, or (iii) modify any such Lease or give consent to any assignment or subletting so as to adversely affect Beneficiary, or (iv) accept prepayments more than one (1) month in advance of any installments of rent or additional rent to become due under such Leases, except (1) prepayments in the nature of security for the performance of the lessee's obligations thereunder or (2) prepayments with respect to short-term student Leases referred to in Section 1.14, or (v) in any other manner impair the value of the Mortgaged Property or the security of the Trustee or Beneficiary for the payment of the indebtedness secured hereby, or (vi) enter into any Lease prohibited under the provisions of the Loan Agreement.

(b) Trustor will not execute any Lease of all or a substantial portion of the Mortgaged Property except for actual occupancy by the lessee thereunder and will at all times promptly and faithfully perform or cause to be performed, all of the covenants, conditions and agreements contained in all Leases of the Mortgaged Property now or hereafter existing, on the part of the lessor thereunder to be kept and performed. If any such Lease provides for the giving by the lessee of certificates with respect to the status of such Leases, Trustor shall exercise its rights to request such certificates within five (5) days of any demand therefor by Beneficiary.

(c) Trustor shall furnish to Beneficiary, within fifteen (15) days after a request by Beneficiary to do so, a written statement containing the names of all lessees of the Mortgaged Property or any part thereof, the terms of their respective Leases, the spaces occupied, the rentals paid and any security therefor.

(d) Trustor shall, from time to time upon request of Beneficiary, specifically assign to Beneficiary as additional security hereunder, by an instrument in writing in such form as may be approved by Beneficiary, all right, title and interest of Trustor in and to any and all Leases now or hereafter on or affecting the Mortgaged Property, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Trustor to collect the rentals under any such Lease. Trustor shall also execute and deliver to Beneficiary any notification, financing statement or other document reasonably required by Beneficiary to perfect the foregoing assignment as to any such Lease.

SECTION 1.14 Future Leases Subordinate to Deed of Trust, Other Lease Provisions.

Each Lease of the Mortgaged Property or of any part thereof entered into after the date hereof shall provide that it shall be subordinate to this Deed of Trust and that in the event of the enforcement by the Trustee or Beneficiary of the remedies provided for by law or by this Deed of Trust, any person succeeding to the interest of Trustor as a result of such enforcement shall not be bound by any payment of rent or additional rent for more than one (1) month in advance (except as to short-term student Leases referred to hereinafter) provided, however, that nothing herein set forth shall affect or impair the rights of Beneficiary to terminate any one or more of such Leases in connection with the exercise of its or the Trustee's remedies hereunder except if such Leases are short-term Leases to students for periods not exceeding one academic year, now or hereafter in existence, on a dormitory building on the Land, in which case said Leases shall be allowed to continue in full

force and effect until (a) the expiration of their respective terms or (b) thirty (30) days after the end of the academic year during which enforcement of the Beneficiary's or the Trustee's remedies hereunder is sought, whichever occurs earlier.

SECTION 1.15 Insurance and Condemnation Proceeds. All insurance proceeds on the Mortgaged Property, and all causes of action, claims, compensation, awards and recoveries for any damage, condemnation or taking of all or any part of the Mortgaged Property or for any damage or injury to it or for any loss or diminution in value of the Mortgaged Property, are hereby assigned to and shall be paid to Beneficiary. Beneficiary may participate in any suits or proceedings relating to any such proceeds, causes of action, claims, compensation, awards or recoveries and may join with Trustor in adjusting any loss covered by insurance. Beneficiary will apply any sums received by it under this Section first to the payment of all of its costs and expenses (including but not limited to legal fees and disbursements) incurred in obtaining those sums, and then (subject to any rights of other application under the Loan Agreement) to the Beneficiary and in accordance with the Loan Agreement, or, at Beneficiary's option, shall be disbursed to Trustor under stage payment terms satisfactory to Beneficiary for application to the cost of repairs, replacements or restorations (collectively, "restorations") of the Improvements damaged, destroyed or taken. All restorations of the Improvements so damaged, destroyed or taken shall be effected with reasonable promptness and shall be of a value at least equal to the value of the Improvements so damaged, destroyed or taken prior to such casualty or condemnation.

SECTION 1.16 Protection of Security. Should Trustor fail or refuse to make any payment or to do any act which it is obligated hereunder to make or do, at the time and in the manner herein provided, Beneficiary, in its sole discretion, without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, is authorized (but shall have no obligation) to do and may do any of the following:

(a) make any such payment or do any such act in such manner and to such extent as it may reasonably deem necessary to protect the security hereof, Beneficiary being authorized to enter upon the Premises for such purposes; and/or

(b) pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the reasonable judgment of Beneficiary may affect or reasonably appear to affect the security of this Deed of Trust, the interest of Beneficiary or the rights, powers or duties of Beneficiary hereunder.

All sums so advanced shall bear interest, from and after the date advanced until repaid, at the maximum rate permitted by law for loans and lenders not exempt from the California Constitution's restrictions on usury, shall be a lien upon the Mortgaged Property and shall, at Beneficiary's option, be added to the obligations secured hereby. Trustor will repay on demand all sums so advanced on its behalf with interest at the rate herein set forth. This Section 1.16 shall not be construed as preventing any default by Trustor in the observance of any covenant contained in this Deed of Trust from constituting an Event of Default hereunder.

SECTION 1.17 Reserved.

SECTION 1.18 Hazardous Materials.

(a) Trustor represents, warrants and covenants to Beneficiary that, except as disclosed to Beneficiary in writing:

(i) neither the Trustor nor, to the knowledge of the Trustor, any other Person, has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, under or at the Mortgaged Property or any part thereof in violation of applicable Hazardous Materials Laws; no part of the Mortgaged Property previously contained and does not contain any underground storage tanks other than in compliance with all applicable Hazardous Materials Laws; and no part of the Mortgaged Property has ever been used by the Trustor or, to the knowledge of the Trustor, by any other Person, as a temporary or permanent storage or disposal site for any Hazardous Materials in violation of applicable Hazardous Materials Laws;

(ii) Trustor has complied and will comply in all material respects with all Hazardous Materials Laws applicable to the Mortgaged Property;

(iii) Trustor shall keep or cause the Mortgaged Property to be kept free of Hazardous Materials other than in compliance with all applicable Hazardous Materials Laws and shall not cause or permit the Mortgaged Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, produce or process Hazardous Materials, except in compliance with all applicable Hazardous Materials Laws;

(iv) Trustor shall ensure that all operators and occupants of the Mortgaged Property comply with all applicable Hazardous Materials Laws and shall obtain and comply with any and all required approvals, registration or permits.

(v) to the best knowledge of the Trustor, the Mortgaged Property complies in all material respects with all applicable Hazardous Materials Laws;

(vi) to the best knowledge of the Trustor, neither the Trustor nor the Mortgaged Property is the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Hazardous Materials Laws or to respond to a release of any Hazardous Materials into the environment; and

(vii) to the best knowledge of the Trustor, the Trustor does not have any material contingent liability in connection with any release of any Hazardous Materials into the environment in violation of Hazardous Materials Laws.

(b) Trustor shall, upon the request of Beneficiary, conduct and complete all investigations, studies, sampling and testings which are required or customary in connection with the actual or suspected presence of Hazardous Materials on the Mortgaged Property.

(c) Notwithstanding the obligation of Trustor to indemnify Beneficiary pursuant to this Deed of Trust, Trustor shall, upon demand of Beneficiary, and at Trustor's sole cost and expense, promptly take all actions to Remediate (as defined below) the Mortgaged Property which are required by any federal, state or local governmental agency or political subdivision or which are reasonably necessary to correct a violation of any Hazardous Materials Laws. "Remediate" and "Remediation" shall include, but not be limited to, the investigation of the environmental condition of the Mortgaged Property, the preparation of any feasibility studies, reports or remedial plans, and the performance of any cleanup, abatement, removal, remediation, containment, operation, maintenance, monitoring or restoration work, whether on or off of the Mortgaged Property. Trustor shall pay all costs in connection with such investigatory and remedial activities, including but not limited to all power and utility costs, and any and all taxes or fees that may be applicable to such activities. Trustor shall

promptly provide to Beneficiary copies of testing results and reports that are generated in connection with the above activities. Within fifteen (15) days of demand therefor, Trustor shall provide Beneficiary with a bond, letter of credit or similar financial assurance evidencing that the necessary funds are available to perform Trustor's obligations under this Section, and Beneficiary shall make the proceeds thereof available to Trustor to perform its obligations under this Section.

(d) "Indemnified Persons" shall mean Beneficiary and its successors and assigns and the parties for which Beneficiary is acting as beneficiary, and each of its and their principals, parents, subsidiaries, affiliates and attorneys and each of their officers, directors, shareholders, agents, employees, trustees, receivers, executors and administrators. "Losses" shall mean any and all losses, judgments, liabilities, contingent liabilities, damages, obligations, claims, continent claims, actions, suits, proceedings, disbursements, penalties, fines, costs and expenses (including without limitation actual attorneys' fees and costs of counsel retained by Beneficiary to monitor the proceedings and actions of Trustor in satisfying its obligations hereunder, and to advise and represent Beneficiary with respect to matters related hereto, including without limitation fees and costs incurred pursuant to 11 U.S.C.) and all other professional or consultants' fees and expenses, whether or not an action or proceeding is commenced or threatened.

(e) Trustor shall indemnify, protect, defend (with reputable counsel selected by and satisfactory to Beneficiary) and hold harmless all Indemnified Persons from and against the full amount of any and all Losses suffered or incurred by any Indemnified Person, whether as holder of this Deed of Trust, as mortgagee in possession or as successor in interest to Trustor as owner of the Mortgaged Property by virtue of foreclosure or acceptance of a deed or other transaction in lieu of foreclosure, or after partial or total reconveyance of this Deed of Trust, arising from, in respect of, as a consequence (whether foreseeable or unforeseeable) of or in connection with any spill or with the presence, use, storage, disposal, generation, transportation or treatment of any Hazardous Substance at or affecting the Mortgaged Property, whether or not originating or emanating from the Mortgaged Property, including without limitation the following: (i) compliance with or violation or claimed violation of any Hazardous Materials Laws, (ii) claims asserted by any person or entity (including without limitation any governmental agency or quasi-governmental authority, board, bureau, commission, department, instrumentality or public body, court, or administrative tribunal), including, but not limited to, claims under common law causes of action, and (iii) the implementation of the recommendations set forth in any environmental audit of the Mortgaged Property or the uses thereof. Trustor's agreement contained in this Section shall not be limited in any manner by Trustor's date of acquisition or time of ownership of the Mortgaged Property, or by the value of the Mortgaged Property; provided, however, that Trustor shall have no obligation under this Section 1.18 for any indemnified matter described in this paragraph which first occurs after Trustor has been divested of title to the Mortgaged Property by foreclosure, transfer in lieu of foreclosure, or transfer to an unrelated third party in a bona fide transfer for value.

(f) Foreclosure shall not operate as a discharge of Trustor's obligations to Beneficiary as to Hazardous Materials and the indemnity provisions in Section 1.18(e) hereof, and, in the event Trustor tenders a deed in lieu of foreclosure, Trustor shall deliver the Premises to Beneficiary (or its designee) free of any and all Hazardous Materials which are in violation of any Act. The indemnity provisions in Section 1.18(e) hereof shall not be discharged or affected in any way by foreclosure or by Beneficiary's acceptance of a deed in lieu thereof, and the same shall continue until December 1, 2069. No discharge of this contractual indemnity shall in any way limit or be asserted to limit Beneficiary's rights to seek indemnity or contribution at law or in equity.

(g) The obligations of Trustor and the rights of Beneficiary under this Section 1.18 are in addition to and not in substitution of the obligations of Trustor and rights of Beneficiary under all applicable

Hazardous Materials Laws. The obligations of Trustor and the rights of Beneficiary under this Section 1.18 and such Hazardous Materials Laws, notwithstanding anything contained herein or in any other document or agreement which may be construed to the contrary (i) shall not be subject to any antideficiency laws or protections, and (ii) shall survive (a) a trustee's sale, judicial sale or deed or other transaction in lieu of such sale hereunder, (b) the repayment of the obligations secured hereunder, and (c) the termination of the Loan Agreement or the Indenture.

(h) In the event that any portion of the Property is determined to be "environmentally impaired" (as "environmentally impaired" is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as "affected parcel" is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's, Lender's, Trustee's rights and remedies under this Deed of Trust, Beneficiary may elect to exercise its right under California Code of Civil Procedure Section 726.5(a) to (i) waive its lien on such environmentally impaired or affected portion of the Property, and (ii) exercise the rights and remedies of an unsecured creditor, including reduction of its claim against Trustor to judgment and any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant or user of any portion of the Property and Trustor knew of the activity by such lessee, occupant or user which caused or contributed to the release or threatened release. Beneficiary shall have the right to allocate amounts recovered on the indebtedness first to those portions thereof other than damages and other amounts recoverable under California Code of Civil Procedure Section 736, and thereafter to damages and other amounts recoverable under hereunder.

SECTION 1.19 Americans With Disabilities Act.

(a) Trustor hereby represents, covenants and warrants to Beneficiary, its successors and assigns, as follows:

(i) The Premises are presently used as an educational facility, and constitute a "public accommodation," as described and defined in 42 U.S.C. §12101, et seq., and all applicable rules and regulations promulgated thereunder (the "ADA").

(ii) Trustor has made all modifications and/or provided all accommodations which may be required to be made or provided by Trustor to the Premises pursuant to the ADA in order to accommodate the needs and requirements of any disabled employees of Trustor.

(iii) Trustor has received no notice or complaint regarding any noncompliance with the ADA of the Premises or of Trustor's employment practices and to the best of Trustor's knowledge, there has been no threatened litigation alleging any such noncompliance by Trustor or the Premises.

(b) Trustor shall promptly provide Beneficiary with copies of all notices or claims which may be received by Trustor and involving claims made by any individual, entity or governmental agency as to any alleged noncompliance of the Premises with the requirements of the ADA.

(c) Trustor shall observe and comply in all material respects with all obligations and requirements of the ADA as it applies to the Premises.

(d) Without limiting the generality of any other provision of this Deed of Trust, Trustor shall indemnify, defend and hold harmless Beneficiary, its successors and assigns, and the directors, officers, employees, agents, and servants of the foregoing, from any and all losses, costs, expenses (including court costs and attorneys' fees), damages, demands, claims, suits, proceedings, orders and judgments, penalties, fines and other sanctions arising from any claim that the Premises are not in compliance with the requirements of the ADA.

(e) Notwithstanding anything contained herein, the provisions of this Section 1.19 are solely for the benefit of Beneficiary, and no other person is entitled to rely on the same.

SECTION 1.20. Partial Releases of Premises. Portions of the Premises may, from time to time, be released from the lien of this Deed of Trust if the following conditions are satisfied:

(a) the Bond Owner Representative shall have consented in writing to such release, which consent shall not be unreasonably withheld, conditioned or delayed;

(b) the aggregate Fair Market Value of all Release Parcels to be released from the lien of this Deed of Trust at any one time shall not exceed 5% of the Fair Market Value of all portions of the Premises then subject to the lien of this Deed of Trust;

(c) the aggregate Fair Market Value of all Release Parcels released from the lien of this Deed of Trust shall not exceed 10% of the Fair Market Value of the entire Premises originally subject to the lien of this Deed of Trust; and

(d) Trustor shall retain an economic interest in all Release Parcels that are released from the lien of this Deed of Trust, or Trustor otherwise shall ensure that such Release Parcels continue to be used in furtherance of the Trustor's purposes, including the financing, development and construction of additional Facilities.

ARTICLE 2 **EVENTS OF DEFAULT AND REMEDIES**

SECTION 2.1 Definitions. The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") hereunder:

(a) If an Event of Default shall occur and be continuing under the Indenture, the Loan Agreement or the Loan Documents, which is not otherwise an Event of Default under this Deed of Trust; or

(b) If Trustor shall breach, or be in default of, any of the covenants or provisions contained in this Deed of Trust not consisting of a required payment of money for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to Trustor by the Bond Owner Representative, the Lender or the Beneficiary, or to the Lender and Beneficiary, with a copy sent to Trustor, by the requisite percentage of Owners as required by the Indenture; provided, however, that if such breach or default is not susceptible of being cured within thirty (30) days and Trustor has commenced the cure of such breach or default within such initial thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, Trustor shall have an additional thirty (30) days to cure such breach or default; or

(c) If Trustor shall assign the proceeds of the Loan Agreement or any advance made pursuant thereto, or any interest therein, otherwise than in accordance with the provisions of the Loan Agreement; or

(d) If the holder of any junior, subordinated or senior mortgage, deed of trust or other lien on the Mortgaged Property, or any part thereof (without hereby implying Beneficiary's consent to any junior, subordinated or senior mortgage, deed of trust or other lien) institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

SECTION 2.2 Rights and Remedies. Upon the occurrence of an Event of Default, and in every such case:

(a) Beneficiary shall not be obligated to make any advances under the Loan Agreement and in addition Beneficiary personally, or by its agents or attorneys, may, to the extent permitted by law, enter into and upon all or any part of the Mortgaged Property, and each and every part thereof, and may exclude the party owning the beneficial interest in same, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property for any lawful purpose and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, Beneficiary, at the expense of Trustor, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Property, whereof it shall become possessed as aforesaid, may complete the construction of the Improvements and in the course of such completion may make such changes in the contemplated improvements as it may deem desirable; may insure or reinsure the same, and likewise, from time to time, at the expense of Trustor, Beneficiary may make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements to the Mortgaged Property or any part therein and thereon as it may deem advisable; and in every such case Beneficiary shall have the right to manage and operate the Mortgaged Property, possessed as aforesaid, and to carry on the business thereof and exercise all rights and powers of the party owning such property with respect thereto either in the name of such party or otherwise as it shall deem best; and Beneficiary shall be entitled to collect and receive all earnings, revenues, Rents, issues, profits and income of the Mortgaged Property and every part thereof; and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, replacements, alterations, additions, betterments and improvements and all payments which may be made for taxes, assessments, insurance, in payment of any prior deed of trust and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation of Beneficiary for the services of Beneficiary and for all attorneys, counsel, agents, clerks, servants and other employees by it properly engaged and employed, Beneficiary shall apply the moneys arising as aforesaid, first to the payment of any sums, other than interest and principal due pursuant to the terms of the Loan Agreement, required to be paid by Trustor under this Deed of Trust, and second (subject to any rights of other application under the Loan Agreement) to the Beneficiary and in accordance with the Loan Agreement with respect to the Secured Obligations.

(b) Beneficiary may institute proceedings, judicial or otherwise, for the complete foreclosure of this Deed of Trust under any applicable provision of law, in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner, Beneficiary being hereby expressly granted the power of to foreclose this Deed of Trust and sell the Property at public auction and convey the same to the purchaser in fee simple. Beneficiary may, with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Deed of Trust for the portion of the indebtedness then due and payable, subject to the continuing lien and security interest of this Deed of Trust for the balance of the indebtedness not then due, unimpaired and without loss of priority

(c) In addition to the rights granted to Beneficiary under the Loan Agreement, Beneficiary, at its option, may declare the entire unpaid balance of the indebtedness secured hereby immediately due and payable in accordance with the provisions of Section 3.24 below.

(d) After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Mortgaged Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States of America, payable in full at time of sale subject, however, to the provisions of Section 2.2(e) below. If the Mortgaged Property consists of several known lots or parcels, Beneficiary may designate the order in which such parcels shall be sold or offered for sale. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

(e) Trustee may postpone sale of all or any portion of the Mortgaged Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement.

(f) Upon any sale or sales made under this Section, whether made under the power of sale herein granted or under the Loan Agreement or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Premises or any part thereof and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness or other sums secured by this Deed of Trust the net sales price after deducting therefrom the expenses of sale and the costs of the judicial proceedings, if any, and any other sums which Trustee or Beneficiary is authorized to deduct under this Deed of Trust, and, in such event, this Deed of Trust, the Loan Agreement, and documents evidencing expenditures secured hereby shall be presented to the person or persons conducting the sale in order that the amount so used or applied may be credited upon said indebtedness as having been paid.

SECTION 2.3 Distribution of Proceeds; Trustee's Deed.

(a) Trustee, after making such sale, and upon receipt of the purchase price, shall make, execute and deliver to the purchaser or purchasers its deed or deeds conveying the Mortgaged Property so sold, but without any covenant or warranty, express or implied, and without any representation, express or implied, as to the existence, or lack thereof, of Hazardous Substances on the Mortgaged Property, and shall use the proceeds of sale thereof to pay: FIRSTLY, the costs and expenses of such sale, together with the reasonable expenses of Beneficiary, including Trustee's fees and cost of evidence of title in connection with sale and revenue stamps on Trustee's deed; SECONDLY, any other moneys owed by Trustor under the Loan Agreement, for application (subject to any rights of other application under the Loan Agreement) to the Beneficiary and in accordance with the Loan Agreement; THIRDLY, in an amount sufficient, as determined in the sole and absolute discretion of Beneficiary, acting in good faith, to satisfy actual or contingent sums owing pursuant to Section 1.18 hereof ("Impound Sum"), and, if not actually incurred, to be held by Beneficiary (not in trust, without the accrual of interest thereon and without the obligation to segregate such funds) for a period of seven (7) years from the date of foreclosure, thereafter to be returned to the person or persons legally entitled thereto, upon satisfactory proof of such right; and LASTLY, the balance or surplus, if any, of such proceeds of sale to the person or persons legally entitled thereto, upon satisfactory proof of such right.

(b) In the event of a sale of the Mortgaged Property, or any part thereof, and the execution of a deed or deeds therefor under these trusts, the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof and of the fact that said sale was regularly and validly made in accordance with all

requirements of the laws of the State of California and of this Deed of Trust; and any such deed or deeds, with such recitals therein, shall be effectual and conclusive against Trustor and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligations to see to the proper application of the purchase money according to the trusts aforesaid.

SECTION 2.4 Appointment of Receiver. After the happening of an Event of Default by Trustor under this Deed of Trust and immediately upon the commencement of any action, suit or other legal proceeding by Beneficiary to obtain judgment for the principal of, or interest due pursuant to the terms of the Loan Agreement, and other sums required to be paid by Trustor pursuant to any provisions of this Deed of Trust, or of any other nature in aid of the enforcement of the Loan Agreement or of this Deed of Trust, Trustor hereby consents to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, Rents, issues, profits and income thereof. After the happening of any such default and during its continuance or upon the commencement of any proceedings to foreclose this Deed of Trust or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Trustee or Beneficiary hereunder, Beneficiary shall be entitled, as a matter of right, if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of any security for the indebtedness secured by this Deed of Trust, forthwith either before or after declaring all sums evidenced by the Loan Agreement, to be due and payable, to the appointment of such a receiver or receivers. Notwithstanding the appointment of any receiver, liquidator or trustee of Trustor, or of any of its property, or of the Mortgaged Property, or any part thereof, Trustee shall be entitled to retain possession and control of all property now or hereafter held under this Deed of Trust.

