

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

## OFFERING CIRCULAR

\$179,850,000

(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)

STATE OF OHIO

HIGHER EDUCATIONAL FACILITY

REVENUE BONDS

(XAVIER UNIVERSITY 2024 PROJECT)

Dated: Date of Issuance and Delivery

Due: May 1, as shown below  
(Subject to prior redemption)

The Ohio Higher Educational Facility Commission's State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2024 Project) (the "Bonds") will be initially issued only as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, issuable under a Book Entry System, registered initially in the name of The Depository Trust Company or its nominee (DTC) as provided in the Trust Agreement dated as of October 1, 2024, between the **Ohio Higher Educational Facility Commission** (the "Commission") and **U.S. Bank Trust Company, National Association**, as trustee (the "Trustee") securing the Bonds (the "Trust Agreement"). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Offering Circular. See **Book Entry System** and **APPENDIX F**. Principal of and premium, if any, on the Bonds will be payable to the registered owner (DTC), upon presentation and surrender at the designated corporate trust office of the Trustee, and interest will be transmitted by the Trustee on each interest payment date beginning May 1, 2025, and semiannually on each November 1 and May 1 thereafter, to the registered owner (DTC) as of the close of business on the 15th day of the calendar month next preceding the month in which that interest payment date occurs, all as more fully described in this Offering Circular.

The Bonds, when, as and if issued, will be special obligations of the State of Ohio issued by the Commission and shall be payable solely from the revenues and other money pledged and assigned by the Trust Agreement, which include the payments required to be made by Xavier University, under the Lease as to the Bonds between the Commission and

## XAVIER UNIVERSITY

**THE BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMISSION OR THE STATE OF OHIO AND WILL NOT BE SECURED BY AN OBLIGATION OR PLEDGE OF ANY MONEY RAISED BY TAXATION, AND DO NOT GRANT TO THE HOLDERS ANY RIGHTS TO HAVE THE STATE LEVY ANY TAXES OR APPROPRIATE FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.**

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

The Bonds are offered, subject to prior sale, when, as and if issued by the Commission and accepted by RBC Capital Markets, LLC, acting for itself and as representative of Fifth Third Securities, Inc. (collectively, the "Underwriters"), subject to, among other things, the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the University by Dinsmore & Shohl LLP, counsel to the University, and for the Underwriters by Thompson Hine LLP, counsel to the Underwriters. It is expected that delivery of the Bonds will be made to DTC or its agent on or about October 23, 2024, against payment therefor.

Capital  
MarketsFifth Third  
Securities

This Offering Circular has been prepared by Xavier University in connection with the original offering for the sale of the Bonds. The information contained in this Offering Circular speaks only as of its date, October 9, 2024.

**\$179,850,000**  
**(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)**  
**STATE OF OHIO**  
**HIGHER EDUCATIONAL FACILITY**  
**REVENUE BONDS**  
**(XAVIER UNIVERSITY 2024 PROJECT)**

**Serial Bonds**

<b>Due</b>	<b>Principal</b>	<b>Interest</b>		<b>CUSIP No.*</b>
<b>May 1</b>	<b>Amount</b>	<b>Rate</b>	<b>Price</b>	<b>67756D</b>
2025	\$1,565,000	5.00%	100.685%	Q58
2026	1,625,000	5.00	102.727	Q66
2027	1,700,000	5.00	104.723	Q74
2028	1,765,000	5.00	106.292	Q82
2029	1,845,000	5.00	107.740	Q90
2030	1,930,000	5.00	108.885	R24
2031	2,000,000	5.00	109.655	R32
2032	4,015,000	5.00	110.122	R40
2033	4,170,000	5.00	110.659	R57
2034	4,340,000	5.00	111.030	R65
2035	4,510,000	5.00	110.521 <sup>c</sup>	R73
2036	4,690,000	5.00	110.183 <sup>c</sup>	R81
2037	4,875,000	5.00	109.931 <sup>c</sup>	R99
2038	5,075,000	5.00	109.595 <sup>c</sup>	S23
2039	5,275,000	5.00	109.094 <sup>c</sup>	S31
2040	5,490,000	5.00	108.430 <sup>c</sup>	S49
2041	5,705,000	5.00	107.771 <sup>c</sup>	S56
2042	5,935,000	5.00	107.198 <sup>c</sup>	S64

**Term Bonds**

<b>Due</b>	<b>Principal</b>	<b>Interest</b>		<b>CUSIP No.*</b>
<b>May 1</b>	<b>Amount</b>	<b>Rate</b>	<b>Price</b>	<b>67756D</b>
2049	\$46,890,000	5.25%	107.196 <sup>c</sup>	S72
2054	66,450,000	5.25	106.633 <sup>c</sup>	S80

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\* See **Regarding this Offering Circular** herein.

<sup>c</sup> Priced to optional redemption date of May 1, 2034.

## **REGARDING THIS OFFERING CIRCULAR**

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

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

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

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

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers have been assigned by an independent company not affiliated with the University, the Commission or the Trustee and are included solely for the convenience of the holders of the Bonds. None of the University, the Commission, the Underwriters or the Trustee are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated on the inside cover page. The CUSIP number for a specific maturity and interest rate is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE, WHICH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

with, and as part of their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Offering Circular.

Except for the information contained under the captions "THE COMMISSION" and "ABSENCE OF MATERIAL LITIGATION" with respect to the Commission, the Commission has not confirmed, and assumes no responsibility for, the accuracy, completeness or fairness of any of the statements in the Offering Circular or any supplements thereto.

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

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## INTRODUCTION

This Offering Circular, including the cover page, inside cover page, table of contents and the Appendices, is provided to furnish information in connection with the issuance by the Ohio Higher Educational Facility Commission (the “Commission”) of \$179,850,000 principal amount of State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2024 Project) (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement dated as of October 1, 2024 (the “Trust Agreement”) between the Commission and U.S. Bank Trust Company, National Association, Cincinnati, Ohio, as Trustee (the “Trustee”). The Bonds will be dated their date of issuance and delivery, will mature as set forth on the inside cover page, and will be subject to redemption prior to maturity as described under **Bonds – Redemption Prior to Maturity**.

The proceeds of the sale of the Bonds will be used to provide funds to pay project costs as defined in Section 3377.01 of the Ohio Revised Code and to refund bonds issued for that purpose, including: (a) costs of and relating to constructing, furnishing and equipping facilities to house the College of Osteopathic Medicine of Xavier University and constructing, renovating and improving other University facilities (including the Armory, Joseph Hall, Buenger Hall and Elet Hall) for academic, administrative, athletic, utility, HVAC, security, student housing and related purposes, together as to all of the foregoing with the acquisition and installation of all related fixtures, furnishings and equipment and related site improvements and acquisitions; (b) costs of and relating to refunding the State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2015 Project) Series A and the State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2015 Project) Series B-2 (together, the “2015A/B Bonds”); and (c) as to all of the foregoing, costs incidental thereto and the costs of financing and refinancing thereof and paying certain issuance costs related to the Bonds and for such other uses as are permitted by the Act and the Lease (as defined herein), including to provide for funded and capitalized interest and to pay costs associated with the termination of interest rate hedges related to the 2015A/B Bonds. The facilities financed and refinanced by the Bonds and sites thereof constitute the “Project.” The Project is to be leased to the Commission pursuant to a Base Lease dated as of October 1, 2024 (the “Base Lease”), between Xavier University (the “University”) and the Commission, and leased back to the University pursuant to a Lease dated as of October 1, 2024 (the “Lease”) between the Commission and the University.

The University is required to make rental payments under the Lease (the “Rental Payments”) in amounts sufficient to pay the principal of and premium, if any, and interest on (collectively, the “debt service”) the Bonds, whether at maturity, upon acceleration or upon redemption. In the Lease, the University has agreed to purchase all interests of the Commission in the Project after all of the debt service on the Bonds has been paid.

The Bonds are special obligations of the State of Ohio (the “State”) and the debt service on the Bonds will be payable solely from the revenues to be derived by the Commission from its lease of the Project, all as provided in the Lease and Trust Agreement, including the Rental Payments and certain other amounts, as described under **Bonds and Sources of Payment and Security; Bondholder’s Risks**. The Bonds are secured by the Trust Agreement, in which the Commission assigns to the Trustee all of the Commission’s rights with respect to the Revenues (including Rental Payments under the Lease) and the money and investments in the Special Funds and certain other rights of the Commission under the Lease, as further described under **Bonds and Sources of Payment and Security; Bondholder’s Risks**. The Bonds are further secured by the Guaranty Agreement dated as of October 1, 2024 (the “Guaranty”) between the University and the Trustee by which the University unconditionally guarantees the payment of the debt service on the Bonds.

The University has entered into the Pledged Revenues Trust Agreement dated as of April 1, 2008 (“Pledged Revenues Trust Agreement”) between the University and the Trustee, as Pledge

Trustee (the “Pledge Trustee”), by which certain revenues of the University are pledged to the Pledge Trustee to secure certain long-term indebtedness of the University, including the Bonds. It is expected that, effective as of retirement of the 2015A/B Bonds and related interest rate hedges, the Pledged Revenues Trust Agreement will be amended as described in **APPENDIX E**. See **Sources of Payment and Security; Bondholder’s Risks – Pledged Revenues Trust Agreement** and **APPENDIX E – Pledged Revenues Trust Agreement**.

**By purchase of the Bonds, the holders of the Bonds consent to such amendments as described herein. Upon the retirement of the 2015A/B Bonds and related interest rate hedges, the Bonds will constitute more than a majority of outstanding Parity Obligations. It is anticipated that such amendments will become effective upon the issuance of the Bonds and the retirement of the 2015A/B Bonds and related interest rate hedges.**

Brief descriptions of the Commission, the University, the Bonds, the Lease, the Trust Agreement, the Guaranty and the Pledged Revenues Trust Agreement are included in this Offering Circular, including in **APPENDIX D** and **APPENDIX E** hereto. The descriptions of the Bonds, the Lease, the Trust Agreement, the Guaranty and the Pledged Revenues Trust Agreement and references and excerpts of all other documents referred to do not purport to be complete statements of the provisions of such documents and are qualified in their entirety by reference to each such document. Reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and remedies of Bondholders. All descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors’ rights. Copies of the above described documents are available for inspection during the initial offering period at the principal office of RBC Capital Markets, LLC, New York, New York, and thereafter at the Cincinnati, Ohio, trust office of the Trustee.

Capitalized terms used herein shall have the same meanings as given to them in the Lease unless otherwise defined herein or where the context would clearly indicate otherwise. See **APPENDIX D – Document Descriptions** and **APPENDIX E – Pledged Revenues Trust Agreement**.

## **BONDS**

### **General**

The Bonds will be dated their date of issuance, will bear interest payable semiannually on May 1 and November 1 of each year (each an “Interest Payment Date”), commencing May 1, 2025, and will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date. The Bonds will mature, subject to prior redemption as hereinafter described, in the amounts and on the dates and will bear interest at the respective rates all as shown on the inside cover page. The Bonds will be authorized and issued by the State acting by and through the Commission under the provisions of the Act and pursuant to a resolution adopted by the Commission (see **The Commission**).

### **Denomination; Payment**

The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiples thereof. Interest is to be paid by wire transfer to the person in whose name that Bond is registered (the “Holder” or “Bondholder”) on the registration books (the “Register”) maintained by the Trustee as registrar (the “Registrar”) at the close of business on the fifteenth day of the calendar month next preceding each Interest Payment Date (the “Regular Record Date”). Principal of and premium, if any, on the Bonds will be payable when due upon presentation and



surrender of the Bonds at the designated corporate trust office of the Trustee. See **APPENDIX F – Book-Entry System; DTC**.

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

### **Redemption Prior to Maturity**

**Mandatory Sinking Fund Redemption.** The Bonds maturing on May 1, 2049, are subject to mandatory redemption prior to maturity at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, on May 1 in the following principal amounts in the years specified:

Mandatory Redemption Date (May 1)	Amount
2045	\$4,700,000
2046	9,750,000
2047	10,265,000
2048	10,805,000

The remaining principal amount of \$11,370,000 is payable at maturity on May 1, 2049 (unless redeemed earlier by optional redemption).

The Bonds maturing on May 1, 2054, are also subject to mandatory redemption prior to maturity at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, on May 1 in the following principal amounts in the years specified:

Mandatory Redemption Date (May 1)	Amount
2050	\$11,965,000
2051	12,595,000
2052	13,255,000
2053	13,950,000

The remaining principal amount of \$14,685,000 is payable at maturity on May 1, 2054 (unless redeemed earlier by optional redemption).

**Extraordinary Optional Redemption.** The Bonds are subject to extraordinary redemption prior to maturity on any date by and at the option of the Commission, at the direction of the University, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date: (i) in whole upon the occurrence of any of the events described in Section 12.2 of the Lease and the exercise by the University of its option to terminate the Lease as provided in that

Section (see **APPENDIX D – Document Descriptions – Bonds – The Lease – University’s Options to Terminate Lease**) and (ii) in part (in accordance with the Trust Agreement for partial redemption described below) in the event of condemnation of the Project or any part thereof to the extent provided in Section 6.3 of the Lease.

**Optional Redemption.** Unless previously redeemed, the Bonds maturing on or after May 1, 2035, are also subject to redemption by and at the option of the Commission, at the direction of the University, prior to stated maturity in whole or in part on any date, on or after May 1, 2034, at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

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

**Notice of Call for Redemption; Effect.** The Trustee is to cause notice of the call for redemption, identifying the Bonds or portions of Bonds to be redeemed and any conditions to the redemption, to be sent by first class mail at least 30 days prior to the date set for redemption, to the registered owner of each Bond to be redeemed at the address shown on the Register on the fifteenth day preceding that mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of Bonds.

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

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

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

**Purchase in Lieu of Redemption.** In lieu of optionally redeeming Bonds, the University may purchase Bonds maturing on or after May 1, 2035, at any time and from time to time on or after May 1, 2034, at a purchase price equal to 100% of the principal amount purchased plus interest accrued to the purchase date. The purchase of the Bonds is mandatory and enforceable against the Holders of the Bonds to be purchased and such Holders have no right to retain their Bonds. Notice of a purchase in lieu of redemption, including notice of any conditions that such purchase may be

subject to, shall otherwise be given to the Trustee and the Holders at the times and in the manner set forth for optional redemption of the Bonds in the Trust Agreement.

## **BOOK ENTRY SYSTEM**

The Bonds will be delivered in book-entry only form and, when issued, registered in the name of The Depository Trust Company (DTC), or its nominee Cede & Co., which will act as securities depository for the Bonds. For discussion of the book-entry system and DTC and the replacement of Bonds in the event that the book-entry system is discontinued, see **APPENDIX F – Book-Entry System; DTC**.

## **SOURCES OF PAYMENT AND SECURITY; BONDHOLDER’S RISKS**

### **Sources of Payment and Security**

The debt service on the Bonds is payable from the Revenues, including primarily the Rental Payments to be derived by the Commission under the Lease, and the money, securities and funds and accounts to be held by the Trustee (including investment earnings) available for that purpose under the Trust Agreement.

In addition, in order to secure the payment of the debt service on the Bonds and the performance of the obligations contained in the Trust Agreement and the Bonds, the Commission will assign to the Trustee all its right, title and interest in and to (i) the Revenues, (ii) the Lease, except certain rights to be reimbursed for fees and expenses, to be indemnified, to receive Additional Payments, to consent to amendments, and to enter into subsequent leases of the Project as permitted by the Lease, (iii) all money and investments in the Special Funds, and (iv) the Guaranty. The Commission will also assign to the Trustee, excepting Unassigned Rights and effective only upon an Event of Default under the Lease, all of its right, title and interest in the Base Lease. **There is no debt service reserve fund or mortgage additionally securing the Bonds.**

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

### **Pledged Revenues Trust Agreement**

The University has entered into the Pledged Revenues Trust Agreement with the Pledge Trustee, pursuant to which the University pledges, assigns and grants to the Pledge Trustee, a lien on and a security interest in certain of its revenues, generally including all revenues and income of the University (such revenues and income, the “Pledged Revenues”). The pledge under that agreement is subject to numerous limitations and exceptions and is not perfected under the Uniform Commercial Code as currently in effect in the State. The Pledged Revenues Trust Agreement secures substantially all of the University’s currently outstanding long-term debt (including the Bonds), along with University obligations to any credit or liquidity facility providers or counterparties to derivative agreements relating to that debt. The Pledged Revenues Trust Agreement secures all of these obligations on a parity basis and provides a mechanism for the University to secure future long-term indebtedness on a parity basis. See **APPENDIX E – Pledged Revenues Trust Agreement**. Existing Parity Obligations secured pursuant to the Pledged Revenues Trust Agreement, are identified in **APPENDIX A – Xavier University – Outstanding Indebtedness as of June 30, 2024**. Upon their issuance, the Bonds will be treated as Parity Obligations secured by the Pledged Revenues Trust Agreement.

It is anticipated that the Pledged Revenues Trust Agreement will be amended as described below and in **APPENDIX E**. The Pledged Revenues Trust Agreement requires the consent of the

holders of at least a majority of in aggregate principal amount of the outstanding Parity Obligations secured thereby in order to amend the Pledged Revenues Trust Agreement in this manner. **By purchase of the Bonds, the holders of the Bonds consent to the amendments described below and in APPENDIX E – Pledged Revenues Trust Agreement. Upon the issuance of the Bonds and the retirement of the 2015A/B Bonds and related interest rate hedges, it is expected that the holders of the Bonds will constitute such majority in aggregate principal amount of outstanding Parity Obligations, and that such amendments to the Pledged Revenues Trust Agreement will be effective.**

The Pledged Revenues Trust Agreement provisions with respect to Incurrence of Additional Indebtedness and Security for Indebtedness will be amended as described below. For further definitions and description, see, also **APPENDIX E**, including **Incurrence of Additional Indebtedness, Security for Indebtedness and 2024 Amendments to the Pledged Revenues Trust Agreement** therein.

#### Incurrence of Additional Indebtedness

The provisions of the Pledged Revenues Trust Agreement described in **Incurrence of Additional Indebtedness** in **APPENDIX E** will be amended and restated to provide as described in **APPENDIX E – 2024 Amendments to Pledged Revenues Trust Agreement** and below.

The University covenants that it shall not incur or assume additional Long-Term Indebtedness unless there is no Event of Default under the Pledged Revenues Trust Agreement that has occurred and is continuing, and the University delivers to the Pledge Trustee, at least five (5) days prior to such incurrence, a certificate of the University Representative to the effect that, immediately after giving effect to such additional Long-Term Indebtedness: (i) the Cash and Investments to Long-Term Indebtedness Ratio will be at least 0.75; or (ii) the University's Maximum Annual Debt Service divided by its Total Operating Revenues Without Donor Restrictions will be less than 15%. For the avoidance of doubt, only one of the foregoing two tests need to be satisfied in connection with the University's incurrence or assumption of additional Long-Term Indebtedness.

Notwithstanding the foregoing, the following types of indebtedness may be incurred without meeting the foregoing requirements:

Refunding Long-Term Indebtedness. The University may incur Long-Term Indebtedness for the purpose of refunding then-outstanding Long-Term Indebtedness previously issued as Parity Obligations under the Pledged Revenues Trust Agreement without limitation.

Short-Term Indebtedness. The University may, from time to time, incur, assume or have outstanding Short-Term Indebtedness in the ordinary course of business in any amount such that the balance of Short-Term Indebtedness does not exceed 15% of Total Operating Revenues for the preceding University fiscal year.

Student Loan Guarantees. The University may incur indebtedness in the form of Student Loan Guarantees as described in **APPENDIX E – The Pledged Revenues Trust Agreement – Student Loan Guarantees**.

Nonrecourse Indebtedness. The University may, from time to time, have a financial interest in an entity that incurs debt that is (i) incurred to finance additional capital projects and (ii) is nonrecourse debt secured solely by a lien on and security interest in the property financed by such debt and/or revenues arising from that property.

Purchase Money Financings. The University may, from time to time, incur debt that (i) is issued to finance the acquisition of fixtures, machinery, equipment or furnishings and (ii) is unsecured

or secured solely by a purchase money security interest in the acquired fixtures, machinery, equipment or furnishings.

Subordinated or Unsecured Indebtedness. The University may, from time to time, incur or assume Subordinated or Unsecured Indebtedness.

#### Security for Indebtedness

The provisions of the Pledged Revenues Trust Agreement described in Security for Indebtedness in **APPENDIX E** will be amended to provide as described below:

Any Long-Term Indebtedness or Short-Term Indebtedness permitted under the Pledged Revenues Trust Agreement, may be secured as follows:

(a) In the case of indebtedness to be secured on a parity with Outstanding Parity Obligations in accordance with the Pledged Revenues Trust Agreement, including payment obligations to the provider of a liquidity facility or Credit Facility in connection with such debt, and to the provider of a Derivative Agreement, by a parity lien on and security interest in the Pledged Revenues, and additionally, at the option of the University, by a mortgage on any real property, fixtures, machinery, equipment and furnishings constituting or made part of the University Facilities and revenues and proceeds arising from that property and mortgage; provided, that any such mortgage and the proceeds therefrom shall secure such indebtedness on a parity with all Outstanding Parity Obligations, and the proceeds therefrom shall constitute Pledged Revenues.

(b) In the case of nonrecourse indebtedness, solely by a lien on and/or security interest in the property financed with such debt and/or the revenues arising from that property.

(c) In the case of purchase money financings, solely by a purchase money security interest in real property, fixtures, machinery, equipment or furnishings.

(d) In the case of Student Loan Guarantees, solely by a lien or pledge upon Pledged Revenues subordinate and junior to the pledge of Pledged Revenues under the Pledged Revenues Trust Agreement.

(e) In the case of other Long-Term Indebtedness, other than as provided in (a), above:

(i) by a lien on and security interest in any property or interest in tangible property, real, personal, or mixed, other than the University Facilities; or

(ii) by a mortgage on or purchase money security interest in any real property, fixtures, machinery, equipment and furnishings other than the University Facilities, and revenues arising from that property; or

(iii) by a lien on and security interest in the Pledged Revenues subordinate to the lien and security interest granted herein; provided, however, that no such permitted indebtedness shall be secured by the money and investments held by or on behalf of any Holders of Parity Obligations in any funds created for their benefit.

(f) In the case of other Short-Term Indebtedness:

(i) by a purchase money security interest in personal property acquired with the proceeds thereof; or

(ii) by a lien on or mortgage against any real or personal property not constituting University Facilities; or

(iii) by a lien on and security interest in the Pledged Revenues subordinate to that granted in the Pledged Revenues Trust Agreement, provided, however, that no such permitted indebtedness may be secured by the money and investments held by or on behalf of any Holder of Parity Obligations in any funds created for their benefit.

See, also, **2024 Amendments to Pledged Revenues Trust Agreement** in **APPENDIX E**.

The pledge of Pledged Revenues made in connection with additional indebtedness may also secure on a parity basis payment obligations to other parties relating to such indebtedness. Any payment obligation to any such liquidity facility provider, Credit Facility provider or provider of a Derivative Agreement arising in connection with such indebtedness to be secured as provided in paragraph (a), above, and meeting the requirements of paragraph (a) under **Parity Obligations** in **APPENDIX E**, below, may constitute a Parity Obligation under the Pledged Revenues Trust Agreement.

**By their purchase and acceptance of the Bonds from the Underwriters, the original purchasers (beneficial owners) thereof shall and do:**

(i) consent to and approve, and shall be deemed to have consented to and approved, the amendments to Pledged Revenues Trust Agreement described above and in **APPENDIX E**;

(ii) waive, and shall be deemed to have waived, any and all other formal notice, timing, informational or procedural requirements that may otherwise be set forth in the with respect to the amendment and supplement thereof, including as may be required in order to implement those amendments to Pledged Revenues Trust Agreement; and

(iii) appoint the Trustee as their agent, and direct the Trustee, as Trustee and Pledge Trustee, as the agent for the holders of the Bonds, to execute all instruments necessary to reflect the original purchasers' (beneficial owners') consent to the amendments to the Pledged Revenues Trust Agreement.

**THE BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMISSION OR THE STATE, WILL NOT BE SECURED BY AN OBLIGATION OR PLEDGE OF ANY MONEY RAISED BY TAXATION, AND DO NOT GRANT TO THE HOLDERS ANY RIGHTS TO HAVE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE DEBT SERVICE ON THE BONDS.**

The Project has been and will be, as applicable, specifically constructed and equipped for the benefit of the University for use in its educational programs, and may be subject to practical restrictions that may limit the use thereof by others. See **The Project and Plan of Refunding**. Therefore, in the event of a default, the Trustee's ability to lease the Project to third parties would be limited. The rentals, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the lease or other disposition of the Project would be sufficient to provide for payment in full of the Bonds. Also, as noted in **APPENDIX D – Document Descriptions – Bonds – The Lease – Events of Default**, the Trustee as assignee has the right, upon default under the Lease to sublease the Project. The Lease covers only a portion of the campus of the University, and University buildings are generally special-use buildings, so it may be difficult to

obtain rentals on subleasing adequate to pay debt service on the Bonds. Any such sublease may adversely impact the tax status of interest on the Bonds under the Code.

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

The enforceability of the liens of the Lease, the Trust Agreement and the Pledged Revenues Trust Agreement may be subject to subordination or prior claims in certain instances other than bankruptcy proceedings. For a discussion of examples of possible limitations on enforceability and of possible subordination or prior claims, see **Enforceability of Remedies**.

### **Bondholders' Risks**

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

Competition. The University competes for students generally with universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition rates than the University. Other educational institutions may in the future expand their programs in competition with the programs offered by the University. Increased competition from other educational institutions (including the availability of online courses and programs) or a decrease in the student population interested in pursuing higher education could have a material adverse economic impact on the University. Changing demographics may mean a smaller pool of college-bound persons from which to draw entering classes. Greater competition for students together with rising tuition may mean that the University will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified administrators and faculty may mean higher expenditures for salaries and administrative costs. Each of these factors can have an impact on the revenues of the University. In addition, future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time.

Revenue Adequacy; Reliance on Tuition; Enrollment. Tuition and fees revenues represent a substantial portion of the University's total revenue. The University's ability to timely make payments of debt service on the Bonds and other financial obligations depends on, among other things, a relatively steady level of enrollment and income from tuition and fees paid by students. A number of factors including, without limitation, levels of tuition rates and other fees, competition from other higher education institutions, a change in the number of university age students, general economic conditions and employment opportunities in fields related to students' areas of study will influence the number of applicants to the University.

The University, in the past, has been able to raise tuition and related fees without adversely affecting enrollment, however, there can be no assurance that it will continue to be able to do so in the future or that employment opportunities will not adversely impact enrollment. Future tuition increases could adversely affect enrollment, which could adversely affect the University's financial position and results of operations. Additionally, increased tuition may not necessarily result in

increased net revenues for the University if the increased scholarships and grants given to attract and retain qualified students offset the increase in tuition.

Dependence on Financial Aid. A substantial portion of the University's revenues from tuition and fees is funded by student loans and federal government programs, as well as the University's own funds. Financial assistance in the form of scholarships, grants, loans and employment is a significant factor in the decision of many students to attend a particular college or university. Generally, a substantial portion of the University's students receive grant or scholarship aid from the federal government, state/local government, and/or the University. The level of financial assistance is directly affected by funding levels of federal and State financial aid programs, the level of private giving to the University and income derived from the investment of endowment and other funds.

There is no assurance that all of these programs will continue to be available to the students of the University. Any significant reduction in the level of financial assistance offered to prospective students could reduce the number of students enrolling at the University, adversely affecting the University's ability to generate tuition revenues.

Fundraising. The University raises funds from a variety of sources to finance its operating and capital needs and to build its endowment. While the University plans to continue these efforts, there can be no assurance that it will be able to continue to raise funds at current levels. Fundraising may be adversely affected by a number of factors, including changes in general economic conditions and changes in tax law affecting the deductibility of charitable contributions.

Government Funding. The 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 modification and revision due to state and federal policy decisions, legislative action and government funding limitations. The financial condition of the University could be adversely affected by these actions and the ability of the University to maintain its creditworthiness will be based on its ability to successfully manage the outcome of any such actions.

Maintenance of the Tax-Exempt Status of the University. The maintenance of the status of the University as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") (as hereinafter defined), is contingent on compliance by the University with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and other permissible purposes and their avoidance of transactions that may cause their earnings or assets to inure to the benefit of private individuals.

The University is a nonprofit entity, exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code. Nonprofit tax-exempt organizations such as the University are subject to federal, state and local laws, regulations, rulings and court decisions relating to their organization and operation, including operation for religious and charitable purposes.