SECTION 2.5 Additional Remedies. During the continuance of an Event of Default, Beneficiary shall have the right, but not the obligation, to exercise all or any of the following remedies:

(i) Beneficiary or its employees, acting by themselves or through a court-appointed receiver, may enter upon, possess, manage, operate, dispose of, and contract to dispose of the Mortgaged Property or any part thereof; take custody of all accounts; negotiate with governmental authorities with respect to the Mortgaged Property's environmental compliance and remedial measures; take any action necessary to enforce compliance with environmental provisions, including but not limited to spending Rents to abate the problem; make, terminate, enforce or modify Leases of the Mortgaged Property upon such terms and conditions as Beneficiary deems proper; contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Mortgaged Property necessary, in Beneficiary's judgment, to protect or enhance the security hereof, incur the risks and obligations ordinarily incurred by owners of property (without any personal obligation on the part of the receiver); and/or take any and all other actions which may be necessary or desirable to comply with Trustor's obligations hereunder and under the Loan Agreement. All sums realized by Beneficiary under this subparagraph, less all costs and expenses incurred by it under this subparagraph, including attorneys' fees, and less such sums as Beneficiary deems appropriate as reserve to meet future expenses under this subparagraph, shall be applied to the Beneficiary. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary under this subparagraph shall cure or waive any Event of Default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding, hereunder without regard to (a) the adequacy of the security for the indebtedness secured hereunder, (b) the existence of a declaration that the obligations secured hereby have been declared immediately due and payable, or (c) the filing of a notice of default.

(ii) With or without notice (except to the extent provided in Section 2.1(b) of this Deed of Trust), and without releasing Trustor from any obligation hereunder, Beneficiary may cure any default of Trustor and, in connection therewith, Beneficiary or its agents, acting by themselves or through a court appointed receiver, may enter upon the Mortgaged Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including without limitation of any of its other rights: (a) to obtain a court order to enforce Beneficiary's right to enter and inspect the Mortgaged Property under California Civil Code Section 2929.5; and (b) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Mortgaged Property for Hazardous Substances. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of the engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor.

(iii) Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in Section 1.18, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to or after foreclosure of the Mortgaged Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred or advanced by Beneficiary (collectively, subject to any limitations in California Code of Civil Procedure Section 736, the "Environmental Costs") relating to the cleanup, remediation or other response action required by any Hazardous Materials Laws or which Beneficiary reasonably believes necessary to protect the Mortgaged Property. All Environmental Costs incurred by Beneficiary under this subparagraph (including without limitation court costs, consultant fees and attorneys' fees, including without limitation fees incurred pursuant to 11 U.S.C., whether incurred in litigation or not and whether before or after judgment) shall bear interest at the rate accruing on the Series 2019 Bonds from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Mortgaged Property held under Subsection 2.2(c) above, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

(iv) Beneficiary may waive its lien against the Mortgaged Property or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired in accordance with California Code of Civil Procedure Section 726.5 and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including, but not limited to, seeking an attachment order under California Code of Civil Procedure Section 483.010. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) was not in any way negligent in permitting the release or threatened release of the Hazardous Substances.

(v) Trustor acknowledges and agrees that, notwithstanding any term or provision contained herein or in the Loan Agreement, no judgment or award entered against Trustor pursuant to this Section or Section 1.18 of this Deed of Trust shall be limited in any way to the original principal amount of the obligations secured by this Deed of Trust, and Trustor's obligations under such Sections shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Mortgaged Property or this Deed of Trust, subject to any time limitation provided herein. For the purposes of any action brought under this Section, Trustor hereby waives the defense of laches and any applicable statute of limitations.

(vi) Nothing contained herein shall be construed to limit any and all rights that Beneficiary has at law, in equity or pursuant hereto.

SECTION 2.6 Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or Beneficiary is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary to exercise any right or power occurring upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof or an acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time and as often as may be deemed expedient by Trustee or Beneficiary. Nothing in this Deed of Trust or in the Loan Agreement shall affect the obligation of Trustor to pay all sums due under the Loan Agreement, in the manner and at the time and place therein respectively expressed.

SECTION 2.7 Releases, Extensions, Modifications and Additional Security. Without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of the indebtedness secured hereby, and without affecting the lien of this Deed of Trust for the full amount of the indebtedness remaining unpaid upon any property not reconveyed pursuant hereto, Beneficiary and Trustee are respectively authorized and empowered as follows: Beneficiary may, at any time and from time to time, either before or after the expiration of the Loan Agreement, and without notice: (a) accept additional security therefor of any kind, and (b) release any property, real or personal, securing the indebtedness in accordance with this Deed of Trust and the Loan Agreement. Trustee may, without liability therefor and without notice, at any time and from time to time so long as the lien or charge hereof shall subsist, but only upon the written request of Beneficiary and presentation of this Deed of Trust: (a) consent to the making of any map or plat of the Land, (b) join in granting any easement thereon or in creating any covenants restricting use or occupancy thereof, (c) reconvey, without warranty, any part of the Mortgaged Property in accordance with this Deed of Trust and the Loan Agreement, and (d) join in any extension agreement or in any agreement subordinating the lien or charge hereof.

SECTION 2.8 Security Account. Upon the occurrence and continuance of an Event of Default, at Beneficiary's option and upon its demand and except where and to the degree prohibited by law, Trustor shall, until every indebtedness secured hereby has been paid in full, pay to Beneficiary each month an amount estimated by Beneficiary to be equal to (i) the taxes, assessments, levies, and charges referred to in Section 1.5, and (ii) premiums next due for fire, other hazard and other insurance required to be procured or maintained pursuant to the Loan Agreement. Said tax and insurance estimate shall be calculated by dividing the amount next due by, in each instance, the number of months to lapse preceding the month in which the same, respectively, will become due. All sums so paid shall not bear interest, except to the extent and in the minimum amount required by law, and Beneficiary shall, unless Trustor is otherwise in default hereunder or under any obligation secured hereby, apply said funds to the payment of, or at the sole option of Beneficiary release said funds to Trustor for application to and payment of, such taxes, assessments, levies, charges and insurance premiums. However, upon the occurrence of an Event of Default by Trustor hereunder or under any obligation secured hereby, Beneficiary may, at its sole option, apply such funds ratably according to the interests of the Beneficiary and in accordance with the Loan Agreement.

SECTION 2.9 Marshaling. Trustor hereby waives any right to require that any security given hereunder or under any other agreement securing the obligation secured hereby be marshaled and further waives any right otherwise available in respect to marshaling of assets which secure any obligation secured or imposed hereby or to require Beneficiary to pursue its remedies against any such assets.

SECTION 2.10 Security Agreement.

(a) This Deed of Trust constitutes a security agreement under the laws of the State of California, including, but not limited to, the California Commercial Code (the "Code"). The Trustor hereby grants to the Beneficiary, as security for the payment and performance of the Secured Obligations, a security interest in all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the Mortgaged Property, including, without limitation, all of the Mortgaged Property that constitutes fixtures. The Mortgaged Property that is subject to the Code or that is not real property is referred to herein as the "Personal Property". Trustor agrees to authorize, as debtor, such financing statement or statements as Beneficiary may now or hereafter reasonably request in order that such security interest may be perfected pursuant to such laws. In case Trustor fails to execute documents for the perfection or continuation of any security interest, Trustor hereby appoints Beneficiary as its true and lawful attorney-in-fact to execute any such documents on its behalf. This Deed of Trust further constitutes a fixture filing under Chapter 9 of the Code. Beneficiary shall have the remedies of a secured party under the Code and, at Beneficiary's option, the remedies provided for in this Deed of Trust, the Loan Agreement and/or the Indenture.

(b) During the continuance of any Event of Default, Beneficiary shall have all of the rights and remedies of a secured party under the Code, and specifically the right to direct notice and collections of any obligation owing to Trustor by any lessee. In addition to its rights to foreclose this Deed of Trust, Beneficiary shall have the right to sell the Personal Property or any part thereof, or any further, or additional, or substituted Personal Property, at one or more times, and from time to time, at public sale or sales or at private sale or sales, on such terms as to cash or credit, or partly for cash and partly on credit, as Beneficiary may deem proper. Beneficiary shall have the right to become the purchaser at any such public sale or sales, free and clear of any and all claims, rights of equity of redemption in Trustor, all of which are hereby waived and released. Trustor shall not be credited with the amount of any part of such purchase price, unless, until and only to the extent that such payment is actually received in cash. Notice of public sale, if given, shall be sufficiently given, for all purposes, if published not less than seven days prior to any sale, in any newspaper of general circulation distributed in the city in which the property to be sold is located or as otherwise required by the Code. The net proceeds of any sale of the Personal Property which may remain after the deduction of all costs, fees and expenses incurred in connection therewith, including, but not limited to, all advertising expenses, broker's or brokerage commissions, documentary stamps, recording fees, foreclosure costs, stamp taxes and counsel fees, shall be credited by Beneficiary against the liabilities, obligations and indebtedness of Trustor to Beneficiary secured by this Deed of Trust. Any portion of the Personal Property that remains unsold after the full payment, satisfaction and discharge of all of the liabilities, obligations and indebtedness of Trustor to Beneficiary shall be returned to the respective parties which delivered the same to Beneficiary. If at any time Trustor or any other party shall become entitled to the return of any of the Personal Property hereunder, any transfer or assignment thereof by Beneficiary shall be, and shall recite that the same is, made wholly without representation or warranty whatsoever by, or recourse whatsoever against Beneficiary.

(c) Nothing contained in this Section 2.10 is intended to limit the scope of the Security Agreement (as defined in Exhibit A (Master Definitions) to the Loan Agreement).

ARTICLE 3 MISCELLANEOUS

SECTION 3.1 Severability. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this

Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

SECTION 3.2 Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to Lender:

California Municipal Finance Authority
2111 Palomar Airport Road, Suite 320
Carlsbad, California 92011
Attention: Financial Advisor

with a copy to:

Jones Hall, a Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Ron Lee

If to Trustee:

Commonwealth Land Title Insurance Company
100 Pine Street, Suite 2460
San Francisco, California 94111
Attention: Michi A. Perkins

If to Beneficiary:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust

If to Trustor:

Holy Names University
3500 Mountain Boulevard
Oakland, California 94619
Attention: Vice President for Finance and Administration

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (c) if given by electronic mail, on the date sent, but only if confirmation of the receipt of such electronic mail is received or if notice is concurrently sent by another means specified herein, and (d) if given by any other means, upon delivery at the address specified in this Section.

SECTION 3.3 Waiver of Notice. Whenever in this Deed of Trust the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice.

SECTION 3.4 Covenant to Run with the Land. All of the grants, covenants, terms, provisions and conditions herein contained shall run with the land and shall apply to, bind and inure to the benefit of, the successors and assigns of Trustor and Beneficiary and to the successors of the Trustee.

SECTION 3.5 Counterparts. This Deed of Trust may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same Deed of Trust.

SECTION 3.6 Reserved.

SECTION 3.7 Reserved.

SECTION 3.8 No Release. Neither Trustor nor any other person now or hereafter obligated for payment for all or any part of the indebtedness secured hereby shall be relieved of such obligation by reason of (a) the failure of Beneficiary to comply with any request of Trustor or of any other person so obligated to take action to foreclose on this Deed of Trust or otherwise enforce any provisions hereof or under the Loan Agreement, (b) the release, regardless of consideration, of all or any part of the security held for the indebtedness secured hereby; or (c) any agreement or stipulation between any subsequent owner of the Mortgaged Property and Beneficiary extending the time of payment or modifying the terms hereof without first having obtained the consent of Trustor or such other person. In the event the consent, described in clause (c) above, is not obtained from Trustor or such other person now or hereafter obligated for payment of all of any part of the indebtedness secured hereby, Trustor and all other such persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Beneficiary.

SECTION 3.9 Acceptance Does Not Constitute Warranty. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Beneficiary pursuant to this Deed of Trust, including (but not limited to) any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, Beneficiary shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Beneficiary.

SECTION 3.10 Successor Trustee. Beneficiary may from time to time, without notice to Trustor or to Trustee, and with or without cause and with or without the resignation of Trustee substitute a successor or successors to Trustee named herein or acting hereunder to execute this trust. Upon such appointment and without conveyance to the successor Trustee, the latter shall be vested with all powers and duties conferred upon Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written document executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which when duly filed for record in the proper office, shall be conclusive proof of proper appointment of the successor Trustee. The procedure herein provided for substitution of Trustee shall be conclusive of all other provisions for substitution, statutory or otherwise.

SECTION 3.11 Headings. The headings of the articles of this Deed of Trust are for convenience only and do not limit its provisions.

SECTION 3.12 Non-Waiver. By accepting payment of any sum secured hereby after its due date or late performance of any obligation secured hereby, Beneficiary shall not waive its right against

any person obligated directly or indirectly hereunder or on any obligation hereby secured, either to require prompt payment or performance when due of all other sums and obligations so secured or to declare default for failure to make such prompt payment or performance. No exercise of any right or remedy by Beneficiary hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law.

SECTION 3.13 Further Assurances. Trustor shall, upon demand by Beneficiary, execute, acknowledge (if appropriate) and deliver any and all documents and instruments and do or cause to be done all further acts reasonably necessary or appropriate to effectuate the provisions hereof.

SECTION 3.14 Rules of Construction. This Deed of Trust shall be governed by and construed in accordance with the Constitutions and the laws of the State of California and of the United States. This instrument may be amended, changed, modified, altered or terminated in accordance with the provisions requiring or permitting such contained in Section 11.05 of the Indenture.

SECTION 3.15 Usury Savings Clause. Nothing contained herein or in the Loan Agreement, shall be deemed to require the payment of interest or other charges by Trustor in excess of the amounts that may be lawfully charged to the Trustor pursuant to the Loan Agreement, then in effect or under the applicable usury laws. In the event Beneficiary shall collect monies which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of Beneficiary, be returned to Trustor or credited against the principal balance of any obligation secured hereby then outstanding.

SECTION 3.16 Attorneys' Fees. In the event legal action, suit or any proceeding is commenced between Trustor and Beneficiary regarding their respective rights and obligations under this Deed of Trust or the Loan Agreement, the prevailing party shall be entitled to recover, in addition to damages or other relief, costs and expenses, attorneys' fees and court costs. As used herein the term "prevailing party" shall mean the party which obtains the principal relief it has sought, whether by compromise settlement or judgment. If the party which shall have commenced or instituted the action, suit or proceeding shall dismiss or discontinue it without the concurrence of the other party, such other party shall be deemed the prevailing party.

SECTION 3.17 No Joint Venture. The relationship of Trustor and Beneficiary under this Deed of Trust and the Loan Agreement is, and shall at all times remain, solely that of: (1) in the case of the Trustor, the borrower of money under the Indenture and the Loan Agreement, (2) in the case of the Beneficiary, the trustee under the Indenture. Beneficiary does not undertake or assume any responsibility or duty to Trustor or to any third party with respect to the Mortgaged Property. Notwithstanding any other provisions of this Deed of Trust, or the Loan Agreement: (a) Beneficiary is not, and shall not be construed as, a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Trustor and Beneficiary does not intend to ever assume such status; (b) the activities of Beneficiary in connection with this Deed of Trust, the Loan Agreement, shall not be "outside the scope of the activities of a lender of money" within the meaning of California Civil Code §3434, as amended or recodified from time to time, and Beneficiary and Lender do not intend to ever assume any responsibility to any person for the quality, suitability, safety or condition of the Mortgaged Property; and (c) Beneficiary shall not be deemed responsible for or a participant in any acts, omissions or decisions of Trustor. Beneficiary shall not be directly or indirectly liable or responsible for any loss, claim, cause of action, liability, indebtedness, damage or injury of any kind or character to any person or property arising from any construction on, or occupancy or use of, any of the Mortgaged Property, whether caused by or arising from: (i) any defect in any

building, structure, grading, fill, landscaping or other improvements thereon or in any on-site or off-site improvement or other facility therein or thereon; (ii) any act or omission of Trustor or any of Trustor's agents, employees, independent contractors, licensees or invitees; (iii) any accident in or on any of the Mortgaged Property or any fire, flood or other casualty or hazard thereon; (iv) the failure of Trustor, any of Trustor's licensees, employees, invitees, agents, independent contractors or other representatives to maintain the Mortgaged Property in a safe condition; and (v) any nuisance made or suffered on any part of the Mortgaged Property.

SECTION 3.18 No Merger. The parties' rights, obligations and interests in land created by or arising under the Loan Agreement, are separate, cumulative, and independent and there shall be no merger of any such rights, obligations or interests.

SECTION 3.19 Conflict. Except for the provisions of Section 3.20 below, in the event of any conflict between the provisions of this Deed of Trust and those of the Loan Agreement, the terms of the Loan Agreement shall govern as between this Deed of Trust and the Loan Agreement.

Notwithstanding anything to the contrary in this Deed of Trust, in the event of any conflict between the priorities in any Mortgaged Property determined pursuant to this Deed of Trust and the priorities in such Mortgaged Property determined pursuant to the Gross Revenue pledge under the Loan Agreement and related security documents, the priorities in such Mortgaged Property determined pursuant to the Gross Revenue pledge under the Loan Agreement and related security documents, shall govern in all cases except in respect of: (i) proceeds from the sale of the Land and Improvements subject to this Deed of Trust (which shall in all cases be governed by the priority determined pursuant to this Deed of Trust); (ii) proceeds from the condemnation of the Land and Improvements subject to this Deed of Trust (which shall in all cases be governed by the priority determined pursuant to this Deed of Trust); and (iii) proceeds from any casualty insurance or title insurance on such Land and Improvements subject to this Deed of Trust (which shall in all cases be governed by the priority determined pursuant to this Deed of Trust).

SECTION 3.20 Reserved.

SECTION 3.21 Request for Notice. Trustor hereby requests that a copy of any notice of default and a copy of any notice of sale given pursuant to this instrument be mailed to Trustor at the address set forth in Section 3.2 hereof.

SECTION 3.22 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BENEFICIARY AND TRUSTOR EACH HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS DEED OF TRUST, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION HEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE RELATED DOCUMENTS (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND

THAT ANY PARTY TO THIS DEED OF TRUST MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BENEFICIARY TO ENTER INTO THIS DEED OF TRUST AND THE INDENTURE.

IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, BENEFICIARY HEREBY CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE IN ALAMEDA COUNTY AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. BENEFICIARY REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND CONSENT AND KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS DEED OF TRUST MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

SECTION 3.23 Reserved.

SECTION 3.24 Foreclosure By Power of Sale.

(a) It shall be lawful for Trustee, or Beneficiary, at its election, upon the occurrence of an Event of Default, to forthwith commence an action in foreclosure upon this Deed of Trust and to proceed thereon to judgment and execution for the recovery of all sums payable by Trustor pursuant to the terms of this Deed of Trust without further stay, any law, usage or custom to the contrary notwithstanding. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall deliver to Trustee a written declaration of default and demand for sale, and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(b) Upon receipt of notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as is then required by law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole, or in separate lots or parcels or items and in such order as Beneficiary may direct Trustee so to do, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matter or fact shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, Beneficiary or Lender, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(c) Subject to applicable law, Trustee may postpone the sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

SECTION 3.25 No Mortgagee in Possession. Neither the enforcement of any of the remedies under this Deed of Trust nor any other remedies afforded to Beneficiary or Lender under the Loan Documents, at law or in equity, shall cause Beneficiary, Lender or Trustee to be deemed or construed to be a mortgagee in possession of the Property, to obligate Beneficiary, Lender or Trustee to lease the Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

SECTION 3.26 Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, and shall be segregated from any other moneys of Trustee.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, this Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing has been executed by the Trustor as of the day and year first written above.

TRUSTOR:

HOLY NAMES UNIVERSITY

By: _____

Robert Kinnard, Vice President
for Finance and Administration

ALL CAPACITY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF _____

On _____, before me, _____,
(Date) (Name and Title of officer)

personally appeared _____,
(Name of person signing)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of officer

(Seal)

EXHIBIT A
PROPERTY

PARCEL ONE:

Commencing at a point bearing South $80^{\circ} 28' 21''$ East 465.50 feet from the point of intersection of the Northeasterly line of Mountain Boulevard, as said Mountain Boulevard no exists since the opening thereof by that certain Deed from Realty Syndicate Company, a corporation, to City of Oakland, a municipal corporation, dated September 3rd, 1918 and recorded September 25th, 1918 in Book 2701 of Deeds, at Page 127, in the Office of the County Recorder of said County of Alameda, with the Southeasterly boundary line of that certain 3 acre piece or parcel of land described in that certain Deed from Realty Syndicate Company, a corporation, to George D. Young, dated August 14, 1920 and recorded August 18th, 1920 in Book 2967 of Deeds, at Page 96, in the Office of the County Recorder of said County of Alameda; and running thence South $24^{\circ} 11' 10''$ West 220.84 feet to said Northeasterly line of said Mountain Boulevard; thence along said Northeasterly line of said Mountain Boulevard North $58^{\circ} 13' 16''$ West 65 feet; thence continuing along said Northeasterly line of said Mountain Boulevard Northwesterly on the arc of a circle of 1176.86 feet radius, deflecting to the left or Westward and tangent to last mentioned course, a distance of 40 feet; thence leaving said Northeasterly line of said Mountain Boulevard, North $26^{\circ} 09' 50''$ East 207.48 feet; and thence South 66° East 97 feet to the point of commencement.

Being a portion of that certain 267.46 acre piece or parcel of land firstly described in that certain Deed from John H. Spring and Celina D. Spring, his wife and Charlotte B. Spring to The Realty Syndicate, a corporation, dated June 2, 1909 and recorded June 9th, 1909 in Book 1610 of Deeds, at Page 123, in the Office of the County Recorder of said County of Alameda.

PARCEL TWO:

Commencing at a point bearing South $80^{\circ} 28' 21''$ East 465.50 feet from the point of intersection of the Northeastern line of Mountain Boulevard now exists since the opening thereof by that certain Deed from Realty Syndicate Company, a corporation, to City of Oakland, a municipal corporation dated September 3, 1918 and recorded September 25, 1918 in Book 2701 of Deeds, at Page 127, in the Office of the County Recorder of said County of Alameda, with the Southeastern boundary line of that certain 3 acre piece or parcel of land described in that certain Deed from Realty Syndicate Company, a corporation, to George D. Young, dated August 14, 1920 and recorded August 18, 1920 in Book 2967 of Deeds, at Page 96, in the Office of the County Recorder of Alameda County; and running thence South $24^{\circ} 11' 10''$ West 220.84 feet to said Northeastern line of said Mountain Boulevard; thence along said Northeastern line of said Mountain Boulevard South $58^{\circ} 13' 16''$ East 53.33 feet; thence continuing along said Northeastern line of said Mountain Boulevard Southeasterly on the arc of a circle of 116.24 feet radius, deflecting to the left or Eastward, and tangent to last mentioned course, a distance of 56.05 feet; thence leaving said Northeastern line of said Mountain Boulevard North $20^{\circ} 49' 35''$ East 222.56 feet; and thence North 66° West 95 feet to the point of commencement.

Being a portion of that certain 267.46 acre piece or parcel of land firstly described in that certain Deed from John H. Spring and Celina D. Spring, his wife and Charlotte B. Spring to The Realty Syndicate, a corporation, dated June 2, 1909 and recorded June 9, 1909 in Book 1610 of Deeds, at Page 123, in the Office of the County Recorder of Alameda County.

PARCEL THREE:

Beginning at the most Northern corner of that certain 16.11 acre piece or parcel of land described in that certain Deed from Realty Syndicate Company, a corporation, to Harriet H. Magee, dated December 24, 1919 and recorded December 31, 1919 in Book 2852 of Deeds, Page 170, in the Office of the County Recorder of Alameda County; and running thence North $16^{\circ} 28' 40''$ West 434.89 feet; thence Northwesterly on the arc of a circle of 65 feet radius, deflecting to the right or Northward (the chord of said arc bearing North $70^{\circ} 26' 05''$ West) a distance of 81.78 feet; thence Northwesterly on the arc of a circle of 87.42 feet radius, deflecting to the right or Northward and tangent to last mentioned arc of 65 feet radius, a distance of 50.79 feet; thence South $88^{\circ} 53' 55''$ West 226.66 feet; thence North $12^{\circ} 20'$ West 64.47 feet to the most Southerly corner of that certain 2.802 acre piece or parcel of land firstly described in that certain Deed from Realty Syndicate Company, a corporation to G. T. Knopf, dated November 10, 1920 and recorded Alameda County; thence along the Southwesterly boundary line of said 2.802 acre piece or parcel of land North $12^{\circ} 20'$ West 117.86 feet, and North $70^{\circ} 01'$ West 125.23 feet; thence leaving said Southwesterly boundary line of said 2.802 acre piece or parcel of land South $44^{\circ} 32'$ West 183 feet; thence South $70^{\circ} 50'$ West 227 feet; thence North $80^{\circ} 30' 35''$ West 189.89 feet; thence North $6^{\circ} 27' 05''$ East 74.77 feet; thence North $85^{\circ} 36'$ West 200.31 feet; thence North 66° West 100 feet; thence South $20^{\circ} 49' 35''$ West 222.56 feet to the Northerly line of Mountain Boulevard, as said Mountain Boulevard now exists since the opening thereof by that certain Deed from Realty Syndicate Company, a corporation, to City of Oakland, a municipal corporation, dated September 3, 1918 and recorded September 1918 in Book 2701 of Deeds, at Page 127, in the Office of the County Recorder of Alameda County; thence along said Northerly line of said Mountain Boulevard Easterly on the arc of a circle of 116.24 feet radius, deflecting to the left or Northward (the chord of said arc bearing North $89^{\circ} 13' 18''$ East) a distance of 20 feet; thence continuing along said Northerly line of said Mountain Boulevard North $84^{\circ} 17' 30''$ East, tangent to last mentioned arc, 67.02 feet; thence along the Northeasterly line of said Mountain Boulevard Southeasterly on the arc of a circle of 75.62 feet radius, deflecting to the right or Southward and tangent to last mentioned course, a distance of 154.67 feet; thence continuing along said Northeasterly line of said Mountain Boulevard, Southwesterly on the arc of a circle of 250.03 feet radius, deflecting to the right or Westward and tangent to last mentioned arc of 75.62 feet radius, a distance of 193.93 feet; thence continuing along said Northeasterly line of said Mountain Boulevard South $65^{\circ} 55' 23''$ West, tangent to last mentioned arc of 250.03 feet radius, 41.34 feet; thence continuing along said Northeasterly line of said Mountain Boulevard Southwesterly on the arc of a circle of 38.07 feet radius, deflecting to the left or Southward and tangent to last mentioned course, a distance of 49.97 feet; thence continuing along said Northeasterly line of said Mountain Boulevard Southeasterly on the arc of a circle of 275.76 feet radius, deflecting to the left or Eastward and tangent to last mentioned arc of 38.07 feet radius, a distance of 130.50 feet; thence continuing along said Northeasterly line of said Mountain Boulevard, South $36^{\circ} 23' 36''$ East, tangent to last mentioned arc of 275.76 feet radius, 219.59 feet; thence continuing along said Northeasterly line of said Mountain Boulevard Southeasterly on the arc of a circle for 1240 feet radius, deflecting to the right or Southward and tangent to last mentioned course a distance of 81.89 feet; thence continuing along said Northeasterly line of said Mountain Boulevard South $32^{\circ} 36' 35''$ East, tangent to last mentioned arc, 155.06 feet; thence continuing along said Northeasterly line of said Mountain Boulevard Southeasterly on the arc of a circle of 2450 feet radius deflecting to the right or Southward and tangent to last mentioned course, a distance of 294.59 feet to the most Northwesterly corner of that certain 7.20 acre piece or parcel of land described in that certain Deed from Realty Syndicate Company, a corporation, to Harriet H. Magee, dated December 24, 1919 and recorded January 2, 1920 in Book 2826 of Deeds, Page 459, in the Office of he

County Recorder of Alameda County; thence along the Northerly boundary line of said 7.20 acre piece or parcel of land North $74^{\circ} 35' 30''$ East, 548.09 feet to the Westerly boundary line of lands now of Harriet H. Magee; thence along said Westerly boundary line of said lands now of said Harriet H. Magee North $8^{\circ} 10'$ East 9.77 feet to a granite monument marked "M3"; thence along the Northwesterly boundary line of said lands now of Harriet H. Magee, North $50^{\circ} 47' 50''$ East 301.70 feet to a granite monument marked "A4" at the most Westerly corner of said 16.11 acre piece or parcel of land; and thence along the Northwesterly boundary line of said 16.11 acre piece or parcel of land North $50^{\circ} 47' 50''$ East 379.70 feet to the point of beginning.

Being a portion of that certain 267.46 acre piece or parcel of land firstly described and a portion of that certain Deed from John H. Spring and Celina D. Spring, his wife and Charlotte B. Spring, to The Realty Syndicate, a corporation, dated June 2, 1909 and recorded June 9, 1909 in Book 1610 of Deeds, Page 123, in the Office of the County Recorder of Alameda County.

Excepting from Parcels One, Two & Three, all lands lying Southwesterly of the following described line.

Commencing at the Northerly corner of said Parcel One hereinabove (8166 O.R. 413); thence South $25^{\circ} 08' 57''$ East, 91.37 feet; thence South $37^{\circ} 51' 32''$ West, 91.35 feet; thence from a tangent which bears South $18^{\circ} 03' 13''$ East, along a curve to the left with a radius of 187.68 feet, through an angle of $76^{\circ} 09' 10''$, an arc length of 249.44 feet, thence along a reverse curve to the right with a radius of 75.62 feet, through a angle of $22^{\circ} 43' 50''$, an arc length of 30.00 December 7, 1920 in Book 3032 of Deeds, Page 98 in the Office of the County Recorder of feet; thence South $71^{\circ} 28' 33''$ East, 81.16 feet; thence South $27^{\circ} 02' 34''$ West, 56.00 feet; thence South $3^{\circ} 00' 00''$ West 115.00 feet; thence South $87^{\circ} 00' 00''$ East, 72.04 feet; thence along a tangent curve to the right with a radius of 350.00 feet, through an angle of $80^{\circ} 49' 55''$, an arc length of 493.77 feet; thence South $24^{\circ} 45' 33''$ West, 93.64 feet; thence South $30^{\circ} 31' 11''$ East, 195.60 feet; thence North $52^{\circ} 17' 57''$ East, 454.39 feet; thence South $37^{\circ} 42' 03''$ East, 187.59 feet; thence South $52^{\circ} 17' 57''$ West, 168.61 feet; thence South $9^{\circ} 40' 07''$ West, 180.85 feet to the Northerly terminus of that course described with a length of 9.77 feet in the Deed from Werner F. Hoyt and Grace L. Hoyt recorded May 11, 1956, Book 8045, Page 239, Official Records.

PARCEL FOUR:

Beginning at a point on the Northern line of a tract of land described in the Deed by Realty Syndicate Company to Harriet H. Magee, dated December 21, 1919, recorded January 2, 1920, in Book 2826 of Deeds, at Page 459, Alameda County Records, distant thereon North $75^{\circ} 13' 56''$ East 219.19 feet from the Northeastern line of Mountain Boulevard, as said line of Mountain Boulevard was established on September 30, 1937; and running thence South $46^{\circ} 26' 45''$ East 549.2 feet; thence South $32^{\circ} 09' 15''$ East 488.95 feet; thence South $39^{\circ} 26' 20''$ East 324 feet; thence South $56^{\circ} 59' 56''$ East 90.55 feet to a point from which the enter of a curve having a radius of 200 feet bears North $79^{\circ} 06' 43''$ East; thence along the arc of said curve Southeasterly 39.51 feet to the Southeastern line of the tract of land described in the Deed by William A. Magee to Harriet H. Magee, dated June 28, 1907, recorded July 17, 1907, in Book 1381 of Deeds, at Page 189, Alameda County Records; thence along the last named line North $29^{\circ} 33' 10''$ East 439.44 feet to the Northeastern line of said land described in said last mentioned Deed; thence along the last named line North $16^{\circ} 12' 26''$ West 196.02 feet to the Southern line of the parcel of land firstly described in the Deed from Margaret Willox Innes to Percy F. Morris and Lillie B. Morris, dated October 2, 1934, recorded October 8, 1934, in Book 3074 of Official Records of Alameda County, at Page 404; thence along

the general Southern line of said parcel of land described in said last mentioned Deed the three following courses and distances; North 74° 30' East 141.90 feet, South 44° 30' East 421.08 feet and North 45° 27' East 44.54 feet to the Southwestern line of the 16.11 acre tract of land describe in the Deed by Realty Syndicate Company to Harriet H. Magee, dated December 24, 1919, recorded December 31, 1919, in Book 2852 of Deeds, at Page 170; thence along the last named line South 43° 48' 54" East 442.30 feet to a point distant thereon North 43° 48' 54" West 225 feet from the most Southern corner of said 16.11 acre tract of land; thence North 52° 11' 06" East 352.68 East to a point on the Northeastern line of said 16.11 acre tract of land, distant thereon North 43° 48' 54" West 225 feet from the most Eastern corner of aid 16.11 acre tract of land; thence along the last named line North 43° 48' 56" West 1979.47 feet to the Northwestern line of said 16.11 acre tract; thence along the last named line and along the direct extension thereof, South 52° 06' 26" West 680.70 feet to a stone monument marked "M3"; thence along the Western line of said land described in said secondly above mentioned Deed South 8° 48' 26" West 9.77 feet to the Northern line of said tract of land described in said first above mentioned Deed; and thence along the last named line South 75° 13' 56" West 269.96 feet to the point of beginning.

PARCEL FIVE:

Portion of the 6.637 acre tract of land described in the Deed by Frank M. Steers and Emma Steers to Mary E. McCrea, dated March 30, 1933 recorded June 15, 1933 in Book 2926 of Official Records of Alameda County, Page 364, described as follows:

Beginning at the intersection of the Northeastern line of Mountain Boulevard, 120 feet wide, as said line of Mountain Boulevard exists since September 20, 1937 with the Northwestern line of said 6.637 acre tract; and running thence along said line of Mountain Boulevard South 38° 19' 42" East 197.96 feet to a point from which the center of a circle having a radius of 1540 feet bears North 51° 40' 18" East 1540 feet; thence continuing along said line of Mountain Boulevard Southeasterly on the arc of said circle, to the left, a distance of 57.03 feet; thence North 20° 55' 50" East 256.47 feet; thence North 5° 50' 50" East 203.29 feet; thence North 60° 49' 10" West 117.88 feet to the Northwestern line of said 6.637 acre tract; thence along the last named line South 29° 10' 50" West 349.46 feet to the point of beginning.

Excepting therefrom that portion thereof conveyed to the State of California by Deed recorded October 10, 1933 in Book 7807, Page 443, Official Records of Alameda County.

PARCEL SIX:

Beginning at a point North 53 1/4° West 6.44 chains from a point on the Northern line of County Road No. 809, said last point being distant North 80° West 0.66 chains from the point where said Northern line of said County Road No. 809 intersects the Chittenden and Simpson Compromise line; thence North 20 3/4° East 7.33 chains; thence South 61 3/4° East 1.90 chains; thence North 49 1/4° East 3.30 chains; thence North 13 3/4° East 2.80 chains; thence North 44 1/2° West 6.38 chains; thence South 74 1/2° West 2.15 chains; thence South 15 1/2° East 2.97 chains; thence South 29° West 8.60 chains to the Eastern line of a lane 34 feet wide; thence along said line of said lane South 9 1/2° East 2.79 chains; thence South 23° West 16 links; thence leaving said line of said lane South 53 1/4° East 2.56 chains to the point of beginning.

Excepting that portion thereof described as follows:

All that portion of that certain piece or parcel of land conveyed by Deed from Frank M. Steers and Emma Steers to Mary E. McCrea, dated March 30, 1933 and recorded June 15, 1933 in Book 2926 of Official Records, at Page 364, in the Office of the County Recorder of Alameda County, that lies Southwesterly of a line described as follows:

Beginning at a point on the Western line of said parcel of land described in said Deed, said point also being on the Eastern line of that certain piece or parcel of land conveyed by Deed of gift from William A. Magee to Harriet H. Magee, dated June 28, 1907, and recorded July 17, 1907 in Book 1381 of Deeds, at Page 189, in the Office of the County Recorder of Alameda County, California, distant on said line North 29° 30' 29" East (the bearing of said line being taken as North 29° 30' 29" East for the purpose of this description) 54.43 feet from a monument marked "E 7", described in said last mentioned Deed; and running thence South 38° 19' 42" East 197.28 feet to a point from which the center of a circle having a radius of 1540 feet bears North 51° 40' 18" East, distant 1540 feet; thence Southeasterly along the circumference of said circle 96.64 feet to the Eastern line of the land described in the herein first mentioned Deed; being also the Western line of that certain piece or parcel of land conveyed as Parcel One (1) by Deed from Margaret Willox Innes to Percy F. Morris and Lillie B. Morris, dated October 2, 1934 and recorded October 8, 1934 in Book 3074 of Official Records, at Page 404, in the Office of the County Recorder of Alameda County, California.

Also excepting therefrom that portion thereof described as follows:

Portion of the 6.637 acre tract of land described in the Deed by Frank M. Steers and Emma Steers to Mary E. McCree, dated March 30, 1933, recorded June 15, 1933 in Book 2926, of Official Records of Alameda County at Page 364, described as follows:

Beginning at the intersection of the Northeastern line of Mountain Boulevard, 120 feet wide, as said line of Mountain Boulevard exists since September 20, 1937 with the Northwestern line of said 6.637 acre tract; and running thence along said line of Mountain Boulevard South 38° 19' 42" East 197.96 feet to a point from which the center of a circle having a radius of 1540 feet bears North 51° 40' 18" East 1540 feet; thence continuing along said line of Mountain Boulevard Southeasterly on the arc of said circle to the left, a distance of 57.03 feet; thence North 20° 55' 50" East 256.47 feet; thence North 5° 50' 50" East 203.29 feet; thence North 60° 49' 10" West 117.88 feet to the Northwestern line of said 6.637 acre tract; thence along the last named line South 29° 10' 50" West 349.46 feet to the point of beginning.

Further excepting therefrom that portion thereof conveyed to State of California by Grant Deed recorded June 22, 1959, Book 9066, Page 365, Series No. AQ73676, Official Records.

APN: 029-1163-009-04 (Affects Parcel One); 029-1163-008-02 (Affects Parcel Two); 029-1175-001-04 (Affects Parcel Three); 029-1090-018-04 (Affects Parcels Four, Five and Six)

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APPENDIX E

PROPOSED FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

Upon delivery of the Series 2019 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, proposes to render its final approving opinion with respect to the Series 2019 Bonds in substantially the following form:

[Date of Delivery]

California Municipal Finance Authority
Carlsbad, California

California Municipal Finance Authority
Revenue Bonds (Holy Names University), Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Municipal Finance Authority (the “Authority”) in connection with the issuance of \$49,000,000 aggregate principal amount of its California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019 (the “Series 2019 Bonds”), issued pursuant to the Indenture of Trust, dated as of September 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Indenture provides that the Series 2019 Bonds are issued for the purpose of making a loan of the proceeds thereof to Holy Names University (the “Borrower”) pursuant to the Loan Agreement, dated as of September 1, 2019 (the “Loan Agreement”), by and between the Authority and the Borrower. Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Certificate, opinions of counsel to the Authority, the Borrower and the Trustee, certificates of the Authority, the Borrower, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Rossi A. Russell, Esq., counsel to the Borrower, dated the date hereof, regarding, among other matters, the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Code. We note that such opinion is subject to a number of qualifications and limitations. We have also relied upon representations of the Borrower regarding the use of the facilities and working capital financed or refinanced with the proceeds of the Series 2019 Bonds in activities that are not considered unrelated trade or business activities of the Borrower within the meaning of Section 513 of the Code. We note that the opinion of counsel to the Borrower does not address Section 513 of the Code. Failure of the Borrower to be organized and operated in accordance with the Internal Revenue Service’s requirements for the

maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the facilities or working capital financed or refinanced by the Series 2019 Bonds in activities that are considered unrelated trade or business activities of the Borrower within the meaning of Section 513 of the Code, may result in interest on the Series 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2019 Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2019 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes. In addition, we have assumed that actions of the Borrower and other persons will not cause any of the Series 2019 Bonds to exceed the \$150,000,000 limitation on qualified 501(c)(3) bonds that do not finance hospital facilities set forth in Section 145(b) of the Code. We call attention to the fact that the rights and obligations under the Series 2019 Bonds, the Indenture, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Indenture or the Loan Agreement or the accuracy or sufficiency of the description of any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Limited Offering Memorandum or other offering material relating to the Series 2019 Bonds and express no opinion with respect thereto

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2019 Bonds constitute the valid and binding special obligations of the Authority payable, as provided in the Indenture, solely from the payments received pursuant or

with respect to the Loan Agreement, including Loan Payments, both timely and delinquent, and Loan prepayments, and other assets pledged therefor under the Indenture.

2. Each of the Indenture and the Loan Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority.

3. Interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2019 Bonds.

Faithfully yours,

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APPENDIX F

COPY OF APPRAISAL

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**REAL PROPERTY APPRAISAL
HOLY NAMES UNIVERSITY
3500 MOUNTAIN BOULEVARD
OAKLAND, CA 94619**

Prepared for:
MS. RACHEL B. HORSCH
Pillsbury Winthrop Shaw Pittman LLP
4 Embarcadero Center, 22nd Floor
San Francisco, CA 94111

Date of Value:
AUGUST 2018

Prepared by:
MARTORANA • BOHEGIAN & COMPANY
400 Montgomery Street, Suite 930
San Francisco, CA 94104

MARTORANA • BOHEGIAN & COMPANY
REAL ESTATE APPRAISERS / CONSULTANTS
400 MONTGOMERY STREET, SUITE 930
SAN FRANCISCO, CA 94104

August 2, 2018

Ms. Rachel B. Horsch
Pillsbury Winthrop Shaw Pittman LLP
4 Embarcadero Center, 22nd Floor
San Francisco, CA 94111

RE: Real Property Appraisal
Holy Names University, 3500 Mountain Boulevard, Oakland, CA

Dear Ms. Horsch:

In response to your request, we have completed an appraisal of the above referenced property, the purpose of which is to provide you our opinion of the market value of the fee simple interest in the property, under two valuation scenarios as stated below, as of the valuation date of August 1, 2018.

The subject property is located at 3500 Mountain Blvd, in Oakland, California. The property serves as the campus for Holy Names University (HNU), a private four-year college. The total site area is roughly 56 acres. The HNU campus includes 18 buildings with a gross building area (GBA) of 358,958 square feet (SF) ("the Campus Buildings"). The Campus Buildings were, for the most part, constructed between the mid-1950's and mid-1960's, with some buildings added more recently. The Campus Buildings are sited on roughly 25 acres of land ("the Campus Land"). The Campus Buildings and Campus Land are collectively defined as ("the Campus Property").

Additionally, there are approximately 31 acres of undeveloped land to the north and east of the Campus Property ("the Excess Land").

The two valuation scenarios developed in the appraisal include:

AUGUST 2, 2018

Ms. RACHEL B. HORSCH
RE: 3500 MOUNTAIN BOULEVARD
PAGE 2

- I. **The value of the Campus Property, assuming its continued use as a university campus, plus the value of the Excess Land.**
 - A. **The value of the entire property (all 56 acres) assuming the property is vacant and available for development to its highest and best use (HBU, deemed to be for a residential subdivision. Further, Assumes the property is sold subject to the buyer/developer obtaining approvals.**
 - B. **Assumes the property is purchased without the approval contingency.**

Based upon our investigation and analysis, we have concluded that the market value of the fee simple interest in the subject property, "as is" as of valuation date of August 1, 2018, under each of the two valuation scenarios, was:

- I. ***Value of the Campus Property Plus Excess Land:***
\$79,200,000*
(Seventy-Nine Million Two Hundred Thousand Dollars)
- II. ***Value of the Property as a Residential Development Site:***
 - A. ***Assuming Sale is Contingent on Development Approvals***
\$43,100,000*
(Forty-Three Million One Hundred Thousand Dollars)
 - B. ***Assumes Sale is Completed Without Approval Contingency***
\$24,800,000*
(Twenty-Four Million Eight Hundred Thousand Dollars)

*Subject to the Extraordinary Assumption(s) shown on page 5 the other assumptions and limiting conditions noted throughout the report and the Standard Assumptions & Limiting Conditions at the end of the report.

This appraisal has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics of the Appraisal Institute.

MARTORANA • BOHEGIAN & CO.

AUGUST 2, 2018

Ms. RACHEL B. HORSCH
RE: 3500 MOUNTAIN BOULEVARD
PAGE 3

Our opinion of value is being transmitted via an "Appraisal Report," as this term is defined by USPAP. Specifically, this report provides summary information with regard to the data and analysis employed to arrive at the stated conclusions.

Respectfully submitted,
MARTORANA • BOHEGIAN & CO.



Angelo Karampelas



David K. Bohegian, MAI

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EXECUTIVE SUMMARY

PROPERTY APPRAISED:	Holy Names University Campus 3500 Mountain Road, Oakland, CA
TYPE OF PROPERTY:	Value Scenario I – Campus Property plus Excess Land
	Value Scenario II – Vacant site available for development with a residential subdivision
ASSESSORS PARCEL NOS.:	29-1090-18-4, 29-1175-1-4, 29-1163-8-2, & 29-1163-9-3
OWNERSHIP:	Ownership is vested in College of the Holy Names.
INTEREST APPRAISED:	Fee simple interest
SITE SIZE:	Total of ~56 acres, including ~25 acres of Campus Land and ~31 acres of Excess Land.
IMPROVEMENTS:	Campus Property - 18 buildings with a total of 358,958 SF, mostly constructed in the mid-1950's – mid-1960's, with some buildings more recently constructed.
HIGHEST AND BEST USE:	As Currently Improved – Existing campus use plus value of Excess Land As Vacant – Residential subdivision
VALUATION DATE:	August 1, 2018

FEE SIMPLE VALUATION:

Value Scenario I \$79,200,000*

(Campus Property plus Excess Land)

Valuation Scenario II-A \$43,100,000*

*(Vacant Land Available for Development with
a Residential Subdivision – Sale Contingent
on Buyer Obtaining Approvals.)*

Valuation Scenario II-B \$24,800,000*

*(Vacant Land Available for Development with
a Residential Subdivision – Sale is
Consummated without the Approval
Contingency.)*

on buyer obtaining approvals.

***Subject to the assumptions and limiting
conditions noted throughout this report.**

INTRODUCTION

Purpose of Appraisal

The purpose of this appraisal is to provide an opinion of the property's market value, "as is", as of the effective date of value, August 1, 2018, under the following valuation scenarios:

- I. **The value of the Campus Property, assuming its continued use as a university campus, plus the value of the Excess Land.**
- II. **The value of the entire property (all 56 acres) assuming the property is vacant and available for development to its highest and best use (HBU, deemed to be for a residential subdivision. Further,
 - A. Assumes the property is sold subject to the buyer/developer obtaining approvals.
 - B. Assumes the property is purchased without the approval contingency.**

Interest Appraised

The value estimated within this appraisal is that of a fee simple estate. A fee simple estate is freely transferable and inheritable, subject only to those legal restrictions imposed by federal, state and local governments.