Tax-exempt organizations are subject to scrutiny from and face the potential for sanctions and monetary penalties imposed by the Internal Revenue Service (the "IRS"). If a tax-exempt entity is engaged in private inurement or impermissible private benefit or violates other requirements, the IRS may revoke its tax-exempt status. If the University were to lose its tax-exempt status, defaults in covenants regarding the Bonds would likely be triggered and the University could incur substantial tax liabilities on its income. For these reasons, loss of tax-exempt status could have material adverse consequences on the financial condition of the University.



In some cases, the IRS has imposed substantial monetary penalties on tax-exempt corporations and public benefit obligations in lieu of revoking their tax-exempt status, as well as requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. In those cases, the IRS and exempt corporations entered into settlement agreements requiring the University to make substantial payments to the IRS. Given the range of complex transactions entered into by the University and potential exemption risks, the University could be at risk for incurring monetary and other liabilities imposed by the IRS. These liabilities could be materially adverse.

Unrelated Business Income. The University participates in activities which generate unrelated taxable business income (“UBTI”). Management of the University believes it has properly accounted for and reported UBTI in all material respects; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI, and in some cases could affect the tax-exempt status of the University as well as the exclusion from gross income for federal income tax purposes of the interest payable on certain tax-exempt debt issued on behalf of the University.

Construction Risks (COM Project). A portion of the proceeds of the Bonds will be used to finance costs related to the construction of a College of Osteopathic Medicine (the “COM Project”), which will enable the University to offer a Doctor of Osteopathic Medicine (DO) degree. The University has negotiated a not-to-exceed cost for the COM Project, but has not executed a guaranteed maximum price construction contract yet with the contractor for the COM Project. Therefore, the total cost of the COM Project could be higher than currently estimated. The COM Project is subject to a variety of construction-related risks, including but not limited to delays in issuance of required building permits or other necessary approvals or permits, including environmental approvals, strikes, shortages of qualified contractors or materials and labor, and adverse weather conditions. Such events could increase the costs of the COM Project and delay the completion of construction, the occupancy of the COM Project, and commencement by the University of educational operations.

Accreditation (COM Project). In connection with the COM Project, the University is seeking to offer a Doctor of Osteopathic Medicine (DO) degree, which requires full accreditation from the Commission on Osteopathic College Accreditation (the “COCA”). The COCA currently accredits all osteopathic medical schools in the United States and Canada. There is a three-stage process that the University must complete to achieve Full Accreditation status. To meet one of the requirements, the University must deposit approximately \$43 million in a segregated escrow fund. This amount will not be released from escrow until after the first cohort of students graduates, which is expected in Fiscal Year 2031. The University’s inability to access escrowed funds could have a material adverse impact on the financial conditions and operations of the University. The University can be considered for Full Accreditation status following the graduation of its first class, which it anticipates will occur in Fiscal Year 2031. The attainment of Full Accreditation status is subject to review and approval by the COCA. Failure to obtain and maintain full accreditation will result in significant oversight and reporting requirements, accreditation proceedings such as a show-cause directive, an action to defer or deny action related to an institution's application for a new grant of accreditation or an action to suspend an institution's accreditation. While the University expects to obtain Full Accreditation status, no assurances can be made as to if and when the University will obtain Full Accreditation status.

The COCA also sets enrollment maximums and requires clinical affiliation agreements for clerkships/rotation slots and residency slots with regional healthcare providers. These criteria will limit the number of students the University can admit each year and failure to secure clinical affiliation agreements will affect pre-accreditation. The University must attain pre-accreditation and Full Accreditation in order to attract students and to qualify under federal, state, and private student financial aid programs. There is no guarantee on the timing of accreditation status or that it will be

successfully maintained in the future. Failure or delay or loss of accreditation status by the University could have a material adverse impact on the financial condition and operations of the University.

For additional information concerning the COM Project, see **APPENDIX A – Building the First Jesuit College of Osteopathic Medicine in the Nation**.

Secondary Market. There can be no assurance that there will be a secondary market for the purchase or sale of the Bonds. From time to time there may be no market for them depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the University's capabilities and the financial conditions and results of operations of the University.

The Underwriters are under no obligation to make a market in the Bonds and to the extent that such market making is commenced, it may be discontinued at any time. Accordingly, there can be no assurance that an active market for the Bonds will develop in the future or that such market will be sustained if developed. Moreover, even if a market for the Bonds does develop, the Bonds could trade at a substantial discount from their face amount.

The Securities and Exchange Commission recently amended Rule 15c2-11 under the Securities Exchange Act of 1934, as amended. Rule 15c2-11 governs the publication or submission of quotations in the securities markets, to prohibit a broker or a dealer from publishing or submitting any quotation for a security in any quotation medium unless, among other things, it determines that specified information about the issuer and its securities is current and publicly available. Under amended Rule 15c2-11, the types and scope of information that are required to be current and publicly available for the University and the Bonds from and after January 4, 2025 (the current extended compliance date pursuant to subsequent SEC staff guidance) are unclear. Unless there is further clarification and a sufficient transition period for brokers and dealers to change their systems and procedures to comply with amended Rule 15c2-11, brokers and dealers, including the underwriters, may be unable or unwilling to make a market or otherwise facilitate secondary trading in the Bonds. In addition, even with further clarification of amended Rule 15c2-11, the University may be unable or unwilling to make the required information publicly available.

Cybersecurity and Information Security. The University continually works to align with information security best practices. The University's information security program is managed by the University's Department of Information Technologies under the direction of the University's Board of Trustees' Audit and Risk Management Committee, the Chief Financial Officer and the Chief Information Officer. The University maintains several policies with respect to information security, including Acceptable Use of Information Technology Resources, Banner System Access Policy, Cloud Storage Policy, Computer Replacement and Refresh Policy, Cyber Security Incident Response Policy, Electronic and Information Technology Accessibility Policy, Information Classification Policy, Information Security Policy, Information Technology Acquisition and Disposal Policy, Password Policy, Privacy of Electronic Information Policy, Remote Access Policy, University Archives and Special Collections Access Policy, University Archives Collection Development Policy, User Accounts Policy, and Vulnerability Policy, which collectively prescribe appropriate security controls in alignment with the relevant National Institute of Standards and Technology (NIST) standards where applicable. The information security program at the University includes risk assessment functions to proactively identify vulnerabilities in its environment and recommend appropriate remediation actions to responsible technology areas. The University's information security program also includes security awareness and training, security incident management and response, log monitoring, vendor security assessment and other functions that align with information security best practice domains and work to support compliance with the University's information security policies. There is no assurance that the University's cybersecurity and information security systems may prevent adverse cybersecurity and information systems events in the future.

Other Risk Factors. Other factors that may also adversely affect the operations of the University, although the extent cannot be presently determined, include, among others: (1) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; (2) increases in salaries and other labor costs for the University's employees; (3) increased costs and decreased availability of public liability insurance; (4) changes in the demand for higher education in general or for programs offered by the University in particular; (5) changes in the level of enrollment or the level of net tuition and fees; (6) cost and availability, including unanticipated outages, of energy; (7) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (8) a decrease in availability of student loan funds or other aid; (9) an increase in the costs of health care benefits, retirement plan or other benefit packages offered by the University to its employees and retirees; (10) a significant decline in value or the return on the University's investments based on market or other external factors; (11) litigation and arbitration; (12) reductions in funding support from donors or other external sources; (13) natural disasters or extreme weather events, which might damage the University's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities; (14) risks relating to expansions or construction projects undertaken by the University, including risks relating to construction and operation; (15) an increase in the cost of any outstanding variable rate debt and/or associated liquidity facilities or credit enhancement or short-term borrowings the University periodically uses to fund operations or the inability of the University to obtain such facilities in sufficient amount to support operations; (16) a national or localized outbreak of a highly contagious or epidemic disease (or escalation of such an outbreak) that might adversely affect the University's finances, enrollment or operations; (17) health emergencies, including epidemics or pandemics; (18) risks associated with interest rate hedges, including basis risk, obligations to post collateral, counterparty risk and termination risk; (19) changes in the legal or political environment that could impact international students attending the University; (20) costs associated with regulatory compliance; and (21) other factors that may adversely affect the University's reputation and image. Neither the Underwriters nor the Commission has made any independent investigation of the extent to which any such factors will have an adverse impact on the operations, prospects, financial results or financial position of the University. See also **Absence of Material Litigation.**

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

## **THE COMMISSION**

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

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

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

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

## **THE PROJECT AND PLAN OF REFUNDING**

The proceeds of the sale of the Bonds will be used to provide funds to pay project costs as defined in Section 3377.01 of the Ohio Revised Code and to refund bonds issued for that purpose, including costs of and relating to (a) constructing, furnishing and equipping facilities to house the University's College of Osteopathic Medicine and constructing, renovating and improving other University facilities (including the Armory, Joseph Hall, Buenger Hall and Elet Hall) for academic, administrative, athletic, utility, HVAC, security, student housing and related purposes, together as to all of the foregoing with the acquisition and installation of all related fixtures, furnishings and equipment and related site improvements and acquisitions; (b) currently refunding State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2015 Project) Series A and State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2015 Project) Series B-2; and (c) costs incidental thereto and the costs of financing and refinancing thereof and paying certain issuance costs related to the Bonds and for such other uses as are permitted by Act and the Lease, including to provide for funded and capitalized interest and to pay costs associated with the termination of interest rate hedges related to bonds to be refunded by the Bonds. All of the outstanding 2015A/B Bonds and related interest rate hedges will be retired soon after the issuance of the Bonds. **See, also, APPENDIX A – Building the First Jesuit College of Osteopathic Medicine in the Nation.**

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## SOURCES AND USES OF FUNDS

The proceeds expected to be received from the sale of the Bonds and other sources and their expected application is as follows:

### Sources of Funds

Principal Amount of Bonds	\$ 179,850,000.00
Original Issue Premium	<u>13,601,390.45</u>
TOTAL SOURCES	\$ 193,451,390.45

### Uses of Funds

Deposit to Improvement Fund	\$106,551,771.68
Capitalized Interest	12,390,154.68
Refunding of 2015 A/B Bonds <sup>(2)</sup>	59,895,000.00
Funded Interest	7,657,117.62
Hedge Termination Costs	5,697,715.00
Costs of Issuance <sup>(1)</sup>	<u>1,259,631.47</u>
TOTAL USES	\$193,451,390.45

(1) Includes Underwriters' Discount (see **Underwriting**), legal, printing and Trustee fees, Rating Services fees and other related financing costs.

(2) The interest component of the redemption prices will be paid by the University with its own funds.

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## XAVIER UNIVERSITY

The University is a private coeducational institution of higher education located in Cincinnati, Ohio. See **APPENDIX A** for a discussion of the University.

### UNIVERSITY DEBT SERVICE

The following table sets forth the pro forma long-term debt service obligations of the University.

Fiscal Year	Bonds		Total Debt Service on Other Outstanding Debt*	Total Debt Service on the Bonds and Other Outstanding Debt
	Principal	Interest		
2025	\$1,565,000	\$4,844,055	\$10,522,131	\$16,931,186
2026	1,625,000	9,197,600	10,547,631	21,370,231
2027	1,700,000	9,116,350	10,556,881	21,373,231
2028	1,765,000	9,031,350	10,584,881	21,381,231
2029	1,845,000	8,943,100	8,999,881	19,787,981
2030	1,930,000	8,850,850	8,991,631	19,772,481
2031	2,000,000	8,754,350	9,020,850	19,775,200
2032	4,015,000	8,654,350	7,118,850	19,788,200
2033	4,170,000	8,453,600	7,141,100	19,764,700
2034	4,340,000	8,245,100	7,134,400	19,719,500
2035	4,510,000	8,028,100	7,142,819	19,680,919
2036	4,690,000	7,802,600	7,135,813	19,628,413
2037	4,875,000	7,568,100	7,145,538	19,588,638
2038	5,075,000	7,324,350	7,154,181	19,553,531
2039	5,275,000	7,070,600	5,823,106	18,168,706
2040	5,490,000	6,806,850	5,828,113	18,124,963
2041	5,705,000	6,532,350	2,973,906	15,211,256
2042	5,935,000	6,247,100	2,969,469	15,151,569
2043		5,950,350		5,950,350
2044		5,950,350		5,950,350
2045	4,700,000	5,950,350		10,650,350
2046	9,750,000	5,703,600		15,453,600
2047	10,265,000	5,191,725		15,456,725
2048	10,805,000	4,652,813		15,457,813
2049	11,370,000	4,085,550		15,455,550
2050	11,965,000	3,488,625		15,453,625
2051	12,595,000	2,860,463		15,455,463
2052	13,255,000	2,199,225		15,454,225
2053	13,950,000	1,503,338		15,453,338
2054	<u>14,685,000</u>	<u>770,963</u>		<u>15,455,963</u>
Total	\$179,850,000	\$189,778,105	<u>\$136,791,181</u>	\$506,419,286

\* Excludes debt service for the University's 2015A/B Bonds, and related hedge agreements, which will be refunded and terminated by the proceeds from the Bonds. Includes debt service for the State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2015 Project) Series C, a portion of which is expected to be refunded by the proceeds of the anticipated State of Ohio Higher Educational Facility Refunding Revenue Bonds (Xavier University 2025 Project) (Forward Delivery) on or about February 4, 2025.

Totals may not add due to rounding.

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## **ENFORCEABILITY OF REMEDIES**

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

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

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

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

## **ABSENCE OF MATERIAL LITIGATION**

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

certificate to such effect with respect to the Bonds will be delivered to the Underwriters at the time of the original delivery of the Bonds.

The University is at present a party to various legal proceedings and aware of claims seeking damages or injunctive relief and generally incidental to its operations, unrelated to the Bonds, the security for the Bonds, or the Projects. In the opinion of the administration of the University, the University has meritorious defenses to the claims and in the pending litigation against it and final judgments that might be rendered against the University in such litigation or related to such claims are covered by insurance or are not expected to have a material adverse effect on the financial position, operations or cash flows of the University.

## **UNDERWRITING**

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement relating to the Bonds among RBC Capital Markets, LLC, acting for itself and as representative of Fifth Third Securities, Inc. (collectively, the “Underwriters”), the Commission and the University, the Underwriters have agreed to purchase the Bonds at an aggregate price equal to \$192,976,806.79, resulting in an Underwriters’ discount of \$474,583.66. The Underwriters’ obligations are subject to certain conditions precedent, and the Underwriters will purchase all Bonds, if any are purchased.

The University has agreed to indemnify the Underwriters and the Commission against certain civil liabilities, including liabilities under federal securities laws. The Bonds will be offered to the public initially at the offering prices set forth on the inside cover page of this Offering Circular. Those offering prices subsequently may change without any requirement of prior notice. The Underwriters may offer the Bonds to other dealers at prices lower than those offered to the public.

The Underwriters and their 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 Underwriters and their 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 Underwriters and their 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 and/or the University. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their 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 and/or the University.

## **ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT AND AS SECURITY FOR THE DEPOSIT OF PUBLIC FUNDS**

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



## TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds is exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Commission and the University contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Bond Counsel has relied on, among other things, the opinion of Dinsmore & Shohl LLP, counsel to the University, regarding, among other matters, the current status of the University as an organization described in Section 501(c)(3) of the Code and the use of the respective facilities financed and refinanced with the Bonds in activities that are not considered “unrelated trade or business” activities of the University, as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed or refinanced by the Bonds in a manner that is substantially related to the University’s exempt purpose under Section 513(a) of the Code, may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. Bond Counsel will not independently verify the accuracy of the Commission’s and the University’s certifications and representations or the continuing compliance with the Commission’s and the University’s covenants and will not independently verify the accuracy of the opinion of the University’s counsel.

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

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

Interest on the Bonds may be subject to: (1) a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) a federal tax imposed on excess net passive income of certain S corporations; and (3) the alternative minimum tax imposed under Section 55(b) of the Code on “applicable corporations” (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

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

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

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

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

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

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Bonds should be aware that future legislative actions might increase, reduce or

otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced.

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

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

Certain of the Bonds (“Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

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

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

## APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the issuance of the Bonds are subject to the legal opinion of Squire Patton Boggs (US) LLP, as Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of the original delivery of the Bonds, will be delivered to the Underwriters.

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

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

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

Certain legal matters in connection with the Bonds will be passed upon for the University by Dinsmore & Shohl LLP, counsel to the University, and for the Underwriters by Thompson Hine LLP, counsel to the Underwriters.

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

## INDEPENDENT AUDITOR

The financial statements of the University as of and for the years ended June 30, 2024 and June 30, 2023, included in this Offering Circular, as **APPENDIX B**, have been audited by Deloitte & Touche LLP, an independent auditor, as stated in their report appearing herein.

## TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings for the Bonds and a certificate (described under **Absence of Material Litigation**) relating to litigation will be delivered by the University when the Bonds are delivered by the University to the Underwriters. The University at those times will also provide to the Underwriters a certificate, signed by the University officials who sign this Offering Circular and addressed to the Underwriters, relating to the accuracy and completeness of the Offering Circular and to its being a “final official statement” in the judgment of the University for purposes of the Rule.

## **RATINGS**

Moody's and Fitch have assigned ratings of "Baa1" with a negative outlook, and "A-" with a stable outlook, respectively, to the Bonds. No application has been made for a rating from any other rating service. A rating reflects only the view of the Rating Service and an explanation of the significance of the rating may only be obtained from that Rating Service.

The University has furnished to the Rating Services certain information and materials, some of which have not been included in this Offering Circular. Generally, Rating Services base their ratings on such information and materials and on investigations, studies, and assumptions furnished to, obtained and made by the Rating Services. There is no assurance that such rating when assigned will continue for any given period of time or that it may not be changed or withdrawn entirely by the Rating Service, if in its judgment circumstances so warrant. Neither the Commission, the University nor the Underwriters have undertaken any responsibility either to bring to the attention of the Holders of the Bonds any proposed revision or withdrawal of the rating or to oppose any such revision or withdrawal. Any downward change in or withdrawal of the rating may have an adverse effect on the marketability and/or market price of the Bonds.

## **FINANCIAL ADVISOR**

The University has retained The Yuba Group LLC ("The Yuba Group") to serve as its financial advisor in connection with the issuance of the Bonds. A portion of The Yuba Group's fees for services rendered with respect to the sale of the Bonds is contingent upon issuance and delivery of the Bonds. The Yuba Group is not obligated to make, and has not undertaken, an independent verification of any of the financial information contained in this Offering Circular and makes no guarantee as to the accuracy, completeness or fairness of such information. The Yuba Group is an independent advisory and consulting firm and is not engaged in the underwriting or trading of municipal securities or other negotiable instruments.

## **RELATIONSHIP OF CERTAIN PARTIES**

Natasha Holiday, a current trustee of the University, is affiliated with the Municipal Finance Department of RBC Capital Markets, LLC, an Underwriter for the Bonds. Ralph S. Michael, III and Timothy N. Spence, are current trustees of the University and are officers of Fifth Third Bank, Greater Cincinnati and Fifth Third Bank, respectively. Fifth Third Bank, Greater Cincinnati and Fifth Third Bank are affiliated with Fifth Third Securities, Inc., an Underwriter for the Bonds. See, also, **APPENDIX A – Governing Structure**.

## **CONTINUING DISCLOSURE AGREEMENT**

In accordance with the requirements of the Rule promulgated by the SEC, the University will enter into the Continuing Disclosure Agreement on the date of delivery of the Bonds, which will constitute a written undertaking for the benefit of the Owners of the Bonds, solely to assist the Underwriters in complying with subsection (b)(5) of the Rule. Pursuant to the Continuing Disclosure Agreement, the University has covenanted to provide certain financial information on an annual basis and to provide notice of certain enumerated events. See **APPENDIX G** for detailed provisions of the Continuing Disclosure Agreement. The University has instituted policies and procedures designed to ensure continued and future compliance with its continuing disclosure obligations. The University, in the previous five years, has complied in all material respects with its prior continuing disclosure undertakings.

## **CONCLUDING STATEMENT**

The references to and summaries or descriptions of provisions of the Bonds, the Lease, the Trust Agreement, the Pledged Revenues Trust Agreement and the Guaranty included in this Offering Circular, including the appendices hereto, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Copies of the Bonds, the Lease, the Trust Agreement, the Guaranty and the Pledged Revenues Trust Agreement, are available during the initial offering period for inspection at the offices of RBC Capital Markets, LLC in New York, New York and thereafter at the designated corporate trust office of the Trustee.

To the extent that any statements made in this Offering Circular involve matters of opinion or estimates, whether or not expressly so stated to be such, are intended as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Offering Circular has been derived by the University from official and other sources and is believed by the University to be accurate and reliable. Information other than that obtained from official records of the University has not been independently confirmed or verified by the University and its accuracy is not guaranteed.

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

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

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

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

XAVIER UNIVERSITY

By: /s/ Colleen M. Hanycz, Ph.D.  
President

By: /s/ Kevan Buck  
Vice President, Finance and Administration  
and Chief Financial Officer

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## **APPENDIX A**

Xavier University

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## APPENDIX A XAVIER UNIVERSITY

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### FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS IN THIS OFFERING CIRCULAR THAT RELATE TO XAVIER UNIVERSITY (“XAVIER”), INCLUDING, BUT NOT LIMITED TO STATEMENTS IN THIS APPENDIX A, ARE FORWARD-LOOKING STATEMENTS THAT ARE BASED ON THE BELIEFS OF, AND ASSUMPTIONS MADE BY, THE MANAGEMENT OF XAVIER. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE THE ACTUAL RESULTS OR PERFORMANCE OF XAVIER TO BE MATERIALLY DIFFERENT FROM ANY EXPECTED FUTURE RESULTS OR PERFORMANCE. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO, ITEMS DESCRIBED UNDER THE HEADING “SOURCES OF PAYMENT AND SECURITY; BONDHOLDER’S RISKS”. XAVIER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS OR PROJECTIONS IF OR WHEN ITS EXPECTATIONS OF THE EVENTS, CONDITIONS, EFFECTS, IMPACTS OR CIRCUMSTANCES UPON WHICH SUCH FORWARD-LOOKING STATEMENTS OR PROJECTIONS ARE BASED CHANGE OR PROVE TO BE OTHER THAN AS STATED HEREIN.

## **Introduction**

Xavier University (“Xavier” or the “University”) is a Jesuit Catholic university rooted in the liberal arts tradition. The University is a private coeducational institution of higher education with a mission to educate each student intellectually, morally, and spiritually and to create learning opportunities through rigorous academic and professional programs integrated with co-curricular engagement. The University is an Ohio nonprofit corporation and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The University is located on a 209-acre campus in Cincinnati, Ohio. The University, originally named the Athenaeum College, was established in 1831 by the first Catholic bishop of Cincinnati, Edward Fenwick, and constituted the first Catholic institution of higher learning in the Northwest Territory. In 1840, the Athenaeum College became a Jesuit institution and was renamed St. Xavier College. In 1919, St. Xavier College was moved from its original location in downtown Cincinnati to its present location, and became Xavier University in 1930. The University was founded as an all-male institution, but became fully coeducational in 1969. In 1980, the University acquired Edgecliff College, which was also located in Cincinnati. The programs at Edgecliff College were integrated with those at the University, and, by 1987, its faculty, staff and students moved to the University campus. The Edgecliff College campus property was sold by the University in 1987.

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

## ***Strategic Plan***

The University adopted its current strategic plan *Xavier @ 200: The Greater. The Better. The More.* in Fiscal Year 2023 to take the University to its 200<sup>th</sup> anniversary in 2031. The plan consists of four themes with sixteen underlying priorities that will remain fixed for the life of the plan, with initiatives under such priorities determined on an annual basis.

### ***Cura Studiorum (Care for Our Academics) - Striving for excellence and innovation in academics.***

- Deepen our academic excellence through bold leadership in health and biomedical sciences.
- Set the national collegiate standard for Ignatian Civic Engagement.
- Expand our commitment to immersive, high-impact, experiential learning.
- Redefine teaching excellence through inclusive pedagogy.

### ***Cura Personalis (Care for Our Students) - An unsurpassed campus experience that transforms the mind, body, and spirit.***

- Implement a comprehensive, transformative first year experience.
- Set the national bar for innovative, holistic collegiate health.
- Achieve excellence across Diversity, Equity, Inclusion, Accessibility, and Belonging (DEIAB) innovation, outcomes, and impact.

- Deepen our strong culture of philanthropy, seeking better ways to serve our students and one another with a generosity of heart.

*Cura Propria (Care for the Individual) - Building a profound culture of belonging and inclusive excellence.*

- Reimagine a radical model of integrated vocational discernment.
- Prioritize the health, success and well-being of all Xavier colleagues.
- Strengthen our culture of belonging through enhanced campus amenities and programming.
- Enhance partnerships across our local communities, advancing the greater good in support of the shared goals of our partners.

*Cura Apostolica (Care for the Work) - Operational strength and effective stewardship.*

- Ensure that our Jesuit Catholic identity and character inform each of our endeavors, paying particular attention to the Universal Apostolic Preferences.
- Infuse a commitment to continuous improvement across our campus, aligning our operational practices with leading sector approaches.
- Animate our national identity to expand and diversify our institutional footprint.
- Advance institutional thriving through a strengthened and diversified operational infrastructure, including seeking opportunities for external collaboration and partnerships.

Now in its second year, the key initiatives of the strategic plan for Fiscal Year 2025 are:

- Sustaining Excellence: Xavier's Path to Success: Development and approval of a comprehensive transformation project aiming to identify opportunities for revenue growth, refine administrative and academic processes, and manage expenses for long-term institutional health.
- The College of Osteopathic Medicine: Several milestones have been accomplished related to Xavier's planned opening of the College of Osteopathic Medicine (sometimes referred to herein as the "COM"), including receipt of gifts and pledges totaling \$92.58 million as of September 2024, including a \$9.75 million grant from the State of Ohio (see "Major Fundraising Campaigns"); hiring of a Founding Dean and Senior Associate Dean; identifying the site for the new facility; and hiring architects for the new facility. A portion of the proceeds of the Bonds will be used to finance costs related to the construction of the COM (see "Building the First Jesuit College of Osteopathic Medicine in the Nation").
- The MAGIS Campaign: Xavier has begun a \$500 million fundraising campaign, which is currently in its quiet phase. As of September 2024, \$273 million in gifts have been committed (including COM-related gifts and pledges) since 2022, as well as \$11 million of pending additional commitments.

## **Physical Campus**

The University's campus contains 57 buildings, including 12 academic structures, 12 student residence facilities, 15 administrative and service buildings, three athletic buildings, two utility plant buildings, a library, two chapels, a ROTC armory, a student health and recreation center and eight former single-family houses; these buildings total approximately 2.5 million square feet.

There have been a number of changes to the campus since 2000 and the physical development of the campus has been conducted as part of a comprehensive master plan that was completed in 2005. Some of these changes include: construction of the Cintas Center, a 10,250 seat arena that also includes conference and banquet facilities (2000); construction of the Gallagher Student Center (2002); completion of the Hoff Academic Quad, which consists of a new central utility plant, the Conaton Learning Commons and Smith Hall, which is home to the Williams College of Business (2010); construction of Justice Hall (originally named Fenwick Place), a residence hall with 533 beds, a central dining facility and retail and office spaces (2011); and, renovation of Alter Hall, the University's primary classroom building (2015).

University Station, a mixed-use development adjacent to the campus and containing office retail and 117 residential apartment units, opened in 2014. University Station is owned and managed by a third party on land leased from the University.

The Health United Building (HUB) opened in the Fall of 2019. This 130,000 square foot facility includes health and counseling facilities, classrooms and labs for five health-related academic departments and space for recreational sports. This building was built in partnership with a large regional health care provider and was jointly funded through contributions from the partner and University reserves.

Additionally, since 2019, several buildings have been fully renovated to address deferred maintenance needs. The O'Connor Sports Center was renamed the Heidt Champions Center and renovated to better meet the needs of the soccer, baseball, swimming, track & field, and lacrosse athletic teams. The Commons Apartments building received the first renovation since it was built in 1999 to replace all finishes and fixtures in the 72 student residences. The Armory and Joseph academic buildings were completely renovated to modernize operational equipment, improve the integrity of the enclosures, and better meet the needs of the ROTC and education programs they serve.

In 2023, the Klekamp gym addition was completed at the Cintas Center. This project added a practice gym and expanded the strength and conditioning center for the basketball and volleyball athletic programs.

## **Governing Structure**

The University is governed by a Board of Trustees (the "Board"), which has legal responsibility for the overall governance of the University. The Board is currently comprised of 44 members (Trustees) and may not number more than 50 nor fewer than 15, and at least 15% of the Board members must be members of the Society of Jesus. The President of the University and the Rector of the Cincinnati Jesuit Community are *ex officio* members of the Board, with full voting

rights. The Executive Committee of the Board recommends persons to fill the remainder of the Trustee positions, and the full Board elects Trustees for overlapping three-year terms. Trustees do not receive compensation for their services.