Property Description and Location

The subject property is located at 3500 Mountain Blvd, in the city of Oakland, California. The property serves as the campus for Holy Names University (HNU), a private four-year college. The total site area is roughly 56 acres. The campus includes 18 buildings with a gross building area (GBA) of 358,958 SF ("the Campus Buildings"). The Campus Buildings were, for the most part, constructed between the mid-1950's and mid-1960's, with some buildings added more recently. The Campus Buildings are sited on ~25 acres of land ("the Campus Land"). The Campus Buildings and Campus Land are collectively defined as ("the Campus Property").

Additionally, there are approximately 31 acres of undeveloped land to the north and east of the Campus Property ("the Excess Land").

Owner of Record & Ownership History

Title for the subject property is vested in College of the Holy Names. To our knowledge the property has not transferred within the last three years.

Client

The client of this appraisal is Ms. Rachel Horsch, Pillsbury Winthrop Shaw Pittman LLP.

Legal Description and Title Report

We have not reviewed a legal description or title report for the subject property. It is assumed that the property has marketable title and, that there are no encumbrances against the property that would have a negative influence upon the value estimated herein.

Intended Use and Users

The intended users of this report include HNU and its attorneys and consultants for internal financial decision making.

Definition of Market Value

Market value is defined as the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure on the open market;

4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and.
5. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Exposure Time

As defined within *The Dictionary of Real Estate Appraisal*, Exposure Time is defined as “The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.”² In this instance, the exposure time for the subject property, as is, is deemed to be six to 18 months under Valuation Scenario I (continued campus use) and six to 18 months under Valuation Scenario II (residential development).

Extraordinary Assumptions & Conditions

In addition to the other assumptions and conditions noted throughout the report and the Standard Assumptions & Limiting Conditions at the conclusion of the report, the values estimated herein are subject to the following Extraordinary Assumptions and Conditions.

1. The property’s legal parcels could be reconfigured to accommodate a Campus Land parcel(s) of ~25 acres and an Excess Land parcel(s) of ~31 acres.
2. The ~4-acre parcel leased by HNU from CalTrans is not included in our valuation analysis.
3. The McCrea House (historic residence) would be renovated at a cost of \$2,000,000, as provided by HNU administration.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 123.

² Appraisal Institute, 73.

4. The subject property, if vacant and available for development, would be approved for a density of 5.5 dwelling units per acre. This density estimate was provided by Lamphier Gregory Urban Planners. Further, the topographical and geologic conditions at the property would support a density of 5.5 DUA.
5. The value estimated herein is not negatively affected by asbestos that may be present at the property.
6. Furniture, fixtures, equipment and other personal property are not included in our valuation.

Scope of the Appraisal

Our opinions of value are being transmitted via an Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal has been prepared in conformity with USPAP and the Code of Professional Ethics of the Appraisal Institute. Specifically, this report provides summary information with regard to the data and analysis employed to achieve the stated conclusions. Additional information upon which the conclusions stated herein are based has been retained in our appraisal file.

In preparing our analysis and opinion of value, we have inspected the exterior and interior of the subject property, viewed the surrounding environs and researched market data, including but not necessarily limited to the leases and sale prices of properties considered comparable to and competitive with the subject property. In addition, we have interviewed real estate brokers, consultants and others who are active in the subject's marketplace. Our methodology is described in more detail throughout the body of the report.

From our analysis we formulated an opinion of the Highest & Best Use of the property and an opinion of its market value under the two valuation scenarios noted above.

Easements and Encroachments

As noted, a title report was not provided for our review. We have not been advised of nor know of any easements or encroachments that would adversely affect the value of the subject property as estimated herein.

Zoning

The subject site is zoned RH4 (Residential Hillside), excluding a very small portion of the property (0.6 acres), which is zoned RH-3. Within the City of Oakland's general plan, the use of the subject property is identified as Institutional and Hillside Residential.

Assessed Valuation & Taxes

The assessed value of the property, for the 2018/19 tax year, totals \$34,626,924, including personal property of \$4,352,146. The 2017/18 tax rate was 1.13486%. The 2017/18 taxes, before exemptions, were \$461,951. HNU received exemptions totaling \$438,951, resulting in a net tax liability of \$22,990. Additionally, Special Charges were \$52,431, resulting in a total net tax liability and Special Charges of \$75,421. (We note that the tax rate and Special Charges for the 2018/19 tax year have not yet been published.)

Per California state law, property tax assessments are reset upon transfer, typically to the sale price.

Highest and Best Use

Highest and Best Use (HBU) may be defined as: The reasonable and probable use that supports the highest present land value for a given property, as of the date of appraisal. Alternatively, HBU is: The use from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value. However, where the value of a given property as improved is greater than the value of the land plus the cost of demolition of the improvements, the existing improvements are considered to represent the highest and best use of the site. After consideration of the physical, legal and economic influences, the HBU for the subject property was determined to be:

As Improved - The existing campus use

As Vacant & Available for Development – A residential Subdivision

THE SUBJECT NEIGHBORHOOD

The subject is located along the northeast side of the Warren Freeway (S.R. 13) in the Redwood Heights/Lower Hills area of eastern Oakland. The greater subject neighborhood may be defined as being bound by Lincoln Avenue/Joaquin Miller Road to the north, Skyline Blvd to the east, Seminary Avenue/Mills College to the south and the MacArthur Freeway (I.S. 580 to the west and southwest.

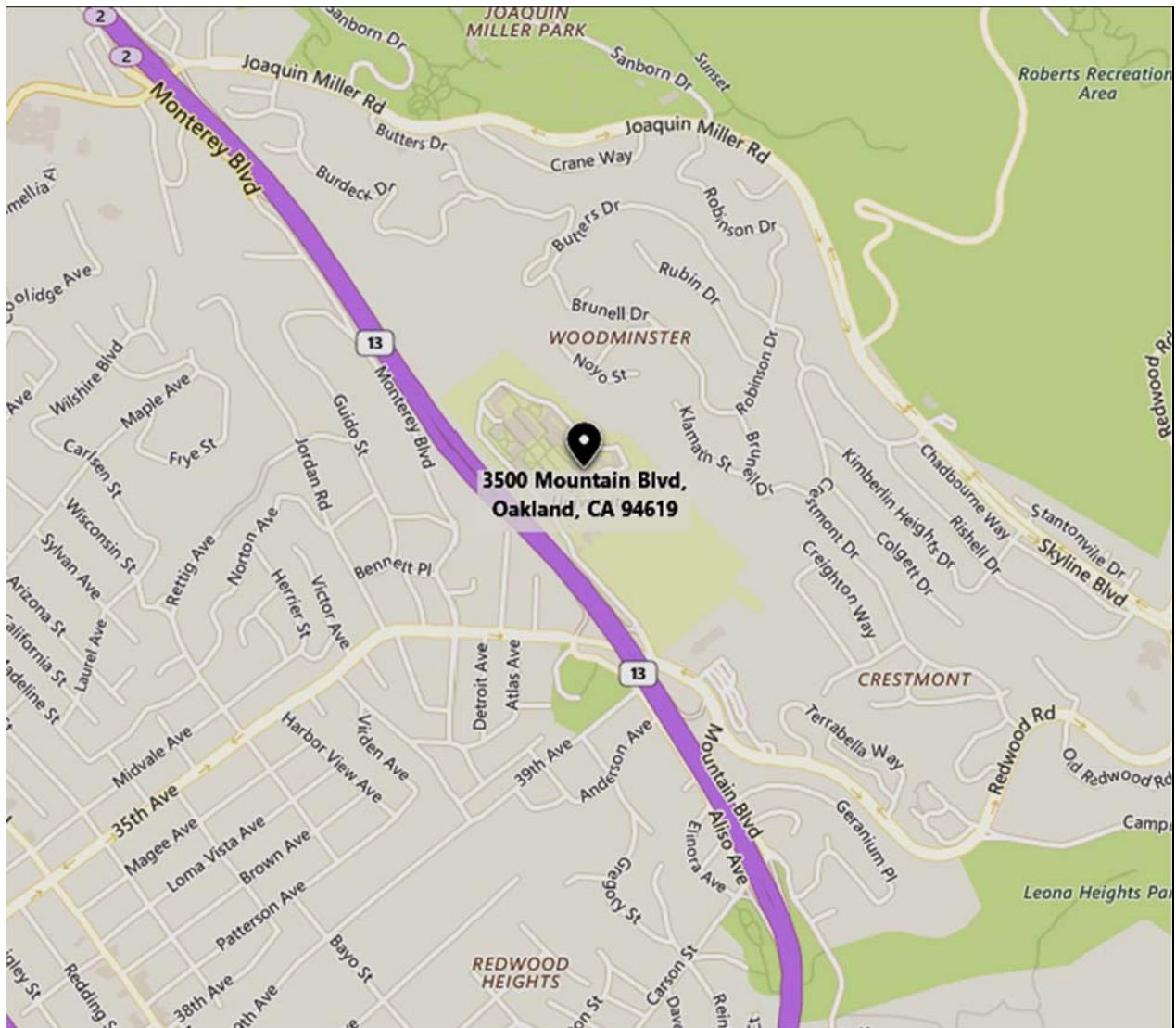
The subject property is the most predominate land use in its neighborhood. Surrounding uses generally include single-family development with some multi-family development and commercial uses interspersed along major thoroughfares. The neighborhood was built out between the 1940's and 1980's and is typified by modest homes on the west side of the Warren Freeway and more substantial homes east, where elevations rise affording more expansive Bay views.

Access to the neighborhood is considered good via the MacArthur and Warren Freeways, which in turn provide access to other East Bay Area locations, San Francisco and I.S. 880 and the Oakland Airport (located ~7 miles from the subject property).

The subject neighborhood is nearly fully built out, particularly between the MacArthur and Warren Freeways. New development is typically from infill projects. Development in the immediate vicinity of the subject property is less dense, in part due to the hilly terrain.

The recent economic boom in the Bay Area, State and Nation, has led to an increase in revitalization of neighborhoods like and including the subject's. As prices continue to increase in typically more coveted locations in the Bay Area, homebuyers are gravitating to second tier locations like the subject neighborhood where home prices are still relatively affordable. Overall, we deem the subject's neighborhood to be in a period of stability with opportunities for growth from renovation or redevelopment of existing properties and from new development potential in the hills east of the Warren Freeway.

NEIGHBORHOOD MAP



PROPERTY DESCRIPTION

Site Description

The subject property is located at 3500 Mountain Blvd, in the Oakland Hills section of the City of Oakland, California. Mountain Blvd runs along the northeast side of the Warren Freeway and is accessed via 35th Avenue/Redwood Road from the MacArthur Freeway. Secondary access to the site is available via Butters Drive, at the northeasterly portion of the site.

The subject property serves as the campus for Holy Names University (HNU), a private four-year college. The property encompasses a wooded site totaling approximately 56 acres. This includes ~25 acres on which the campus sits (the Campus Land) and ~31 acres of undeveloped land (the Excess Land). (We note that the Campus Land is a portion of a larger ~37.6-acre parcel, identified as Assessor's Parcel No. (APN) 29-1090-8-4.)

According to HNU administration, the University leases a ~4-acre site from Cal Trans adjacent to the northwest corner of the subject property, which is used for parking. (This site is not included as part of the subject property in our valuation analysis.)

The overall site (Campus Land and Excess Land) is irregular, but loosely rectangular in shape, with its wide frontage (~1,500') running north to south along the Warren Freeway.

A summary of the Assessor's Parcels comprising the subject property is presented below. Assessor's maps of the property are included in the Addendum (Exhibit A).

APN	Acres	Zoning
29-1090-18-4	37.6	RH-4
29-1175-1-4	17.7	RH-4
29-1163-8-2	0.5	RH-3
29-1163-9-4	0.1	RH-3
Total	55.9	

The subject property rises steeply from west to east, generally sloped between 10 – 30 degrees. The Campus Land, which has been terraced to accommodate construction of the various Campus Buildings, occupies the southwesterly portion of the site; while the Excess Land, which is for the most part is undisturbed hillside and canyon area, occupies

the northerly and easterly most portions of the site. An aerial photograph with an outline of the subject site, a topographical map and a slope inclination map are contained in the Addendum (Exhibit B).

There are two riparian areas on the site, one at the northly portion and one at the southerly portion – each being ~3.5 acres in size. Please refer to the addendum for a map depicting the riparian areas (Exhibit C).

The elevation of the subject property affords excellent views of the San Francisco Bay and the city of San Francisco to the west.

Surrounding land uses include the following: the Montclair District and the 500-acre Joaquin Miller Park to the north; the Woodminster and Crestmont neighborhoods to the immediate north and east (both areas encompass low density, single family residential development); Redwood Heights (a medium density residential neighborhood) to the west, across the Warren Freeway; and the Golden Gate Academy and Abundant Life Christian Center Fellowship immediately south of the subject property.

All utilities are available to the site; however, to our knowledge, utilities have only been extended onto the Campus Land.

We have not reviewed a title, soils, geological or environmental conditions report for the subject property. As such, we assume that there are no easements, encroachments, or physical conditions present at the site that would pose a negative influence on the opined value herein.

Improvement Description

As noted the Campus Property includes 18 buildings, containing 358,958 SF, sited on ~25 acres of land. Most of the buildings were constructed between the mid-1950's through the mid-1960's, with some buildings added more recently. In addition to the Campus Buildings the Campus Property includes various site improvements (courtyards and landscaped areas, fencing, a swimming pool, recreation areas and paved surface parking areas). Also, one of the Campus Buildings, the Valley Center for the Performing Arts has a rooftop array of solar panels.

An aerial photograph of the Campus Property and a Campus map/site plan may be found in the Addendum (Exhibit D). Additionally, a description of the Campus Buildings may be found in the Addendum (Exhibit E). All of the buildings were constructed between 1955 –

1965, excluding the historic residence (1922), Valley Center for the Arts (1994) and the Nursing Lab (2012). We note that Brennan Hall underwent a significant renovation in the early to late 2000's. The buildings range in size from 207 – 60,162 SF and contain between 1 – 5 stories.

Excluding the Valley Center for the Performing Arts building and the second floor of Brennan Hall, the Campus Buildings is not air conditioned. Excluding the Kennedy Arts and Raskolb buildings, heat is provided to the Campus from a central boiler plant. According to Luis Guevarra, the University Facilities Manager, the boiler house was renovated with new boiler units installed approximately five years prior. The Kennedy Arts and Raskolb buildings have their own, dedicated heating systems.

CLASSROOM BUILDINGS

There are five classroom buildings (Brennan Hall, Heafey Hall, Kennedy Arts Center, the Nursing Lab and the Raskolb Institute). These buildings contain 92,715 SF of gross building area (GBA), although a small amount of the space in these buildings is devoted to administrative and office uses. Brennan, Heafey and Raskolb contain a total of 77,203 SF. The Kennedy Fine Arts Center has 12,388 SF and includes a gallery, lecture and seminar rooms and design, drawing, painting, graphics, crafts and ceramics studios. The Nursing Lab is comprised of two portable buildings and has 3,124 SF.

RESIDENCE BUILDINGS & DINING HALL

There are four student residence buildings (Dunn, Durocher, Feehan and Founders) and the Dining Commons building. These buildings contain at total GBA of 174,580 SF, with Founders and Dining Commons including some office and administrative space. We note that the kitchen in the Dining Commons Building was updated in 2017.

SUPPORT BUILDINGS

Other buildings include the following. Cushing Library, which has 16,144 SF GBA. Hester Administration Building, which houses the main administrative functions for the campus, contains 9,946 SF. Tobin Hall/Gym has a total of 21,414 SF including a small amount of office space. The Valley Center for the Performing Arts contains 27,180 SF and includes two theaters (the main theater with a 390-stadium seating capacity and the auxiliary theater with a 120-seat capacity). McLean Chapel contains 12,688 SF and has a seating capacity of 270.

MISCELLANEOUS BUILDINGS

Miscellaneous buildings include the boiler room, of 3,004 SF, the gate house of 207 SF and the McCrea House, an historically designated residence of approximately 1,500 SF. (This structure is not currently inhabitable and according to the University administration will require ~\$2,000,000 to renovate).

OVERALL CONDITION & FUNCTIONAL UTILITY

Most of the subject buildings were constructed in the 1950's and 1960's and although, having undergone minimal renovations since, appear to have been well maintained and in good condition. With normal ongoing maintenance and replacement of short-lived items we expect the buildings will support on-going campus use of the Campus Property for the foreseeable future.

We have not reviewed a property conditions or environmental report for the Campus Buildings. Per Luis Guerra, excluding Brennan Hall, which was went through an asbestos abated program during its recent renovation, and the Chapel, which underwent a partial abatement program, portions of most of the remaining buildings still contain asbestos. Our valuation assumes whatever asbestos conditions may be present in the subject buildings will not negatively impact our value estimate. We advise the property owner to retain a qualified consultant to address the asbestos issue(s) and abatement cost.

VALUATION

As noted above, we have valued the subject property under two valuations scenarios:

- I. **The value of the Campus Property, assuming its continued use as a university campus, plus the value of the Excess Land.**
- II. **The value of the entire property (all 56 acres) assuming the property is vacant and available for development to its highest and best use (HBU, deemed to be for a residential subdivision. Further,
 - A. Assumes the property is sold subject to the buyer/developer obtaining approvals.
 - B. Assumes the property is purchased without the approval contingency.**

VALUATION SCENARIO I – CAMPUS PROPERTY PLUS EXCESS LAND

The derivation of the value of the Campus Property plus Excess Land is segmented into two components.

- The first component values the Campus Property. To recap, the Campus Property includes 358,958 SF, GBA, within 18 existing buildings, which are sited on approximately 25 acres of Campus Land.
- The second component is the valuation of the non-campus/undeveloped land (i.e., Excess Land), which comprises ~31 acres.

As noted above, per HNU administration, the McCrea House, an historically designated residence, will require a cost of \$2,000,000 to renovate. This cost was deducted as a penalty against the value derived for the Campus Property and Excess Land

VALUATION OF THE CAMPUS PROPERTY

The value of the Campus Property (Campus Land and Buildings) was estimated as a single unit by the Sales Comparison Approach. (We also ran a crosscheck on our value estimate from the Sales Comparison Approach via a cursory Coast Approach analysis.) The Sales Comparison Approach is based on units of comparison developed from sales of properties (“Comparables”) deemed similar to the subject . The Comparables are

adjusted for various value indexing factors, which include but are not limited to motivation of the parties, market conditions (date of sale), location, quality, condition and functional utility of the improvements, the building to land coverage ratio and the size of the improvements. After adjustments, the Comparables are reconciled to a value indication for the subject property. In this instance the unit of comparison used was the price/ SF of GBA.

The Comparables and the Comparable Sales Sales Adjustment Grid are contained in the Addendum (Exhibit F-1) The Comparables include several sales, current escrows and listings of educational facilities. In total there 12 Comparables which, with the exception of No. 2, are located in the greater San Francisco Bay Area. No. 2 is located in Southern California in the City of Claremont.

The Comparables produced a wide range of unadjusted value indicators from \$142 – \$413/ square foot (SF) of building area. The comparables are segregated into two groups – Primary and Secondary Comparables. The Primary comparables are those considered most relevant to this analysis, as they represent traditional campus facilities, whereas the Secondary Comparables are schools in former office/R+D structures located in modern business parks.

Primary Comparables

The primary Comparables include Nos. 1 – 8. In addition to the text in the table these Comparables are further discussed below.

No. 1 – Historic Hillside School (\$158/ SF) – No. 1 is a current listing, located in the Berkeley Hills, and formerly used by German International School of Silicon Valley, Berkeley Campus. The surrounding neighborhood is fully built out, generally with upper mid to high end residential properties. The property was originally constructed in ~1925, with some renovations completed over the ensuing years. However, the property exhibits a fairly substantial amount of deferred maintenance as evidenced during our exterior inspection of the facilities. This includes the school yard, which needs to be demolished and reconstructed. The property offers limited water views. Access is inconvenient, as the property is far removed from I.S. 80 and other East Bay Area freeways. As currently developed, the property has minimal landscaping and open areas.

No. 2 – Claremont School of Technology (\$181/ SF) – No. 2, located in Claremont in Southern California, is currently in escrow, reportedly to an educational user. The marketing effort generated significant interest from developers who proposed to convert

the property to residential use, but all wanted the transaction to be contingent upon obtaining development approvals. Because this would have tied up the property for an extended period the seller opted to move forward with an educational user in lieu of a significantly shorter escrow period. The property is configured in a traditional campus setting, with the buildings surrounding expansive open/courtyard areas. Campus amenities include a 58,000 SF library, 260-seat performing arts theater and 109 student housing units. The 221,487 SF of gross building area includes ~32,000 SF of “fully depreciated” dorm buildings.

No. 3 – Holy Redeemer (\$332/ SF) – No. 3 is currently in escrow to an undisclosed buyer. The main feature of this property is its low building-to-land ratio (5%) thus providing significant land for expansion of either campus facilities or an alternative (likely residential) development. This accounts for the high price/ SF of building area. The perimeter of this property is fairly hilly, but most of the site is relatively level and enjoys a high degree of privacy. The property also affords convenient access to I.S. 580. Based on our exterior inspection of the property, the existing buildings are older and reflect a fairly significant amount of deferred maintenance.

No. 4 – Zaytuna College (\$237/ SF) – No. 4 is located adjacent to Tilden Park at the top of the Berkeley Hills. The site is surrounded by expansive open space to the north and east and has views of the Bay and San Francisco to the west and open space canyons and distant hills to the east. The multi-building campus offers a serene setting and includes student dorms facilities. Although the surrounding area is very hilly, most of the site has been graded into lower and upper terraces, which are relatively flat. The buildings were observed to be in generally good condition based on our exterior inspection of the facilities. Like No. 1, access is inconvenient and far removed from I.S. 80 and other East Bay Area freeways. The surrounding area to the south and west is generally developed with upper mid to high-end residential properties.

No. 5 – Stratford Schools (\$413 / SF) – No. 5 was a multi-phased transaction involving the City of Sunnyvale, STORE Capital Corporation and Stratford Schools. According to the buyer, STORE purchased the property from the City of Sunnyvale then leased it to Stratford for a 20-year lease term. The buildings were proposed to be renovated to serve 500 students. While the buyer was unable to disclose the terms of the lease, they did note, their target rate of return for such transactions as this one is 8%. Given that the complexity of this transaction and that the specific terms of the lease are unknown, we will weigh the price/value indicator from this comparable, cautiously.

No. 6 – Former Baptist Seminary (\$311/ SF) – No. 6 was sold to a private trust by the Baptist Seminary for \$85,000,000. At the time of sale, the buyer had an agreement to sell the campus buildings, sited on ~15 acres, to Branson School for \$42,000,000, with the balance of the property proposed for residential development. Ultimately Branson did not go through with the transaction. Although access to the campus is hilly, those portions of the site on which the campus buildings sit are relatively level to gently sloping. The property is surrounded by affluent residential neighborhoods and has water views of Richardson Bay to the east and Strawberry Lagoon to the west. The buildings were observed to be in average condition. According to the buyer, the cost to renovate the buildings is ~\$100/ SF, although we are uncertain as to the level of renovation that was envisioned for this cost. Also noted is that significant additional square footage of campus buildings would be permitted in accordance with a 1984 master plan approved by the County.

No. 7 – Head Royce School (\$241/ SF) – No. 7 was purchased by Head Royce School as an adjunct property to its main campus facilities directly across the street. The property has convenient access from both I.S. 580 and the Warren Freeway. The surrounding area is generally developed with fairly high-density mid to upper-mid end residential properties. The buildings were observed to be in average condition.

No. 8 – The Harker School (\$337/ SF) – No. 8 was purchased by The Harker School from Santa Clara County. The property is developed with multiple one and two-story modern, attractive buildings built around expansive open areas in a campus setting. The property is operated as a high-end pre-school and is situated in an affluent Silicon Valley location.

Secondary Comparables

Comparable Nos. 9-12 are included as secondary sales, as they are deemed less relevant because: (1) their facilities encompass former office/R+D buildings; and (2) they are located in non-traditional campus settings in modern business parks. The secondary Comparables, which developed a range of indicators from \$142 - \$246/ SF, were included in this analysis as supplemental data and will be given less weight than the primary Comparables.

Adjustment to the Comparables & Value Conclusion

The adjustments to the Comparable indicators are summarized in the Addendum (Exhibit F-2).

To summarize, the unadjusted indicators range from \$142 – \$413/ SF of building area, while the adjusted indicators, as expected form a narrower range, from \$190 - \$341/ SF. Excluding, No. 5, at \$341/ SF – which was a ground lease for which we have limited information about the lease terms and othe salient factors about the transaction – the adjusted prices of the remaining Comparables is narrowed further, to \$190 - \$270/ SF.

Based on the above, our estimated value for the Campus Land and Existing Improvements is \$215/ SF of building area, for a total of \$77,200,000 (rounded) (358,958 SF x \$215/ SF).

COMPARABLE SALES APPROACH VALUE CROSS CHECK VIA THE DEPRECIATED REPLACEMENT COST APPROACH

To provide additional support for our value estimate via the Sales Comparison Approach was cross checked with a Cost Approach analysis. The Cost Approach includes two components: (1) the depreciated replacement cost of the improvements; and (2) the land value.

Depreciated Cost of the Improvements

The depreciated replacement cost of the improvements is based on the replacement cost new (including hard costs, soft costs and an allowance for a project management or development fee), less accrued depreciation.

The replacement cost new for each of the Campus Buildings is summarized in Addendum (Exhibit G). In total the cost new is estimated at \$99,708,877. Depreciation for the Campus Buildings ranges from 14.3% - 60.0% depending on age, condition, level renovation, if any and other factors. (This excludes the McCrea House, which is deemed to have no value in its current condition and a negative overall value based on the \$2,000,000 renovation cost. The overall depreciation rate is 55.7%).

Land Value Estimate – Campus Land

There has been a paucity of land sales for development of educational campuses, which renders this exercise somewhat challenging. We are aware of one data point, however, which we believe to be helpful for this exercise. This relates to a confidential letter of intent for a long-term ground lease for a school campus on a high-profile site on Winchester Blvd, near I.S. 280 in San Jose. The proposed development would have

included a build-to-suit, 400,000 SF mid-rise campus on ~11 acres. The building to land coverage ratio would have been ~85%. The parties established the land value at \$95/SF of building area. The rent would have been based on 7.5% of the construction cost plus the agreed upon value of the land. Although the parties came to an agreement on the business terms of the transaction, ultimately the deal was not consummated.

In comparing the Winchester property to the Campus Land for the subject property, we believe downward adjustments should be made to the parties' agreed upon land value, as the Winchester property is superior to the subject in terms of site conditions (level parcel, easy access, etc.) and other value indexing factors.

After adjustments, we believe a value of \$80/ SF of Campus Building area is warranted for the Campus Land, for a total of \$26,900,000 (358,958 SF of Campus Buildings x \$80/SF of Campus Building area = \$28,700,000 (rounded).

To summarize, the value via our cursory Cost Approach of \$44,200,000 for the Campus Buildings plus \$28,700,000 for the Campus Land, totals \$72,900,000. Although somewhat lower than our estimated Sales Comparison value of \$79,200,000, we believe our cursory value estimate via the Cost Approach generally supports our Sales Comparison value.

VALUATION OF THE EXCESS LAND

There are total ~31 acres of undeveloped, Excess Land (~56 total acres less ~25 acres of Campus Land). Much of the Excess Land (approximately 19 acres) is encumbered by riparian corridors and steep slope (over 30 degrees) topography, which is not likely suitable for development. These leaves ~12 acres of potentially developable Excess Land (PDEL). However, development of the PDEL will likely further be restricted by access issues, in large part because of the difficulty in negotiating access roads over the non-developable areas.

To render a value estimate for the PDEL with a reasonable degree of confidence would, in our opinion, require the services of a site engineer to provide some level of guidance as to how much of the PDEL is actually developable and what issues would be incurred in providing adequate access, particularly for emergency vehicles.

That said, we do believe there is a nominal value to the PDEL, which we have pegged at \$7.50/ SF of land area, or ~\$325,000/ acre. This in turn equates to a total of \$4,000,000 (rounded), or \$130,000/ acre against the entire ~31 acres of Excess Land.

As a point of comparison, the following section of this report is devoted to the value of the subject land as if vacant and available to its Highest & Best Use, which is deemed to be for a residential subdivision. The average value on this basis is estimated at \$550,000/ acre against the entire 56 acres.

SUMMARY OF VALUE SCENARIO I – CAMPUS PROPERTY PLUS EXCESS LAND

Value of Campus Property Before Cost of Renovation of Historic Residence	\$77,200,000
Less: Cost of Historic Residence Renovation	2,000,000
Value of Campus Property After Cost of Historic Residence Renovation	\$75,200,000
Plus: Value of Excess Land	4,000,000
Total Value of Campus Property & Excess Land	\$79,200,000

**VALUATION SCENARIO II – ASSUMING THE PROPERTY IS VACANT &
AVAILABLE FOR DEVELOPMENT TO ITS HBU, AS A RESIDENTIAL SUBDIVISION**

Establishing a land value for the subject, assuming the property is vacant and available for development to its HBU as a residential subdivision, is a two-step process as outlined below:

- First, the density of the property is established based on the likely number of dwelling units/ acre that may be approved by the City of Oakland.
- Second, the actual value of the property is derived via the Sales Comparison Approach using the price/ potential or anticipated dwelling unit as the unit of comparison.
 - **Under Value Scenario II-A**, the value assumes the site would be sold subject to the developer being given an approval contingency by the seller.
 - **Under Value Scenario II-B**, the value assumes the site would be sold without the approval contingency.

ESTIMATED DEVELOPMENT DENSITY FOR THE SUBJECT SITE

Because of the size of the subject property and complexities relative to its topography and geology, obtaining development approvals may be a complex and possibly lengthy process.

To obtain guidance in projecting a development density for the property we have considered the recent development approval for Oak Noll. Information on the Oak Noll project was provided by Lamphier Gregory Urban Planning (LGUP), who consulted for SunCal, the Oak Noll developer, during that approval process. LGUP has also been retained by HNU as a consultant for the subject property.

Oak Noll is a 180.5-acre site located along the north side of I.S. 580, at 8750 Mountain Blvd, approximately four miles south of the subject site. Oak Noll was used as a Navy Hospital from 1942 – 1966, at which time the facility was closed. In 2005 SunCal started the approval process to obtain entitlements for a residential subdivision with a moderate amount of commercial space. The approval process stalled in 2008, due to the recession, however, was rekindled in 2014.

In November 2017, approvals were obtained for development of the site with 918 “for sale” residential units, 72,000 SF of commercial space and a 14,000 SF community center. The residential units will average ~1,900 SF and include a mix of 49% townhomes and 51% detached single family dwellings (18% small lot and 33% larger lot residences). Approximately 85 acres of the site will be dedicated to public parks, undisturbed open space, revegetated slope banks and restored creek corridors. Taking out 8.4 gross acres, which is slated for the commercial space, leaves a gross site area of 177.1 acres allocable to the residential development (185.5 acres – 8.4 acres). Based on these figures, the development density achieved was ~5.2 dwelling units/ acre (DUA) (918 units ÷ 177.1 acres).

LGUP estimated a development density for the subject property, of ~5.5 DUA, largely based on Oak Noll. This results in a total of 308 units. (subject site of 56 acres x 5.5 DUA = 308 units).

VALUE SCENARIO II-A - ESTIMATED VALUE/ POTENTIAL DWELLING UNIT FOR THE SUBJECT (ASSUMES A SALE OF THE PROPERTY IS SUBJECT TO DEVELOPMENT APPROVALS)

The Comparables used to estimate the value of the subject site are contained in the Addendum, (Exhibit H-1). The Comparables, which occurred from mid-2014 – mid 2017, produced an unadjusted range of land prices from \$80,000 - \$332,676/ potential dwelling unit. The Comparables are further discussed below.

No. 1 – Ward Creek Cottages, Hayward (\$207,124/ Unit) – No. 1, located in Central Hayward, was purchased by Pulte Homes for development with 97 tight lot single-family detached residences. The homes will be 3-stories and range from 1,950 – 2,450 SF. The site was fully approved at the time of sale. In establishing a value for the subject site, the price of No. 1 needs to be adjusted upward for market conditions (6/2017 sale date), its inferior location, view potential and higher density. More than offsetting downward adjustments are required for the project size, site conditions, entitlements in place at sale, and the fact that all units will be detached single family dwellings (SFD's). Overall, the value/unit for the subject site is expected to be significantly lower than the price indicated by No. 1.

No. 2 – Point Martin, Daly City (\$332,676/ Unit) – No. 2 is located on the easterly slope of San Bruno Mountain, overlooking San Francisco Bay. Fully entitled at sale the property was purchased by Toll Brothers for development with 71 detached SFD's. The site is moderately hilly with level areas for developments. The presence of high tension overhead power lines is a detraction to the value of the property. The price of No. 2 needs to be adjusted upward for market conditions (12/2016 sale date), its inferior location and higher density, with more than offsetting downward adjustments for the project size, site conditions, entitlements in place at sale and the fact that all units will be detached. Overall, the value/ unit for the subject site is expected to be significantly lower than the price indicated by No. 2.

No. 3 – Tassajara Road, Dublin (\$299,228/ Unit) – No. 3 is located in the Wallis Ranch area of Tassajara Hills (Wallis Ranch Neighborhood 2), in Dublin. The property was entitled at sale for a development of 101 detached SFD's to a density of 6.7 DUA. The price of No. 3 requires an upward adjustment for market conditions (7/2016 sale date), it's inferior location, view orientation and the higher density, 6.7 DUA. More than offsetting downward adjustments are required for the project size, site conditions, entitlements in place at sale, detached SFD product and superior overall appeal. Overall the value/ unit of the subject site is expected to be significantly lower than the price indicated for No. 3.

No. 4 – 2500 Fairview Avenue, Hayward (\$80,000/ Unit) – No. 4 is located in the Hayward Hills. The price was negatively influenced by the site's difficult terrain and access. The property was purchased for a 15-unit project with a density of 1.5 DUA. The site was not entitled at sale. Upward adjustments to the price of No. 4 are required for market conditions (5/2016 sale), no entitlement contingency and its inferior location. Partially offsetting downward adjustments are required for project size, detached SFD product and lower density. Overall the value/ unit for the subject is expected to be moderately higher than the price indicated by No. 4.

No. 5 – Moller Ranch, Dublin (\$249,351/ Unit) – No. 5 is part of a larger, 200-acre master planned development, located in the Dublin Hills. The property sold to Toll Brothers for a 370-unit project, including 50 affordable units. The 2-story homes will range from 3,000 – 5,000 SF, sited on small lots of 4,500 – 5,000 SF. The density is 4.6 DUA. The property is situated in an area of rolling terrain. The transaction was contingent on the developer obtaining entitlements; however, partial entitlements were in place visa vi the fact that the property is located in an already approved master planned community. Upward adjustments are required for market conditions (8/2015 sale date), location and inferior view orientation. More than offsetting downward adjustments are required for site conditions, partial entitlements, detached SFD product/larger units and superior appeal. Overall, the value/ unit for the subject property is expected to be lower than the price indicated by No. 5.

No. 6 – Cedar Park, Newark (\$150,000/ Unit) – No. 6 is a level parcel located in a densely populated area of Newark. The property was sold as surplus land by the local school district for development with 71, one and two-story homes, ranging from 1,700 – 2,300 SF, sited on small lots. The density is 7.6 DUA and the transaction was contingent on the buyer obtaining entitlements. Upward adjustments to the price/ unit are required for market conditions (8/2015 sale date), inferior location, higher density and inferior view orientation. More than offsetting downward adjustments are required for project size, superior site conditions, and detached SFD product. Overall, the value/ unit for the subject property is expected to be lower than the price indicated by No. 6.

No. 7 – 201 Seminary Drive, Mill Valley (\$143,333/ Unit) – No. 7, formerly owned by the Baptist Church for its seminary, is located in Mill Valley overlooking Strawberry Lagoon to the west and San Francisco Bay to the east. The site encompasses rolling terrain and was not entitled at sale. The Church sold the property to North Coast Land Holdings for a total price of \$85,000,000. The total site area is ~123 acres of which ~15 acres encompass the Seminary. After deducting the seminary portion of the site and ~24 acres of non-

developable wetland areas, the remaining 84 acres were envisioned by the buyer for residential development.

At the time of sale, Branson School intended to acquire the former seminary portion of the property for \$42,000,000. Thus, the remaining \$43,000,000 was allocable to the 84 acres of residential development land on which the buyer intended to develop 300 residential units. One development scheme included 60 detached SFD's and 240 multi-family dwellings (indicating a 20%/60% mix of detached SFD's to multi-family units). A second scheme included 180 detached SFD's and 60 multi-family dwellings and a 60-unit senior care facility (indicating a 60%/40% mix of detached SFD's to multi-family units). The property encompasses rolling terrain and was not entitled at sale.

Upward adjustments to the price/ potential unit are required for market conditions (7/2014 date date) and the lack of an entitlement contingency. Offsetting downward adjustments are required for No. 7's superior location, site conditions, density and water orientation/views. Overall the upward and downward adjustments are generally deemed to be offsetting.

Adjustment of Comparables & Value Conclusion

The Comparables adjustment grid is located in the Addenda (Exhibit H-2). To recap, the Comparables indicated a range of unadjusted prices from \$80,000 - \$332,676/ unit. After adjustments, the range is narrowed from \$106,000 - \$182,972/ unit, with an average of \$151,607/ unit. As noted above, the adjustments assume the subject site would be sold subject to the buyer developer obtaining development approvals.

Based on the above, our estimated value, assuming the subject site is vacant and available for a residential subdivision, as of August 1, 2018, is \$140,000/ potential unit, or \$43,100,000 (rounded) (308 potential units x \$140,000/ unit).

This value assumes a sale of the property contingent on the developer being able to obtain development approvals for 308 residential units. Additionally, we did not take a penalty against the site for demolition of the existing improvements as we generally consider the cost of demolition to be a tradeoff against the value of the infrastructure on site that may be useable for a future development (large graded terraces, roads, utility line, etc.) Additionally some of the Comparables had existing improvements that also needed to be demolished.

VALUE SCENARIO II-B - ESTIMATED VALUE/ POTENTIAL DWELLING UNIT FOR THE SUBJECT (ASSUMES A SALE OF THE PROPERTY WOULD NOT BE CONTINGENT ON DEVELOPMENT APPROVALS)

Normally development sites trade contingent on the developer obtaining development approvals. This allows the developer to mitigate risk if approvals are not obtained. The advantage to the seller is that a developer will pay more if an approval contingency is included in the transaction. However, to compensate the seller, for the risk of non-performance if approvals are not obtained, normal practice is for the developer to put up an initial non-refundable deposit, with additional periodic non-refundable deposits through the approval process.

In this instance we have been requested to consider the discount a developer would apply for a sale of the subject property without an approval contingency. In general, developers typically acquire properties without an approvals contingency at a discount of at least 25% to over 50% compared to a sale subject to an approval contingency. The ultimate discount is influenced by the anticipated odds of acquiring approvals, based on precedent and attitudes of the jurisdiction in a position to grant the approvals, coupled with the complexity, length and expense of the approval process.

For the subject property we would expect a discount rate at the higher end of the range given the expectation of the approval process to be complicated, lengthy and expensive. Reasons for this include the size of the subject project (308 units), the change in use from institutional to residential, and challenges posed by the terrain and geology of the site and other factors.

The history of the approval process for Oak Noll offers some guidance for the subject property. Oak Noll is now being developed with 918 residential units and 72,000 SF of commercial space. SunCal, the developer, started the approval process in 2005, but did not obtain approvals until late 2017. Admittedly the approval process stalled for several years during the recession, which began in late 2008. However, barring that it would have still taken at least six years to obtain development approvals.

The residential development site Comparables discussed earlier indicated a range of unadjusted prices/ unit from \$80,000 - \$332,676/ unit. Of the seven Comparables, five either had approvals in place at the time of sale or were contingent on the developer obtaining approvals. Nos. 4 and 7, at \$80,000 and \$143,000/ unit, respectively, sold without approvals, compared to the prices for the approved or approval contingent sales from \$207,124 - \$332,676/ unit. Nos. 4 and 7 sold for roughly 40% - 75% less than those

sites with approvals or approval contingencies. While not all of the discrepancy is attributable to whether a given site had approvals or an approval contingency at sale, this exercise underscores the notion that developers pay much less for properties lacking approvals over those with approvals in place or approval contingency.

Using a discount range of a minimum of 25% to over 50%, we would expect the discount for a sale of the subject property without an approval contingency to be at least 35% - 50%; particularly given the expected complexity of obtaining approvals for the reasons noted above. A mid-point discount within the aforenoted range is 42.5%.

To recap, the value of the subject property assuming an approval contingent sale was estimated at \$43,100,000, or \$140,000/ unit. Applying a 42.5% discount for a non-approval contingent sale indicates a value of \$24,800,000 (rounded), or \$80,000/ unit (rounded).

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which they are aware prior to using this report or making it available to any third party.
- The legal description furnished the appraiser is assumed to be correct.
- We assume no responsibility for matters legal in nature, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the subject property is appraised as though free and clear, under responsible ownership and competent management.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The present zoning will remain in force.
- No opinion is intended to be expressed on matters that require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
- The exhibits in this report are included to assist the reader in visualizing the subject property. We have made no survey of the subject property and assume no responsibility in connection with such matters.
- The description of the total valuation of this report between land and improvements applies only under the existing use. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- The statements of value and all conclusions shall only apply as of the date of value noted herein.
- We have made no engineering survey. Except as specifically stated, data relative to size and area was taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural deficiencies that are not disclosed to the appraiser and noted herein.

- The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment.
-
- The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the subject property. The appraisers' value estimate is predicated on the assumption that, unless otherwise stated, there is no such material on or in the subject property that would cause a loss in value.
-
- A detailed survey has not been conducted to determine whether the subject improvements are in compliance with the requirements of the Americans with Disabilities Act (ADA), which became effective January 26, 1992. Therefore, we have not considered possible compliance with the requirements of ADA in estimating the value of the subject property. It is possible that a survey of the subject property, together with a detailed analysis of the requirements of the ADA, could reveal that the subject property is not in compliance with one or more of the requirements of the act. If the subject property is not in compliance and if measures to meet standards are required, the costs for such measures could be a warranted deduction from the value of the subject property.
- We do not have the technical expertise for a geological analysis of the subject property. For purposes of this appraisal, unless otherwise stated, we have assumed that there would be no adverse geological condition affecting the subject property's value.
- To the best of our knowledge the site has no mineral deposits of any commercial value.
- Information, estimates, and opinions contained in this report are obtained from sources considered reliable and where feasible, has been verified. However, no liability can be assumed for information supplied by others.
- We reserve the right to make such adjustments to the valuation herein reported, as may be required by the consideration of additional data or more reliable data that may become available.
- Where Discounted Cash Flow Analyses have been undertaken, the discount rates used to bring forecast future revenues back to estimates of present value, reflect both our market investigations of yield anticipations and our judgment as to the risks and uncertainties in the subject property and the rates of return required to attract an investor under such risk conditions.
- We assume that all tenants reported to be under lease perform as outlined in the rent roll and elsewhere within the body of this report.

- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, unless prior arrangements have been made.
- This appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal, and is invalid if so used.
- This report shall be used for its intended purpose only and by the parties to whom it is addressed. Disclosures of the contents of this appraisal report are governed by the Bylaws and Regulations of the Appraisal Institute. Possession of this report does not carry with it the right of publication. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI or SRA designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the proper written consent and approval of the author.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



ANGELO N. KARAMPELAS, MAI

ANK Rev. Mar. 2, 2016

August 2, 2018

DATE

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
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- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



DAVID K. BOHEGIAN, MAI

DKB Rev. Mar. 25, 2015

August 2, 2018

DATE

ADDENDUM

Exhibit Name	Exhibit
Subject Photographs	A
Assessor's Parcel Maps	B
Aerial View w/ Subject property Outline, Topographical Map & Slope Inclination Map	C
Riparian Areas	D
Aerial View Of Campus Property & Campus Map/Site Plan	E
Campus Buildings Description	F
Comparable Improved Educational Facility Sales, Escrows & Listings & Comparable Improved Sales Adjustment Grid	G-1 & G-2
Depreciated Replacement Cost – Campus Buildings	H
Comparable Residential Development Site Sales & Residential Development Site Sales Adjustment Grid	I-1 & I-2
Qualifications of Appraisers & Partial List of Clients Served	J

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Holy Names University campus – View North



Dunn Hall – View South

MARTORANA • BOHEGIAN & Co.



Dunn Hall – Wash Basins in Community Bathroom



Dining Hall – Interior View, westerly

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Dining Hall – Southwest serving counter



McLean Chapel - Close-up view, northeasterly, of the southwest (front) elevation

MARTORANA • BOHEGIAN & Co.

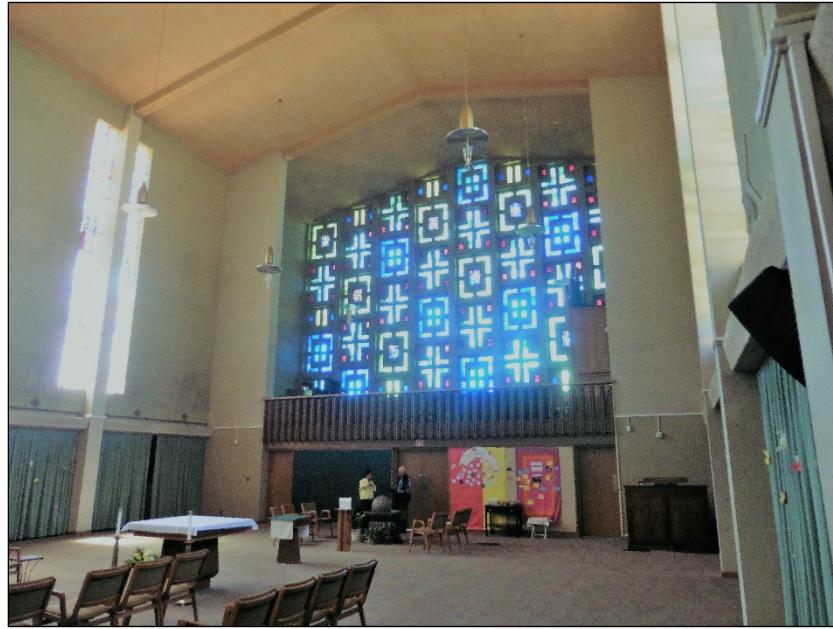


Brennan Hall – Westerly of southeast elevation



Brennan Hall - classroom

MARTORANA • BOHEGIAN & CO.