The Board holds four regular meetings during each Fiscal Year and special meetings as may be called. The presence of a majority of Trustees is required for a quorum at any meeting of the Board. Most actions of the Board require the vote of a majority of Trustees present at a meeting at which a quorum is present. Actions that may be taken at a meeting may also be taken without a meeting if authorized in writing by the unanimous consent of the Board. Certain activities of the University require the approval of two-thirds of the entire Board, including the incurring of a debt obligation in excess of \$5 million, and certain material dispositions of property. In addition, certain other actions of the Board require the affirmative vote of the majority of the total number of the Jesuit Trustee members. Between meetings of the Board, the Executive Committee, consisting of the Chair of the Board, the two Vice Chairs, the President, the chairs of each standing committee of the Board and other Trustees, meets four times a year, or as needed, and has full power and authority to take most actions that the Board may take. The standing committees of the Board include the Executive Committee, the Compensation and Leadership Development Subcommittee, the Governance Subcommittee, Academic Affairs Committee, Integrated Student Experience Committee, Audit and Risk Management Committee, Diversity and Inclusion Committee, Finance Committee, Jesuit Mission and Identity Committee, and University Advancement Committee. The Compensation and Leadership Development Subcommittee and the Governance Subcommittee are subcommittees of the Executive Committee.

The list below sets forth the members of the Board, each member's principal business or professional affiliation, and the year (in May) that each member's term expires. Members of the Executive Committee are denoted by an asterisk (\*).

<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
Shakila T. Ahmad	Principal MANASH Properties	2026
Donna Jones Baker	Retired - President & CEO Urban League of Southwestern Ohio	2025
Jeff Berding	President and co-CEO FC Cincinnati	2027
Vincent C. Caponi*	Retired – Senior Vice President Ascension Health	2025
Michael Class, S.J.	Chaplain Grand Traverse Area Catholic Schools	2025
Kevin M. Crawford, M.D.	Owner Forefront Dermatology	2026
David G. DeMarco, S.J.	Loyola University Chicago Stritch School of Medicine	2026

<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
Walter C. Deye, S.J.	Treasurer USA Midwest Province of the Society of Jesus	2027
John D. Dovich	Regional President and Senior Managing Director MAI Capital Management, LLC	2026
Amy Wintersheimer Findley	Managing Partner Law Offices of Amy Wintersheimer	2027
Dr. Michael R. Fortin	Retired - Corporate Vice President Microsoft Corporation	2026
Colleen M. Hanycz, Ph.D.*	President Xavier University	<i>Ex Officio</i>
Robert S. Heidt, Jr., M.D.*	Retired Wellington Orthopaedic and Sports Medicine	2027
Rev. Daniel S. Hendrickson, S.J.	President Creighton University	2027
Ann E. Hoffman	President/Co-owner Hoffman & Albers Interiors	2027
Natasha A. Holiday*	Managing Director & Co-Head Infrastructure East RBC Capital Markets, LLC	2026
Bob W. Horner	Administrative Director Supreme Court of Ohio	2025
Barbara J. Howard, Esq.	Attorney Barbara J. Howard Co., L.P.A.	2027
Damon D. Jones	Chief Communications Officer The Procter & Gamble Company	2026
Gregory G. Joseph*	President Joseph Auto Management	2026
David L. Joyce*	Retired - President & CEO General Electric Aviation	2025
Peter C. Klekamp	President PLK Communities	2026



<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
Patrick A. Lafley	Co-Founder and Managing Partner Constellation Wealth Advisors	2026
John B. Maydonovitch*	Partner/President and CEO MCE Technology	2025
J. Thomas McClain, S.J.	Superior Detroit Jesuit Community	2026
W. Rodney McMullen*	Chairman & CEO The Kroger Co.	2025
Ralph S. Michael, III*	Executive Vice President, Cincinnati Regional Chairman Fifth Third Bank, Greater Cincinnati	2027
Catherine J. Pearce	Chief Operating Officer JucaBio, LLC	2025
Penny K. Pomeranz	Public Relations ProScan Imaging	2027
James S. Prehn, S.J.*	Socius USA Midwest Province of the Society of Jesus	2026
Jennifer R. Ragland	Co-Owner Alligator Purse	2026
Janet Butler Reid-Washington, Ph.D.	CEO BRBS World, LLC	2026
Timothy J. Reilly	President St. Xavier High School	2027
Eric Rhodes	President Advocate Good Samaritan Hospital	2027
Timothy J. Schroeder*	Chairman & CEO CTI - Clinical Trial & Consulting Services	2026
Rebecca A. Scullin*	General Manager Xamass Partners, LLC	2025
Thomas F. Sedler	Treasurer The Home City Ice Company	2026
Liza D. Smitherman <sup>(+)</sup>	Chief People Officer Jostin Construction, Inc.	(+)

<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
Timothy N. Spence	President & CEO Fifth Third Bank	2025
John Thiede, S.J.	Vice President for Mission and Identity Marquette University	2027
Maggie Meyer Vagle	Financial Advisor, Edward Jones Vagle Wealth Management	2027
William Verbryke, S.J.	Rector Cincinnati Jesuit Community	<i>Ex Officio</i>
Paul T. Verst	Chairman & CEO Verst Group Logistics	2025
Kathlyn R. Wade	CEO Learning Through Art, Inc.	2025

(+) Ms. Smitherman is on a leave of absence from the Board that is anticipated to continue until June 30, 2025. The expiration of her term on the Board following her return is still to be determined.

Certain members of the Board are partners, officers, directors or stockholders of, or may have other financial interests in or relationships with, financial institutions, brokerage firms or law firms that are involved in the issuance of the Bonds. No such institution or firm will be disqualified from acting as an underwriter, as counsel or as Trustee because of the existence of such a relationship.

### **Administration**

The University is administered on a daily basis by its President and additional executive staff, including the Vice President, Finance and Administration and Chief Financial Officer; Provost and Chief Academic Officer; Vice President for Institutional Strategy and Director of Athletics; Vice President for University Relations; and Vice President of Strategic Enrollment. The President serves at the pleasure of the Board, and the major administrative officers serve at the pleasure of the President. Brief biographies for these University officers and the Founding Dean of the College of Osteopathic Medicine follow.

#### **Colleen Hanycz, Ph.D., President**

*BA History, St. Michael's College (Toronto); Bachelor of Laws (J.D.), Dalhousie University; Masters of Law LLM, Osgoode Hall Law School; Doctor of Philosophy in Law (Ph.D.), Osgoode Hall Law School*

President Hanycz has led the University since her appointment by the Board in 2021, and is the first lay and female president of the institution in its nearly two-hundred-year history. During her tenure, she has spearheaded transformational efforts at the University, including the launching of the institutional strategic plan *Xavier @ 200: The Greater. The Better. The More.* (see "Introduction – Strategic Plan"). Included in this strategy is the establishment of the nation's first

Jesuit College of Osteopathic Medicine, which is expected to welcome its first class in Fall 2027 (see “Building the First Jesuit College of Osteopathic Medicine in the Nation”).

A former practicing attorney and associate professor of law, President Hanycz possesses an excellent teaching and academic background, with a demonstrated passion for student-centered education. She earned her bachelor’s degree in history from St. Michael’s College at the University of Toronto, followed by the completion of her J.D. at Dalhousie University in Halifax, Nova Scotia. She practiced securities and employment litigation for several years at Heenan Blaikie LLP in Toronto and then returned to graduate studies, completing both her Master of Laws and Ph.D. in Law at York University.

Kevan Buck, Vice President, Finance and Administration and Chief Financial Officer  
*BS Forestry, Michigan Technological University; MBA, Wright State University*

Kevan Buck serves as the Vice President, Finance and Administration and Chief Financial Officer for the University. Previously, Mr. Buck was Chief Financial Officer at Oklahoma City University. Prior to Oklahoma City University, he spent over 20 years as the Executive Vice President and Chief Financial Officer at the University of Tulsa. His early years in higher education were at Wilmington College as Vice President for Business and Finance and at Ashland University as Controller. He began his higher education career at Ashland in 1984.

Rachel Chrastil, Ph.D, Provost and Chief Academic Officer  
*BA History and French, Indiana University; Ph.D. History, Yale University; Fulbright Scholar, Université de Provence*

Rachel Chrastil, Ph.D., has served as the University’s Provost and Chief Academic Officer since January 2022. She oversees Xavier’s five colleges and over 100 academic programs and is responsible for the development of Xavier’s planned College of Osteopathic Medicine. Dr. Chrastil co-founded Xavier’s Take It On initiative, which is the University’s non-partisan, values-centered initiative to proactively promote better civic discourse and robust, peaceful engagement in politics. Dr. Chrastil is an award-winning teacher, Fulbright Scholar, and the author of four books, including *How to Be Childless: A History and Philosophy of Life Without Children* and *Bismarck’s War: The Franco-Prussian War and the Making of Modern Europe*, a Best History Book of 2023 in The Financial Times and The Telegraph. Dr. Chrastil earned her Ph.D. in History at Yale University and her B.A. in History and French at Indiana University before joining the Xavier faculty in 2005.

Gregory Christopher, Vice President for Institutional Strategy and Director of Athletics  
*BA and MBA, Miami University*

Greg Christopher took on an expanded set of responsibilities at the University in 2023, assuming the role of the University’s Vice President for Institutional Strategy and Director of Athletics after five years as Vice President for Administration and Director of Athletics. In this new role, Mr. Christopher is particularly focused on Xavier’s positioning, as the University continues on its path of institutional and strategic advancement. Mr. Christopher serves on the President’s Executive Cabinet, leads intercollegiate athletics, and is engaged with Xavier’s public affairs and communications efforts.

At the national level, the NCAA Board of Directors appointed Mr. Christopher to the NCAA Division I Council this year. Previously, Mr. Christopher had served on the NCAA's Transformation Committee, along with the Committee on Infractions, and the Women's Basketball Committee.

Mr. Christopher, who has served as Director of Athletics since May of 2013, took over in that role as Xavier was preparing for its first season in the Big East Conference. He oversees Xavier's 19 intercollegiate athletic programs and 330 student-athletes. Under his guidance, Xavier Athletics has won 23 Big East Conference team titles, including tournament and regular season championships, in Xavier's first 10 years in the conference. Following the 2017-18 season, Mr. Christopher was named the Division I-AAA Under Armour Athletics Director of the Year.

Gary R. Massa, Vice President for University Relations  
*BA and MBA, Xavier University*

Gary Massa, Vice President for University Relations, serves on the President's Executive Cabinet. He is responsible for all phases of Xavier's Development and Alumni Relations efforts including the Annual Fund, Major Gifts, Estate Giving and all aspects of campaign programming as well as Xavier's network of Alumni Chapters. Mr. Massa, a two-time Xavier graduate (BSBA, MBA), joined Xavier in June 1999, after 17 successful years in the corporate world. During his tenure, his office has conducted three successful campaigns raising more than \$875 million, nearly 95% of what has been raised in the history of the University. The Annual Fund has more than tripled since 2006 and estate giving to the University has quadrupled. His University Relations office has been recognized multiple times with a national honor from CASE (Council For Advancement and Support of Education) for overall performance for advancement. He was awarded the Reverend Barry McGannon S.J. Award, JAA's (Jesuit Advancement Association) highest honor for leadership and outstanding service to the Jesuit Network and Xavier in 2023. A former Xavier Musketeer basketball co-captain, MVP and member of the 1,000 Point Club, Mr. Massa served as color commentator for Xavier basketball on TV for 10 seasons. Mr. Massa is also active in the community serving on the Boards of St. Mary's Seminary and Xavier's Center for Catholic Education.

Scott Clyde, Vice President of Strategic Enrollment  
*BS Biology/Biological Sciences University of Rochester, MBA Florida Institute of Technology*

Scott Clyde serves as Vice President of Strategic Enrollment at Xavier, after more than four years leading the operations, systems, communications, staffing, student financial services, and budgeting of the University of Notre Dame's Enrollment Division, and modeling the future needs of the University's annual \$215 million undergraduate financial aid budget. Prior to his time at Notre Dame, Mr. Clyde was Chief of Staff of the University of Rochester, his alma mater, leading its Admissions and Financial Aid division. During his time at the University of Rochester, Mr. Clyde established the Office of Veteran and Military Family Services, providing veterans and their dependents certification and guidance with VA benefits. He also co-founded the University of Rochester's Veterans Alliance staff, student, and faculty group. In addition to his 11-plus years as a higher education decision-maker, Mr. Clyde served on active duty with the U.S. Marine Corps for a decade. An F/A-18 fighter pilot and instructor pilot who reached the rank of major, he

engaged in multiple operations and multinational exercises around the globe, directed squadron operations for multiple deployments, and was an integral flight trainer in Miramar, California, developing the next generation of Marine and Navy aviators.

Dr. Steven Halm, DO, FAAP, FACP, OHPF, Dean of the College of Osteopathic Medicine  
*BS, Biology, Allegheny College; DO, Philadelphia College of Osteopathic Medicine*

Dr. Steven Halm serves as Founding Dean of the College of Osteopathic Medicine. Previously, Dr. Halm was the Dean of Des Moines College of Osteopathic Medicine, the second-oldest osteopathic medical colleges in the country, after working as an assistant dean for the early years (2015 – 2019) of one of the newest osteopathic medical schools at Campbell University. Dr. Halm created Campbell University’s simulation program and assisted Campbell University with achieving a #1 rank in the standardized patient exam. At Des Moines, Dr. Halm led a successful re-accreditation, and through comprehensive recruiting and support strategies, raising its underrepresented minority student population from 3% to 14% in two years. His academic career also includes key leadership roles at the West Virginia School of Osteopathic Medicine in Lewisburg, West Virginia, and Cone Health in Greensboro and Reidsville, North Carolina, as well as 20 years of direct patient care as a physician. Dr. Halm earned his medical degree from the Philadelphia College of Osteopathic Medicine. He is board certified by the American Board of Pediatrics, the American Board of Internal Medicine and the American Osteopathic Association specialty boards. Dr. Halm is also a fellow of the American Academy of Pediatrics, the American College of Physicians and the American College of Osteopathic Internists.

### **Academic Programs**

The University’s academic programs are organized into four colleges: the College of Arts and Sciences, the Williams College of Business, the College of Professional Sciences, and the College of Nursing. The University is preparing to open a College of Osteopathic Medicine in Fall 2027 (see “Building the First Jesuit College of Osteopathic Medicine in the Nation”). The University is classified under the Carnegie Classification of Institutions of Higher Education as a Doctoral/Professional University and awards degrees at the associate, bachelor, master and doctorate levels.

The University awards three degrees at the associate level: Associate of Arts (AA), Associate of Science (AS), and Associate of Business Administration (ABA). These degrees encompass 13 different programs: General Business, Corrections, Criminal Justice, Early Childhood Education, English, French, History, Liberal Arts, Political Science, Psychology, Sociology, Spanish and Theology.

The University awards 10 degrees at the bachelor level: Bachelor of Arts (BA), Bachelor of Fine Arts (BFA), Honors Bachelor of Arts (HAB), Bachelor of Liberal Arts (BLA), Bachelor of Music (BM), Bachelor of Science (BS), Honors Bachelor of Science (HBS), Bachelor of Science in Nursing (BSN), Bachelor of Science in Business Administration (BSBA), and Bachelor of Science in Social Work (BSW). These 10 degrees encompass 67 majors or programs of study, 84 minors, and a number of certificate, licensure, and endorsement programs.

The University awards nine degrees at the graduate level: Master of Business Administration (MBA); Master of Arts (MA); Master of Science (MS); Master of Education

(MEd); Master of Health Services Administration (MHSA); Master of Science in Nursing (MSN); Occupational Therapy Doctorate (OTD); Doctorate in Clinical Psychology (PsyD); and Doctorate in Nursing Practice (DNP). These nine degrees encompass over 30 programs and post-graduate certificates. The University is regionally known for its strong business programs, notably its MBA and MS in Accountancy, its MEd programs, particularly in Elementary, Secondary, Montessori, and Special Education, and its health care programs, which include Nursing, Health Service Administration, and Occupational Therapy, among others.

Off-campus study programs are also available at the University. The University offers summer study-abroad programs and, through the University's cooperation with other Jesuit universities, students may spend a semester or a year studying in a foreign country. The University also offers internship and cooperative education programs to enable students to obtain off-campus work experience.

The University offers fully online graduate and certificate programs in business, nursing, health services administration, criminal justice, sport administration, and Montessori education, special education, and Teaching English to Speakers of Other Languages (TESOL) programs, as well as fully online undergraduate programs in Organizational Leadership and Liberal Arts.

In 2018, the University launched an Accelerated Bachelor of Nursing Program (ABSN). This cohort-based program is part of the College of Nursing, through which a Bachelor of Science in Nursing (BSN) degree is awarded. This program is offered on campus and at two remote locations in Columbus and Cleveland, Ohio in partnership with a third-party program manager. The program manager provides all marketing and student recruitment, secures leased space for the program, and coordinates clinical placements for students. Xavier hires all faculty and maintains responsibility for course curricula and pedagogy.

### **University Recognitions and Rankings**

Below are a selection of recent external recognitions for Xavier's programs:

- In the 2025 edition of the U.S. News and World Report Best Colleges rankings, the University ranked:
  - No. 209 in National Universities (after 27 years as a Top 10 Midwest Regional university) and No. 7 in Ohio
  - No. 136 nationally in Best Value Schools
  - No. 130 nationally in Best Undergraduate Nursing and No. 5 Best Undergraduate Nursing (BSN) Program in Ohio
  - Four undergraduate business programs ranked in the Top 30 in the country (Marketing, Business Analytics, Finance, Entrepreneurship)
  - No. 78 (new recognition for the University) in Best Undergraduate Engineering (Non-Doctorate) for Engineering Physics program

- Ranked 147 nationally in Best Colleges for Veterans after consistently being named as one of the Top 5 Midwest Regional Universities
  - For 2025, Xavier University is ranked 6th in Ohio for Best Colleges for Veterans by U.S. News & World Report
- Consistently regarded by Military Friendly as a Military Friendly Gold: Top 10 School
  - Xavier University has also been recognized as a Military Friendly® Spouse School
- Named as One of the Best Midwestern Colleges and One of the Best 378 Colleges in America by Princeton Review, 2025
- Over the past 6 years, an average of 98% of students (for whom outcome data is known and including graduates currently serving in U.S. Military and graduates not seeking employment/education) are either employed, continuing their education, or serving in a volunteer program, such as the Peace Corps, within six months of graduation

### **Accreditation**

The University is accredited by The Higher Learning Commission (HLC), a national, institutional accrediting body for higher education. It also holds a Certificate of Authorization from the Ohio Chancellor of Higher Education and is approved by the Department of Education of the State of Ohio for teacher certification. Many of the University's individual programs and departments are accredited by discipline-specific and/or professional accrediting bodies, where they exist. Program/department-specific accreditations include: The Williams College of Business is accredited by the Association to Advance Collegiate Schools of Business (AACSB); the Department of Chemistry is accredited by the American Chemical Society (ACS); the School of Nursing is accredited by the Ohio Board of Nursing for its nursing programs, by the Commission on Collegiate Nursing Education (CCNE) for its MSN and BSN programs, and is endorsed by the American Holistic Nurses' Certification Corporation; the Department of Social Work is accredited by the Council on Social Work Education (CSWE) for its baccalaureate social work program; the doctoral program in Occupational Therapy is accredited by the Accreditation Council for Occupational Therapy Education (ACOTE); the undergraduate and graduate education programs are accredited by the Council for the Accreditation of Education Preparation (CAEP); the Montessori program is affiliated with the American Montessori Society (AMS) and is accredited by the Montessori Accreditation Council for Teacher Education (MACTE); the Masters in Health Services Administration (MHSA) program is accredited by the Commission on Accreditation Health Management Education (CAHME); the Bachelor of Science in Health Services Administration is certified by the Association of University Programs in Health Administration (AUPHA); the Department of Counseling is accredited by the Council for Accreditation of Counseling and Related Educational Programs (CACREP); the athletic training program is accredited by the Commission on Accreditation of Athletic Training Education (CAATE); and the PsyD program is accredited by the American Psychological Association (APA). The proposed College of Osteopathic Medicine has applicant status with the Commission on Osteopathic College Accreditation (COCA). See "Capital Planning and Future Capital Projects" and "Building the First Jesuit College of Osteopathic Medicine in the Nation" herein.

The University's accreditation by the HLC was most recently reaffirmed in 2021 and its next comprehensive evaluation will take place in 2031.

### **Faculty and Employees**

As of November 1, 2023, the census date for employee data per the U.S. Department of Education, the University had approximately 969 full-time and part-time continuing employees and 279 temporary employees (including 252 adjunct faculty). The University believes that it provides a competitive compensation program for faculty and staff and is able to attract and retain qualified persons. The University has 395 full-time and 252 adjunct faculty; of this number, 245 are tenured or tenure-track faculty. Of the tenured and tenure-track faculty, 48% are female, and 98% of full-time tenured or tenure-track faculty (excluding administrators who hold faculty rank) hold the doctoral degree or the equivalent terminal degree. The University's patrol officers (approximately 16 people) have been represented by the Xavier University Patrol Officers Association, though there are not currently any active dues-paying members and the last collective bargaining agreement has expired. No other employees of the University are represented by a union.

The University believes that its employee relations are favorable.

### **Retirement Plan and Other Benefits**

The University has a 403(b) defined contribution plan through Teachers Insurance and Annuity Association (TIAA) that covers substantially all full-time employees. Eligible employees are required to make contributions of 2% to 5% of their qualified compensation.

The University contributes amounts ranging from 5% to 10% of each participant's eligible compensation; this amount varies depending on the participant's length of service with the University. Employees hired after October 1, 2023 have a one-year waiting period before participating in the retirement plan, and all previously hired employees were required to participate at the start of employment. University contributions to the retirement plan amounted to approximately \$6,712,000 in Fiscal Year 2024.

The University has no unfunded pension obligations as its retirement plan is a defined contribution plan and is funded on a current basis. The University also offers supplemental voluntary defined contribution plans with no matching provisions.

The University offers health care coverage for eligible employees. Some components of the health care program are self-funded. The costs of this program are funded on a current basis and recorded in the operating expenses in the University's financial statements.

The University sponsors a non-contributory defined benefit health care plan that provides post-retirement medical benefits for former full-time employees who retired prior to the end of the 1994-95 academic year and who met minimum age and service requirements. For employees who met certain age and service requirements as of January 1, 1995, the plan has been amended to require employee contributions and establish a maximum monthly benefit to be provided by the University.



See footnotes 12 and 13 of the audited financial statements in Appendix B to this Offering Circular for additional information on the University's retirement plan and post-retirement health care benefits.

### **Insurance**

The University maintains comprehensive insurance coverage on its assets. Buildings, other real property and equipment are insured on a replacement value basis with a \$50,000 deductible on buildings and equipment (\$100,000 water damage deductible per building- not including flood or water back up). For the policy year ending July 1, 2025, campus properties are insured for \$691,497,449 for buildings, \$45,444,098 for personal property, \$9,277,593 for electronic and data processing coverage, \$28,727,682 coverage for library materials including valuable papers and records, and \$1,589,413 for special fine arts property.

The University carries business interruption insurance that protects against loss of income up to \$42,620,000 resulting from damage to real property and equipment per occurrence. Losses of money and securities are insured up to \$500,000 per occurrence. Cyber security insurance is carried that protects the University against loss due to data security breaches in the amount of \$3,000,000 per occurrence.

Personal injury and property damage liability coverage is provided under a comprehensive general liability policy with loss limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and umbrella policies with a single loss limit of \$25,000,000. Liability insurance for officers and trustees is also carried in an aggregate amount of \$10,000,000. The University considers these policies and coverage to be comparable to those carried by similar universities and businesses.

### **Enrollment**

Total headcount enrollment at the University was 5,504 students in Fall 2024. The full-time equivalent (a combination of full-time, part-time, undergraduate and graduate student enrollments, related to full-time equivalent credit hour load) enrollment was 5,288 in Fall 2024. For the Fall 2024 semester, the University enrolled 4,081 full-time and 160 part-time undergraduate students, and 1,263 graduate students, 58% of whom are part-time students.

Since 2004, 75% of each of the University's entering freshman classes have graduated from the University within six years, on average. The average freshman to sophomore year retention rates for the most recent five years is 83%.

The following table shows headcount and full-time equivalent (FTE) undergraduate and graduate enrollment for the past five academic years, including the current year.

Academic Year (Fall Census)	Headcount Undergraduate <u>Enrollment</u>	FTE Undergraduate <u>Enrollment</u>	Headcount Graduate <u>Enrollment</u>	FTE Graduate <u>Enrollment</u>
2020-21	5,304	5,170	1,808	1,415
2021-22	5,145	5,028	1,506	1,210
2022-23	4,860	4,748	1,269	1,036
2023-24	4,758	4,672	1,258	1,046
2024-25	4,241	4,164	1,263	1,124

The information in the table above is as of the official Fall census date each year. The FTE enrollment numbers are computed for undergraduates as full-time head count plus part-time student credit hours divided by 12. Graduate FTE enrollment is computed as graduate credit hours divided by 9.

For the 2024-25 academic year, the geographic distribution of undergraduate enrollment includes students from 47 states, the District of Columbia, and 2 U.S. territories. The top five states represented for academic year 2024-25 are: Ohio (1,965), Indiana (270), Illinois (250), Kentucky (230), and New York (154). Additionally, 54 students from 33 foreign countries were enrolled in Fall 2024.

The following table shows the number of first year applications received, the number accepted for admission, the percentage of applicants accepted, the number of first year students enrolled, and the enrollment yield percentage of the accepted applicants. The data exclude adult part-time and Accelerated Bachelor of Science in Nursing (ABSN) students.

Academic <u>Year</u>	Applications		%		%
	<u>Received</u>	<u>Accepted</u>	<u>Accepted</u>	<u>Enrolled</u>	<u>Enrolled of</u> <u>Accepted</u>
2020-21	14,805	12,024	81.2%	1,309	10.9%
2021-22	15,199	12,770	84.0	1,184	9.3
2022-23	14,851	12,547	84.5	1,189	9.5
2023-24	16,725	14,671	87.7	1,225	8.3
2024-25	14,722	12,644	85.9	925	7.3

Total FTE enrollment declined for Fall 2024 due to a change in recruitment strategy that is being spearheaded by Scott Clyde, Vice President of Strategic Enrollment, with the aim of improving retention from freshman to sophomore year. In addition, the delay in the rollout of the FAFSA was a contributing factor. The University is taking steps to prepare for possible delays in the release of the 2025 FAFSA. The University aims to enroll a total of between 4,500 and 5,000 undergraduate students (excluding ABSN students), and intends to enroll between 1,100 and 1,300 full-time first year students each year. Strategies implemented in Fall 2024 include an early action admission program, direct admission agreements with academically strong Catholic high schools

across the United States that guarantee admission to Xavier, and an improved and streamlined process for transferring college credits. Longer-term strategies include launching new academic programs for which there is a strong demand. The first five new majors that are being launched for the Fall 2025 academic year are artificial intelligence, cybersecurity, genetics, neuroscience, and microbiology.

The academic profile of entering first year students remains consistent within the University's targets. The mid 50% range for the Scholastic Aptitude Test (SAT) and the American College Test (ACT) follows:

<u>Academic Year</u>	<u>SAT Mid 50% Range</u>	<u>ACT Mid 50% Range</u>
2020-21	1080-1250	22-28
2021-22	1100-1290	22-28
2022-23	1140-1300	23-30
2023-24	1120-1300	22-29
2024-25	1100-1290	21-29

Recent entering first year classes have been consistent in academic quality. Of students in the entering class for Fall 2024 who supplied their class rank, 26% were in the top 10% of their respective high school class and 83% were in the top 50% of their class.

The University competes for students principally with several Ohio residential state universities, as well as a group of private liberal arts colleges in the Midwest region. The list of primary competing schools includes:

<u>Public Institutions</u>	<u>Private Institutions</u>
University of Cincinnati	University of Dayton
Miami University	St. Louis University
The Ohio State University	Marquette University
Indiana University	Loyola University-Chicago
Ohio University	Butler University

### **Tuition, Fees and Room and Board**

The University meets the costs of its operations primarily through tuition, room and board, fees, gifts and grants, auxiliary income, and endowment income. For Fiscal Year 2024, approximately 71% of the University's gross annual unrestricted operating revenues are from tuition and fees.