McLean Chapel – South-west of interior



Heafey Hall – Northerly of the south-east and southwest elevations

MARTORANA • BOHEGIAN & Co.



Raskob Institute – South-west of the North-east elevation



Cushing Library – View Southwest

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Cushing Library – Interior to the northwest of upper level



Tobin Hall (left)– Gymnasium (right)

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Valley Center for Performing Arts – view northerly
of the southwest and southeast elevations



Main House Theater

MARTORANA • BOHEGIAN & Co.



Studio Theater



Main Entry Gate – Mountain Boulevard

MARTORANA • BOHEGIAN & Co.



Holy Names University campus – Westerly of rear
of unoccupied single family residence



Holy Names University campus – View of roof
of unoccupied single family residence

MARTORANA • BOHEGIAN & Co.



Boiler/Maintenance Building – View north



Interior Boiler/Maintenance Building

ASSESSOR'S MAP 29

Code Area Nos. I7-001

1090

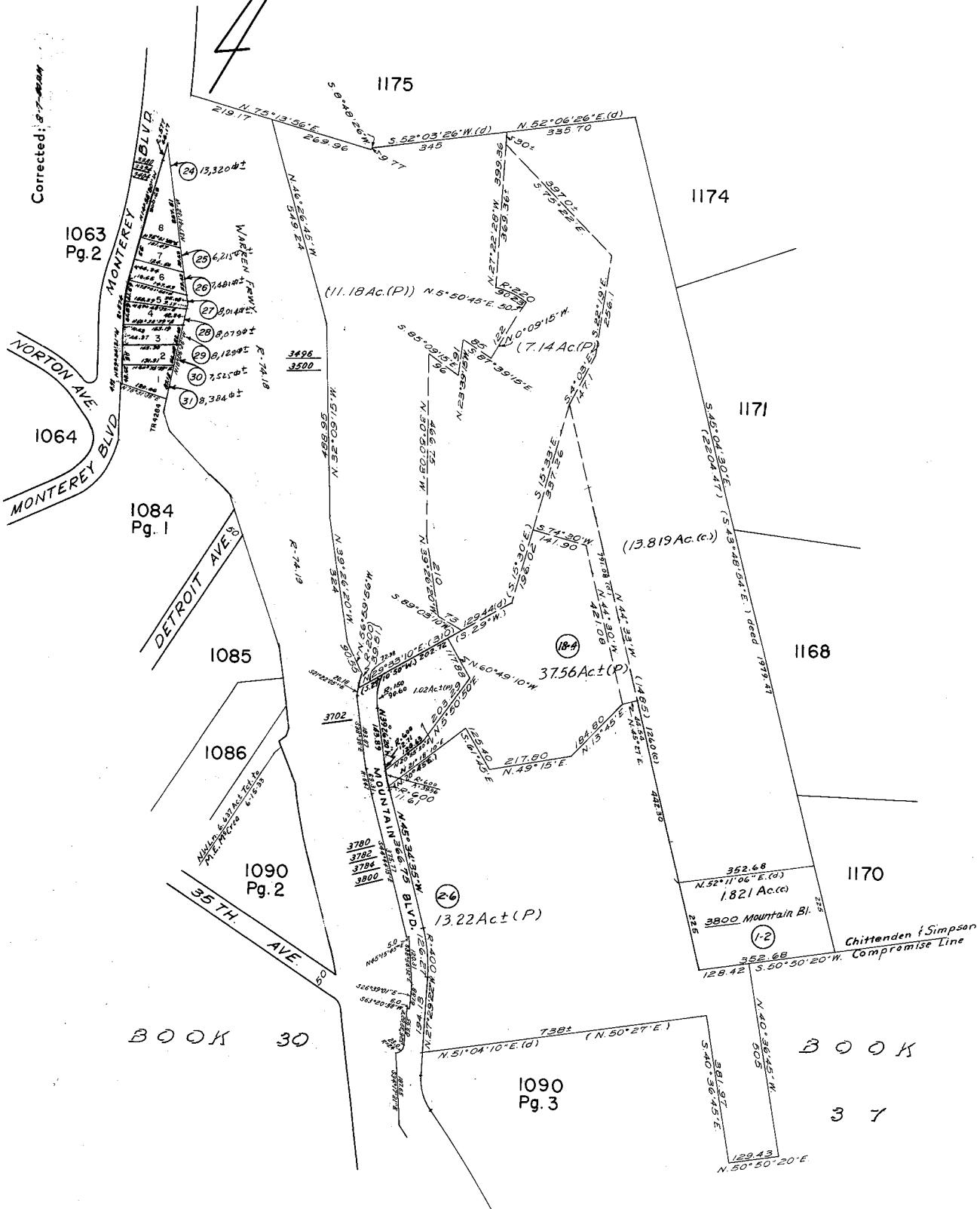
Page 1

Scale: 1" = 200

PLAT OF THE PART OF THE RANCHO SAN ANTONIO
FINALLY CONFIRMED TO ANTONIO MARIA PERALTA ET AL
TR. 4284 II 7/92 *(B.K.A Pg. 669)*

(B.K.A Pg. 669)

Corrected: 8-7-2014

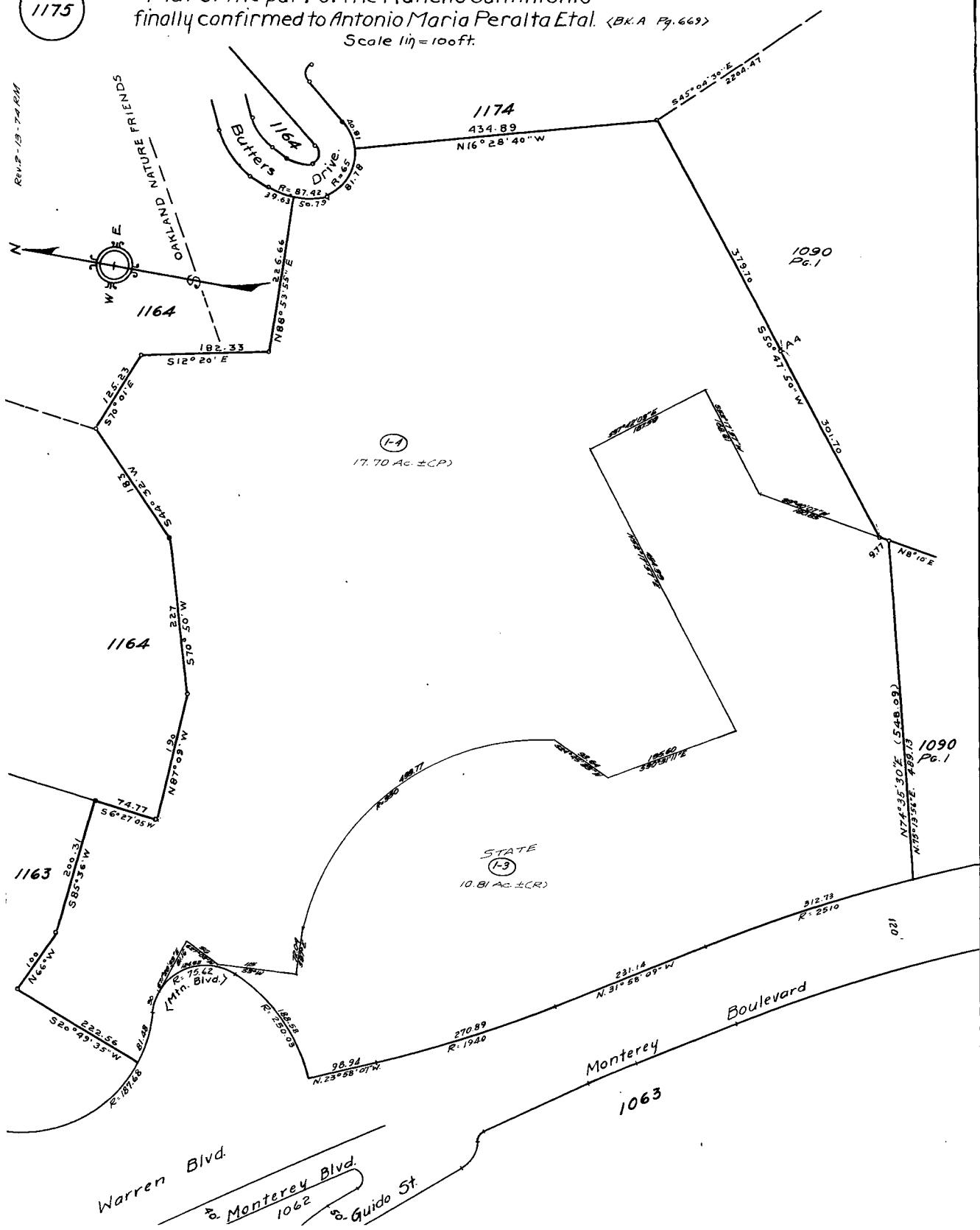


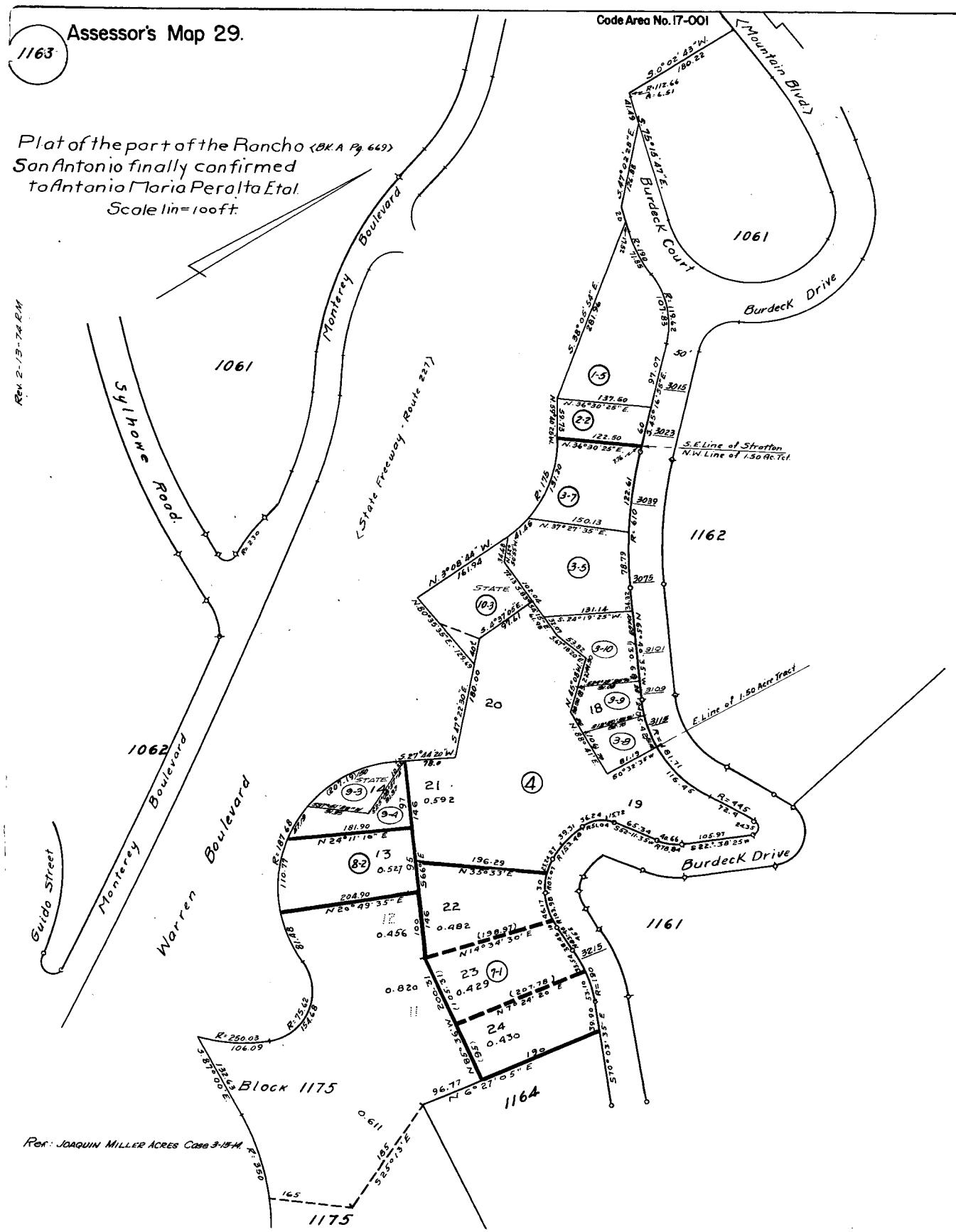
Assessor's Map 29.

1175

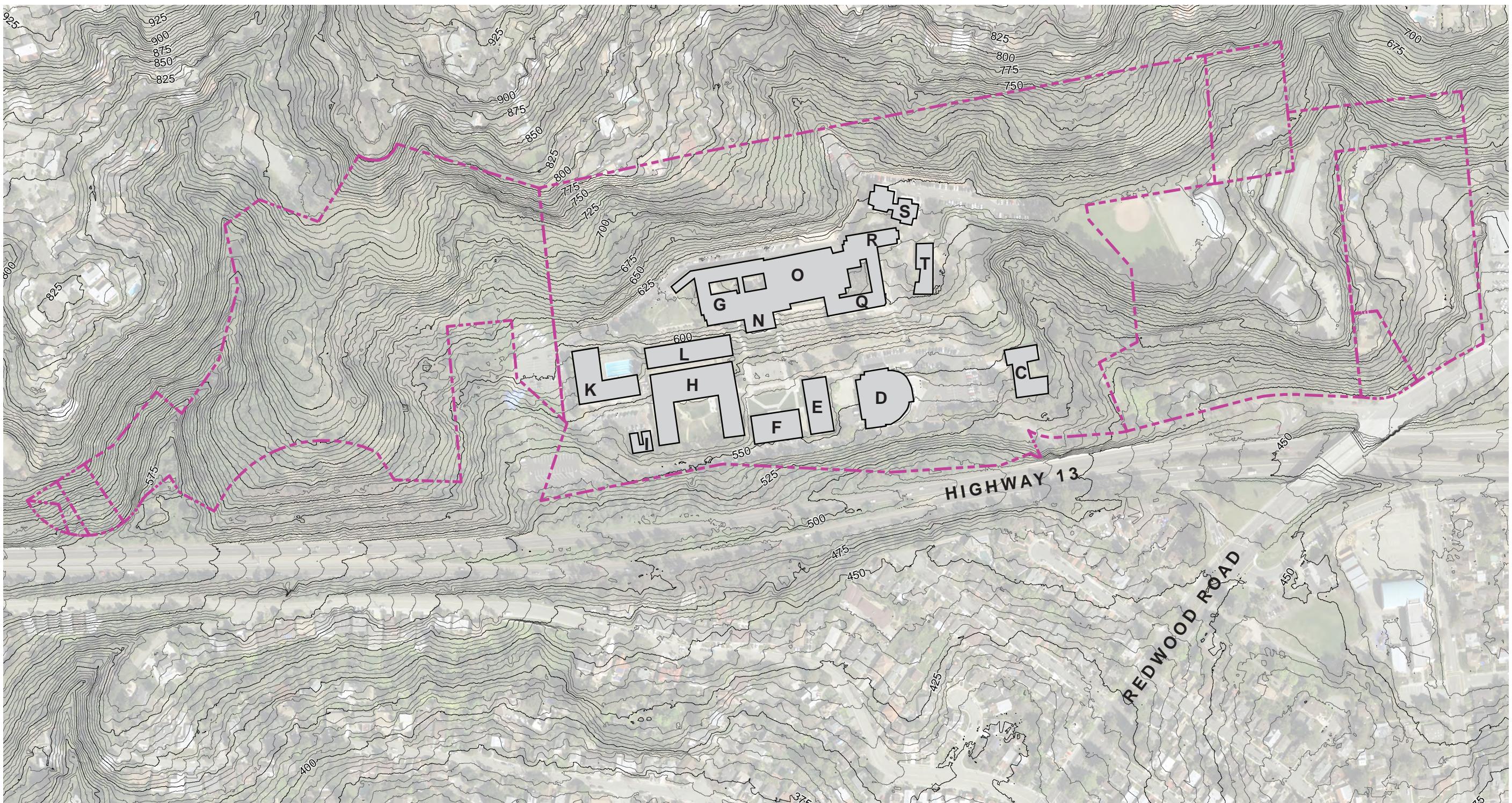
Plat of the part of the Rancho San Antonio
finally confirmed to Antonio Maria Peralta Etal. (B.K.A Pg. 669)
Scale 1in = 100ft.

Code Area No.17-001





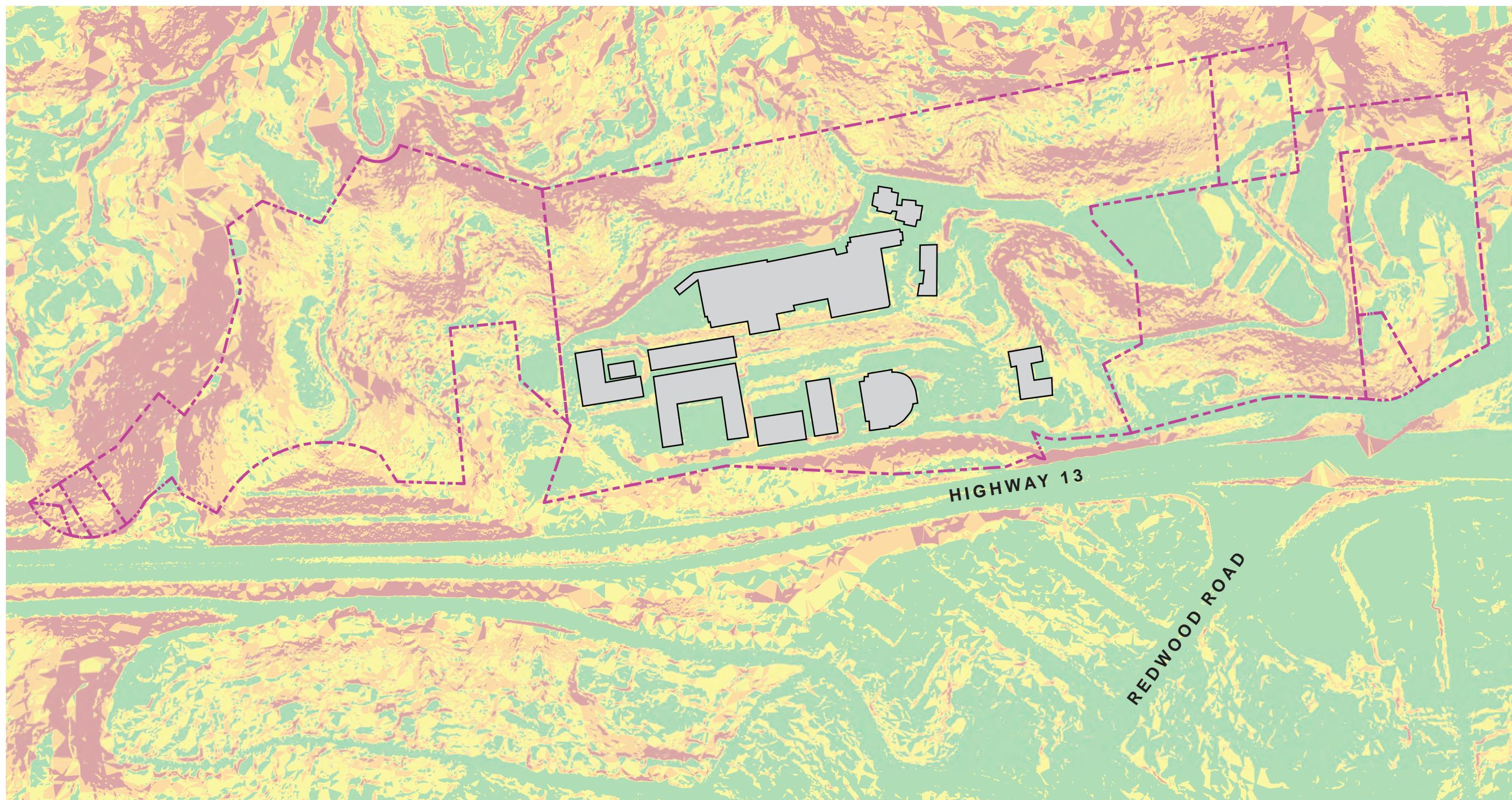




Topographical Map

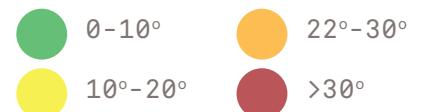
0 300 ft N

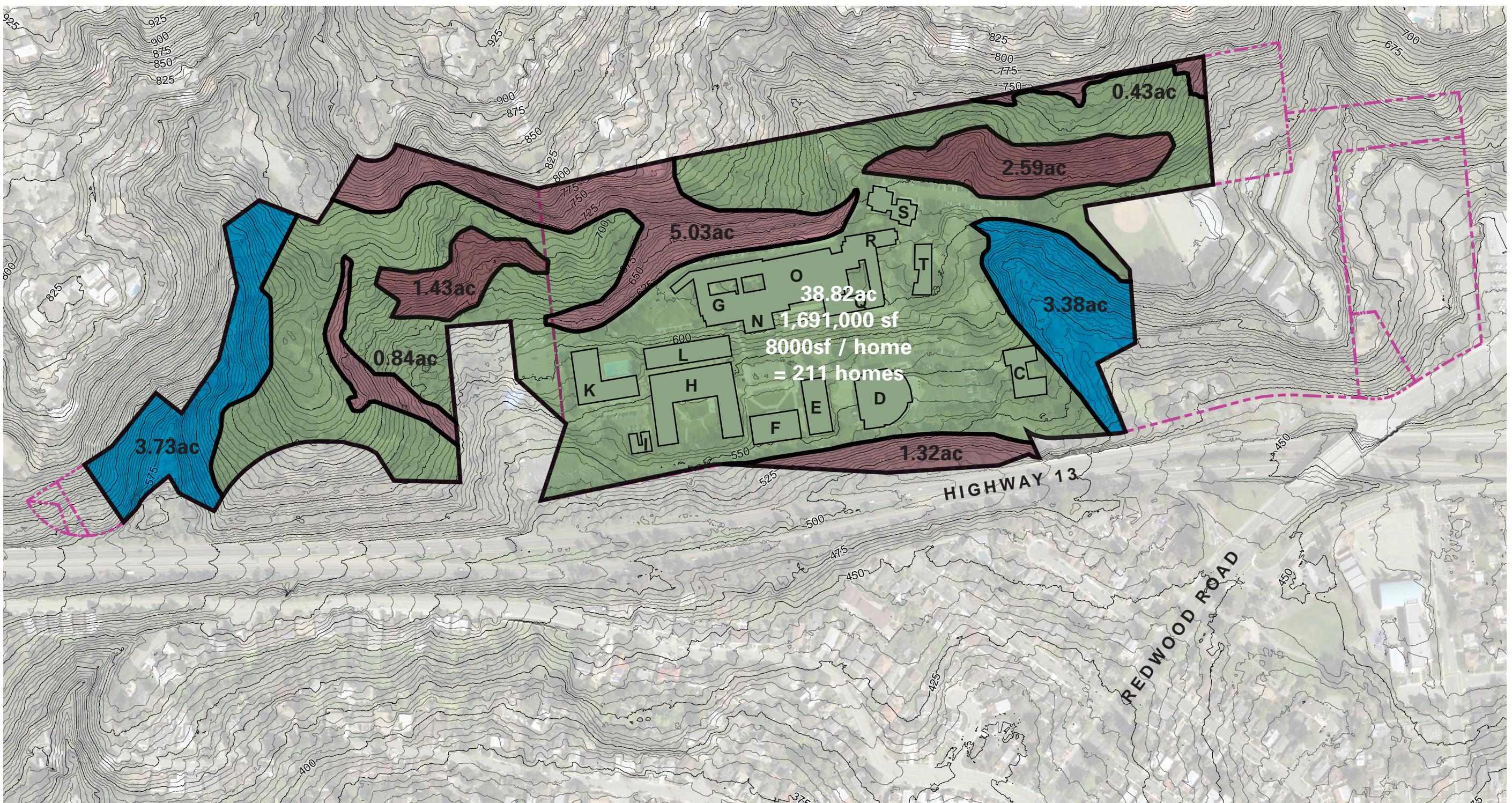
2.5



Slope Inclination Map

0 300 ft N





Area of Residential
Development for
Comparison Analysis

>30° slope

Riparian Zone

0 300 ft N

10.3 Aerial / Current Campus



**HOLY NAMES UNIVERSITY
CAMPUS BUILDINGS DESCRIPTION**

Bldg. No.	Name	Use	Year Built	No. Stories	Building Area		Type of Construction
					Gross (SF) (1)	Net Useable (SF) (1)	
1.	Boiler Building	Maintenance Bldg.	1956	1	3,004	2,679	Reinf. Concrete
2.	Brennan Hall	Classrooms	1956	2	38,248	29,788	Reinf. Conc & Wood Frame
3.	Cushing Library	Library & Offices	1956	2	16,144	12,486	Reinf. Concrete
4.	Dining Commons	Dining Room & Offices	1956	1	28,811	21,845	Reinf. Concrete
5.	Dunn Residence Hall	Dormitory	1960	5	60,162	40,030	Reinf. Concrete
6.	Durocher Rsdnce Hall	Dormitory	1956	4	41,313	27,820	Reinf. Concrete
7.	Feehan Residence Hall	Dormitory	1960	3	20,268	13,169	Reinf. Concrete
8.	Founders Residence Hall	Dormitory, Offices	1956	2	24,026	19,235	Reinf. Concrete
9.	McLean Chapel	Sanctuary	1956	1	12,268		Reinf. Concrete
10.	Heafey Hall	Admin & Classrooms	1965	3	26,402	17,599	Reinf. Concrete
11.	Hester Admin Bldg	Offices	1955	1	9,946	6,173	Reinf. Conc. & Wood Frame
12.	Kennedy Arts Center	Arts & Crafts Bldg	1964	2	12,388	10,015	Reinf. Conc
13.	Nursing Sim. Lab	Lab, Classrm Bldg	2012	1	3,124	2,475	Concrete
14.	Raskob Institute	Classroom Bldg	1959	2	12,553	8,816	Reinf. Concrete
15.	Tobin Hall & Gym	Gym, Offices	1957	1	21,414	17,031	Reinf. Concrete
16.	Valley Center Prfmng Arts	Auditorium	1994	2	27,180	10,776	Steel & Concrete
17.	Gate House			1	207	207	Wood Frame
18.	Historic Residence		1922	1	1,500	1,500	Wood Frame
Totals					358,958	241,644	

(1) Per pages 184-199 of ehdd Master Plan Draft, 1/31/18.

(2) Residence buildings total 145,769 SF (40%) of gross building area (GBA) and 100,254 SF (42%) of net useable area (NUA)

HOLY NAMES CAMPUS
COMPARABLE IMPROVED EDUCATIONAL FACILITY SALES, ESCROWS & LISTINGS

Sale No.	Address	Date	Price	Bldg Area (SF)	Year Built	No. Stories	Type Construction	Site Area (Acres)	Building To Land Ratio	Price/ SF Bldg Area	Price / SF Land Area
<u>PRIMARY COMPARABLES</u>											
1	Historic Hillside School 1518 LeRoy Avenue Berkeley, CA/ 058-2245-009-03	6/2018 <i>(Listing)</i>	\$ 6,875,000	43,500	1925	1&2	Wood	2.70	37%	\$ 158	\$ 58
2	Claremont School of Theology 1325 North College Avenue Claremont, CA/ 8306-008-043	6/2018 <i>(Escrow)</i>	\$ 40,000,000 <i>(See Comment)</i>	221,487	1959-2001	1,2&33	Concrete	16.41	31%	\$ 181	\$ 56
3	Holy Redeemer 8945-55 Golf Links Road Oakland, CA/ 043A-4642-044	6/2018 <i>(Escrow)</i>	\$ 15,950,000	48,000	1924	1,2&3	Concrete/Wood	23.76	5%	\$ 332	\$ 15
4	Zaytuna College 2770 Marin Avenue Berkeley, CA 63-3120-031, 33, 34, 50 & -3130-92,93	9/15/2017	\$ 10,000,000	42,221	1930's/60's	1,2&3	Wood	10.29	9%	\$ 237	\$ 22
5	Stratford Schools 1500 Partridge Avenue Sunnyvale, CA/ 313-24-031	6/3/2016	\$ 14,050,000	34,000	1957	1		3.55	22%	\$ 413	\$ 91

HOLY NAMES CAMPUS
COMPARABLE IMPROVED EDUCATIONAL FACILITY SALES, ESCROWS & LISTINGS

Sale No.	Address	Date	Price	Bldg Area (SF)	Year Built	No. Stories	Type Construction	Site Area (Acres)	Building To Land Ratio	Price/ SF Bldg Area	Price / SF Land Area
6	Former Baptist Seminary 201 Seminary Drive Mill Valley, CA/ 043-261-25,26; 262-03,06; 401-05,10,16; 402-03, 06	7/24/2014	\$ 85,000,000	135,000	1959	1,2&3	Concrete/Wood	15.00	21%	\$ 311	\$ 130 <i>(Seminary Portion Only, See Comments)</i>
											<i>Property sold by the Baptist Church to North Coast Land Holdings. The Church used the property as a seminary. The seminary portion of the property was sited on ~15 acres with ~125,000 SF of buildings plus three residences totaling ~10,000 SF. At the time of sale, Branson School had negotiated a deal with North Coast to purchase the seminary portion of the property for a reported price of \$42,000,000. Ultimately Branson did not complete the transaction in part due to negative public reaction over increased traffic volume and other concerns. The estimated cost to renovate the existing facilities was ~\$100/ SF, or \$12,500,000. Additional education/institutional buildings were approved for construction via a 1984 master plan according to the Marin County Planning Department.. Of the remaining ~108 acres, ~24 acres was tidal land and thus unusable, leaving ~84 acres which the buyer intended to develop w/ ~300 residential units. One development scheme would have included ~60 SFD's and 240 MFD's. A second scheme would have included 180 SFD's, 60 MFD's and a 60-unit senior care facility with ancillary health care amenities. Allocating \$42,000,000 for the seminary portion of the property indicates a price of \$311/ SF of building area including the three residences. Allocating the remaining price of \$43,000,000 to the developable land indicates a price of \$12/ SF of land area and \$143,333/ dwelling unit.</i>
7	Head Royce School 4368 Lincoln Avenue Oakland, CA/ 29-1009-06	2/7/2013	\$ 10,300,000	42,686	1929	2	Concrete/Masonry	7.86	12%	\$ 241	\$ 30
											<i>Lincoln Child Centers, Inc. (former owner/user) sold this property to Head-Royce School for educational use. Head Royce's main campus is located directly across the street from this property. The property is located in the Lincoln Highlands.</i>

HOLY NAMES CAMPUS
COMPARABLE IMPROVED EDUCATIONAL FACILITY SALES, ESCROWS & LISTINGS

Sale No.	Address	Date	Price	Bldg Area (SF)	Year Built	No. Stories	Type Construction	Site Area (Acres)	Building To Land Ratio	Price/ SF Bldg Area	Price / SF Land Area
8	The Harker School 4525 Union Avenue San Jose, CA/ 421-07-003	1/2013	\$ 25,550,000	75,755	1995	1&2		8.01	22%	\$ 337	\$ 73
<i>Sold from Santa Clara County to The Harker School, a private pre-school. Campus includes ~11, 1 and 2-story buildings and is located in a residential/commercial area proximate to SR 85.</i>											
<u>SECONDARY COMPARABLES</u>											
9	Richmond Charter Academy 1450 Marina Way South Richmond, CA/ 560-181-97	8/2016	\$ 23,750,000	96,440	1999	2	Concrete	4.73	.47	\$ 246	\$ 115
<i>The property is occupied by Richmond Charter Academy, a public charter school. The property abuts the Lucritia Shoreline Park and Bay inlets to the east and south. The facilities encompass a former office/R+D building and the property is situated in a modern and attractive business park. However, some of the area surround the park is developed to older industrial buildings.</i>											
10	DeVry Campus 6600 Dumbarton Fremont, CA/ 543-439-146	12/2015	\$ 26,200,100	184,000	1998			16.71	25%	\$ 142	\$ 36
<i>Sold from DeVry Education to NJJ California. NJJ has reportedly has ties to Ecole 42, a French programing school. Property located in Ardenwood Business Park.</i>											
11	Livermore Valley School 3090 Independence Drive Livermore, CA/ 905-0014-014	12/2014	\$ 13,225,000	79,999	2001			5.57	33%	\$ 165	\$ 55
<i>Sold from 3090 LLC to Tri-Valley Learning, operated by Squaw Valley Academy Bay Area, a private preparatory school. Modern 2-story office building located in business park.</i>											
12	3102-3278 Constitution Drive Livermore, CA 905-0018-010 Thru 025	10/2012	\$ 18,388,500	91,800	2008			-	-	\$ 200	-
<i>Sold from Exterra Realty to Tri-Valley Learning. 16-building office park in campus setting, converted to school use.</i>											
Subject Property/ 029-1090-18-4 (Portion) & 29-1175-1-4 (Portion)											
Current - 357,488 1954 - 1965 & 1990's 25.00 33% <i>(See Comment)</i>											
<i>SF based on information in 1/31/18 ehdd Master Plan Draft. Current campus sits on ~25 acres, mostly on APN 18-4 w/ a small portion on APN 1-4. Building: Land Ratio is 33%.</i>											

HOLY NAMES
COMPARABLE IMPROVED SALES ADJUSTMENT GRID

No. Property	Unadjusted Price/ SF Building	Market Conditions	Location	Project Size	Age/ Condition	Other	Overall Adjustment	Adjusted Price/ SF
PRIMARY COMPARABLES								
1 Historic Hillside School Berkeley	\$158 (Asking Price) 0%	Neutral (6/2018 Listing) -10.0%	Downward (Superior) -10.0%	Downward (43,500 SF) -15%	Upward (Built 1925) 25%	Upward (Inferior Acess, Amenities) 25.0%	Upward 25.0%	\$198
2 Claremont School of Theology Claremont	\$181 (6/2018 Escrow) 0%	Neutral (Inferior) 15%	Upward (221,487 SF) 0%	Neutral (221,487 SF) 0%	Downward (Built 1959 - 2001) -10%	Upward (Fully Depreciated Dorm Buildings) 15.0%	Upward 20.0%	\$217
3 Holy Redeemer Oakland	\$332 (6/2018 Escrow) 0%	Neutral (Inferior) 2.5%	Upward (48,000 SF) -15%	Downward (48,000 SF) -15%	Upward (Built 1924) 10%	Downward (Low B:L Coverage) -30%	Downward -32.5%	\$224
4 Zaytuna College Berkeley	\$237 (9/2017 Sale) 0%	Neutral (Superior) -5.0%	Downward (42,221 SF) -15%	Downward (42,221 SF) -15%	Neutral (Built 1930's/60's, (Well Maintained) 0.0%)	Downward (Low B:L Coverage) Upward (Inferior Access, Amenities) Overall Upward 5.0%	Downward -15.0%	\$201
5 Stratford Schools Sunnyvale (Sale Leaseback)	\$413 (3/2016 Sale) 7.5%	Upward (Superior) -15.0%	Downward (34,000 SF) -15%	Downward (34,000 SF) -15%	Neutral/ (Built 1957) 0%	Upward (Inferior Amenities/Appeal) 5.0%	Downward -17.5%	\$341
6 Former Baptist Seminary Mill Valley	\$311 (7/2014 Sale) 12.5%	Upward (Superior) -15%	Downward (135,000 SF) -5%	Downward (135,000 SF) -5%	Downward (Built 1950's, Inferior Condition) -10%	Downward (Superior Amenities/Appeal) & Approval for Additional Educational Buildings) -10%	Downward -27.5%	\$225
7 Head Royce School Oakland	\$241 (2/2013 Sale) 15.0%	Upward (Inferior) 5.0%	Upward (42,686 SF) -15%	Downward (42,686 SF) -15%	Upward (Built 1929) 5%	Upward (Inferior Amenities/Appeal) Downward (Low B:L Coverage) Overall Downward -10.0%	Neutral 0.0%	\$241

COMPARABLE IMPROVED SALES ADJUSTMENT GRID

No. Property	Unadjusted Price/ SF Building	Market Conditions	Location	Project Size	Age/ Condition	Other	Overall Adjustment	Adjusted Price/ SF
8 The Harker School San Jose	\$337	Upward <i>(1/2013 Sale)</i> 17.5%	Downward <i>(Superior)</i> -15.0%	Downward <i>(75,755 SF)</i> -12.5%	Downward <i>(Built 1995)</i> -15%	Upward <i>(Inferior Amenities/Appeal)</i> 5.0%	Downward -20.0%	\$270
SECONDARY COMPARABLES								
9 Richmond Charter School Richmond	\$246	Upward <i>(8/2016 Sale)</i> 5.0%	Upward <i>(Inferior)</i> 12.5%	Downward <i>(96,440 SF)</i> -10%	Downward <i>(Built 1999)</i> -15%	Upward <i>(Inferior Amenities/Appeal Incl. High B:L Coverage)</i> 15.0%	Upward 7.5%	\$264
10 DeVry / Ecole 42 Fremont	\$142	Upward <i>(12/2015 Sale)</i> 7.5%	Upward <i>(Inferior)</i> 10.0%	Neutral <i>(184,000 SF)</i> 0%	Downward <i>(Built 1998)</i> -15%	Upward <i>(Inferior Amenities/Appeal)</i> 15.0%	Upward 17.5%	\$167
11 Livermore Valley School Livermore	\$165	Upward <i>(12/2014 Sale)</i> 10.0%	Upward <i>(Inferior)</i> 15.0%	Downward <i>(79,999 SF)</i> -12.5%	Downward <i>(Built 2001)</i> -15%	Upward <i>(Inferior Amenities/Appeal Incl. High B:L Coverage)</i> 20.0%	Upward 17.5%	\$194
12 3102-3278 Constitution Livermore	\$200	Upward <i>(10/2012 Sale)</i> 17.5%	Upward <i>(Inferior)</i> 15.0%	Downward <i>(91,800 SF)</i> -10.0%	Downward <i>(Built 2008)</i> -17.5%	Upward <i>(Inferior Amenities/Appeal)</i> 10.0%	Upward 15.0%	\$230
Subject	-	Current	-	357,458	1954-1965 & 1990's	-	-	-

HOLY NAMES UNIVERSITY SUMMARY OF DEPRECIATED REPLACEMENT COST												
Bldg. No.	Name	Use	Year Built	No. Stories	GBA (SF)	Type of Construction	HVAC	Replacement Cost New (2)		Depreci- ation (3)	Depreciated Cost	
								Total	Cost/ SF		Total	Cost/ SF
1.	Boiler Building	Maintenance Bldg	1956	1	3,004	Reinf Concrete	None	\$ 327,100	\$ 108.89	50.0%	\$ 163,550	\$ 54.45
2.	Brennan Classrm Hall (1)	Classrooms	(4)	2	38,248	Reinf Conc & Wood Frame	HW Heat	11,565,875	302.39	33.3%	7,714,439	201.70
3.	Cushing Library (1)	Library & Offices	1956	2	16,144	Reinf Concrete	HW Heat	5,472,240	338.96	54.5%	2,487,382	154.07
4.	Dining Commons	Dining Rm, Offices	1956	1	28,811	Reinf Concrete	HW Heat	9,142,595	317.33	60.0%	3,657,038	126.93
5.	Dunn Residence Hall	Dormitory	1960	5	60,162	Reinf Concrete	HW Heat	14,625,382	243.10	60.0%	5,850,153	97.24
6.	Durocher Rsdnce Hall (1)	Dormitory	1956	4	41,313	Reinf Concrete	HW Heat	10,452,215	253.00	60.0%	4,180,886	101.20
7.	Feehan Residence Hall	Dormitory	1960	3	20,268	Reinf Concrete	HW Heat	4,847,579	239.17	60.0%	1,939,032	95.67
8.	Founders Residence Hall	Dormitory, Offices	1956	2	24,026	Reinf Concrete	HW Heat	6,030,934	251.02	60.0%	2,412,374	100.41
9.	McLean Chapel	Sanctuary	1956	1	12,268	Reinf Concrete	HW Heat	4,802,599	391.47	60.0%	1,921,040	156.59
10.	Heafey Hall (1)	Admin & Classrms	1965	3	26,402	Reinf Concrete	HW Heat	7,180,989	271.99	55.6%	3,188,359	120.76
11.	Hester Admin Bldg	Offices	1955	1	9,946	Reinf Conc & Wood Frame	HW Heat	2,331,889	234.45	66.7%	776,519	78.07
12.	Kennedy Arts Center (1)	Arts & Crafts Bldg	1964	2	12,388	Reinf Conc	HW Heat	4,415,424	356.43	56.0%	1,942,787	156.83
13.	Nursing Sim. Lab	Lab Classrm Bldg	2012	1	3,124	Wood Frame	HW Heat	807,489	258.48	14.3%	692,018	221.52
14.	Raskob Institute	Classroom Bldg	1959	2	12,553	Reinf Concrete	HW Heat	3,793,165	302.17	60.0%	1,517,266	120.87
15.	Tobin Hall & Gym	Gym, Offices	1957	1	21,414	Reinf Concrete	HW Heat	5,443,828	254.22	66.7%	1,812,795	84.66
16.	Valley Cntr Prfmg Arts	Auditorium	1994	2	27,180	Concrete Block	HW Heat	8,417,266	309.69	30.0%	5,892,086	216.78
17.	Gate House			1	207	Wood Frame	-	51,750	250.00	25.0%	38,813	187.50
18.	Historic Residence		1922	1	1,500	Wood Frame	-	(See Comment (5))			(2,000,000)	
Totals					358,958			\$ 99,708,319	\$ 277.77	55.7%	\$ 44,186,537	\$ 123.10
										(Wtd Avg)	(Overall)	(Wtd Avg)
(1)	The replacement cost new includes a 10% premium added to the MVS factor for additional site and foundation work due to slope.											
(2)	Includes a 30% premium for indirect costs not included in MVS cost (portion of predevelopment, planning and permitting costs, contingency, project management, etc.).											
(3)	Depreciation is based on MVS age/life estimates and information contained in the "Enhanced Structural Assessment" section in the Master Plan Draft prepared by EHDD, dated 1/31/18, beginning on page 260.											
(4)	Renovated in 2008.											
(5)	Per HNU administration, the cost of renovating the historic residence is \$2,000,000. The residence in its current condition is deemed to have a negative value and the cost of renovation is deemed to be a penalty against the value of the property.											