The net tuition and fee charges of the University are set at levels that typically provide less than is required to fully fund the actual total costs of operation of the University. A portion of unrestricted gifts and grants received from alumni, businesses, and other friends of the University is used to offset a portion of the difference. Investment income and other revenues are applied to this difference as well.

The following table sets forth the University's academic year 2024-2025 tuition, mandatory fees, room, and board rates for full time undergraduate students and the corresponding total revenues for all students for the indicated years. All amounts are shown gross of student financial aid.

<u>Fiscal Year</u>	<u>Tuition &amp; Mandatory Fees</u>	<u>Typical Room &amp; Board</u>	<u>Total Tuition &amp; Mandatory Fees &amp; Typical Room &amp; Board</u>	<u>Total Revenue from Tuition &amp; Fees &amp; Room &amp; Board</u>
2020	\$40,450	\$13,310	\$53,760	\$250,043,000
2021	42,460	13,310	55,770	267,357,000
2022	42,460	13,580	56,040	258,570,000
2023	45,000	13,820	58,820	258,677,000
2024	48,125	13,820	61,945	270,660,000

The University's tuition, room and board pricing for the academic year beginning in August 2024 (Fiscal Year 2025) is as follows: tuition & fees are \$50,410 and typical room & board is \$13,920, for a total of \$64,330.

The following table compares the University's tuition and mandatory fee rates for full time undergraduate students to other private universities and colleges with which the University competes for students. The list below does not include the University's public university competitors. Public universities often charge substantially less tuition, particularly for in-state students.

<u>Institution</u>	<u>2024-25</u>
Saint Louis University	\$54,760
Loyola University Chicago	52,230
<b>Xavier University</b>	<b>50,410</b>
Marquette University	50,070
University of Dayton	49,140
Butler University	46,570

Source: The College Board. The College Board no longer collects fees, only annual tuition costs.

## **Financial Aid**

The University seeks to address the financial need of all students, as determined utilizing the Free Application for Federal Student Aid (FAFSA). The University also offers academic and merit-based student financial aid.

Financial aid for full-time undergraduate students is given in the forms of scholarships, grants and on-campus employment. Approximately 99% of full-time undergraduate students received aid in some form during the 2023-24 academic year. The total amount of aid received by University students in academic year 2023-24 was approximately \$130,300,000.

The following table lists the sources of student financial aid in the 2023-2024 academic year:

<u>Source</u>	<u>Amount</u>	<u>% of Total</u>
University aid:		
Tuition aid	\$118,571,000	91.0%
Room & board aid	<u>4,789,000</u>	<u>3.7</u>
University aid, total	\$123,360,000	94.7%
Federal grants	4,746,000	3.6
State grants	<u>2,194,000</u>	<u>1.7</u>
	\$130,300,000	100.0%

### **Budget Procedures**

The University's annual operating budget recommendation is developed by the Office of Financial Planning and Budgets and is reviewed by senior leadership, which provides feedback and makes a budgetary recommendation to the President. The annual budget must be approved by the Finance Committee and the full Board.

The following factors, among others, are considered in developing the annual budget: strategic priorities, enrollment estimates, tuition pricing, financial aid, new programs, compensation, capital spending and liquidity. General fiscal control is exercised on a daily basis by senior administrators, financial managers, the Office of Financial Planning and Budgets, and the Controller's Office. The University actively manages operations including cost management measures to achieve positive annual operating margins.

The University's budget, year-to-date results, and projected year-end operating results are reviewed with the Finance Committee of the Board on a quarterly basis.

The budget for FY2025 was approved with a deficit of approximately \$13 million on a without donor restriction basis and prior to the implementation of some of the "Sustaining Excellence" initiatives (discussed below).

The University's operating budget has been pressured in recent years due to declines in enrollment and general inflationary pressures. As discussed in "Enrollment," above, the University has undertaken a number of initiatives to address enrollment pressures, including launching new academic programs and a number of recruitment initiatives. Over the longer term, the College of Osteopathic Medicine initiative is also expected to have a positive impact on operating results of the University when fully open and enrolled. See "Building the First Jesuit College of Osteopathic Medicine in the Nation," below.

In addition, the University engaged McKinsey & Co. in 2024 for a comprehensive transformation project called "Sustaining Excellence" that has studied the University's operations with a stated goal of returning the University to historical operating surpluses. The review process has concluded and the University is entering the implementation phase of this project, which includes over 250 unique initiatives. Accounting for one-time investments of the University, the initiatives are projected to deliver \$12.5 million in net impact in FY2025, growing to an aggregate of \$68 million by FY2029. The identified initiatives include reducing external spend,

implementing new revenue streams (e.g. new academic programs, summer camps), adopting operational process improvements, optimizing technology systems and enhancing the University's organizational structures. There can be no guarantee that all initiatives will be implemented successfully and achieve operating targets.

Based on enrollment results in Fall 2024 and other year-to-date financial information since the FY2025 budget was approved, the University currently expects operating results without donor restrictions for FY2025 to be similar to budget when including the impact of the initial "Sustaining Excellence" initiatives.

### **Certain Financial Information**

The University's financial statements are prepared pursuant to generally accepted accounting principles (GAAP) in the United States of America. The University's financial accounts have been audited by independent auditors for more than 60 years. The financial statements of the University as of and for the years ended June 30, 2024 and 2023, included in this Offering Circular as Appendix B, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein.

In order to provide historical comparisons, the following table presents the University's Statements of Financial Position, as derived from audited financial statements, for each of the past five Fiscal Years.

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	2020	2021	2022	2023	2024
<b>ASSETS</b>	(Dollars in thousands)				
Cash	\$ 31,600	\$ 37,567	\$ 11,700	\$ 14,406	\$ 28,695
Short-term investments	33,236	11,032	7,988	16,584	30,597
Student accounts receivable, net	3,601	3,923	4,145	2,841	4,267
Student loans receivable, net	1,637	1,379	1,163	1,139	1,004
Accrued income receivable	2,104	5,155	692	854	1,562
Contributions receivable, net	42,265	38,486	30,513	45,255	99,023
Prepaid expenses and deferred charges	5,920	6,939	7,694	7,526	10,119
Investments	296,350	389,272	352,552	329,530	339,999
Operating lease right-of-use assets	-	2,306	1,988	1,670	1,959
Construction in progress	9,900	13,360	15,720	26,339	10,248
Investment in plant, net	333,443	332,825	338,264	334,951	340,683
<b>TOTAL ASSETS</b>	<b>\$ 760,056</b>	<b>\$ 842,244</b>	<b>\$ 772,419</b>	<b>\$ 781,095</b>	<b>\$ 868,156</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 10,842	\$ 8,721	\$ 8,316	\$ 8,989	\$ 13,747
Advance payments and deposits	8,299	8,261	7,329	5,992	5,483
Accrued compensation costs	8,952	19,450	9,505	8,449	9,006
Accrued postretirement benefit costs	2,340	2,189	2,416	2,417	2,071
Deferred revenue	12,079	13,202	12,034	12,174	11,477
Interest rate swap	27,708	19,905	10,028	6,408	4,315
Operating lease liabilities	-	2,136	1,645	1,136	1,481
Indebtedness	190,082	186,506	180,769	172,570	164,179
Refundable advances	1,126	630	268	96	19
<b>Total liabilities</b>	<b>261,428</b>	<b>261,000</b>	<b>232,310</b>	<b>218,231</b>	<b>211,778</b>
<b>NET ASSETS:</b>					
Unrestricted (without donor restrictions)*	257,198	287,181	277,797	271,009	276,376
With donor restrictions*	241,430	294,063	262,312	291,855	380,002
<b>Total net assets</b>	<b>498,628</b>	<b>581,244</b>	<b>540,109</b>	<b>562,864</b>	<b>656,378</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 760,056</b>	<b>\$ 842,244</b>	<b>\$ 772,419</b>	<b>\$ 781,095</b>	<b>\$ 868,156</b>

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The following table presents the University's Statements of Activities, as derived from audited financial statements, for each of the past five Fiscal Years.

	2020	2021	2022	2023	2024
	(Dollars in thousands)				
OPERATING REVENUES:					
Tuition and fees	\$ 224,008	\$ 238,071	\$ 228,284	\$ 226,978	\$ 238,889
Less student aid	<u>(91,373)</u>	<u>(102,022)</u>	<u>(104,918)</u>	<u>(110,703)</u>	<u>(118,571)</u>
Net tuition	<u>132,635</u>	<u>136,049</u>	<u>123,366</u>	<u>116,275</u>	<u>120,318</u>
Sales and services of auxiliary enterprises	43,882	38,718	47,707	52,164	51,570
Less student aid	<u>(3,461)</u>	<u>(3,950)</u>	<u>(4,052)</u>	<u>(4,332)</u>	<u>(4,789)</u>
Net auxiliary enterprises	<u>40,421</u>	<u>34,768</u>	<u>43,655</u>	<u>47,832</u>	<u>46,781</u>
Government grants and contracts	3,513	13,042	3,165	2,456	3,100
Private gifts, grants and contracts	15,115	12,579	16,737	17,128	33,680
Endowment income used in operations	6,551	6,958	8,713	10,955	14,311
Investment return — operating	2,706	1,045	(4,572)	1,502	5,043
Other sources	<u>3,617</u>	<u>2,741</u>	<u>2,830</u>	<u>3,125</u>	<u>3,190</u>
Total operating revenues	<u>204,558</u>	<u>207,182</u>	<u>193,894</u>	<u>199,273</u>	<u>226,423</u>
OPERATING EXPENSES:					
Instruction	76,539	78,001	76,361	75,840	73,029
Research*					48
Public service	1,137	875	1,078	905	727
Academic support	11,449	10,749	11,265	13,521	15,377
Student services	20,977	18,891	19,517	21,975	21,664
Institutional support	30,594	28,721	32,971	36,156	38,169
Operation and maintenance of plant	15,360	19,251	15,142	16,964	17,175
Auxiliary enterprises	<u>43,160</u>	<u>39,709</u>	<u>43,081</u>	<u>48,871</u>	<u>53,401</u>
Total operating expenses	<u>199,216</u>	<u>196,197</u>	<u>199,415</u>	<u>214,232</u>	<u>219,590</u>
Increase (Decrease) in net assets from operations	<u>5,342</u>	<u>10,985</u>	<u>(5,521)</u>	<u>(14,959)</u>	<u>6,833</u>
NONOPERATING ACTIVITIES:					
Contributions and change in contributions receivable for nonoperating purposes	5,947	(56)	(6,850)	16,968	52,017
Contributions and change in contributions receivable to endowment funds	3,791	5,109	7,034	3,121	6,939
Investment return — net of amounts used in operations	(7,858)	62,027	(43,865)	14,211	23,936
Actuarial change in annuity liability	108	(936)	373	(208)	1,350
Actuarial change in post-retirement health care benefits	(547)	151	(227)	2	346
Change in fair value of interest rate swap agreements	(9,673)	7,803	9,877	3,620	2,093
Loss on debt defeasance	-	(1,953)	-	-	-
Gain (Loss) on disposal of property	-	(514)	-	-	-
Gain (Loss) on contract termination	-	-	(1,956)	-	-
Contributed capital from affiliated entity	<u>1,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets from nonoperating activities	<u>(6,444)</u>	<u>71,631</u>	<u>(35,614)</u>	<u>37,714</u>	<u>86,681</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(1,102)</u>	<u>82,616</u>	<u>(41,135)</u>	<u>22,755</u>	<u>93,514</u>
NET ASSETS — Beginning of year	<u>499,730</u>	<u>498,628</u>	<u>581,244</u>	<u>540,109</u>	<u>562,864</u>
NET ASSETS — End of year	<u>\$ 498,628</u>	<u>\$ 581,244</u>	<u>\$ 540,109</u>	<u>\$ 562,864</u>	<u>\$ 656,378</u>

\*In accordance with ASC 730-10-50-1, research expense is reported separately for FY2024. As the amounts are small, we have not reclassified operating expenses for prior years to identify research expenses.



## **Major Fundraising Campaigns**

The University is in the quiet phase of the next capital campaign, MAGIS, with a goal of \$500 million. As of September 2024, commitments totaling \$273 million have been received, as well as \$11 million of pending additional commitments, for a total of \$284 million since 2022. The initial funding priority of the campaign is the planned College of Osteopathic Medicine and a Bio-Science facility with a goal of \$220 million, of which nearly \$92.58 million has been raised to date, including \$9.75 million through the State of Ohio's One Time Strategic Community Investments Grant Program to fund meaningful projects that will benefit local Ohio communities and residents. The remaining \$280 million of the campaign goal will be for the Endowment (\$130 million), Annual Fund (\$110 million), and initiatives from the University's strategic plan (\$40 million) (see "Introduction – Strategic Plan").

## **Gifts, Grants and Bequests**

The University annually solicits gifts, grants and bequests for University priorities and current operations. Sources of support include alumni, parents, friends, private foundations and corporations.

The following table sets forth the total amounts received as gifts, grants, and matured bequests in each of the last five Fiscal Years.

<u>Fiscal Year</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
2020	\$1,615,000	\$23,115,000	\$24,730,000
2021	2,025,000	18,906,000	20,931,000
2022	1,908,000	21,763,000	23,671,000
2023	2,313,000	18,656,000	20,969,000
2024	1,470,000	35,815,000	37,285,000

The amounts in the table above are non-GAAP measures that are used by management in assessing the University's fundraising activities. These non-GAAP measures may not be defined in the same manner by all universities and may not be comparable to other similarly titled measures used by other universities. Non-GAAP measures should be considered in addition to, not as a substitute for, the information in the University's audited financial statements.

## **Alumni**

The University has more than 160,000 alumni, parents and friends throughout the United States and the world. The National Alumni Association has a network of 50 chapters supporting the University's efforts in the areas of development, admissions, athletics, academic programs, community engagement, lifelong learning and special events. These initiatives serve to keep alumni informed, inspired and engaged with the University.

The University operates an alumni program entitled the Enrollment Ambassador Program that enhances student recruitment through alumni, parents, faculty, and staff phone calls to prospective students. In addition, alumni and parents attend college fairs and host freshman

sendoffs as part of the overall support for the recruitment and enrollment process. The University's marketing research studies show that the activities of this program are among the most effective influences on students enrolling in the University.

In Fiscal Year 2024, the University's alumni contributed approximately \$20.6 million. Over the last five Fiscal Years, an average of 12% of the University's alumni contributed annually to the University. The University solicits gifts for capital, programmatic, operating, and other purposes.

### **Investments (Including Endowment)**

Investments at June 30, 2023 and 2024 comprised the following:

	<u>Market Value at</u> <u>June 30, 2023</u>	<u>Market Value at</u> <u>June 30, 2024</u>
U.S. government and agency obligations	\$ 9,910,000	\$ 16,432,000
Corporate stocks and stock funds	174,822,000	202,710,000
Corporate bonds and bond funds	65,477,000	49,286,000
Mortgage and asset-backed securities	13,331,000	1,530,000
Alternative investments	64,200,000	68,251,000
Real estate	1,790,000	1,790,000
Cash and cash equivalents	<u>16,584,000</u>	<u>30,597,000</u>
	\$346,114,000	\$370,596,000

Investments include both endowment and non-endowment accounts. As of June 30, 2024, the total market value of the University's endowment was approximately \$269 million, including approximately \$142 million of permanently restricted net assets.

The University's endowment and similar funds include:

- (1) True Endowment Funds, which are restricted by the donor as to the use of principal and restricted or unrestricted by the donor as the use of investment returns;
- (2) Quasi-Endowment Funds, which are unrestricted or restricted by donors as to use, but designated as quasi-endowment by the Board of Trustees (a) to fulfill the donor's wishes, implied but not stipulated as a condition of the gift or (b) to invest and administer as an endowment indefinitely;
- (3) Undistributed investment returns on True Endowment Funds and Quasi-Endowment Funds.

Substantially all of the endowments are pooled for investment purposes. Individual True or Quasi-Endowment funds subscribe to, or dispose of, units in the pooled investment portfolio at the market value per unit as of the end of the quarter immediately following the transaction.

The University has adopted a total return approach to investing, asset allocation and in making appropriations from its endowment. This includes a spending policy that appropriates 4.25% of the average market value of the previous twelve quarters. With Board approval, an

additional \$4.6 million distribution was made in FY2024 for an effective spending rate of 5.97%. This distribution was used for expenses related to the “Sustaining Excellence” comprehensive transformation project. An additional distribution of a similar amount is planned in FY2025.

In accordance with the University’s investment policy, the investment assets (including the endowment) are diversified within a variety of asset classes including large cap equity, small cap equity, international equity, fixed income, private equity, hedge funds and real estate funds. Approximately 93% of the assets are managed by external investment managers through separate accounts or mutual funds. Overall financial investment strategy, development and execution is monitored by the Investment Advisory Subcommittee reporting to the Finance Committee of the Board, and administered by University management and an outside investment consultant. The remaining funds are primarily large cap equities donated to the University that continue to be held and monitored by University management and the Finance Committee.

The market value of the University’s Long-term Investment Pool (LTIP) and its endowment as of the close of the last five Fiscal Years, the total return for each Fiscal Year, and the amounts distributed in support of the University’s operations, are set forth in the table below.

<u>Fiscal Year</u>	<u>Market Value</u>		<u>% Total Return</u>	<u>Amounts Appropriated for Expenditure</u>
	<u>LTIP</u>	<u>Endowment</u>		
2020	\$214,035,000	\$198,613,000	(0.77)	\$ 6,551,000
2021	284,238,000	259,332,000	31.69	6,958,000
2022	250,586,000	225,434,000	(12.51)	8,713,000
2023	274,215,000	243,821,000	9.97	10,955,000
2024	312,377,000	269,006,000	13.88	14,311,000

#### **Outstanding Indebtedness as of June 30, 2024**

<b>State of Ohio Higher Educational Facility Revenue Bonds</b>	<b>Par Amount Outstanding</b>
<u>2015 Series A (the “2015A Bonds”):</u> Principal due annually beginning May 2016 through May 2042, direct bank placement, variable interest rate, resets monthly, initial term expires February 1, 2025 .....	\$ 22,575,000
<u>2015 Series B (the “2015B Bonds”):</u> Principal due annually beginning May 2016 through May 2042, direct bank placement, variable interest rate, resets monthly, initial term expires February 1, 2025 .....	37,320,000
<u>2015 Series C (the “2015C Bonds”):</u> Principal due annually beginning May 2016 through May 2038, interest rate ranges from 3.00 to 5.00% (original issue premium of \$5,232,000).....	34,835,000
<u>2016 Series:</u> Principal due annually beginning May 2017 through May 2042, interest rate ranges from 3.00 to 5.00% (original issue premium of \$189,000) .....	21,380,000

2020 Series: Principal due annually beginning May 2023 through May 2040, interest rate ranges from 4.00 to 5.00% (original issue premium of \$11,020,000) .....\$ 42,395,000

Total Outstanding Indebtedness at Par .....\$158,505,000

A portion of the proceeds of the Bonds will be used to refund the 2015A Bonds and 2015B Bonds, and a portion of the proceeds of the anticipated State of Ohio Higher Educational Facility Refunding Revenue Bonds (Xavier University 2025 Project) (Forward Delivery) are expected to be used to refund certain of the 2015C Bonds.

The University has a \$5,000,000 line of credit with a bank. The line of credit is unsecured. Principal balances outstanding are payable on the expiration date with interest due monthly at an annual rate equal to 1.10% plus the greater of (i) zero percent (0.0%) and (ii) the one-month forward looking term rate based on the Secured Overnight Financing Rate (SOFR) quoted by the Lender. There were no balances outstanding on the line of credit as of June 30, 2024 or 2023. The current line of credit renews annually and expires on February 19, 2025.

The University entered into two interest rate swap agreements for the purpose of reducing the impact of fluctuations in floating rates related to variable rate debt. These swap agreements have the effect of fixing the rate of interest on the 2015A Bonds and 2015B Bonds. The following table provides information on these swap agreements as of June 30, 2024:

<u>Current Notional Amount</u>	<u>Related Debt Series</u>	<u>Counterparty</u>	<u>Rate Received</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Mark-to-Market Termination Cost to University</u>
\$22,575,000	2015A Bonds	Deutsche Bank AG	67% *(SOFR+11.448 bps)	October 30, 2008	May 1, 2042	(\$1,420,000)
\$37,320,000	2015B Bonds	Barclays Bank PLC	67% *(SOFR+11.448 bps)	May 1, 2016	May 1, 2042	(\$2,895,000)

Under the terms of the interest rate swap agreement with Barclays Bank PLC for the 2015B Bonds, the University is required to post cash collateral if the termination cost exceeds \$20 million. The University will use a portion of the proceeds of the Bonds to pay costs associated with the termination of the interest rate hedges related to the 2015A Bonds and the 2015B Bonds.

In connection with the issuance of the 2015A Bonds and 2015B Bonds, the University entered into a Continuing Covenant Agreement with the bondholder of the 2015A Bonds and the 2015B Bonds that includes certain customary representations and warranties and affirmative and negative covenants, as well as certain financial covenants based on audited fiscal year-end financial information. The financial covenants require the University to maintain a ratio of expendable net assets to long-term debt of at least 50%, and a ratio of maximum annual debt service to total unrestricted operating revenues of less than 12%. Failure to meet these financial covenants would constitute an event of default. Upon the occurrence of an event of default, the bondholder may exercise various rights and remedies against the University, including acceleration of amounts due. As of June 30, 2024, the University was in compliance with these covenants. Upon the planned refunding of the 2015A Bonds and 2015B Bonds, these covenants will no longer be applicable.

Each of the aforementioned issues of Ohio Higher Educational Facility Revenue Bonds (and related guaranty agreements with the bond trustee) are parity obligations under the Pledged Revenues Trust Agreement. Further, the University's obligations in respect to the aforementioned interest rate swap agreements are parity obligations under the Pledged Revenues Trust Agreement.

### **Capital Planning and Future Capital Projects**

The University currently allocates approximately \$10 million annually for capital renewal of existing facilities. Multi-year plans for capital renewal expenditures are updated annually as part of the University's annual budgeting process. The primary uses of capital renewal funds will be for projects such as infrastructure replacement or improvement, heating and cooling systems, windows, roofs and building exteriors, elevators, lighting, space reconfiguration, and associated improvements in various buildings throughout the campus. The University incorporates its capital renewal spending into a comprehensive multi-year capital spending plan which also includes projected expenditures for major new construction or renovation projects. This capital spending plan is reviewed annually with the Finance Committee and incorporated into the annual budget and long-term financial forecasts. Capital projects are funded using operating cash flows, reserves, gifts, or debt, the combination of which may vary depending on the size and timing of the project.

The University is presently engaged in a campus master planning process to address the physical needs identified in the strategic plan. This process will also evaluate buildings with high deferred maintenance for reuse or disposal. The plan is expected to be completed and submitted to the Board early in 2025, and includes the College of Osteopathic Medicine (COM) as the major building project in the short term, and a new Bio-Science facility in the future when sufficient funds become available. The focus for Fiscal Years 2025 and 2026 will be on non-discretionary capital renewal and strategic initiatives.

### **Building the First Jesuit College of Osteopathic Medicine in the Nation**

#### ***Rationale***

The Association of American Medical Colleges (AAMC) predicts that the United States will face a shortage of up to 124,000 physicians by 2034, with a shortfall of up to 48,000 primary-care physicians, largely due to the growth and aging of the population and the impending retirements of older physicians. The Robert Graham Center forecasts that by 2030, Ohio will require an additional 681 primary-care physicians (PCPs), an 8% increase compared to the State's 2010 primary-care physicians.

Xavier engaged Tripp Umbach, a consulting firm focused on feasibility studies and with specific expertise and experience with colleges of osteopathic medicine, to conduct an independent market evaluation. The Tripp Umbach feasibility study confirmed the healthcare needs in the Greater Cincinnati region and more broadly in Ohio, and how Xavier could position a College of Osteopathic Medicine (COM) to meet that need.

Xavier is already known for its strength in health sciences, as seen in the growth and success of programs such as biology, biomedical sciences, pre-professional health and health services administration, and its 100-year old pre-med program, which regularly achieves medical school acceptance rates that are more than double the national average: 90% in FY2021, 83% in

FY2022, and 84% in FY2023. Accordingly, the University believes that building a medical college with a focus on osteopathy – a holistic, patient-centered approach to medicine that focuses primarily on preventive health care – aligns well with Xavier’s established academic strengths, its Jesuit mission of educating the whole person and culture of care, and community need.

### ***Progress and Timeline***

Xavier chose The S/L/A/M Collaborative (SLAM) as its partner for planning and architectural design, as SLAM has deep experience building Colleges of Osteopathic Medicine, and the design is nearly complete. A general project manager has been selected, and construction of the COM is scheduled to start early in 2025. The building is expected to be completed, and a certificate of occupancy obtained, by December 2026 for a first Fall class of 2027. Extra months have been built into the construction schedule to mitigate any delay risks. Construction and furnishing of the COM will be funded by a combination of bond proceeds, a \$9.75 million grant from the State of Ohio (see “Major Fundraising Campaigns”), and gifts. The total not-to-exceed cost for constructing the facility is \$109.5 million.

Xavier is actively working to meet the Commission on Osteopathic College Accreditation (COCA) requirements. The COCA accredits all osteopathic medical schools in the United States. COCA’s accreditation process is rigorous, based on 12 accreditation standards and 80 elements. Application status is the first step followed by Candidate status. As part of the application for Candidate status, the University must demonstrate that it has clinical affiliation agreements for clerkships/rotation slots and residency slots for graduate medical education (GME) with regional healthcare providers. The University is in negotiations with local health care systems and expects to have agreements in place before the March 2025 submission of its application for Candidacy status. The founding Dean (Dr. Steven Halm) and Senior Assistant Dean (Dr. Don Sefcik) for the COM have already been hired. After achieving Candidacy status, the COM needs to meet Pre-Accreditation status standards within 24 months in order to solicit applications, admit students, collect tuition and fees, and teach an approved osteopathic curriculum. Full accreditation is awarded upon successful graduation of the first class provided the COM is compliant with all standards and elements.

The University’s estimated timeline to meet COCA requirements and obtain full accreditation status is set forth below:

- FY2024
  - Founding Dean, Dr. Steven J. Halm, started on February 1, 2024.
  - Accreditation: Applicant Status with COCA granted in FY2024
- FY2025
  - Break ground on the facility in January 2025
  - Accreditation: Apply for Candidate Status with COCA in 2025
  - Hire Associate Deans
  - Establish clinical agreements to support students
  - Escrow approximately \$43 million in separate account for COCA accreditation

- FY2026
  - Make initial hires to more fully fill faculty positions
  - Admissions staff begin recruiting
  - Apply for pre-accreditation status
- FY2027
  - Expected project completion
  - Receive approval of pre-accreditation status
- FY2028
  - Welcome inaugural COM class (Fall 2027)
- FY2031 – FY2032
  - Inaugural COM class graduates
  - Receive approval of full accreditation status
  - Release escrowed COCA reserves

### ***Financial Considerations***

The University has performed extensive modeling of the financial impact of the COM. Establishing the COM requires substantial investment of time and resources, including construction of the COM building, hiring of staff and mandated gradual increases in enrollment before fully enrolling a class. These requirements, many of which are mandated by COCA, represent a high barrier to entry and likely contribute to the track record of success for the school once established.

Based on current projections, the COM is expected to have a positive impact on the University's cash flow in all years other than FY2028 when considering gift receipts, and is forecasted to have positive standalone cash flow without gifts in the first year of full enrollment (FY2031). These forecasts include only pledges and gifts made-to-date and do not include additional, ongoing fundraising. Actual results and results based on the audited financial statements may vary depending on timing of pledge commitments, incurrence of expenses associated with hiring staff, additional philanthropic support raised and a number of other factors.

The inaugural class of 90 students is expected to be enrolled in Fall 2027 (FY2028), with enrollment of an additional 132 students in FY2029, increasing to a maximum of 180 students per year. This enrollment step-up is a COCA mandate. In total, Xavier is projecting to hire up to 42 faculty FTEs and 53 staff FTEs for the COM by FY2029. Based on the current revenues and expenses projections through FY2033, the COM should generate an annual surplus beginning in FY2031, with the graduation of the first cohort of students. As with any projections, no assurances can be given that actual results will reflect management's projections.

COCA also requires Xavier to create a segregated, unencumbered reserve fund escrowed until graduation of the first class of students. This reserve for Xavier is estimated to be \$43 million and will be funded with gift proceeds, working capital and other sources. Xavier has identified cash and investments already in hand for the reserve, but also continues to explore funding arrangements with partners and donors that may supplement reserves and liquidity during the

construction and opening of the COM. The escrowed reserve fund must be 100% wholly owned assets of the COM or the University. It must remain segregated and unencumbered until the first cohort of students graduates as its purpose is to provide substantial financial support for the costs of a teach-out agreement, should such an agreement become necessary.

The University must also demonstrate the existence of a minimum operating reserve fund equal to one-quarter of the amount of the minimum segregated, unencumbered reserve fund (that is, approximately \$11 million). The minimum operating reserve fund must also be 100% wholly owned assets of the COM or the University.

The University expects to utilize a variety of sources to fund the COCA required reserves while also maintaining strong liquidity for the project and general operations. As of September 2024, the University estimates it holds approximately \$130 million in unrestricted, available cash and investments. In addition, the Bonds are expected to provide approximately \$13 million of funds to reimburse the University for prior capital expenditures.

For a discussion of certain of the risks to holders of the Bonds relating to the COM, see “Sources of Payment and Security; Bondholder’s Risks – Bondholder’s Risks – Construction Risks” and “– Accreditation” in the forepart of this Offering Circular.

#### **Contingent Liabilities; Litigation**

The University has no known material contingent liabilities or unrecorded commitments. See also “Absence of Material Litigation” in the forepart of this Offering Circular.



## **APPENDIX B**

Financial Statements  
Xavier University

Years Ended June 30, 2024 and June 30, 2023

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# Xavier University

Financial Statements as of and for the  
Years Ended June 30, 2024 and 2023, and  
Independent Auditor's Report

## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Xavier University  
Cincinnati, Ohio

### **Opinion**

We have audited the financial statements of Xavier University (the "University"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Deloitte + Touche LLP*

September 27, 2024

# XAVIER UNIVERSITY

## STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2024 AND 2023 (Dollars in thousands)

	2024	2023
<b>ASSETS</b>		
CASH	\$ 28,695	\$ 14,406
SHORT-TERM INVESTMENTS	30,597	16,584
ACCOUNTS AND LOANS RECEIVABLE:		
Student accounts receivable—less allowance for doubtful accounts of \$4,384 and \$3,528 in 2024 and 2023, respectively	4,267	2,841
Student loans receivable—less allowance for doubtful loans of \$1,041 and \$3,525 in 2024 and 2023, respectively	1,004	1,139
ACCRUED INCOME RECEIVABLE	1,562	854
CONTRIBUTIONS RECEIVABLE—Net (Note 6)	99,023	45,255
PREPAID EXPENSES, DEFERRED CHARGES—Other assets	10,119	7,526
INVESTMENTS (Note 7)	339,999	329,530
OPERATING LEASE RIGHT-OF-USE ASSETS (Note 17)	1,959	1,670
CONSTRUCTION IN PROGRESS	10,248	26,339
INVESTMENT IN PLANT—Net of accumulated depreciation (Note 10)	<u>340,683</u>	<u>334,951</u>
<b>TOTAL</b>	<u><b>\$ 868,156</b></u>	<u><b>\$ 781,095</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 13,747	\$ 8,989
Advance payments and deposits	5,483	5,992
Accrued compensation costs	9,006	8,449
Accrued postretirement benefit costs (Note 13)	2,071	2,417
Deferred revenue	11,477	12,174
Interest rate swap	4,315	6,408
Operating lease liabilities (Note 17)	1,481	1,136
Indebtedness (Note 11)	164,179	172,570
Refundable advances (Note 2)	<u>19</u>	<u>96</u>
Total liabilities	<u>211,778</u>	<u>218,231</u>
<b>NET ASSETS:</b>		
Without donor restrictions (Note 4)	276,376	271,009
With donor restrictions (Note 5)	<u>380,002</u>	<u>291,855</u>
Total net assets	<u>656,378</u>	<u>562,864</u>
<b>TOTAL</b>	<u><b>\$ 868,156</b></u>	<u><b>\$ 781,095</b></u>

See notes to financial statements.

# XAVIER UNIVERSITY

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024 (Dollars in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES:			
Tuition and fees	\$ 238,889	\$ -	\$ 238,889
Less student aid	(118,571)	-	(118,571)
Net tuition	120,318	-	120,318
Sales and services of auxiliary enterprises	51,570	-	51,570
Less student aid	(4,789)	-	(4,789)
Net auxiliary enterprises	46,781	-	46,781
Government grants and contracts	3,100	-	3,100
Private gifts, grants, and contracts	12,256	21,424	33,680
Endowment income used in operations	2,105	12,206	14,311
Investment return—operating	5,043	-	5,043
Other sources	3,190	-	3,190
	192,793	33,630	226,423
Net assets released from restriction	20,790	(20,790)	-
Total operating revenues	213,583	12,840	226,423
OPERATING EXPENSES:			
Instruction	73,029	-	73,029
Research	48	-	48
Public service	727	-	727
Academic support	15,377	-	15,377
Student services	21,664	-	21,664
Institutional support	38,169	-	38,169
Operation and maintenance of plant	17,175	-	17,175
Auxiliary enterprises	53,401	-	53,401
Total operating expenses	219,590	-	219,590
(DECREASE) INCREASE IN NET ASSETS FROM OPERATIONS	(6,007)	12,840	6,833
NONOPERATING ACTIVITIES:			
Contributions and change in contributions receivable for nonoperating purposes	-	52,017	52,017
Contributions and change in contributions receivable to endowment funds	-	6,939	6,939
Investment return—net of amounts used in operations	8,935	15,001	23,936
Actuarial change in annuity liability	-	1,350	1,350
Actuarial change in post-retirement health care benefits	346	-	346
Change in fair value of interest rate swap agreements	2,093	-	2,093
INCREASE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	11,374	75,307	86,681
TOTAL INCREASE IN NET ASSETS	5,367	88,147	93,514
NET ASSETS—Beginning of year	271,009	291,855	562,864
NET ASSETS—End of year	\$ 276,376	\$380,002	\$ 656,378

See notes to financial statements.

# XAVIER UNIVERSITY

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023 (Dollars in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES:			
Tuition and fees	\$ 226,978	\$ -	\$ 226,978
Less student aid	<u>(110,703)</u>	<u>-</u>	<u>(110,703)</u>
Net tuition	<u>116,275</u>	<u>-</u>	<u>116,275</u>
Sales and services of auxiliary enterprises	52,164	-	52,164
Less student aid	<u>(4,332)</u>	<u>-</u>	<u>(4,332)</u>
Net auxiliary enterprises	<u>47,832</u>	<u>-</u>	<u>47,832</u>
Government grants and contracts	2,456	-	2,456
Private gifts, grants, and contracts	10,005	7,123	17,128
Endowment income used in operations	2,779	8,176	10,955
Investment return—operating	1,502	-	1,502
Other sources	<u>3,125</u>	<u>-</u>	<u>3,125</u>
	<u>183,974</u>	<u>15,299</u>	<u>199,273</u>
Net assets released from restriction	<u>14,023</u>	<u>(14,023)</u>	<u>-</u>
Total operating revenues	<u>197,997</u>	<u>1,276</u>	<u>199,273</u>
OPERATING EXPENSES:			
Instruction	75,840	-	75,840
Public service	905	-	905
Academic support	13,521	-	13,521
Student services	21,975	-	21,975
Institutional support	36,156	-	36,156
Operation and maintenance of plant	16,964	-	16,964
Auxiliary enterprises	<u>48,871</u>	<u>-</u>	<u>48,871</u>
Total operating expenses	<u>214,232</u>	<u>-</u>	<u>214,232</u>
(DECREASE) INCREASE IN NET ASSETS FROM OPERATIONS	<u>(16,235)</u>	<u>1,276</u>	<u>(14,959)</u>
NONOPERATING ACTIVITIES:			
Contributions and change in contributions receivable for nonoperating purposes	-	16,968	16,968
Contributions and change in contributions receivable to endowment funds	-	3,121	3,121
Investment return—net of amounts used in operations	5,825	8,386	14,211
Actuarial change in annuity liability	-	(208)	(208)
Actuarial change in post-retirement health care benefits	2	-	2
Change in fair value of interest rate swap agreements	<u>3,620</u>	<u>-</u>	<u>3,620</u>
INCREASE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>9,447</u>	<u>28,267</u>	<u>37,714</u>
TOTAL (DECREASE) INCREASE IN NET ASSETS	<u>(6,788)</u>	<u>29,543</u>	<u>22,755</u>
NET ASSETS—Beginning of year	<u>277,797</u>	<u>262,312</u>	<u>540,109</u>
NET ASSETS—End of year	<u>\$ 271,009</u>	<u>\$291,855</u>	<u>\$ 562,864</u>

See notes to financial statements.



# XAVIER UNIVERSITY

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023 (Dollars in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 93,514	\$ 22,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,191	20,637
Amortization of bond premium and discount	(1,356)	(1,504)
Provision for losses on student loans	37	94
Provision for losses on contributions receivable	8,865	1,350
(Increase) decrease in accounts receivable	(1,425)	1,303
Increase in contributions receivable	(62,633)	(16,092)
Increase in accrued income receivable	(708)	(162)
(Increase) decrease in prepaid expenses, deferred charges, and other assets	(2,882)	475
Increase (decrease) in accounts payable and other accrued liabilities	7,083	(2,264)
(Decrease) increase in deferred revenue	(697)	140
Contributions to endowment and similar funds	(4,781)	(5,508)
Decrease in interest rate swap liability	(2,093)	(3,620)
Change in net realized and unrealized gains on investments and stock gifts	<u>(36,789)</u>	<u>(21,986)</u>
Net cash provided by (used in) operating activities	<u>18,326</u>	<u>(4,382)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	242,846	202,822
Purchases of investments	(230,540)	(166,412)
Purchases of property and equipment	(14,111)	(27,893)
Student loans issued	(63)	(196)
Student loans repaid	<u>161</u>	<u>127</u>
Net cash (used in) provided by investing activities	<u>(1,707)</u>	<u>8,448</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions to endowment and similar funds	4,781	5,508
Payments of bonds and notes payable	(7,035)	(6,695)
Grants advanced	<u>(76)</u>	<u>(173)</u>
Net cash used in financing activities	<u>(2,330)</u>	<u>(1,360)</u>
NET CHANGE IN CASH	14,289	2,706
CASH—Beginning of year	<u>14,406</u>	<u>11,700</u>
CASH—End of year	<u>\$ 28,695</u>	<u>\$ 14,406</u>
SUPPLEMENTAL DISCLOSURES:		
Property and equipment in accounts payable and accrued expenses	<u>\$ 2,278</u>	<u>\$ 37</u>
Interest paid	<u>\$ 7,429</u>	<u>\$ 7,790</u>

See notes to financial statements.

# XAVIER UNIVERSITY

## NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

(Dollars in thousands)

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### 1. ORGANIZATION

Xavier University (the “University”) is a not-for-profit co-educational institution founded and sponsored by the Society of Jesus (“the Jesuits”) located on a 190-acre campus in Cincinnati, Ohio. The University was founded in 1831 and currently enrolls approximately 6,000 students in undergraduate and graduate programs. The University is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code (the “Code”).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The financial statements include the consolidated financial information of several entities that it controls which hold title to various parcels of land, primarily on which the University resides. The University fully funds these entities and any related property acquisitions, improvements, and expenses. The University is the sole controlling entity. The University also has a controlling interest in its affiliation with a local healthcare organization for the not-for-profit entity Xavier University Student Health and Wellness Center Corporation (“Center Corp”) (see Note 18). Center Corp’s financial activity is consolidated into the University’s financial statements.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

**Net Assets without Donor Restrictions**—Net assets that are not subject to explicit donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees (the “Board”) or the University, or may otherwise be limited by contractual agreements with outside parties.

**Net Assets with Donor Restrictions**—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time. These also include net assets that are to be maintained permanently by the University. Generally, all or part of the income earned on investments with these restrictions may be used by the University for general or specific purposes consistent with the donor-imposed stipulations.

Revenues from sources other than contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by imposed restrictions. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction on the statements of activities. Restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

Realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. The Ohio Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) allows the Board to appropriate a percentage of the net appreciation on endowment accounts as is prudent considering the University’s present and anticipated financial requirements, expected total return on investments, market price trends, and general economic conditions, unless directed by the donor’s intent. The endowment spending policy is based on a spending rate established by the Board. This rate represents the expected long-term return on endowment investments less an allowance for the preservation and growth of principal.

Contributions, including unconditional promises to give (“contributions receivable”), are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted at a rate commensurate with the time period over which payments are to be made. Collectability is reviewed periodically, and appropriate reserves are maintained. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions based upon management’s judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

**Revenue**—Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the University expects to receive in exchange for those goods or services. Revenues from contracts with customers is derived primarily from tuition, student program fees and auxiliary activities.

The University disaggregates revenue based on revenue stream and believes that the following information provides a reasonable representation of how performance obligations relate to the nature, amount, timing and uncertainty of revenue and cash flows.

Tuition and fees are generally collected in advance and are initially recorded as deferred revenue. The University does not recognize revenue until after the add/drop date due to uncertainty related to those events. Generally, the University offers refunds for classes to students who decide to withdraw from a course prior to the add/drop date. After the add/drop date, no refund is granted. Historically, the University has not had material refunds after the add/drop date.

Tuition scholarships awarded by the University represent a reduction of the tuition transaction price. The University awards both need-based and merit-based scholarships. Scholarships are generally awarded for the academic year and are applied to the students’ account during each academic term. Academic terms are determined by regulatory requirements mandated by the federal government and/or applicable accrediting body. The University’s academic terms consist of a Fall, Spring, and Summer terms. Academic terms are determined by start dates, which vary by program and are generally 8–16 weeks in length. Except for certain programs in the Summer term, the academic terms generally have start and end dates that fall within the University’s fiscal year.

Auxiliary services revenue consists primarily of fees for room and dining services (“board”), athletics, noncredit programs, and facilities rentals. The University considers each type of auxiliary services revenue as separate performance obligations.

Room fees are charged at different rates depending on the residence facility and room accommodations. Room fees are billed in advance of each academic term and recognized as revenue during the period over which the housing is provided. While the University believes the residential experience is an integral part of a student's education and experience, the University considers the residential arrangement to be a distinct performance obligation from the academic services. Although first- and second-year students are expected to live on campus, exemptions may be granted, primarily for students living with family or married students.

Dining service fees are charged at different rates depending on the level of access to dining services selected by the student. Dining services are generally billed in advance of each academic term and are recognized as revenue over the period during which the dining services are offered.

Some scholarships may be applied against room and board and therefore represent a reduction of the transaction price. Such awards are generally granted for the academic year and are applied to the student's account during each academic term. Room and board scholarships of \$4,789 and \$4,332 were included as a reduction in auxiliary services revenue for the years ended June 30, 2024 and 2023, respectively.

Revenue earned from athletic ticket sales, athletic conference distributions, and sponsorships and for various conference services offered by the University are recognized as services are performed or once the performance obligations are complete.

Other operating revenue consists of revenue generated by the University under contractual arrangements deemed to be exchange transactions. Major revenue streams in this category include rental income generated by various residential and commercial properties owned by the University including summer rentals, the University's Montessori school and related childcare program, and other supplemental income. Revenue from these activities is generally recognized as services are performed or when the performance obligation is satisfied.

The majority of the University's revenues from contracts with customers are from performance obligations with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

The University records deferred revenue in situations when amounts are invoiced but the revenue recognition criteria outlined above are not met. Such revenue is recognized when all criteria are subsequently met. Deferred revenue for revenue from contracts is classified as liabilities on the statements of financial position and as of June 30, 2024 and 2023, were \$11,477 and \$12,174, respectively.

**Use of Estimates**—University management has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of assets and liabilities to prepare these financial statements in conformity with US GAAP. Actual results could differ from those estimates.

**Cash and Short-Term Investments**—Cash consists principally of amounts held in checking and savings accounts in various financial institutions with an original maturity of three months or less. Short-term investments may consist of commercial paper, certificates of deposit, short-term fixed income securities, cash equivalents held in managed accounts and US treasuries. All short-term investments are recorded at fair value.

Financial instruments that potentially subject the University to significant concentrations of credit risk consist principally of cash deposits. The University maintains cash balances at financial institutions with a credit rating of A with Fitch Ratings. Generally, amounts invested with financial institutions are in excess of Federal Deposit Insurance Corporation insurance limits.

**Accounts and Loans Receivable**—Accounts receivable consist of amounts due from students for tuition, fees, room, and board. Loans receivable consist primarily of loans made to students under US government loan programs. Accounts and loans receivable are recorded at estimated net realizable value. The University assesses its ability to collect receivables and provides for an adequate allowance for doubtful accounts based on the University's collection history, the financial stability and recent payment history of the student, and other pertinent factors such as reasonable and supportable forecasts about collectability. Receivables are written off as uncollectible after the Company has used reasonable collection efforts and deems them uncollectible.

**Income Taxes**—The University is a qualifying organization under Section 501(c)(3) of the Code and is, therefore, exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The University is subject to routine audits by taxing jurisdictions and there are currently no audits for any tax periods in progress. The University believes it is no longer subject to income tax examinations for years prior to 2020. As of June 30, 2024, the University has no uncertain tax positions.

**Investments**—The University's investments are reported at fair value and have been categorized based on the fair value hierarchy in accordance with the Accounting Standards Codification 820 (ASC 820), *Fair Value Measurements and Disclosures* (see Notes 7 and 16). Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Other investments including real estate are recorded at cost or, if acquired by gift, at fair value at the date of gift. Fair values for certain private equity, real estate, and hedge fund investments held through limited partnerships or commingled fund shares are estimated by the respective external investment managers if market values are not readily ascertainable and are considered by the University as nonmarketable alternative investments. These valuations require the use of assumptions and estimation methods which are uncertain; and therefore, the estimates could differ materially from actual results. The fair value of nonmarketable alternative investments may be based on historical cost, obtainable prices for similar assets, or other estimates. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Alternative investments are less liquid than the University's other investments.

**Investment in Plant**—Fixed assets are recorded at cost at the date of acquisition or fair value at the date of donation. The estimated useful lives are as follows:

Land improvements	20 years
Buildings	40 years
Building improvements	20 years
Leasehold improvements	20 years or life of lease (whichever is shorter)
Equipment	5–20 years
Library collection	20 years

**Collections**—The University's collections of art, which were acquired through purchases and contributions since the organization's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from

deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. There were no material changes in the University's collections of art as of June 30, 2024 or 2023.

**Refundable Advances**—Funds provided by the US government under the Federal Perkins Loan Program are loaned to qualified students. The Federal Perkins Loan Program ended on September 30, 2017 and no new disbursements were made after June 30, 2018. These funds are ultimately refundable to the government and, therefore, are recorded as a liability in the accompanying financial statements. The amount of government refundable advances at June 30, 2024 and 2023, was \$19 and \$96, respectively.

**Operations**—The statement of activities reports the change in net assets from operating and nonoperating activities. Operating revenues consist of substantially all the activities of the University except for certain items specifically considered to be of a nonoperating nature. Contributions included in nonoperating activities consist of gifts restricted for the acquisition of capital assets and gifts restricted to endowment funds. All revenue from contributions that are considered to be restricted due to a time restriction or a purpose restriction is included in nonoperating activities until the time such restriction has passed, at which time, the amounts are deducted from contributions and change in contributions receivable for nonoperating purposes and are included in private gifts, grants, and contracts operating revenues in the statement of activities. Nonoperating activities also include realized and unrealized gains or losses on investments, endowment income in excess of the established spending policy, and significant items of an unusual or nonrecurring nature.

**Liquidity**—Assets and liabilities are listed in their estimated order of liquidity. For those accounts for which such liquidity is unclear, additional disclosures have been made in the notes to the University's financial statements.

**Insurance Reserves**—The University is self-insured for certain losses relating to employee medical benefit claims and has purchased stop-loss insurance coverage to limit financial exposure to such claims. Medical benefit liabilities are estimated based on actual claims filed and estimates of claims incurred but not reported and by considering known trends and projections of future claims. The amounts actually incurred may vary from these estimates.

**Financial Instruments**—As of June 30, 2024 and 2023, certain financial instruments held by the University were subject to enforceable master netting arrangements by various counterparties. In general, the terms of these agreements provide that, in the event of an early termination, the counterparties have the right to offset amounts owed or owing under that and any other agreement with the same counterparty. The University's accounting policy is to offset these positions in the statements of financial position. If certain financial conditions are met, the counterparties to certain financial instruments held by the University may require the University to post collateral to secure the University's contract position. There was no collateral required to secure the University's contract position as of June 30, 2024 and 2023.

**Split Interest Agreements**—The University has entered into split interest agreements including charitable remainder trusts and gift annuities which provide that the University, as trustee, makes payments to designated beneficiaries in accordance with the applicable donor's trust or annuity agreement. The University is also the beneficiary of charitable trusts held by third-party trustees that are accounted for as unconditional promises to give.

At the date of contribution, the University records a split interest agreement obligation to life beneficiaries based on the present value of the estimated payments to designated life beneficiaries. All valuations are classified as Level 2 within the fair value hierarchy based on a combination of the market

and income valuation techniques, considering historical and projected cash flow and net income, collectability, and default rates.

The University's liability under these agreements represents the present value of estimated future payments. This fair value estimate may not be indicative of the actual net realizable value or reflective of future fair values. The University believes its valuation methods are appropriate and consistent with practices used to estimate the fair value of these obligations, and the use of different methodologies or assumptions to determine the fair value of similar liabilities could result in a different fair value measurement at the reporting date (see Note 8).

**Recent Accounting Pronouncements**—In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU is intended to provide temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. This guidance is effective beginning on March 12, 2020, and the University may elect to apply the amendments prospectively through the year ended June 30, 2024. The adoption of ASU 2020-04 did not have a significant impact on the financial statements or the financial disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected. The measurement of credit losses for newly recognized financial assets, as well as expected increases or decreases of expected credit losses that have taken place during the period, is reflected on the statement of activities. The measure of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount; management's judgment is to be used in determining the relevant information and estimation methods that are appropriate in the entity's circumstances. ASU 2016-13 requires enhanced disclosures that include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. On October 16, 2019, the FASB approved a delay in the proposed effective date making ASU 2016-13 effective for the fiscal years beginning after December 15, 2022. The adoption of ASU 2016-13 did not have a significant impact on the financial statements or the financial disclosures.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets due within one year of the balance sheet date for general expenditures as of June 30, 2024 and 2023, are as follows:

	2024	2023
Total assets at year-end	\$ 868,156	\$ 781,095
Less financial assets not available for general expenditures within one year and nonfinancial assets:		
Assets with purpose restrictions	416	378
Student loans receivable—net	1,004	1,139
Accrued income receivable	1,562	854
Contributions receivable with time or purpose restrictions	98,502	44,282
Prepaid expenses, deferred charges—other assets	10,119	7,526
Donor-restricted endowment funds	216,764	196,934
Board or University designated endowment funds	52,242	46,887
Other investments with purpose restrictions	6,140	5,589
Operating lease right-of-use assets	1,959	1,670
Construction in progress	10,248	26,339
Investment in plant—net	<u>340,683</u>	<u>334,951</u>
Financial assets available at year-end for general expenditures	<u>\$ 128,517</u>	<u>\$ 114,546</u>

The University invests cash in excess of operating requirements in a combination of short, medium and long-term operating investments in accordance with policies approved by its Board. The University also maintains a \$5,000 line of credit with a bank that can be used to fund short-term liquidity needs. Additionally, amounts from its Board or University designated endowment funds can be made available to fund liquidity requirements upon approval of the Board, if necessary; however, the University does not intend to draw from its Board or University designated endowments other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation. Both designated endowment funds and donor-restricted endowments are held in a unitized pool of investments, and certain of those investments contain lock-up provisions that would reduce the total amount of investments that could be made available to fund liquidity requirements.

The University's endowment funds consist of donor-restricted and Board or University designated endowment funds. Income from donor-restricted endowment funds is restricted for specific purposes and some for general University expenditures. See Note 9 for disclosures about endowment funds.

### 4. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2024 and 2023, are available for the following purposes:

	2024	2023
Plant operations—net of debt	\$ 163,717	\$ 161,464
University operations and general reserves	44,649	46,004
Board or University designated endowments (see Note 9)	52,242	46,887
Contributed capital from affiliated entity	15,767	16,653
Loans	<u>1</u>	<u>1</u>
Total net assets without donor restrictions	<u>\$ 276,376</u>	<u>\$ 271,009</u>



Net assets released from net assets with donor restrictions are as follows:

	<b>2024</b>	<b>2023</b>
Satisfaction of purpose and time restrictions	<u>\$ 20,790</u>	<u>\$ 14,023</u>

## 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 and 2023, are available for the following purposes:

	<b>2024</b>	<b>2023</b>
Specific purpose:		
Student loan funds	\$ 2,135	\$ 1,831
Awards for students and faculty	2,429	2,302
Capital and capital improvements	63,018	33,998
General endowments and operations	104,094	91,431
Professors and chairs	22,943	20,322
Scholarships	130,879	126,388
Charitable trusts	4,140	2,763
Passage of time—General endowments and operations	<u>50,364</u>	<u>12,820</u>
Total net assets with donor restrictions	<u>\$ 380,002</u>	<u>\$ 291,855</u>

The above includes net assets with time or purpose restrictions of \$237,975 and \$158,327 as of June 30, 2024 and 2023, respectively; and net assets restricted in perpetuity of \$142,027 and \$133,528 as of June 30, 2024 and 2023, respectively.

## 6. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2024 and 2023, consist of the following:

	<b>2024</b>	<b>2023</b>
Unconditional promises expected to be collected in:		
Less than one year	\$ 43,994	\$ 13,690
One year to five years	49,320	27,615
Five years and thereafter	<u>18,256</u>	<u>7,632</u>
Total	111,570	48,937
Less allowance for uncollectible contributions	(9,646)	(2,502)
Discount for present value	<u>(2,901)</u>	<u>(1,179)</u>
Total	<u>\$ 99,023</u>	<u>\$ 45,256</u>

Contributions receivable were discounted at rates ranging from 4.33% to 4.71% as of June 30, 2024 and 3.81% to 4.87% as of June 30, 2023, respectively.

## 7. INVESTMENTS

Investments at June 30, 2024 and 2023, are composed of the following:

	<b>2024</b>		<b>2023</b>	
	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
Long-term investments:				
US government and agency obligations	\$ 16,640	\$ 16,432	\$ 10,294	\$ 9,910
Corporate stocks and stock funds	144,307	202,710	134,435	174,822
Corporate bonds and bond funds	52,186	49,286	70,902	65,477
Mortgage and asset-backed securities	1,579	1,530	13,556	13,331
Alternative investments	62,359	68,251	59,949	64,200
Real estate	<u>1,790</u>	<u>1,790</u>	<u>1,790</u>	<u>1,790</u>
Total long-term investments	<u>\$ 278,861</u>	<u>\$ 339,999</u>	<u>\$ 290,926</u>	<u>\$ 329,530</u>
Short-term investments	<u>\$ 30,597</u>	<u>\$ 30,597</u>	<u>\$ 16,584</u>	<u>\$ 16,584</u>

Investment activity for the years ended June 30, 2024 and 2023, was as follows:

	<b>2024</b>	<b>2023</b>
Dividend, interest, and other investment income	\$ 7,344	\$ 5,560
Net change in realized and unrealized gains (losses)	36,833	21,985
Outside investment management fees	(887)	(877)
Other investment-related expenses	<u>-</u>	<u>-</u>
Total investment income, including net gains (losses)—net of fees and expenses	43,290	26,668
Less endowment income used in operations	14,311	10,955
Less investment return—operating	<u>5,043</u>	<u>1,502</u>
Investment return—net of amounts used in operations	<u>\$ 23,936</u>	<u>\$ 14,211</u>

Endowment income used in operations is composed of endowment appropriations for donor-designated or Board or University designated operating purposes such as student scholarships and instructional expenses. Investment income used in operations includes investment income earned on excess operating funds and funds without donor or designated restrictions. Investment income included in nonoperating activities primarily includes accumulated but not yet appropriated endowment earnings or losses and investment income earned on unused funds set aside or restricted by donors for capital purposes.

## 8. SPLIT INTEREST AGREEMENTS

The University received \$849 and \$0 in contributions related to split interest agreements for the years ended June 30, 2024 and 2023, respectively. The present value of these agreements is based on actuarially determined life expectancy tables, trust asset growth assumptions, and discount rates ranging from 3.85% to 4.51%. A summary of assets held and obligations related to split interest agreements as of June 30, 2024 and 2023, follows:

	2024	2023
Assets:		
Charitable remainder trusts	\$ 4,140	\$ 2,739
Charitable gift annuities and trusts	<u>2,809</u>	<u>2,567</u>
Total	6,949	5,306
Liabilities—split interest agreement obligations	<u>(1,697)</u>	<u>(1,853)</u>
Net split interest agreement asset	<u>\$ 5,252</u>	<u>\$ 3,453</u>

Charitable gift annuity assets are separate and distinct funds, managed as independent accounts of the University. The University maintains reserves of an amount at least equal to the designated beneficiary payments on all the outstanding gift annuity contracts.