HOLY NAMES CAMPUS
SUMMARY OF RESIDENTIAL DEVELOPMENT SITES

Sale No.	Address	Date	Price	Site Area (Acres)	Zoning	Entitled @ Sale	No. Potential Units	DUA	Price / SF Land Area	Price/ Unit
1	Ward Creek Cottages 24125 2nd Street Hayward, CA/ 445-40-11-3, 50-1-1, 1-11, 18 & 19	6/2017	\$ 20,091,000	14.90	MDR/HDR	Yes	97	6.5	\$ 31	\$ 207,124
										<i>Property located in a dense residential area of central Hayward. Sold to Pulte Homes from City of Hayward and Caltrans. At sale site was fully approved for development with 97 tight lot, 3-story homes, ranging in size from ~1,950 - 2,450 SF.</i>
2	Point Martin 1 Martin Street Daly City, CA/ 05-330-010	12/2016	\$ 23,620,000	6.97	PD	Yes	71	10.2	\$ 78	\$ 332,676
										<i>Property located in Bayshore Heights w/ easterly views toward SF Bay. Formerly the Robertson School site. The Bayshore Elementary School District sold the property to Toll Brothers, who proposed to build 71 single family residences on the site. Property is moderately hilly with relatively level portions for development. Presence of high tension power lines is a detraction to the value of the site.</i>
3	Tassajara Road Dublin, CA/	7/2016	\$ 30,222,000	15.04	PD	Yes	101	6.7	\$ 46	\$ 299,228
										<i>Located in Wallis Ranch area of Tassajara Hills (Wallis Ranch Neighborhood 2). Rolling terrain.</i>
4	2500 Fairview Avenue Hayward, CA/	5/2016	\$ 1,200,000	10.06	R1 BE	No	15	1.5	\$ 3	\$ 80,000
										<i>Difficult topography and access, negatively influenced the price of this property.</i>
5	Moller Ranch Tassajara Road Dublin, CA 985-0001-0001-01	8/2015	\$ 92,260,000	80.00	PD	(See Comment)	370	4.6	\$ 26	\$ 249,351
										<i>Property sold to Toll Brothers and is part of larger 200+-acre master planned development. Development will include 4,500, 5,000 and 5,500 SF lots developed w/ 2-story homes from ~3,000 - \$5,000 SF and a 6,000 SF clubhouse. Project will reportedly include ~50 units to meet City's affordable housing requirement. Rolling terrain. Transaction was contingent on developer obtaining entitlements.</i>
6	Cedar Park 36120 Ruschin Drive Newark	8/2015	\$ 19,250,000	10.14	I	(See Comment)	77	7.6	\$ 44	\$ 250,000
										<i>Surplus school land. Level parcel located in a densely populated residential area. Project includes tight lot, one and two-story plans from ~1,700 - 2,300 SF. Transaction was contingent on buyer obtaining entitlements.</i>

HOLY NAMES CAMPUS
SUMMARY OF RESIDENTIAL DEVELOPMENT SITES

Sale No.	Address	Date	Price	Site Area (Acres)	Zoning	Entitled @ Sale	No. Potential Units	DUA	Price / SF Land Area	Price/ Unit
7	201 Seminary Drive Mill Valley, CA/ 043-261-25, 26; 262-03, 06; 401-05, 10, 16; 402-03 & 06	7/1/2014	\$ 43,000,000 <i>(See Comment)</i>	84.00 <i>(See Comment)</i>	RMP/AH/ MF2	No	300	3.6	\$ 12 <i>(Development Portion Only)</i>	\$ 143,333
<i>Property sold by the Baptist Church to North Coast Land Holdings. The Church used the property as a seminary. The seminary portion of the property was sited on ~15 acres with ~125,000 SF of buildings plus three residences totaling ~10,000 SF. At the time of sale, Branson School had negotiated a deal with North Coast to purchase the seminary portion of the property for a reported price of \$42,000,000. Ultimately Branson did not complete the transaction in part due to negative public reaction over increased traffic volume and other concerns. Of the remaining ~108 acres, ~24 acres was tidal land and thus unusable, leaving ~84 acres which the buyer intended to develop w/ ~300 residential units. One development scheme would have included ~60 SFD's and 240 MFD's (a 20%/80% mix of detached SFD's to multi-family dwelling), while a second scheme would have included 180 detached SFD's, 60 MFD's and a 60-unit senior care facility with ancillary health care amenities (a 60%/40% detached SFD's/40% multi-family dwelling mix).</i>										
Subject Property										
<i>Current - 56.00 RH3 / RH4 No 308 5.50 - -</i>										
<i>Estimated average unit size of ~1,000 SF.</i>										

EXHIBIT I-2

HOLY NAMES
COMPARABLE RESIDENTIAL DEVELOPMENT SITE SALES - ADJUSTMENT GRID

No. Property	Unadjusted Price/ Unit	Market Conditions	Location	Project Size	Site Conditions	Entitlements	Unit Size, Mix & Project Density	Other	Overall Adjustment	Adjusted Price/ Unit
1 Ward Creek Cottages Hayward	\$207,124	Upward (6/2017)	Upward (Inferior)	Downward (97 Units)	Downward (Superior)	Downward (In Place at Sale)	Downward (Detached SFD's, Larger Units) Upward (Density of 6.5 DUA) Downward Overall -5.0%	Upward (Inferior Views) 10.0%	Downward -37.5%	\$129,452
2 Point Martin Daly City	\$ 332,676	Upward (12/2016)	Upward (Inferior)	Downward (71 Units)	Downward (Superior)	Downward (In Place at Sale)	Downward (Detached SFD's, Larger Units) Upward (Density of 10.2 DUA) Downward Overall -5.00%	- 0.00%	Downward -45.0%	\$182,972
3 Tassajara Road Dublin	\$299,228	Upward (7/2016 Sale)	Upward (Inferior)	Downward (100 Units)	Downward (Superior)	Downward (In Place at Sale)	Downward (Detached SFD's, Larger Units) Upward (Density of 6.7 DUA) Downward Overall -5.00%	Upward (Inferior Views) Downward (Superior Appeal) Downward Overall -10.00%	Downward -47.5%	\$157,095
4 2500 Fairview Avenue Hayward	\$80,000	Upward (5/2016 Sale)	Upward (Inferior)	Downward (15 Units)	Upward (Inferior)	Upward (No Entitlement Contingency)	Downward (Detached SFD's, Larger Units, Lower Density - 1.5 DUA) -5.00%	- 0.00%	Upward 32.5%	\$106,000
5 Moller Ranch Dublin	\$249,351	Upward (8/2015 Sale)	Upward (Inferior)	Neutral (370 Units)	Downward (Superior)	Downward (Partial Entitlement in Place, Contingent on Full Entitlements)	Downward (Detached SFD's, Larger Units, Lower Density, 4.6 DUA) -10.0% -15.0%	Upward (Inferior Views) Downward (Superior Appeal) Downward Overall -20.0%	Downward -32.5%	\$168,312
6 Cedar Park Newark	\$250,000	Upward (8/2015 Sale)	Upward (Inferior)	Downward (77 Units)	Downward (Superior)	Neutral (Sale Contingent on Entitlements)	Downward (Detached SFD's, Larger Units) Upward (Density of 7.6 DUA) Downward Overall -10.0%	Upward (Inferior Views) Downward (Superior Appeal) Master Planned Area -15.0%	Downward -27.5%	\$181,250
7 201 Seminary Drive Mill Valley, CA	\$143,333	Upward (7/2014 Sale)	Downward (Superior)	Neutral (300 units)	Downward (Superior)	Upward (No Entitlement Contingency)	Downward (Density of 3.6 DUA) -5.0%	Downward (Superior Views) -10.0%	Neutral 0.0%	\$143,333
Subject	-	Current	-	308	-	-	38% Detached SFD's, 62% TH's Density 5.5 DUA	-	-	-
<i>Estimated average unit size is ~1,000 SF.</i>										

*Qualifications
of*

ANGELO N. KARAMPELAS

PROFESSIONAL AFFILIATIONS

Member of the Appraisal Institute, MAI

California Certified General Real Estate Appraiser, License No.: AG 005656

REAL ESTATE EXPERIENCE

Independent Real Estate Consultant/Appraiser

Angelo N. Karampelas, MAI, San Francisco (1995 – Present)

Angelo N. Karampelas, MAI has been an appraiser in the San Francisco Bay Area since 1983, specializing in office buildings, industrial buildings, apartment complexes, land, hotels, and shopping centers.

Staff Appraiser, Assistant Vice President and Assistant Chief Appraiser, Wells Fargo Bank, San Francisco and San Jose, CA (1985 – 1995)

Appraisal Office Manager, Lloyds Bank California, San Francisco, CA (1983 – 1985)

Commercial Real Estate Appraiser, Bay View Federal Savings, San Mateo, CA (July – November 1983)

Self-employed Commercial and Residential Real Estate Appraiser, Phoenix, AZ (1979 – 1983)

Commercial and Residential Real Estate Appraiser, Real Estate Science Corporation, Phoenix, AZ (1975 – 1979)

Commercial and Residential Real Estate Appraiser, Winius Montandon, Inc., Phoenix, AZ (1974 – 1975)

EDUCATION

Bachelor of Science, United States Naval Academy, Annapolis, Maryland

*Qualifications
of*

DAVID K. BOHEGIAN

PROFESSIONAL AFFILIATIONS

Member of The Appraisal Institute, MAI

California Certified General Real Estate Appraiser, License No.: AG 001930

California Real Estate Broker's License

The Belden Club of San Francisco, Former President

REAL ESTATE EXPERIENCE

Independent Real Estate Consultant/Appraiser/Broker

Martorana Bohegian & Co., San Francisco (1984-Present)

The company operates as an independent real estate consulting/appraisal firm, engaged in the valuation and analysis of all types of property with a significant focus on property tax and estate tax consulting, arbitration services, and valuation and consultation services for major commercial properties. Property types include: urban and suburban office buildings, research and development/industrial buildings, hotels and motels, multi-family and single-family dwellings, shopping centers and retail complexes, medical buildings, and special purpose properties.

Senior Appraiser and Assistant Manager, Cushman & Wakefield (1982-1984)

Senior Appraiser, Union Bank (1980-1982)

Staff Appraiser, American Appraisal Co. (1978-1980)

Real Estate Salesperson/Broker, Columbia Realty (1976-1978)

*Expert Witness, Administrative Hearing & Arbitration Experience:
(Curriculum Vitae Available Upon Request)*

*Appeared before the following County Assessment Appeals Boards in California:
Alameda, Contra Costa, Los Angeles, Marin, San Francisco, San Mateo and Santa Clara*

EDUCATION

Received Bachelor of Arts Degree, Business Administration from California State University at San Francisco, 1977

PARTIAL LIST OF CLIENTS SERVED

Property/Asset Management Firms

Prometheus
Grosvenor International
Insignia Commercial Real Estate Group
RREEF
The Lurie Company
Northwest Asset Management Company
Maxim Property Management Company
Heitman
L&B Institutional Real Estate
Seagate Investment Company
Ventana Property Management
Westmark Realty
Galbreath Company
Redding Management Group

Law Firms

Barulich, Dugoni Law Group
Carr, McClellan, Ingersoll, Thompson & Horn
Lew & Fong
Tobin & Tobin
Coblentz, Patch, Duffy & Bass
Morrison & Forester
Bennett, Feeney & Yee
Dudnick Detwiler Rivin & Stikker LLP
Sideman & Bancroft, LLP
Law Offices of James L. Sullivan
Robb & Ross
Tierney, Watson & Healy
Piper Rudnick Gray Cary US LLP

Development Firms

Bay West Development
Dostart Development Company
Embarcadero Center
General Atlantic Development Corp
Hines Interests
Jaymont Properties
Marathon US Realties, Inc
Norland Properties
Pacific Union Development Corp
Pankow Builders
Ramada Renaissance Hotel
The Martin Group
Palladin, USA, Inc.
William Wilson & Associates
Vintage Properties
Mozart Development Company
Trinity Properties
Sares Regis

Corporate / Lenders / Other

Pier 39
Amfac Corp
Bank of Kanton
City Corp
Xerox Corp
Ghirardelli Square
Granny Goose Foods, Inc.
San Francisco Apparel Mart
Trustees of UA Local 38 Pension Fund
Board of Trustees of Stanford University
Union Bank of California
Holiday Inn Worldwide
Saks Fifth Avenue
City and County of San Francisco
San Francisco Giants
Morgan Stanley
San Francisco State University
The Exploratorium, San Francisco

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by Holy Names University (the “Borrower”) and Digital Assurance Certification, LLC (the “Dissemination Agent”) in connection with the issuance of \$49,000,000 California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust dated as of September 1, 2019 (the “Indenture”), between the California Municipal Finance Authority (the “Issuer”) and U. S. Bank National Association, as trustee. The proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement dated as of September 1, 2019, between the Issuer and the Borrower (the “Loan Agreement”). Pursuant to Section 6.07 of the Indenture and Section 6.18 of the Loan Agreement, the Borrower and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter (as such term is defined below) in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bond Owner or Beneficial Owner of the Bonds, with respect to the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Approved Budget” shall mean any preliminary or final Approved Budget provided by the Borrower pursuant to, and as described in, Sections 7 and 8 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Vice President for Finance and Administration of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Digital Assurance Certification, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower, and which has provided a written acceptance of such designation.

“Limited Offering Memorandum” shall mean the Limited Offering Memorandum

of the Borrower dated September 26, 2019

“Listed Events” shall mean any of the events listed in Section 9(a) of this Disclosure Agreement.

“Participating Underwriter” shall mean Loop Capital Markets LLC, as the original underwriter of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board’s (MSRB) Electronic Municipal Market Access (EMMA) system, as the sole central repository for all electronic continuing disclosure information, or any other entity designated or authorized by the Securities and Exchange Commission.

“Semi-Annual Report” shall mean any Semi-Annual Report provided by the Borrower pursuant to, and as described in, Sections 5 and 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Borrower shall, or shall cause the Dissemination Agent, not later than 180 days after the end of the Borrower’s fiscal year (presently June 30), for the fiscal year ended June 30, 2019, and not later than 150 days after the end of any fiscal year thereafter, provide to the Repository an Annual Report in electronic format as required by the Rule, which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report 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 of this Disclosure Agreement; provided that the audited statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Borrower’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 9(c) hereof.

(b) Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Borrower shall provide the Annual Report to the Dissemination Agent in electronic format as required by the Rule. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

- (i) file the Annual Report electronically with the Repository; and
- (ii) file a report with the Borrower and the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The Borrower's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Borrower for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Borrower's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements contained in the final Limited Offering Memorandum, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The completed form attached hereto as Exhibit B or such other form which contains substantially the same type of information as included in the portions of APPENDIX A of the Limited Offering Memorandum relating to the Bonds, dated September 26, 2019 as required by Exhibit B.

Any or all of the items listed above may be included by specific reference to other documents, including any filing with respect to debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document included by reference is a final Limited Offering Memorandum, it must be available from the Repository. The Borrower shall clearly identify each such other document so included by reference.

SECTION 5. Provision of Semi-Annual Reports.

(a) The Borrower shall, or shall cause the Dissemination Agent, not later than September 15 for each semi-annual period ending on June 30 and not later than February 28 or 29 for each semi-annual period ending on December 31, provide to the Repository, commencing with the report for the semi-annual period ending on December 31, 2019, a Semi-Annual Report in electronic format as required by the Rule, which is consistent with the requirements of Section 6 of this Disclosure Agreement. In each case, the Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 of this Disclosure Agreement; provided that the unaudited statements of the Borrower may be submitted separately from the balance of the Semi-Annual Report and later than the date required above for the filing of the Semi-Annual Report if they are not available by that date. If the Borrower's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 9(c) hereof. The first Semi-Annual Report shall be due for the period ending on December 31, 2019.

(b) Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Semi-Annual Report to the Repository, the Borrower shall provide the Semi-

Annual Report to the Dissemination Agent in electronic format as required by the Rule. If by such date the Dissemination Agent has not received a copy of the Semi-Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that a Semi-Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) file the Semi-Annual Report electronically with the Repository; and

(ii) file a report with the Borrower and the Issuer certifying that the Semi-Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 6. Content of Semi-Annual Reports. The Borrower's Semi-Annual Report shall contain or include by reference the following:

(a) The unaudited financial statements of the Borrower for the applicable six-month period, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Borrower's unaudited financial statements are not available by the time the Semi-Annual Report is required to be filed pursuant to Section 5(a), the unaudited financial statements shall be filed in the same manner as the Semi-Annual Report when they become available.

(b) A copy of the unaudited enrollment data of the Borrower, including enrollment data from the previous semester and projected enrollment for the upcoming semester.

Any or all of the items listed above may be included by specific reference to other documents, including any filing with respect to debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document included by reference is a final Limited Offering Memorandum, it must be available from the Repository. The Borrower shall clearly identify each such other document so included by reference.

SECTION 7. Provision of Approved Budgets.

(a) The Borrower shall, or shall cause the Dissemination Agent, not later than 60 days prior to the beginning of each fiscal year (presently July 1), commencing with the report for the fiscal year beginning on July 1, 2020, provide to the Repository Borrower's preliminary Approved Budget for such fiscal year in electronic format as required by the Rule, which is consistent with the requirements of Section 8 of this Disclosure Agreement. The Borrower also shall, or shall cause the Dissemination Agent, not later than 150 days following the beginning of each fiscal year, commencing with the report for the fiscal year beginning on July 1, 2020, provide to the Repository Borrower's final Approved Budget for such fiscal year in electronic format as

required by the Rule, which is consistent with the requirements of Section 8 of this Disclosure Agreement. In each case, the preliminary and final Approved Budget may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 8 of this Disclosure Agreement. If the Borrower's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 9(c) hereof.

(b) Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the preliminary or final Approved Budget to the Repository, the Borrower shall provide any such Approved Budget to the Dissemination Agent in electronic format as required by the Rule. If by such date the Dissemination Agent has not received a copy of any such Approved Budget, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that a preliminary or final Approved Budget has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) file the applicable Approved Budget electronically with the Repository;
and

(ii) file a report with the Borrower and the Issuer certifying that the applicable Approved Budget has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 8. Content of Approved Budget. The Borrower's preliminary and final Approved Budgets shall contain the unaudited, projected budget of the Borrower for the applicable fiscal year, as approved by the Board of Trustees of the Borrower. If any such budget is not available by the time such Approved Budget is required to be filed pursuant to Section 7(a), such budget shall be filed in the same manner as the Approved Budget when it becomes available.

Any or all of the items listed above may be included by specific reference to other documents, including any filing with respect to debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document included by reference is a final Limited Offering Memorandum, it must be available from the Repository. The Borrower shall clearly identify each such other document so included by reference.

SECTION 9. Reporting of Significant Events.

(a) The Borrower shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borrower;
- (13) The consummation of a merger, consolidation, or acquisition involving the Borrower, or the sale of all or substantially all of the assets of the Borrower (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;
- (14) Appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect

security holders, if material (for the definition of “financial obligation,” see clause (e); and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties (for the definition of “financial obligation,” see clause (e)).

(b) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event, the Borrower shall, or shall cause the Dissemination Agent (if not the Borrower) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The Borrower acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 9 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Borrower shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the Borrower obtains knowledge of the occurrence of any of these Listed Events, the Borrower will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Borrower will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Borrower in a proceeding under the United States 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 Borrower, or if such jurisdiction has been assumed by leaving the existing governing 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 Borrower.

(e) For purposes of Section 9(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement or limited offering memorandum has been provided to the MSRB consistent with the Rule.

SECTION 10. Termination of Reporting Obligation. The Borrower’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower’s obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower and the original Borrower

shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination or substitution in the same manner as for a Listed Event under subsection 9(c).

SECTION 11. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be Digital Assurance Certification, LLC. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Issuer, the Owners, or any other party.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower so long as such amendment does not alter the obligations of the Dissemination Agent without the Dissemination Agent's consent, which consent shall not be unreasonably withheld) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of subsections 3(a), 4, 5(a), 6,7(a) or 8, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under subsection 7(c), and (ii) the Annual Report 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 as prepared on the basis of the new accounting principles and those prepared on the

basis of the former accounting principles.

SECTION 13. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 14. Default. In the event of a failure of the Borrower to comply with any provision of this Disclosure Agreement, the Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 15. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 16. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower:

Holy Names University
3500 Mountain Boulevard
Oakland, California 94619
Attention: Vice President for Finance
and Administration
Telephone: (510) 436-1035
Fax: (510) 436-1199

To the Dissemination Agent:

Digital Assurance Certification, LLC
315 East Robinson Street, Suite 300
Orlando, Florida 32801

Attention: Vice President
Telephone: (407) 515-1100
Fax: (407) 515-6513

Any person may, by written notice to the other person listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Borrower, the Dissemination Agent, the Participating Underwriter, and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

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The parties have executed this Continuing Disclosure Agreement as of the date indicated below.

Date: September 27, 2019

HOLY NAMES UNIVERSITY, as Borrower

By _____
Vice President for Finance and Administration

DIGITAL ASSURANCE CERTIFICATION, LLC,
as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: California Municipal Finance Authority

Name of Bond Issue: California Municipal Finance Authority Revenue Bonds (Holy Names University), Series 2019

Name of Borrower: Holy Names University

Date of Issuance: September 27, 2019

NOTICE IS HEREBY GIVEN that Holy Names University has not provided an [Annual Report] or [Semi-Annual Report] with respect to the above-named Bonds as required by this Continuing Disclosure Agreement. [The Borrower anticipates that the Annual Report will be filed by _____.]

Dated: _____, _____

By _____

cc: Borrower

EXHIBIT B
HOLY NAMES UNIVERSITY
CONTINUING DISCLOSURE ANNUAL REPORT

Operating Data

Non-Financial

Please answer each of the following questions:

- a) Has there been a change in the name and titles of officers since the last annual report? (Circle one)
Yes
No
If yes, please indicate name and title.

-
- b) Has there been a change in accreditation since the last annual report? (See description contained on pages _____ and _____ in the _____, _____ (the “Limited Offering Memorandum”). Refer to your annual reports for updates filed by the Institution.) (Circle one) Yes No If yes, please describe.

- c) Please describe any new material litigation, or a material result in a litigation since the date of the last report. _____

- d) Please describe any significant sale, destruction or loss of real property or other material assets since the date of the last report.

Please update the tables and information in the Limited Offering Memorandum which are listed as follows (please include only information for the most recent academic year or fiscal year (as appropriate)):

Tables 1 through and including 19, and the information in Management’s Discussion and Analysis following Table 20.

Financial

- a) *Please attach a copy of your most recent financial statements.*
- b) *Please review Section 9 of the Continuing Disclosure Agreement and confirm that no Listed Event has occurred. Please describe any Listed Event that has occurred since the date of the last report.*

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APPENDIX H

FORM OF INVESTOR LETTER

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INVESTOR LETTER

September 27, 2019

California Municipal Finance Authority
Carlsbad, California

U.S. Bank National Association, as Trustee
Los Angeles, California

Loop Capital Markets, LLC, as Underwriter
Chicago, Illinois

Re: California Municipal Finance Authority Revenue Bonds (Holy Names University) Series 2019

Ladies and Gentlemen:

The undersigned (the “Purchaser”), being the purchaser of the above-referenced bonds (the “Bonds”), does hereby certify, represent and warrant for the benefit of the California Municipal Finance Authority (the “Authority”), U.S. Bank National Association, as trustee (the “Trustee”) and Loop Capital Markets, LLC, as underwriter (“Loop CM”) that:

(a) The Purchaser is a “Qualified Institutional Buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the “Act”).

(b) The Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, including the purchase and ownership of tax-exempt obligations, (ii) sufficient knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of the Purchaser’s investment in the Bonds. The Purchaser’s commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. The Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

(c) The Purchaser is acquiring the Bonds solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds. The Purchaser understands that prior to the Unrestricted Transfer Date the Bonds will be issued in minimum denominations of \$25,000 and integral multiples of \$5,000 in excess thereof.

(d) The Purchaser understands that the Bonds have not been registered under the Act or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it.

(e) The Purchaser is familiar with the conditions, financial and otherwise, of Holy Names University (the “University”) based on the information presented in the Preliminary Limited Offering Memorandum, dated September 25, 2019, in connection with and relating to the Bonds (the “Preliminary Limited Offering Memorandum”). Further, the Purchaser understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Purchaser understands and acknowledges that, among other risks, the Bonds are payable solely from the Trust Estate. The Purchaser has reviewed the Preliminary Limited Offering Memorandum. The Purchaser understands that it will receive the final Limited Offering Memorandum at or near the date of issuance of the Bonds.

(f) The Purchaser is not now and has never been controlled by, or under common control with, the University. The University has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the University or with any affiliate in connection with the Bonds, other than as disclosed to the Authority.

(g) The Purchaser has authority to purchase the Bonds and to execute this Investor Letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting agent of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this Investor Letter on behalf of the Purchaser. The Purchaser acknowledges that the Authority, the University, Loop CM, their respective counsel and advisors and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein. The Purchaser acknowledges that all such acknowledgements, representations and agreements shall survive the execution of this Investor Letter and the issuance and delivery of the Bonds by the Authority to the Purchaser.

(h) In entering into this transaction, the Purchaser represents that Loop CM has made no representation or warranty concerning the creditworthiness or financial condition of the Authority and the University and the Purchaser has not relied upon any representations or opinions of the Authority or Loop CM relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the Authority to undertake or require any credit investigation or due diligence reviews relating to the University, its financial condition or business operations, its facilities (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Indenture, the Loan Agreement and the Deed of Trust, or the adequacy of the funds or other assets pledged to the Trustee to secure repayment of the Bonds.

(i) The Purchaser understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Authority (which has no taxing power), the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of California or any political subdivision thereof; that no right will exist to have taxes

levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the Authority with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

(j) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, (iii) will carry no rating from any rating service, and (iv) will not be readily marketable.

(k) The Purchaser has satisfied itself that the Bonds are a lawful investment for the Purchaser under all applicable laws.

(l) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in the Indenture. The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible. Failure to comply with the transfer restrictions set forth in the Indenture shall cause the purported transfer to be null and void.

(m) Neither the Authority, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the University or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Authority to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and the Authority, its members, its governing body, or any of its employees, counsel or agents, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust, dated as of September 1, 2019 (the “Indenture”), between the Authority and the Trustee.

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The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

PRESTON HOLLOW CAPITAL, LLC

By: _____
Name: Cliff Weiner
Title: Managing Director

SUMMARY OF INVESTMENT

Principal Amount: \$_____
CUSIP Number: _____

[Holy Name University Series 2019 – Investor Letter]



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272