## 9. ENDOWMENT FUNDS

The University's endowment consists of approximately 700 individual funds established for a variety of purposes, such as scholarships, endowed chairs, departmental and operating priorities, and other institutional support. The endowment includes both donor-restricted endowment funds and funds designated by the Board or University to function as endowments. Funds designated by the Board and the University to function as endowments are treated as net assets without donor restrictions.

The University classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with directions of the applicable donor instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is restricted is classified as net assets with donor restrictions until those amounts are appropriated for expenditure.

Endowment Net Asset Composition by Type of Fund as of June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$	\$ 216,764	\$ 216,764
Board or University designated	<u>52,242</u>	<u></u>	<u>52,242</u>
Total funds	<u>\$ 52,242</u>	<u>\$ 216,764</u>	<u>\$ 269,006</u>
Changes in Endowment Net Assets for the Year Ended June 30, 2024			
Endowment net assets—June 30, 2023	\$ 46,887	\$ 196,934	\$ 243,821
Contributions and other additions		4,781	4,781
Total investment return—net	7,460	27,255	34,715
Amounts appropriated for expenditure	<u>(2,105)</u>	<u>(12,206)</u>	<u>(14,311)</u>
Endowment net assets—June 30, 2024	<u>\$ 52,242</u>	<u>\$ 216,764</u>	<u>\$ 269,006</u>

<b>Endowment Net Asset Composition by Type of Fund as of June 30, 2023</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted	\$ -	\$ 196,934	\$ 196,934
Board or University designated	<u>46,887</u>	<u>-</u>	<u>46,887</u>
Total funds	<u>\$ 46,887</u>	<u>\$ 196,934</u>	<u>\$ 243,821</u>
<b>Changes in Endowment Net Assets for the Year Ended June 30, 2023</b>			
Endowment net assets—June 30, 2022	\$ 41,714	\$ 183,720	\$ 225,434
Contributions and other additions	2,100	3,408	5,508
Total investment return—net	5,852	17,982	23,834
Amounts appropriated for expenditure	<u>(2,779)</u>	<u>(8,176)</u>	<u>(10,955)</u>
Endowment net assets—June 30, 2023	<u>\$ 46,887</u>	<u>\$ 196,934</u>	<u>\$ 243,821</u>

Endowment assets with donor restrictions reflect the portion of perpetual endowment funds that is to be retained permanently based on either explicit donor stipulations or, absent specific donor stipulations, on management's interpretation of its responsibilities to retain such funds in perpetuity under UPMIFA.

The University has adopted investment and spending policies for endowment assets that are intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets over time. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period as well as Board or University designated funds. Under this policy, the endowment assets are invested in a manner that is intended to provide for the preservation of capital with an emphasis on long-term growth without significant risk exposure.

To satisfy its long-term return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation and annual income. The University utilizes a diversified asset allocation to achieve its long-term objectives within prudent risk constraints.

The University has adopted a spending policy which appropriates 4.25% of the average fair value of each endowment fund over the rolling prior 12 quarters for distribution each year. In establishing this policy, the University considered the long-term expected return on its endowment. In Fiscal Year 2024 an additional distribution was made for \$4.6 million after approval of Xavier University's Board of Trustees to fund the sustaining excellence project initiatives with goal to eliminate operating deficits.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level stipulated by the donor or the amount determined by management based on its interpretation of its responsibilities under UPMIFA. As of June 30, 2024, the fair value of certain donor-restricted endowment funds of \$1,829 was less than the historical values of \$1,933 resulting in deficiencies of \$104. As of June 30, 2023, the fair value of certain donor-restricted endowment funds of \$4,495 was less than the historical values of \$4,693 resulting in deficiencies of \$198. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of the donor-restricted contributions and are included in net assets with donor restrictions.

## 10. INVESTMENT IN PLANT

The components of the University's investment in plant at June 30, 2024 and 2023, are as follows:

	2024	2023
Land	\$ 34,369	\$ 34,159
Land improvements	49,906	49,906
Buildings and building improvements	498,142	475,495
Leasehold improvements	162	162
Equipment	52,598	47,531
Library collection	816	816
	<u>635,993</u>	<u>608,069</u>
Less accumulated depreciation	<u>(295,310)</u>	<u>(273,118)</u>
Investment in plant—net	<u>\$ 340,683</u>	<u>\$ 334,951</u>

Depreciation expense was \$22,191 and \$20,637 for the years ended June 30, 2024 and 2023, respectively.

## 11. INDEBTEDNESS

Indebtedness at June 30, 2024 and 2023, consists of the following:

	2024	2023
2015 Series C—principal due annually beginning May 2016 through May 2038, interest rate ranges from 3.00% to 5.00% (original issue premium of \$5,232)	\$ 34,835	\$ 37,540
2020 Series—principal due annually beginning May 2023 through May 2040, interest rate 4.00% and 5.00% (original issue premium of \$11,020)	42,395	44,855
2015 Series B—principal due annually beginning May 2016 through May 2042, with February 1, 2025 mandatory tender date, variable interest rate, resets monthly, 4.19% at June 30, 2024	37,320	38,660
2016 Series—principal due annually beginning May 2017 through May 2042, interest rate ranges from 3.00% to 5.00% (original issue premium of \$189)	21,380	21,910
2015 Series A—principal due annually beginning May 2032 through May 2042, with February 1, 2025 mandatory tender date, variable interest rate, resets monthly, 4.19% at June 30, 2024	<u>22,575</u>	<u>22,575</u>
	158,505	165,540
Net unamortized premium	6,870	8,301
Unamortized indebtedness issuance costs	<u>(1,196)</u>	<u>(1,271)</u>
Total indebtedness	<u>\$ 164,179</u>	<u>\$ 172,570</u>

The annual maturities of indebtedness for the years ending June 30, are as follows:

**Years Ending  
June 30**

2025	\$ 7,390
2026	7,770
2027	8,160
2028	8,580
2029	7,415
Thereafter	<u>119,190</u>
	158,505
Net unamortized premium	6,870
Unamortized indebtedness issuance costs	<u>(1,196)</u>
Total indebtedness	<u>\$ 164,179</u>

The outstanding State of Ohio Higher Educational Facility Revenue Bonds ("Bonds") are secured by a pledge of University revenues. The Pledge Agreement ("Agreement") secures substantially all the University's indebtedness and the University's obligations to any credit or liquidity facility providers or counterparties to derivative agreements relating to the Bonds. All of these obligations are secured on a parity basis and the Agreement also provides a mechanism for the University to secure future indebtedness on a parity basis. The Bonds include certain financial covenants; as of June 30, 2024, the University believes it was in compliance with these financial covenants.

Interest expense was approximately \$5,963 and \$6,211 for the years ended June 30, 2024 and 2023, respectively. The University did not capitalize any interest for the years ended June 30, 2024 and 2023.

In 2008, the University entered into interest rate swap agreements with Barclays Capital and Deutsche Bank AG. These swap agreements were amended in 2015 and have the effect of fixing the rate of interest on certain series of the Bonds, as follows:

<b>Bonds</b>	<b>Notional Amount</b>	<b>University Pays</b>	<b>University Receives</b>	<b>Maturity Date</b>
Series 2015A	\$ 22,575	3.316 %	67% * (SOFR + 11.448 bps)	May 2042
Series 2015B	37,320	3.658 %	67% * (SOFR + 11.448 bps)	May 2042

The University's estimated liability to terminate the swap agreements was \$4,315 and \$6,408 as of June 30, 2024 and 2023, respectively. These amounts are reflected separately in liabilities in the statements of financial position. The change in the fair value of the interest rate swap agreements of \$2,093 and \$3,620 for the years ended June 30, 2024 and 2023, respectively, is included in nonoperating activities in the statements of activities.

The University has a \$5,000 line of credit with a bank. The line of credit is unsecured. Principal balances outstanding are payable on the expiration date with interest due monthly at an annual rate equal to 1.10% plus the greater of (i) zero percent (0.0%) and (ii) the one-month forward looking term rate based on the Secured Overnight Financing Rate (SOFR) quoted by the Lender. There were no balances outstanding on the line of credit as of June 30, 2024 or 2023. The current line of credit renews annually and expires on February 19, 2025.

## 12. RETIREMENT PLAN

The University has a 403(b) contributory retirement plan (the Plan) through Teachers Insurance and Annuity Association (TIAA) that covers substantially all full-time employees immediately upon employment by the University. For employees hired prior to October 1, 2023, University contributions to the plan range from 8.50% to 10.00% of eligible compensation based on years of service. Plan participants are also required to make contributions to the plan ranging from 2.00% to 5.00% of their compensation. Participants are vested immediately in all contributions plus actual earnings thereon.

The University made employer contributions of approximately \$6,712 and \$6,762 for the years ended June 30, 2024 and 2023, respectively.

Effective October 1, 2023, the retirement plan was amended for new hires. After one year of service, employer contributions from the University equal 5.00% and employee contributions are mandatory 2.00% for eligible employees. Participants vest in the contributions made by the University after three years of service. Participants are immediately vested in employee salary and rollover contributions and any income or loss thereon. The University believes that the Plan is designed and operated in compliance with the applicable requirements of the Internal Revenue Code.

## 13. POSTRETIREMENT HEALTH CARE BENEFITS

The University sponsors a defined benefit health care plan that provides postretirement medical benefits to full-time employees who meet minimum age and service requirements. The plan is noncontributory for non-faculty employees who retired prior to December 31, 1994 and faculty who retired as of May 13, 1995.

For employees who met certain age and service requirements as of January 1, 1995, the plan has been amended to require employee contributions and establish a maximum monthly benefit to be provided by the University.

Postretirement benefit expense includes the following components as of June 30, 2024 and 2023:

	2024	2023
Service cost of benefits earned	\$ 79	\$ 73
Interest cost on liability	111	96
Amortization of net actuarial gain	<u>-</u>	<u>-</u>
Net periodic postretirement benefit cost	<u>\$ 190</u>	<u>\$ 169</u>

The following table summarizes the amounts reflected on the statements of financial position, as well as the change in fair value of plan assets, and the funded status of the postretirement benefit plan as of June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Changes in projected benefit obligations:		
Benefit obligation—beginning of year	\$ (2,417)	\$ (2,416)
Service cost	(79)	(73)
Interest cost	(111)	(96)
Participants' contributions	-	-
Medicare Part D reimbursements	-	-
Actuarial (loss) gain	375	(32)
Benefits paid	<u>161</u>	<u>200</u>
Benefit obligation—end of year	<u><u>\$ (2,071)</u></u>	<u><u>\$ (2,417)</u></u>
Change in fair value of plan assets:		
Fair value of plan assets—beginning of year	\$ -	\$ -
Employer contributions	161	200
Participants' contributions	-	-
Medicare Part D reimbursements	-	-
Benefits paid	<u>(161)</u>	<u>(200)</u>
Fair value of plan assets—end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of funded status:		
Projected benefit obligation in excess of fair value of plan assets	\$ (2,071)	\$ (2,417)
Unrecognized transition obligation	-	-
Unrecognized actuarial loss	<u>-</u>	<u>-</u>
Net statement of financial position liability	<u><u>\$ (2,071)</u></u>	<u><u>\$ (2,417)</u></u>

The following weighted-average assumptions were made in determining the postretirement benefit obligation and the postretirement benefit cost as of June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Weighted-average discount rate used to determine the projected benefit obligation	5.15 %	4.80 %
Weighted-average discount rate assumption used to determine the net periodic benefit cost	4.80 %	4.17 %



The health care cost trend rate assumption has a significant effect on the amounts reported in the financial statements. The following health care cost trend rates were assumed in the determination of the postretirement benefit obligation and net periodic benefit cost for Medicare eligible retirees as of June 30, 2024 and 2023:

	2024	2023
Health care cost trend rate assumed for the current year	4.50 %	4.00 %
Ultimate health care cost trend rate	4.50	4.00
Year that rate reaches the ultimate trend rate	2024	2023

The following benefit payments, net of participants' contributions, and Medicare Part D reimbursements, which reflect expected future service, are expected to be paid:

Years Ending June 30	Benefit
2025	\$ 205
2026	213
2027	227
2028	239
2029	226
Thereafter	933

#### 14. FUNCTIONAL EXPENSES

Expenses are presented by functional classification in accordance with the overall mission of the University. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the University. Expenses reported by functional categories include allocations of costs for operation and maintenance of plant, interest on indebtedness, and depreciation and amortization expense. The University applies various methods to allocate costs among the program and support functions, the most significant of which is by time and effort.

Operating expenses by functional and natural classification for the years ended June 30, 2024 and 2023 were as follows:

2024	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Auxiliary Enterprises	Total 2024
Salaries	\$40,035	\$ 1	\$382	\$ 7,327	\$ 9,379	\$16,154	\$ 2,886	\$11,525	\$ 87,689
Benefits	11,822	-	94	2,135	2,786	5,974	1,076	2,684	26,571
Depreciation, amortization, and interest	6,875	-	144	1,156	3,034	2,171	1,685	13,198	28,263
Office expenses	2,302	47	70	602	1,986	1,694	540	2,588	9,829
Travel, conference, and meetings	1,640	-	28	692	1,227	672	37	6,693	10,989
Cost of sales	-	-	-	-	-	-	-	9,918	9,918
Repairs and maintenance	20	-	-	17	271	3,869	6,396	2,593	13,166
Professional services	1,676	-	6	626	1,449	6,273	117	975	11,122
Other	8,659	-	3	2,822	1,532	1,362	4,438	3,227	22,043
Total	<u>\$73,029</u>	<u>\$ 48</u>	<u>\$727</u>	<u>\$15,377</u>	<u>\$21,664</u>	<u>\$38,169</u>	<u>\$17,175</u>	<u>\$53,401</u>	<u>\$219,590</u>

<b>2023</b>	<b>Instruction</b>	<b>Public Service</b>	<b>Academic Support</b>	<b>Student Services</b>	<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Auxiliary Enterprises</b>	<b>Total 2023</b>
Salaries	\$40,913	\$425	\$ 6,817	\$ 9,488	\$14,969	\$ 3,240	\$10,893	\$ 86,745
Benefits	12,498	117	2,051	3,005	5,506	1,241	2,597	27,015
Depreciation, amortization, and interest	6,636	139	1,108	2,917	1,805	1,560	12,759	26,924
Office expenses	2,090	112	632	3,342	1,435	334	2,468	10,413
Travel, conference, and meetings	1,998	54	666	1,392	784	35	6,103	11,032
Cost of sales	-	-	-	2	-	-	9,514	9,516
Repairs and maintenance	95	-	17	127	3,231	6,271	457	10,198
Professional services	1,261	53	354	314	4,049	60	1,097	7,188
Other	<u>10,349</u>	<u>5</u>	<u>1,876</u>	<u>1,388</u>	<u>4,377</u>	<u>4,223</u>	<u>2,983</u>	<u>25,201</u>
Total	<u>\$75,840</u>	<u>\$905</u>	<u>\$13,521</u>	<u>\$21,975</u>	<u>\$36,156</u>	<u>\$16,964</u>	<u>\$48,871</u>	<u>\$214,232</u>

## 15. RELATED-PARTY TRANSACTIONS

The Jesuit Community at Xavier University (the “Community”), an Ohio not-for-profit corporation, is an entity separate from the University. Members of the Community serve on the University’s faculty and administration and their salaries are paid, in total, to the Community. In the opinion of the University’s administration, such salaries are comparable to those of other employees. Members of the Community do not participate in either the University’s retirement plan or the federal Social Security program. However, the University pays the Community an amount comparable to such benefits for each Community member employed by the University. Total amounts paid to the Community are not material to the financial statements.

The financial statements include gifts of \$527 and contributions receivable of \$14,468 from members of the Board and employees, including management, for the year ended June 30, 2024. The financial statements include gifts of \$838 and contributions receivable of \$2,313 from members of the Board and employees, including management, for the year ended June 30, 2023.

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The University uses various valuation approaches to determine fair value. ASC 820-10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the University. Unobservable inputs reflect the University’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The carrying amount of cash, short-term investments, accounts receivable, accrued interest receivable, accrued compensation costs, and deferred revenue approximate fair value because of the short-term nature of these assets and liabilities.

The carrying value of investments, which is the fair value, is determined by management using inputs provided by an external investment manager or quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of market value.

A reasonable estimate of the fair value of the student loans receivable under government loan programs and advances from the federal government for student loans could not be made because the notes receivable are not saleable and can only be assigned to the US government or its designees.

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

The fair value of indebtedness, which consists primarily of bonds payable, was approximately \$160,451 and \$169,107 as of June 30, 2024 and 2023, respectively. The methodology for determining fair value of bonds payable consists of a discounted cash flow analysis using a discount rate for each existing bond series. The carrying value was \$164,179 and \$172,570 as of June 30, 2024 and 2023, respectively.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1**—Valuations based on unadjusted quoted prices in active markets for identical instruments.

**Level 2**—Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

**Level 3**—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2024 and 2023, the University's assets and liabilities measured at fair value on a recurring basis are summarized in the following table by the type of inputs applicable to the fair value measurement.

Description	June 30, 2024	Level 1	Level 2	Level 3
Assets:				
Investments:				
Short-term investments	\$ 30,597	\$ 30,597	\$	\$
US government and agency obligations	16,432	16,432		
Corporate stocks and stock funds	202,710	202,710		
Corporate bonds and bond funds	49,286		49,286	
Mortgage and asset-backed securities	1,530		1,530	
Alternative investments	68,251			68,251
Liabilities—interest rate swap agreements	(4,315)		(4,315)	

Description	June 30, 2023	Level 1	Level 2	Level 3
Assets:				
Investments:				
Short-term investments	\$ 16,584	\$ 16,584	\$ -	\$ -
US government and agency obligations	9,910	9,910	-	-
Corporate stocks and stock funds	174,822	174,822	-	-
Corporate bonds and bond funds	65,477	-	65,477	-
Mortgage and asset-backed securities	13,331	-	13,331	-
Alternative investments	64,200	-	-	64,200
Liabilities—interest rate swap agreements	(6,408)	-	(6,408)	-

Alternative investments consist of private equity and hedge funds that invest across various asset classes, including leveraged buyouts, distressed debt, venture capital, secondary partnership interests, hedged equity, distressed securities, and merger arbitrage. These investment vehicles are primarily limited partnerships or other investment structures which do not have readily available market valuation information and which may have restrictive redemption provisions. The estimated fair values of investments of these partnerships are determined by the general partner or sponsor of the respective partnerships and may not reflect amounts that could be realized upon immediate sale, or amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

These investments in partnerships are classified in Level 3 of the fair value hierarchy. Identified in the table below is a summary of changes in fair value of Level 3 investments for the years ended June 30, 2024 and 2023.

	<b>Private Equity</b>	<b>Hedge Funds</b>	<b>Other</b>	<b>Total</b>
Ending net asset value—June 30, 2023	\$ 35,321	\$ 27,313	\$ 1,566	\$ 64,200
Capital additions or purchases	1,793	-	932	2,725
Capital disbursements or sales	(2,731)	-	(472)	(3,203)
Appreciation (depreciation) of investments	<u>1,275</u>	<u>3,188</u>	<u>66</u>	<u>4,529</u>
Ending net asset value—June 30, 2024	<u>\$ 35,658</u>	<u>\$ 30,501</u>	<u>\$ 2,092</u>	<u>\$ 68,251</u>
	<b>Private Equity</b>	<b>Hedge Funds</b>	<b>Other</b>	<b>Total</b>
Ending net asset value—June 30, 2022	\$ 30,737	\$ 27,066	\$ 1,879	\$ 59,682
Capital additions or purchases	4,106	-	29	4,135
Capital disbursements or sales	(1,252)	-	(360)	(1,612)
Appreciation (depreciation) of investments	<u>1,730</u>	<u>247</u>	<u>18</u>	<u>1,995</u>
Ending net asset value—June 30, 2023	<u>\$ 35,321</u>	<u>\$ 27,313</u>	<u>\$ 1,566</u>	<u>\$ 64,200</u>

Identified in the table below is a summary of fair values, unfunded commitments, and redemption provisions:

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Other Redemption Restrictions</b>	<b>Redemption Notice Period</b>
Private equity	\$ 35,658	\$ 7,035	n/a	n/a	n/a
Hedge funds	30,501	-	Quarterly	n/a	90–95 days
Other	2,092	3,020	n/a	n/a	n/a

Private equity funds are invested primarily in a fund-of-funds structure in which the underlying managers invest primarily in leveraged buyouts, distressed debt, venture capital, and secondary partnership interests.

Hedge funds are invested primarily in a fund-of-funds structure in which the underlying managers invest primarily in hedged equity, distressed securities, and merger arbitrage strategies.

Other includes investments in credit opportunities and real estate funds.

## 17. LEASE COMMITMENTS

The University has operating leases primarily for campus facilities and equipment. The University determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The University has elected the short-term lease exception under Topic 842 for all leases and as such, leases with an initial term of 12 months and which do not include a renewal option whose exercise is reasonably certain, are not recorded on the statements of financial position. The University recognizes lease expense for short-term leases on a straight-line basis over the lease term. Short term lease expense was not significant during the twelve months ended June 30, 2024 and 2023.

The University recognizes right-of-use assets and lease liabilities based on the present value of lease payments over the lease term at commencement date. The rate implicit in the University's leases typically is not readily determinable. As a result, the University uses the 5-year treasury rate, as allowed by ASC 842, *Leases*, in determining the present value of lease payments for all leases except for a long-term lease of space, where a 20-year treasury rate is used. The treasury rates are readily available third-party rates determined at the lease commencement date and are applied at the individual contract level. On an annual basis, the University will update the rates used to calculate the present value of lease payments for new leases.

The University currently does not have any finance leases or leases that contain purchase options and does not currently sublease any leased assets.

One of the University's facility leases has terms that extend for several years and the renewals provide for rental rates that increase over time. The right-of-use asset and lease liability include the noncancelable portion of the underlying lease along with any reasonably certain lease periods associated with the available renewal periods. The remaining lease terms range from 1 to 4 years as of June 30, 2024.

Variable lease payments generally consist of certain non-lease services related to leased facilities and other lease agreements for equipment with payments based on consumption and usage. Variable lease payments are excluded from right-of-use assets and lease liabilities and are recognized as expense in the period in which the obligation is incurred. The associated expense related to variable lease payments was not material during the year ended June 30, 2024 and 2023.

Quantitative information regarding the University's leases for the years ending June 30 are as follows:

	2024	2023
Lease cost	\$ 1,512	\$ 1,441
Other information:		
Cash paid for amounts included in the measurement of lease liability	\$ 417	\$ 513
Right-of-use assets obtained in exchange for the lease obligations	\$ -	\$ -
Weighted average remaining lease term (in years)	3.76	4.12
Weighted average discount rate	0.81 %	0.96 %

Maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the lease liabilities:

<b>Years Ending June 30</b>	<b>Operating Leases</b>
2025	\$ 390
2026	374
2027	374
2028	<u>374</u>
Total undiscounted cash flows	1,512
Less: present value discount	<u>(31)</u>
Total lease liability	<u><u>\$1,481</u></u>

The University also has leasing arrangements in which the University acts as lessor with terms between 1 and 40 years. These leases include a ground lease in which the University leases land to a third party. The ground lease includes certain fixed-price renewal options included in the measurement of the lease within the statements of financial position. Other renewal and termination options do not significantly impact the University's lessor activity. All leases are classified as operating leases from a lessor perspective. The University owns the underlying assets associated with its operating leases and records them in "Investment in Plant—Net of accumulated depreciation" on the statements of financial position.

Cash received and reported in operating cash flows for lease payments in which the University acts as the lessor was \$735 for the year ended June 30, 2024; lease payments included in income within the statement of activities was \$735 for the fiscal year ended June 30, 2024. Cash received and reported in operating cash flows for lease payments in which the University acts as the lessor was \$485 for the year ended June 30, 2023; lease payments included in income within the statement of activities was \$485 for the fiscal year ended June 30, 2023.

Future minimum lease payments to be received under the non-cancellable leasing agreements as of June 30 are as follows:

<b>Years Ending June 30</b>	<b>Amount</b>
2025	\$ 925
2026	925
2027	917
2028	895
2029	863
Thereafter	<u>10,900</u>
Total undiscounted cash flows	15,425
Impact of present value discount	<u>(2,791)</u>
Present value of undiscounted cash flow	<u><u>\$ 12,634</u></u>

## **18. COMMITMENTS AND CONTINGENCIES**

The University is involved in various legal actions arising in the ordinary course of its activities. Management believes that the ultimate liability, if any, with respect to these matters will not materially affect the financial position of the University.

The University receives grants and contracts from certain federal, state, and local agencies to fund student aid and other activities. Both direct and indirect costs that have been charged to the grants or contracts are subject to examination and approval by the granting agency. Management believes that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

The University has agreements with general contractors for the design and renovation of facilities with a current guaranteed maximum price of \$7,931 of which approximately \$1,140 has been paid or accrued as of June 30, 2024.

In December 2016, the University entered into an exclusive 10-year agreement with a local healthcare organization to jointly develop academic programs and to support campus health and wellness. This agreement included the creation of a legal entity that constructed and owns a health and recreation center located on the University's campus. The entity, Center Corp, is a qualifying organization under Section 509(a)(3) of the Code; the University owns 51% of this entity. The financial activity of Center Corp is fully consolidated into the University's financial statements. The University completed construction and started operations in the health and recreation center in 2020.

Federal and state support of \$0 and \$0 were included in government grants and contracts operating revenues in the statement of activities for the years ended June 30, 2024 and 2023, respectively.

## **19. SUBSEQUENT EVENTS**

No events have occurred after June 30, 2024, but before September 27, 2024, the date the financial statements were available to be issued, that require consideration as adjustments to, or disclosures in, the financial statements.

## **20. INFORMATION USED IN THE DETERMINATION OF THE DEPARTMENT OF EDUCATION'S FINANCIAL RESPONSIBILITY COMPOSITE SCORE**

Section 498(c) of the Higher Education Act of 1965, as amended, requires for-profit and nonprofit institutions to annually submit audited financial statements to the Department of Education (ED) to demonstrate they are maintaining the standards of financial responsibility necessary to participate in the Title IV programs. One of many standards which ED utilizes to gauge the financial responsibility of an institution is a composite of three ratios derived from an institution's audited financial statements.

The financial information below provides the correspondence between certain values presented in the University's financial statements and the values as they are included in the determination of the ratios used by ED to gauge the University's financial responsibility:

	<b>2024</b>
Investment in plant—net, including construction in progress:	
Net book value of assets existing as of June 30, 2019 (pre-implementation):	
Land	\$ 31,854
Land improvements	11,477
Buildings and building improvements	160,596
Leasehold improvements	65
Equipment	1,385
Library collection	<u>119</u>
Total	<u>205,496</u>
Net book value of assets in service after June 30, 2019 (Post-implementation):	
Land	2,515
Land improvements	2,664
Buildings and building improvements	116,149
Leasehold improvements	
Equipment	13,859
Library collection	<u>          </u>
Total	135,187
Construction in progress	<u>10,248</u>
Investment in plant—net, including construction in progress	<u><u>\$ 350,931</u></u>
Indebtedness:	
Pre-implementation for long-term purposes	\$ 115,891
Post-implementation for long-term purposes	48,288
Post-implementation for construction in progress	
Post-implementation, not for the purchase of investment in plant	<u>          </u>
Total	<u><u>\$ 164,179</u></u>

\* \* \* \* \*



## APPENDIX C

### Form of Bond Counsel Opinion

To: RBC Capital Markets, LLC, acting for itself and as Representative  
New York, New York

Ohio Higher Educational Facility Commission  
Columbus, Ohio

We have served as bond counsel to our client, the Ohio Higher Educational Facility Commission (the “Commission”), in connection with the issuance by the Commission of \$179,850,000 State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2024 Project), dated the date of this letter (the “Bonds”), of the State of Ohio (the “State”).

The Bonds are issued pursuant to Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code and the Trust Agreement, dated as of October 1, 2024 (the “Trust Agreement”), between the Commission and U.S. Bank Trust Company, National Association (the “Trustee”). The Bonds are being issued for the purpose of providing funds to pay “project costs” of “educational facilities,” as those terms are defined in Section 3377.01 of the Ohio Revised Code and to refund bonds issued for that purpose. The educational facilities financed and refinanced by the Bonds constitute the “Project.” The Project has been leased by Xavier University (the “University”), as lessor, to the Commission, as lessee, under the Base Lease dated as of October 1, 2024 (“Base Lease”) and has been leased back to the University under the Lease dated as of October 1, 2024 (the “Lease”) between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease dated as of October 1, 2024 (the “Assignment” and together with the Trust Agreement, the Base Lease and the Lease, the “Commission Documents”), the Commission has assigned to the Trustee for the benefit of the holders of the Bonds substantially all of its rights under the Lease, including the Rental Payments to be made by the University. Pursuant to the Assignment, the Commission, effective solely upon an event of default under the Lease, also has assigned to the Trustee for the benefit of the holders of the Bonds, substantially all of the rights in the Base Lease. Capitalized terms not otherwise defined in this letter are used as defined in the Lease.

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

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

1. The Commission Documents are valid and binding obligations of the Commission, enforceable in accordance with their respective terms. The Bonds are valid and binding obligations of the State enforceable in accordance with their respective terms.

2. The Bonds constitute special obligations of the State, and the principal of and interest and any premium on (collectively, “debt service”) the Bonds are payable solely from the revenues and other money assigned by the Trust Agreement and the Assignment to pay debt service. Those revenues and other money include the payments required to be made by the University under the Lease. The payment of debt service on the Bonds is not secured by an obligation or a pledge of any money raised by taxation, and the Bonds do not represent or constitute a general obligation or pledge of the faith and credit of the Commission, State or any of its political subdivisions.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Bonds.

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

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Bonds or the Commission Documents. We express no opinion regarding the priority of the lien of the revenues and other money pledged to pay debt service on the Bonds, or such other funds created by the Trust Agreement. Furthermore, we express no opinion herein with respect to the status or quality of title to, or any interest in, any of the property and other assets described in, or subject to, the pledge or lien granted in the Commission Documents, or the accuracy or sufficiency of the description contained therein of any of that property, or the priority or perfection of, or the remedies available to enforce, any claim on or interest in any of that property.

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

In addition, in rendering those opinions with respect to the treatment of the interest on the Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinion of, Dinsmore & Shohl LLP, counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code and the use of the

facilities financed or refinanced with the Bonds in activities that are not considered “unrelated trade or business” activities of the University, as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. Failure of the University to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed or refinanced by the Bonds in a manner that is substantially related to the University’s exempt purpose under Section 513(a) of the Code, may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

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

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

Respectfully submitted,

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## APPENDIX D

### DOCUMENT DESCRIPTIONS - BONDS

*The following are summaries of the Trust Agreement, the Lease and the Guaranty as they relate to the Bonds. These summaries do not purport to set forth all of the provisions of such documents, reference to which is made for the complete and actual terms thereof.*

*Certain terms used in the Trust Agreement, the Lease, the Base Lease, and the Guaranty are defined below unless otherwise defined herein or the context clearly indicates otherwise. Any capitalized term used in this Offering Circular regarding the Trust Agreement, the Lease and the Guaranty not defined herein shall have the meanings given such term by the Trust Agreement, the Lease and the Guaranty. Any capitalized term defined and used below shall apply to the summaries set forth below notwithstanding that such capitalized term may be defined elsewhere in this Offering Circular.*

### DEFINITIONS

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

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

**“Assignment”** means the Assignment of Rights Under Lease, dated as of even date with the Trust Agreement, from the Commission, as assignor, to the Trustee, as assignee, as amended or supplemented from time to time.

**“Base Lease”** means the Base Lease, dated as of even date with the Trust Agreement, between the University, as lessor, and the Commission, as lessee, as duly amended or supplemented from time to time.

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

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

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

**“Bond Purchase Agreement”** means the Bond Purchase Agreement between the University, RBC Capital Markets, LLC, acting on behalf of itself and as representative of the other Underwriters, and the Commission providing for the sale and purchase of the Bonds.

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

**“Bonds” or “Bond”** means the \$179,850,000 State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2024 Project) issued by the Commission pursuant to the Trust Agreement, including any portion thereof or any beneficial interest therein, as applicable.

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

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

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

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

**“Continuing Disclosure Agreement”** means the University’s Continuing Disclosure Agreement dated as of even date with the Trust Agreement, as amended or supplemented from time to time.

**“Credit Facility”** means a municipal bond insurance policy, line of credit, letter of credit or similar credit enhancement established in connection with the issuance or incurrence of indebtedness to provide credit support for such indebtedness through a promise to pay principal of or interest on such indebtedness.

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

**“Defeasance Obligations”** means

(a) Direct Obligations;

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

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

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

**“Derivative Agreement”** means and includes, (i) any contract known as or referred to or that performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the University entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of indebtedness, to convert any element of indebtedness from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

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

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

(a) Direct Obligations;

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration (“FmHA”)); participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”) rated, at the time of purchase, “Aaa” by Moody’s or “AAA” by Standard & Poor’s; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal at the time of purchase) and senior debt obligations of the Federal National Mortgage Association (“FNMA”) rated, at the time of purchase, “Aaa” by Moody’s or “AAA” by Standard & Poor’s; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed pass-through obligations of the Government National Mortgage Association (“GNMA”); senior debt obligations of the Student Loan Marketing Association; project notes, local authority bonds, new communities debentures and U.S. public

housing notes and bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation obligations;

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“Funded Interest Fund”** means the Funded Interest Fund created under the Trust Agreement, including the “2024 Funded Interest Account” and the “2024 Capitalized Interest Account” therein.

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

**“Holder,” “Holder of a Bond” or “Bondholder”** means, with respect to the Bonds, the Person in whose name a Bond is registered on the Register.

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

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

**“Interest Payment Date” or “Interest Payment Dates”** means May 1 and November 1 of each year, commencing May 1, 2025, or any other date on which any Bond Service Charges shall be due and payable, whether at maturity, upon acceleration, call for redemption or otherwise.

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

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

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

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

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

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

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

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

**“Parity Obligations”** means any bond, note, indebtedness, Credit Facility, liquidity facility and other obligation or Derivative Agreement that is secured by the grant of a security interest in the Pledged Revenues to the Pledge Trustee for the parity benefit of the Holders of all Parity Obligations established in accordance with the Pledged Revenues Trust Agreement; provided that any termination payment, or its equivalent, under a Derivative Agreement will not be a Parity Obligation but will be regarded as Subordinated Indebtedness.

**“Permitted Encumbrances,”** with respect to the Lease, means as of any particular time:

(a) the Base Lease, the Lease and any sublease of the Project authorized by the Lease and any existing lease between the University and the Commission;

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

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

(d) security interests, mortgages, easements, restrictions, leases and other encumbrances existing as of the date of delivery of the Base Lease;

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

(f) minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title of a nature that exist normally with respect to properties of a character similar to that of the Project and that, in the opinion of an architect or Independent Counsel, in the aggregate do not materially and adversely affect the value or marketable

title of the Project or impair materially the property affected thereby for the purpose for which it was acquired or is held;

(g) liens resulting from governmental regulations on the use of the Project;

(h) any lien on revenues, income, receipts, accounts or money of the University or real or personal property of the University now or hereinafter granted by the University (including the lien on the Pledged Revenues pursuant to the Pledged Revenues Trust Agreement) if such lien equally and ratably secures the Bonds;

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

(j) any lien, mortgage, security interest or other encumbrance otherwise permitted by the Lease and the Trust Agreement.

**“Pledged Revenues”** means all receipts, revenues, income and other money received by or on behalf of the University from the operation, ownership or leasing of all University Facilities (including from tuition and from room and board fees and charges), all gifts, grants, bequests, donations and contributions received by the University, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, including any insurance proceeds and any condemnation awards derived therefrom, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the University in connection with the University Facilities; provided, however, that there is excluded from Pledged Revenues: (i) gifts, grants, bequests, donations and contributions heretofore or hereafter made, the application of the proceeds of which is designated or restricted at the time of making thereof by the donor, payor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of Parity Obligations or not subject to pledge, or subsequent to the receipt thereof, so designated or restricted by the University in order to meet the requirements of any challenge grant received by the University, and the income derived therefrom to the extent that it is permanently restricted in or by such designation or restriction or by law, (ii) money collected by the University on behalf of third-party providers of goods or services sold or provided to University students, faculty or staff pursuant to a written contract between the University and such provider, including food service providers, sellers of tickets, retail vendors, computer, data or telecommunication services, but only to the extent that such money is owed to those providers under a contract between the University and the respective provider, (iii) the Special Funds and the Revenues as defined under a Related Bonds Indenture (including the Trust Agreement) relating to Commission bonds or notes issued in favor of the University and (iv) other money whose use is restricted by law or its donor from being used to pay debt service, including amounts received by the University as Federal Student Aid or restricted federal or state grants.

**“Pledged Revenues Trust Agreement”** means the Pledged Revenues Trust Agreement, dated as of April 1, 2008 between U.S. Bank Trust Company, National Association, as Pledge trustee and the University, as amended and supplemented from time to time.

**“Project”** means the educational facilities financed and refinanced by the Bonds described in **Introduction** and **The Project and Plan of Refunding**, consisting of the Project Facilities and the Project Site, including, as applicable, the interests of the Commission in and to the Project, and constituting a “project” as defined by the Act.

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

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

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

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

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

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

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

**“Related Bonds”** means revenue bonds or other obligations issued by the Commission or other governmental issuer, the proceeds of which are loaned or otherwise made available to the University, and that are secured by a pledge of Pledged Revenues under the Pledged Revenues Trust Agreement.

**“Related Bonds Indenture”** means any trust agreement, indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued.

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

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

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

**“Special Funds”** means, collectively, the Improvement Fund, the Bond Fund, the Funded Interest Fund and any other funds or accounts permitted by, established under or identified in the Trust Agreement or the Bond Legislation, except the Rebate Fund and the Issuance Expenses Fund.

**“State”** means the State of Ohio.

**“Subordinated Indebtedness”** means indebtedness that is at all times wholly subordinate and junior in right of payment to any and all indebtedness of the University under the Pledged Revenues Trust Agreement with respect to Parity Obligations (“Superior Indebtedness”) and that shall contain provisions (which will be binding on all holders of such Subordinated Indebtedness) not more favorable to the holders of such Subordinated Indebtedness than all of the following.

(a) In the event of any liquidation, dissolution or winding up of the University, or of any execution, sale, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization, or other similar proceeding relative to the University or its property, all principal and interest owing on all Superior Indebtedness must first be paid in full before any payment is made upon the Subordinated Indebtedness, provided, however, that, except for Pledged Revenues, this does not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness; and in any such event any payment or distribution of any kind or character from sources other than the proceeds of collateral specifically securing the Subordinated Indebtedness, except for Pledged Revenues, whether in cash, property or securities (other than in securities, including equity securities, or other evidences of indebtedness, the payment of which is subordinated to the payment of all Superior Indebtedness that may at the time be outstanding) that shall be made upon or in respect of the Subordinated Indebtedness will be paid over to the holders of such Superior Indebtedness, pro rata, for application in payment thereof unless and until such Superior Indebtedness shall have been paid or satisfied in full.

(b) In the event that the Subordinated Indebtedness is declared or becomes due and payable because of the occurrence of any event of default or otherwise than at the option of the University, under circumstances when paragraph (a) above will not be applicable, the holders of the Subordinated Indebtedness shall be entitled to payments only after there will first have been paid in full all Superior Indebtedness outstanding at the time the Subordinated Indebtedness so became due and payable because of any such event of default, or payment will have been provided for in a manner satisfactory to the holders of all such Superior Indebtedness, provided, that except for Pledged Revenues, this sentence will not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness.

(c) The University agrees in the Pledged Revenues Trust Agreement for the benefit of the holders of the Superior Indebtedness, that in the event that any Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of a default under the Pledged Revenues Trust Agreement, (i) the University will give prompt notice in writing of such happening to the holders of Superior Indebtedness and (ii) all Superior Indebtedness shall forthwith become immediately due and payable upon demand, regardless of the expressed maturity thereof.

(d) If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution that is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the University maintained with or held by such holder.

**“Tax Agreement”** means the Tax Certificate and Agreement, dated the date of delivery of the Bonds, by and between the Commission, the University and the Trustee, as amended or supplemented from time to time.

**“Trust Agreement”** means the Trust Agreement dated as of October 1, 2024, securing the Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

**“Trustee”** means the Trustee under the Trust Agreement, originally U.S. Bank Trust Company, National Association, Cincinnati, Ohio, a national banking association duly organized and validly existing under the laws of the United States of America, and any successor Trustee, as determined or designated under the Indenture.

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

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

**“University Facilities”** means the buildings, structures, real estate and any appurtenant facilities, equipment and fixtures, currently owned directly by the University and located on the University’s core campus, used or useful by the University in connection with its functioning as an institution of higher education.

## **THE LEASE**

### **Term of Lease**

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

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

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

Pursuant to the Lease, the University agrees to make any site improvements, to construct and improve the buildings and facilities, to purchase and install the related equipment and furnishings comprising the Project, in accordance with the plans and specifications approved by the University. The University has agreed to supply any funds required for completion of the Project that are not available from the proceeds of the Bonds. Any such payments by the University will not affect or serve to reduce the Rental Payments to be made by it under the Lease.

### **Rentals**

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

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

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

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

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

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

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

### **Maintenance and Insurance**

The University agrees that during the term of the Lease it will keep and maintain the Project including all appurtenances thereto and any personal property necessary to the operation thereof, in good repair and good operating condition at its own cost. The University will obtain and maintain within the Project all movable furnishings, equipment and other personal property (in



addition to that purchased with the proceeds of the Bonds) as are essential for the faithful and efficient administration, operation, and maintenance of the Project. The University has no obligation, however, to repair, renew or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary portions of the Project Facilities unless provision is made therefor in the Lease. The University may from time to time make modifications to the Project (including removal of portions of the Project without substitution) so long as it is not in default under the Lease and such modifications do not impair the character of the Project as furthering the purposes of the Act.

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

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

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

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

(c) Workers' compensation and employer's liability coverage as required by the laws of the State; and

(d) Fidelity bonds on all officers and employees of the University who have access to or custody of revenues, receipts or income from any funds of the University in amounts customarily carried by like organizations.

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

### **Annual Statement**

The University agrees to have an annual audit of its financial statements made by an independent auditor and to provide that audit report to the Commission, the Trustee and the Underwriters within 150 days after the end of each fiscal year. See also **Continuing Disclosure Agreement**.

### **Merger, Consolidation or Transfer of Assets**

During the term of the Lease, the University is to maintain its existence as an educational institution not for profit and will not dissolve or otherwise dispose of all or a substantial part of its assets or merge into another corporation or entity or permit one or more other corporations to consolidate with or merge into it, unless the corporation or entity surviving such merger (i) holds a certificate of authorization from the Ohio Chancellor of Higher Education pursuant to Section 1713.02 of the Ohio Revised Code, (ii) is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code or is a governmental unit, (iii) has an aggregate unrestricted net asset balance equal to at least 90% of that balance of the University, (iv) expressly assumes all agreements of the University under the Bond Documents and (v) meets certain other conditions described in the Lease.

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

### **Indemnification of the Commission**

The University will hold the Commission harmless against any loss or costs arising from any loss of or damage to property, or any injury to or death of any person, that may be occasioned by any cause whatsoever pertaining to the Project or its use. In addition, the University will indemnify and hold harmless the Commission against all costs, liabilities, penalties, fines, damages, expenses, losses or claims arising from any breach or default by the University under the Bond Documents, the construction of the Project, and any act or a failure to act by the University, its agents, contractors, servants, employees or licensees.

The University also agrees to indemnify and save harmless the Commission against any and all costs, liabilities, expenses, losses or claims to which the Commission may become subject in connection with the Commission's authorization, issuance and sale of the Bonds and any information or certification in connection therewith.

### **University's Options to Terminate Lease**

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

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

- (a) All or a substantial part of the Project is damaged or destroyed to such extent that (i) it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the University

is thereby prevented from carrying on its normal operation of the Project for a period of six months;

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

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

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

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

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

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

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

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

### **Assignment and Subleasing**

The Lease may be assigned in whole or in part, and the Project may be subleased in whole or in part, by the University without the necessity of obtaining the consent of the Commission or the Trustee, provided that certain conditions are met, including (i) no such assignment (other than assignments pursuant to the consolidation, merger, sale or other transfer as described in **The Lease – Merger, Consolidation or Transfer of Assets**) will relieve the University from primary liability for any of its obligations under the Lease and the University will continue to remain primarily liable for the payment of Rental Payments and Additional Payments, (ii) any such assignment or sublease will

retain for the University such rights as will permit it to perform its obligations under the Lease, (iii) the assignee or sublessee from the University assumes the obligations of the University to the extent of the interest assigned or subleased, (iv) the University furnishes a copy of such assignment, sublease or grant of use to the Commission and the Trustee, and (v) any such assignment or sublease shall be subject to the terms of the Lease and will not materially impair fulfillment of the purposes of the Act in providing educational facilities or adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

### **Events of Default**

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

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

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

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

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

(e) The University fails to make any payment due under a lease or lease agreement entered into between the University and the Commission in connection with any other issue of State of Ohio Higher Educational Facility Bonds issued to fund a project at the University, provided that such failure constitutes an event of default under such lease or lease agreement. The University is a party to several leases with the Commission in connection with outstanding bonds; see **APPENDIX A – Outstanding Indebtedness as of June 30, 2024**.

(f) An event of default under the Pledged Revenues Trust Agreement or under any other agreement or instrument evidencing or securing Parity Obligations.

No event described in (c) above constitutes an Event of Default under the Lease, if the event is the result of an event not reasonably within the control of the University.

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

### **Remedies on Default**

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

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

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

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

(d) The Trustee may exercise any and all and any combination of rights, remedies and powers available to it under the Bond Documents to collect all amounts due or to become due under the Bond Documents or to enforce the performance of any other obligation or agreement of the University under those instruments, including the right to appointment of a receiver for the Project.

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

### **Amendments of the Lease**

The Trust Agreement provides that the Commission and the Trustee may consent to any amendment of the Lease without the consent of or notice to the Holders only as may be required (i) by the provisions of the Lease or the Trust Agreement, (ii) for the purpose of curing any ambiguity,

inconsistency or formal defect or omission in the Lease, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of the Trust Agreement without the consent of the Holders, (iv) to implement an amendment pursuant to Section 10.1 of the Lease with respect to the removal of certain property from the operation thereof and of the Base Lease, or (v) in connection with any other change therein that does not materially, adversely affect the Trustee or the Holders. Any amendment to the Lease that would change the amount of Rental Payments, or time as of which they are required to be paid, may only be made with the consent of all Holders. Any other amendments to the Lease may only be made with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding.

## **THE TRUST AGREEMENT**

### **Security**

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

### **Use of Bond Proceeds**

The proceeds of the sale of the Bonds will be deposited by the Trustee and applied as set forth under **Sources and Uses of Funds** herein.

### **Bond Fund and Funded Interest Fund**

The Trust Agreement establishes the Bond Fund that is to be maintained by the Trustee. There will be deposited in a separate account in the Bond Fund any accrued interest received upon the original sale of the Bonds. All Rental Payments related to the payment of debt service on the Bonds received from the University or the Commission will be deposited in the Bond Fund.

The Bond Fund (and accounts therein for which provision is made in the Trust Agreement or the Lease) and the money and Eligible Investments therein will be used to pay the debt service on the Bonds; provided that no part thereof shall be used to redeem any Bonds prior to maturity, except as may be provided otherwise in the Lease or the Trust Agreement.

Until no funds remain therein, the Trustee will transfer, in the proportions set forth in the Tax Agreement, from the 2024 Funded Interest Account of the Funded Interest Fund and from the 2024 Capitalized Interest Account of the Funded Interest Fund and deposit in the Bond Fund on the Rental Payment Date preceding an Interest Payment Date the amount necessary to pay the interest due on the Bonds on the Interest Payment Date next following the date of deposit. The last transfer out of such fund may be a partial amount necessary to pay interest due on the Bonds on the next Interest Payment Date.

### **Improvement Fund and Issuance Expenses Fund**

Bond proceeds will be deposited into the Improvement Fund and the Issuance Expenses Fund maintained by the Trustee as provided in the Trust Agreement. The money in the Improvement Fund and in the Issuance Expenses Fund will be disbursed by the Trustee upon requisition from the

University in accordance with the Lease to reimburse or pay the University, or any person designated by the University, for any of the following:

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

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

No requisition is required for the reimbursement of Project costs paid by the University prior to issuance of the Bonds.

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

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

Either (i) six months after the issuance of the Bonds or (ii) when all fees, charges and expenses relating to the Bonds have been paid or provision for their payment have been made, whichever shall occur first, the Trustee will transfer any balance remaining in the Issuance Expenses Fund, as directed by the University, to the Bond Fund or to the Improvement Fund.

### **Rebate Fund**

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

### **Investment of Funds**

Any money held in the Improvement Fund, the Issuance Expense Fund, the Funded Interest Fund, the Rebate Fund or the Bond Fund will, at the direction of the University, be invested or reinvested by the Trustee in Eligible Investments in accordance with the Trust Agreement.

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

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

### **Defeasance**

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

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

(a) the Trustee and any other paying agent has received, in trust for and irrevocably committed thereto, sufficient money, or

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



for the payment of all Bond Service Charges on those Bonds at their maturity or redemption dates, as the case may be, or if default in such payment has occurred on such date, then to the date of the tender of such payment; provided that if any of those Bonds are to be redeemed prior to their maturity thereof, notice of such redemption must have been duly given or irrevocable provision satisfactory to the Trustee must have been duly made for the giving of such notice.

### **Events of Default**

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

- (a) The Commission fails to pay the interest on any Bond when and as the same becomes due and payable;
- (b) The Commission fails to pay the principal of or premium on any Bond when the same becomes due and payable whether at stated maturity or by acceleration or redemption pursuant to mandatory redemption requirements;
- (c) The Commission or the University fails to perform or observe any covenant or agreement or obligation under the Trust Agreement, the Lease or the Tax Agreement that results in the interest on the Bonds no longer being excluded from gross income for federal income tax purposes;
- (d) The Commission fails to perform or observe any other covenant, agreement or obligation on the part of the Commission contained in the Trust Agreement or in the Bonds, which failure has continued for a period of 60 days after written notice by the Trustee to the Commission and the University, specifying the failure and requiring the same to be remedied;
- (e) The occurrence of an Event of Default as defined in the Lease subject to applicable waivers and cure periods as provided therein (see **The Lease – Events of Default**); or
- (f) The University fails to perform or observe any covenant, agreement or obligation on the part of the University contained in the Guaranty, giving effect to any notices and grace periods therein.

### **Acceleration**

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

The provisions of acceleration are subject, however, to the condition that if at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Trust Agreement or the appointment or confirmation of a receiver (after an opportunity for hearing by the Commission and the University), all amounts payable under the Trust Agreement (except the principal of and interest on Bonds that have not reached their stated maturity dates but that are due and payable solely by reason of that declaration of acceleration), have been duly paid or provision has been duly made therefor by deposit with the Trustee or any paying agents, and all existing Defaults have been made good, then and in every case, the Trustee is required to waive the Event of Default and its consequences and to rescind and annul the declaration of acceleration. No waiver or rescission

and annulment will extend to or affect any subsequent Event of Default or impair any rights consequent thereon.

### **Other Remedies**

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

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

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

### **Rights and Remedies of Holders**

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

### **Right of Bondholders to Direct Proceedings**

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

### **Waivers of Events of Default**

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

least 25% in aggregate principal amount of all Bonds then outstanding, in the case of any other Event of Default under the Trust Agreement. Such written request will take priority over other actions requested or authorized by the Bondholders.

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

### **Application of Money**

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

### **Supplemental Trust Agreements**

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

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;
- (b) to grant to or confer upon the Trustee for the benefit of the Holders additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;
- (c) to assign additional revenues under the Trust Agreement;
- (d) to accept additional security with respect to the Project;
- (e) to add to the covenants, agreements and obligations of the Commission contained in the Trust Agreement, other covenants, agreements and obligations thereafter to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Commission in the Trust Agreement;
- (f) to evidence any succession to the Commission and the assumption by such successor of the covenants, obligations and agreements of the Commission contained in the Trust Agreement, the Base Lease, the Lease and the Bonds;
- (g) to permit the Trustee or the Commission to comply with any obligations imposed upon it by law, including the Code, so long as such change would not be to the prejudice of the Trustee or the Holders;
- (h) to specify further the duties and responsibilities of the Trustee, Registrar, authenticating agents and paying agents;

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

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

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

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

(m) to permit any other amendment that is not to the material prejudice of the Trustee or the Holders.

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

### **The Trustee**

The Trustee, U.S. Bank Trust Company, National Association, is a national banking association organized and existing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State of Ohio, with its designated corporate trust office in Cincinnati, Ohio.

The Trustee, prior to the occurrence of an Event of Default under the Trust Agreement, and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement. In case an Event of Default under the Trust Agreement has occurred and is continuing, the Trustee will exercise the rights and powers vested in it by the Trust Agreement as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs and may request indemnity be furnished to it by the Holders requesting it to take action in accordance with the Trust Agreement (with the exception of any notice of default required to be given to the Trustee as described in **The Trust Agreement – Events of Default** herein upon the request of the requisite number of holders and any action required to be taken by the Trustee as described in **The Trust Agreement – Acceleration** herein) for the reimbursement of all fees and expenses that it may incur and to protect it against all liability of any action so taken. The Trust Agreement provides that the Trustee is entitled to act upon opinions of counsel and will not be responsible for any loss or damage resulting from reliance thereon in good faith. In addition, the Trust Agreement provides that the Trustee is entitled to rely on certain other

instruments, and it will not be liable for any action reasonably taken or omitted to be taken by it in good faith. Under the Trust Agreement, the Commission, or the Commission at the direction of the University (so long as there is no Event of Default under the Trust Agreement or the Lease and no condition exists that, with the giving of notice or passage of time, or both, would constitute such an Event of Default), may remove the Trustee at any time for any reason.

#### **Extent of Commission's Covenants - No Personal Liability**

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

### **THE GUARANTY AGREEMENT**

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

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

No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind that the University has or may have against the State, the Commission, the Trustee or any Holder will be available to the University against the Trustee under the Guaranty. The University has entered into a similar guaranty agreement in connection with each of its prior obligations to the Commission (see **APPENDIX A – Outstanding Indebtedness as of June 30, 2024**).

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## APPENDIX E

### PLEDGED REVENUES TRUST AGREEMENT

*The following is a summary of the Pledged Revenues Trust Agreement. This summary does not purport to set forth all of the provisions of such document, reference to which is made for the complete and actual terms thereof.*

#### DEFINITIONS

**“Credit Facility”** means a municipal bond insurance policy, line of credit, letter of credit or similar credit enhancement established in connection with the issuance or incurrence of indebtedness to provide credit support for such indebtedness through a promise to pay principal of or interest on such indebtedness.

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

**“Derivative Agreement”** means and includes, (i) any contract known as or referred to or that performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the University entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of indebtedness, to convert any element of indebtedness from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

**“Expendable Net Assets”** means the sum of Unrestricted Net Assets plus Temporarily Restricted Net Assets, less Net Investment in Plant (which includes Investment in plant, net of accumulated depreciation, plus Unexpended bond proceeds, less Indebtedness) as each of those terms is used in the University’s audited financial statements. See **2024 Amendments to Pledged Revenues Trust Agreement**, below.

**“Holder,”** with respect to Parity Obligations, means and includes (i) the provider of a Credit Facility or a liquidity facility (such as a standby bond purchase agreement) secured as a Parity Obligation, (ii) the counterparty to a Derivative Agreement secured as a Parity Obligation, (iii) for purposes of bonds issued as Parity Obligations, the Person in whose name the bond is registered on the register for that bond issue (or the trustee representing its interests) and (iv) the issuer or provider of any other indebtedness secured as a Parity Obligation.

**“Long-Term Indebtedness”** means all obligations for the payment of money (including all bonds), incurred, assumed or guaranteed by the University, whether due and payable in all events, or upon the performance of work, the possession of property as lessee or the rendering of services by others, except:

- (a) Short-Term Indebtedness;

(b) current obligations payable out of current revenues, including current payments for the funding of pension plans;

(c) obligations under contracts for supplies, services, and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered, or the pensions paid;

(d) rentals payable in future years under leases not required to be capitalized under generally accepted accounting principles;

(e) Non-Recourse Indebtedness or any other obligation secured solely by and paid solely from sources other than Pledged Revenues; and

(f) Student Loan Guarantees complying with the requirements of 2.04 of the Pledged Revenues Trust Agreement, except to the extent includable as Long-Term Indebtedness under the provisions thereof.

**“Parity Obligations”** means any bond, note, indebtedness, Credit Facility, liquidity facility and other obligation or Derivative Agreement that is secured by the grant of a security interest in the Pledged Revenues to the Pledge Trustee for the parity benefit of the Holders of all Parity Obligations established in accordance with the Pledged Revenues Trust Agreement; provided that any termination payment, or its equivalent, under a Derivative Agreement will not be a Parity Obligation but will be regarded as Subordinated Indebtedness.

**“Permitted Encumbrances,”** with respect to the Pledged Revenues Trust Agreement, means, as of any particular time:

(a) the base lease, the lease (and any sublease authorized by the lease) relating to Related Bonds issued by the Commission;

(b) liens for ad valorem taxes, governmental charges and special assessments not then delinquent, or if then delinquent, being contested in good faith and, if applicable, in accordance with the terms of the lease relating to Related Bonds issued by the Commission;

(c) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that will not materially interfere with or impair the operations being or to be conducted on University Facilities;

(d) security interests, mortgages, easements, restrictions, leases and other encumbrances existing as of the original date of delivery of the Pledged Revenues Trust Agreement;

(e) purchase money mortgages, purchase money security interests and other similar interests to the extent permitted by the Pledged Revenues Trust Agreement;

(f) minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title of a nature that exist normally with respect to properties of a character similar to that of the University Facilities;

(g) liens resulting from governmental regulations on the use of University Facilities;



(h) any other lease between the Commission and the University entered into in connection with bonds issued by the Commission;

(i) liens arising by reason of good faith deposits by the University in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the University to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(j) liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose as required by law or regulation (i) as a condition to the transaction of any business or the exercise of any privilege or license, or (ii) to enable the University to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, or pension or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for companies participating in such arrangements;

(k) liens on property received by the University through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests or property or income thereon;

(l) permitted liens described in **The Pledged Revenues Trust Agreement – Security for Indebtedness**; and

(m) any lien, mortgage, security interest or other encumbrance identified as permitted encumbrances in any lease relating to Related Bonds issued by the Commission.

**“Pledged Revenues”** means all receipts, revenues, income and other money received by or on behalf of the University from the operation, ownership or leasing of all University Facilities (including from tuition and from room and board fees and charges), all gifts, grants, bequests, donations and contributions received by the University, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, including any insurance proceeds and any condemnation awards derived therefrom, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the University in connection with the University Facilities; provided, however, that there is excluded from Pledged Revenues: (i) gifts, grants, bequests, donations and contributions heretofore or hereafter made, the application of the proceeds of which is designated or restricted at the time of making thereof by the donor, payor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of Parity Obligations or not subject to pledge, or subsequent to the receipt thereof, so designated or restricted by the University in order to meet the requirements of any challenge grant received by the University, and the income derived therefrom to the extent that it is permanently restricted in or by such designation or restriction or by law, (ii) money collected by the University on behalf of third-party providers of goods or services sold or provided to University students, faculty or staff pursuant to a written contract between the University and such provider, including food service providers, sellers of tickets, retail vendors, computer, data or telecommunication services, but only to the extent that such money is owed to those providers under a contract between the University and the respective provider, (iii) the Special Funds and the Revenues as defined under a Related Bonds Indenture (including the Trust Agreement) relating to Commission bonds or notes issued in favor of the University and (iv) other money whose use is restricted by law or

its donor from being used to pay debt service, including amounts received by the University as Federal Student Aid or restricted federal or state grants.

**“Pledged Revenues Trust Agreement”** means the Pledged Revenues Trust Agreement, dated as of April 1, 2008 between U.S. Bank Trust Company, National Association, as Pledge trustee and the University, as amended and supplemented from time to time.

**“Pro Forma Debt”** means the principal amount of the University’s currently outstanding Long-Term Indebtedness plus the principal amount of any proposed additional Long-Term Indebtedness, provided that if the proposed additional Long-Term Indebtedness contains a refunding bond issue, the amount of the refunded bonds shall not be included in the computation.

**“Related Bonds”** means revenue bonds or other obligations issued by the Commission or other governmental issuer, the proceeds of which are loaned or otherwise made available to the University, and that are secured by a pledge of Pledged Revenues under the Pledged Revenues Trust Agreement.

**“Related Bonds Indenture”** means any trust agreement, indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued.

**“Short-Term Indebtedness”** means all obligations of the University for the repayment of borrowed money payable upon demand or having a final maturity of less than one year from the date incurred, excluding the current portion of any Long-Term Indebtedness. Such term does not include debt having a stated maturity in excess of one-year but which is subject to payment upon demand within one year if the payment of such debt is secured by a letter of credit or standby take-out or credit agreement that provides for repayment by the University to the issuer of such facility not less than one year after such facility is drawn upon.

**“Student Loan Guarantees”** means any guarantees by the University of the primary obligations of students enrolled at the University to repay loans made to them, or any guarantee by the University of obligations incurred by other parties to finance loans to or for the benefit of such students.

**“Subordinated Indebtedness”** means indebtedness that is at all times wholly subordinate and junior in right of payment to any and all indebtedness of the University under the Pledged Revenues Trust Agreement with respect to Parity Obligations (“Superior Indebtedness”) and that shall contain provisions (which will be binding on all holders of such Subordinated Indebtedness) not more favorable to the holders of such Subordinated Indebtedness than all of the following.

(a) In the event of any liquidation, dissolution or winding up of the University, or of any execution, sale, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization, or other similar proceeding relative to the University or its property, all principal and interest owing on all Superior Indebtedness must first be paid in full before any payment is made upon the Subordinated Indebtedness, provided, however, that, except for Pledged Revenues, this does not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness; and in any such event any payment or distribution of any kind or character from sources other than the proceeds of collateral specifically securing the Subordinated Indebtedness, except for Pledged Revenues, whether in cash, property or securities (other than in securities, including equity securities, or other evidences of indebtedness, the payment of which is subordinated to the payment of all Superior Indebtedness that may at the time be outstanding) that shall be made upon or in respect of the Subordinated Indebtedness will be paid over to the holders of such Superior Indebtedness, pro rata, for

application in payment thereof unless and until such Superior Indebtedness shall have been paid or satisfied in full.

(b) In the event that the Subordinated Indebtedness is declared or becomes due and payable because of the occurrence of any event of default or otherwise than at the option of the University, under circumstances when paragraph (a) above will not be applicable, the holders of the Subordinated Indebtedness shall be entitled to payments only after there will first have been paid in full all Superior Indebtedness outstanding at the time the Subordinated Indebtedness so became due and payable because of any such event of default, or payment will have been provided for in a manner satisfactory to the holders of all such Superior Indebtedness, provided, that except for Pledged Revenues, this sentence will not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness.

(c) The University agrees in the Pledged Revenues Trust Agreement for the benefit of the holders of the Superior Indebtedness, that in the event that any Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of a default under the Pledged Revenues Trust Agreement, (i) the University will give prompt notice in writing of such happening to the holders of Superior Indebtedness and (ii) all Superior Indebtedness shall forthwith become immediately due and payable upon demand, regardless of the expressed maturity thereof.

(d) If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution that is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the University maintained with or held by such holder.

**“Total Operating Revenues”** means the aggregate of all operating revenues of the University.

**“University Facilities”** means the buildings, structures, real estate and any appurtenant facilities, equipment and fixtures, currently owned directly by the University and located on the University’s core campus, used or useful by the University in connection with its functioning as an institution of higher education.

## **THE PLEDGED REVENUES TRUST AGREEMENT**

### **Pledge of Pledged Revenues**

To secure the payments by the University in connection with Parity Obligations (including the Bonds), the University has pledged, assigned and granted to the Pledge Trustee, a lien on and a security interest in its Pledged Revenues. The existence of such pledge and security interest does not prevent the expenditure, deposit or commingling of the Pledged Revenues by the University so long as payments in respect of any Parity Obligations are made when due. The Pledge Trustee’s security interest in the Pledged Revenues has not been perfected under the Uniform Commercial Code as in effect in the State. In the Pledged Revenues Trust Agreement the University has agreed to not make or suffer to exist any pledge or assignment of, lien on or security interest in the Pledged Revenues that ranks prior to or, except with respect to Permitted Encumbrances, on a parity with the security interest granted by the Pledged Revenues Trust Agreement, or file any financing statement describing any such pledge, assignment, lien or interest.

### **Incurrence of Additional Indebtedness**

Upon issuance of the Bonds and the retirement of the 2015A/B Bonds and related interest rate hedges, the provisions of the Pledged Revenues Trust Agreement with respect to the incurrence of additional indebtedness will be amended to provide as described under **2024 Amendments to Pledged Revenues Trust Agreement**, below.

### **Security for Indebtedness**

Any Long-Term Indebtedness or Short-Term Indebtedness permitted under the Pledged Revenues Trust Agreement, may be secured as follows:

(a) [To be amended. See **2024 Amendments to Pledged Revenues Trust Agreement**, below.]

(b) In the case of nonrecourse indebtedness, solely by a lien on and/or security interest in the property financed with such debt and/or the revenues arising from that property.

(c) In the case of purchase money financings, solely by a purchase money security interest in real property, fixtures, machinery, equipment or furnishings.

(d) In the case of Student Loan Guarantees, solely by a lien or pledge upon Pledged Revenues subordinate and junior to the pledge of Pledged Revenues under the Pledged Revenues Trust Agreement.

(e) [To be amended. See **2024 Amendments to Pledged Revenues Trust Agreement**, below.]

(f) In the case of other Short-Term Indebtedness:

(i) by a purchase money security interest in personal property acquired with the proceeds thereof; or

(ii) by a lien on or mortgage against any real or personal property not constituting University Facilities; or

(iii) by a lien on and security interest in the Pledged Revenues subordinate to that granted in the Pledged Revenues Trust Agreement, provided, however, that no such permitted indebtedness may be secured by the money and investments held by or on behalf of any Holder of Parity Obligations in any funds created for their benefit.

See, also, **2024 Amendments to Pledged Revenues Trust Agreement**, below.

The pledge of Pledged Revenues made in connection with additional indebtedness may also secure on a parity basis payment obligations to other parties relating to such indebtedness. Any payment obligation to any such liquidity facility provider, Credit Facility provider or provider of a Derivative Agreement arising in connection with such indebtedness to be secured as provided in paragraph (a), above, and meeting the requirements of paragraph (a) under **Parity Obligations**, below, may constitute a Parity Obligation under the Pledged Revenues Trust Agreement.

## **Student Loan Guarantees**

The University may incur obligations in the form of Student Loan Guarantees that meet the following criteria upon compliance with the following requirements.

(a) The loans to students must be made pursuant to a program, whether governmental or privately sponsored, for the purpose of providing aid to students for tuition, room and/or board, or other expenses associated with the attendance by the student at the University and which program must require that the University execute its Student Loan Guarantee.

(b) In the case of a program that is fully funded, no part of the obligations guaranteed by the University will constitute Long-Term Indebtedness of the University. A program is deemed to be “fully funded” if the assets of the program are at least equal to its liabilities, without regard to the guarantee by the University. In determining the assets of the program, full effect will be given to estimated anticipated losses on student repayments to the extent not insured and due provision shall have been made to cover any shortfall between the principal amount of the obligations and the proceeds thereof (i.e., “nonasset bonds”). The plan may be made fully funded by deposits, bank letters of credit or other credit support facilities provided by the University or others.

(c) To the extent that a program is not fully funded as provided above, the amount by which the liabilities exceed the assets shall be determined and such amount shall constitute Long-Term Indebtedness of the University for all purposes of the Pledged Revenues Trust Agreement. A program that at its commencement is not fully funded may nonetheless be demonstrated to have become fully funded at a later date at which time there will cease to be any Long-Term Indebtedness attributable to such Student Loan Guarantees so long as it continues to be fully-funded.

(d) The fully funded status of a program or the extent to which a program is not fully funded will be determined by a certificate of the issuing governmental authority if such certificate be obtainable, or in the alternative, shall be certified to by a consultant, which may be the accountant regularly retained by the University, which certificate in any case shall set forth in full the basis of its determination.

(e) If a consultant’s certificate or certificate of the issuing agency is not available, as provided above, the extent to which the principal amount of the Student Loan Guarantees shall be considered Long-Term Indebtedness shall be determined by multiplying the principal amount of such Student Loan Guarantees by the average default ratio, during the three fiscal years preceding such Student Loan Guarantees, for university students participating in United States Government guaranteed student loans programs.

(f) A Student Loan Guarantee may be secured only by a lien or pledge upon Pledged Revenues subordinate and junior to the pledge of Pledged Revenues.

## **Parity Obligations**

(a) Any instrument or document evidencing indebtedness to be treated as a Parity Obligation under the Pledged Revenues Trust Agreement must include:

(i) a cross default provision with respect to the Pledged Revenues Trust Agreement and with respect to all other Parity Obligations; and

(ii) a provision that all Parity Obligations shall be secured equally and ratably by the Pledge Revenues; and

(iii) a schedule of Parity Obligations; and

(iv) a provision that any Holder of a Parity Obligation shall provide its notice address to the Pledge Trustee.

(b) Prior to the incurrence of any additional Parity Obligations, the University will provide evidence satisfactory to the Pledge Trustee of the due authorization by the Board of Trustees of the University for the incurrence by the University of the Parity Obligations and that each of the conditions for the incurrence of the Parity Obligations has been satisfied. The University will deliver to the Pledge Trustee copies of the instruments and documents relating to the Parity Obligations.

If the Pledge Trustee receives an opinion of counsel to the University stating that all of the foregoing conditions have been satisfied, it will certify in writing to the University that the proposed indebtedness, liability or obligation is a Parity Obligation for purposes of the Pledged Revenues Trust Agreement. Upon that certification, the indebtedness, liability or obligation shall be so deemed.

The University and the Pledge Trustee will take all actions (including without limitation, amending or supplementing the Pledged Revenues Trust Agreement and any other collateral instrument or document) and will sign, deliver, file and record all instruments and documents of security that are required by the Pledged Revenues Trust Agreement, that relate to the Parity Obligations, that are required by law or that the Pledge Trustee determines to be necessary or advisable, to make or grant to the Holders of the Parity Obligations a right for payment from Pledged Revenues on a parity with that of all other Holders of Outstanding Parity Obligations.

The actions taken as described in **Parity Obligations** shall be taken to the end that all of the Outstanding Parity Obligations shall be of equal rank with respect to the Pledged Revenues and shall be entitled to share on a parity in the Pledged Revenues.

### **Events of Default**

Events of default under the Pledged Revenues Trust Agreement include the following:

(a) The University fails to make any payment on any Outstanding Parity Obligation secured by the Pledged Revenues Trust Agreement, when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof or of the Pledged Revenues Trust Agreement, which failure constitutes an event of default under the documents relating to that Parity Obligation;

(b) The University fails duly to perform, observe or comply with any covenant or agreement on its part under the Pledged Revenues Trust Agreement for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, has been given to the University by the Pledge Trustee, or to the University and the Pledge Trustee by the Holders of at least a majority in aggregate principal amount of Parity Obligations then Outstanding; provided, however, that if said failure be such that it cannot be corrected within 60 days after the receipt of such notice, it will not constitute an event of default if corrective action is instituted within such 60-day period and diligently pursued until the event of default is corrected;

(c) An event of default under any document or instrument providing for the issuance of or securing any Parity Obligation and the Pledge Trustee has received notice of such event of default;

(d) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against the University, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the University under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of the University or of 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 90 consecutive days;

(e) The institution by the University of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of the University or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

### **Remedies**

(a) Upon the occurrence and during the continuation of an event of default under paragraph (a) of **Events of Default**, above, any Pledged Revenues that are then on hand and not yet commingled with other funds of the University and any Pledged Revenues thereafter received, will not be commingled or deposited but are required to be immediately transferred and paid over to the Pledge Trustee.

(b) Upon the occurrence of an event of default under the Pledged Revenues Trust Agreement, the University is required to file UCC Financing Statements and other instruments, to be kept, recorded and filed in such manner and in such places as may be required by law in order to create, preserve and protect the security of the Pledged Revenues. The University covenants that upon an event of default, and at the written request of the Pledge Trustee, it will do, sign, acknowledge and deliver or cause to be done, signed, acknowledged and delivered such further acts, instruments and transfers as may be required for the better securing, assuring, continuing, transferring, conveying, pledging, assigning and confirming the security of the Pledged Revenues.

### **Additional Remedies and Enforcement of Remedies**

Upon the occurrence and continuance of any Event of Default, the Pledge Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Outstanding Parity Obligations, together with indemnification of the Pledge Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders of Parity Obligations by such suits, actions or proceedings as the Pledge Trustee, being advised by counsel, shall deem expedient, including:

(a) enforcement of the rights conferred upon the Pledge Trustee under the Pledged Revenues Trust Agreement;

(b) civil action to enjoin any acts or things that may be unlawful or in violation of the rights of the Holders;

(c) enforcement of rights as a secured party under the Uniform Commercial Code of the State of Ohio, if applicable; and

(d) enforcement of any other right conferred by law or the Pledged Revenues Trust Agreement.

### **Application of Money after Default**

During the continuance of an Event of Default under the Pledged Revenues Trust Agreement, subject to the expenditure of money to make any payments required to permit the University to comply with any requirement or covenant in any Related Bond Indenture to cause Related Bonds the interest on which, immediately prior to such Event of Default, is excludable from the gross income of the recipients thereof for federal income tax purposes under the Code to retain such status under the Code, all money received by the Pledge Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied, after the payment of any compensation, expenses, disbursements and advances then owing to the Pledge Trustee pursuant to Section 3.03 of the Pledged Revenues Trust Agreement: to the payment to the persons entitled thereto of all payments then due but unpaid with respect to Parity Obligations, and if the amounts available shall not be sufficient to pay in full all Parity Obligations due on any date, then to the payment thereof ratably, according to the amounts of payments due on such date, to the Persons entitled thereto, without any discrimination or preference.

Whenever money is to be applied by the Pledge Trustee pursuant to the provisions of the Pledged Revenues Trust Agreement with respect to an Event of Default, such money is to be applied by it at such times, and from time to time, as the Pledge Trustee shall determine, having due regard for the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Pledge Trustee applies such money, it will fix the date upon which such application is to be made and upon such date interest on the amounts to be paid on such dates shall cease to accrue. The Pledge Trustee will give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Parity Obligation until the Holder of such Parity Obligation shall provide written certification to the Pledge Trustee of any partial payment or for cancellation if fully paid.

Whenever all Parity Obligations and interest thereon have been paid and all expenses and charges of the Pledge Trustee have been paid, any balance remaining under Pledged Revenues Trust Agreement will be paid to the person entitled to receive the same; if no other person will be entitled thereto, then the balance shall be paid to the University.

### **Holders' Control of Proceedings; Conflicting Directions**

If an event of default under the Pledged Revenues Trust Agreement has occurred and is continuing, the holders of not less than a majority in aggregate principal amount of Outstanding Parity Obligations shall have the right, at any time, by an instrument in writing signed and delivered to the Pledge Trustee and accompanied by indemnity satisfactory to the Pledge Trustee, to direct the method and place of conducting any proceeding or action to be taken in connection with the enforcement of the terms and conditions of the Pledged Revenues Trust Agreement or for the appointment of a receiver or any other proceedings; provided that such direction is not in conflict with any applicable law or the provisions of the Pledged Revenues Trust Agreement, and is not unduly prejudicial to the interest of any Holders of Parity Obligations not joining in such direction. The Pledge Trustee has the right to decline to follow any such direction if the Pledge Trustee in good faith determines, in the



sole judgment of the Pledge Trustee, that the proceeding so directed would involve it in personal liability, and that nothing shall impair the right of the Pledge Trustee in its discretion to take any other action under the Pledged Revenues Trust Agreement that it may deem proper and that is not inconsistent that such direction by the Holders of Parity Obligations.

With respect to actions that may be taken by Holders of less than a majority in aggregate principal amount of Parity Obligations pursuant to any provision of the Pledged Revenues Trust Agreement, if the Pledge Trustee receives conflicting directions, than the directions of Holders of the greater percentage of aggregate principal amount of Parity Obligations will control, subject to the exceptions described in the immediately preceding paragraph.

### **Waiver of Event of Default**

Events of default under the Pledged Revenues Trust Agreement may be waived as follows:

(a) The Pledge Trustee may waive any event of default under the Pledged Revenues Trust Agreement that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Pledged Revenues Trust Agreement, or before the completion of the enforcement of any other remedy under the Pledged Revenues Trust Agreement.

(b) The Pledge Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of outstanding Parity Obligations, shall waive any event of default under the Pledged Revenues Trust Agreement and its consequences.

(c) In case of any waiver by the Pledge Trustee of an event of default under the Pledged Revenues Trust Agreement, the University, the Pledge Trustee and the Holders shall be restored to their former positions, but no such waiver extends to any subsequent or other event of default or impairs any right consequent thereon.

### **Notice of Default**

The Pledge Trustee is required, within 10 days after it has actual knowledge of the occurrence of an event of default under their Pledged Revenues Trust Agreement, to mail, by first class mail, to all Holders of Parity Obligations as their names and addresses appear upon the books of the Pledge Trustee, notice of such event of default, unless such event of default has been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Parity Obligations and the events of default specified in paragraphs (d) and (e) of **Events of Default**, above, the Pledge Trustee is protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or any responsible officer of the Pledge Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of Parity Obligations.

### **Determination of Aggregate Principal Amount; Rights of Credit Facility Providers**

For purposes of determining the aggregate principal amount outstanding under the Pledged Revenues Trust Agreement, that amount shall be equal to the aggregate principal amount of all Parity Obligations Outstanding, provided, however, that for purposes of determining the principal amount of any Derivative Indebtedness, the principal amount shall be the amount of any termination payment, or its equivalent, that would have been due under the related Derivative Agreement on the first day of the calendar quarter in which the determination is made. Notwithstanding the prior sentence, in the event that a Credit Facility is in full force and effect as to any series of Related Bonds,

the Credit Facility provider is not insolvent and no default of the Credit Facility exists on the part of the Credit Facility provider, then the said Credit Facility provider, in place of the holder of the Parity Obligation to which such Related Bonds relate shall have the power and authority to give any written consents and exercise any and all other rights that the holder of that Parity Obligation would otherwise have the power and authority to make, give or exercise, including the exercise of remedies, and such consent will be deemed to also constitute the consent of the holders of all of those Related Bonds that are secured by such Credit Facility.

### **Amendments to the Pledged Revenues Trust Agreement**

The Pledge Trustee is authorized to sign and deliver, or consent to, any amendment, change or modification of the Pledged Revenues Trust Agreement without the consent of or notice to any Holders of Parity Obligations (i) for the purpose of curing any ambiguity, formal defect or omission therein, (ii) in order to correct or supplement any provision therein that may be inconsistent with any other provision in the Pledged Revenues Trust Agreement. Except as permitted by the preceding sentence, the Pledge Trustee may not enter into or consent to any amendment, change or modification of the Pledged Revenues Trust Agreement without the consent of the holders of not less than a majority in aggregate principal amount of the Outstanding Parity Obligations that are secured by the Pledged Revenues Trust Agreement. See, also, **2024 Amendments to Pledged Revenues Trust Agreement**, below.

### **Pledge Trustee's Acceptance and Responsibilities**

The Pledge Trustee has accepted the trusts imposed upon it by the Pledged Revenues Trust Agreement, but only upon and subject to the following:

(a) Prior to the occurrence of a default or an event of default under the Pledged Revenues Trust Agreement of which the Pledge Trustee has been notified, or of which the Pledge Trustee is deemed to have notice, and after the cure or waiver of all defaults or events of default that may have occurred,

(i) the Pledge Trustee undertakes to perform only those duties and obligations that are set forth specifically in the Pledged Revenues Trust Agreement; and

(ii) in the absence of bad faith on its part, the Pledge Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Pledge Trustee that conform to the requirements of the Pledged Revenues Trust Agreement, but in the case of any such certificates or opinions that by any provision of the Pledged Revenues Trust Agreement are required specifically to be furnished to the Pledge Trustee, the Pledge Trustee is under a duty to examine the same to determine whether or not they conform to the requirements of the Pledged Revenues Trust Agreement.

(b) In case a default or an event of default has occurred and is continuing under the Pledged Revenues Trust Agreement (of which the Pledge Trustee has been notified, or is deemed to have notice), the Pledge Trustee will exercise those rights and powers vested in it by the Pledged Revenues Trust Agreement, will take such actions as it has been instructed to take and against which it has been indemnified by the Holders, as the case may be, and in the absence of instruction will use the same degree of care and skill in their exercise, as a prudent person would exercise or use under similar circumstances in the conduct of his own affairs.

(c) No provision of the Pledged Revenues Trust Agreement relieves the Pledge Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) the foregoing does not affect the limitation of the Pledge Trustee's duties and obligations provided in subsection (a)(i) above or the Pledge Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subsection (a)(ii) above;

(ii) the Pledge Trustee will not be liable for any error of judgment made in good faith by any one of its officers, employees, agents or representatives, unless it shall be established that the Pledge Trustee was negligent in ascertaining the pertinent facts;

(iii) the Pledge Trustee will 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 Holders of not less than 25% of the Outstanding Parity Obligations, relating to the time, method and place of conducting any proceeding for any remedy available to the Pledge Trustee, or exercising any trust or power conferred upon the Pledge Trustee, under the Pledged Revenues Trust Agreement; and

(iv) the Pledged Revenues Trust Agreement does not require the Pledge Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Pledged Revenues Trust Agreement, or in the exercise of any of its rights or powers.

#### **Certain Rights and Obligations of the Pledge Trustee**

Except as otherwise described in **Pledge Trustee's Acceptance of Responsibilities:**

(a) The Pledge Trustee (i) may assign any of the trusts or powers and perform any of its duties by or through attorneys, agents, receivers or employees, (ii) will be entitled to the advice of counsel concerning all matters of trusts and duties under the Pledged Revenues Trust Agreement, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts of the Pledged Revenues Trust Agreement. The Pledge Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Commission or the University) approved by the Pledge Trustee in the exercise of reasonable care. The Pledge Trustee will not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(b) The Pledge Trustee will not be responsible for:

(i) the validity, priority, recording, re-recording, filing or re-filing of any documents for Parity Obligations, or any amendment thereof or supplement thereto,

(ii) any instrument or document of further assurance or collateral assignment,

(iii) any financing statements or amendments thereto,

- (iv) insurance of the University Facilities or collection of insurance money,
- (v) the validity of the signing by the University of the Pledged Revenues Trust Agreement, or instruments or documents of further assurance,
- (vi) the sufficiency of the security for the Parity Obligations,
- (vii) the maintenance of the security of the Pledged Revenues Trust Agreement,

except that, in the event that the Pledge Trustee takes custody of any Pledged Revenues pursuant to the Pledged Revenues Trust Agreement, the Pledge Trustee will use due diligence in preserving that property.

(c) The Pledge Trustee will be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Pledge Trustee pursuant to the Pledged Revenues Trust Agreement upon the request or authority or consent of any person who is the Holder of any Parity Obligations at the time of making the request or giving the authority or consent will be conclusive and binding upon all future Holders of the same Parity Obligation and of Parity Obligations issued in exchange therefor or in place thereof.

(d) As to the existence or nonexistence of any fact for which the University may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Pledge Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the University as sufficient evidence of the facts recited therein. Prior to the occurrence of a default under the Pledged Revenues Trust Agreement of which the Pledge Trustee has been notified, or of which the Pledge Trustee is deemed to have notice as provided in (e) below, the Pledge Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient.

(e) The Pledge Trustee is not required to take notice, and shall not be deemed to have notice, of any event of default under the Pledged Revenues Trust Agreement unless the Pledge Trustee shall be notified of the event of default in a written instrument or document delivered to it by the Holders of at least 10% of the aggregate principal amount of Parity Obligations then outstanding. In the absence of delivery of a notice satisfying those requirements, the Pledge Trustee may assume conclusively that there is no event of default, except as noted above. Notwithstanding the foregoing, the Pledge Trustee shall be deemed to have notice of any event of default if the Pledge Trustee is the trustee in connection with any Related Bonds that are the subject of that default.

(f) The Pledge Trustee will not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(g) Before taking action or accepting any transfer of Pledged Revenues under the Pledged Revenues Trust Agreement, the Pledge Trustee may require that an indemnity bond satisfactory to the Pledge Trustee be furnished to it by the Holders requesting such action for the reimbursement of all expenses that it may incur and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its negligence or willful misconduct. The Pledge Trustee may take action

without that indemnity, in which case the University shall reimburse the Pledge Trustee for all of the Pledge Trustee's expenses in the Pledged Revenues Trust Agreement.

(h) Unless otherwise provided in the Pledged Revenues Trust Agreement, all money received by the Pledge Trustee under the Pledged Revenues Trust Agreement will be held in trust for the purposes for which that money was received, until that money is used, applied or invested as provided in the Pledged Revenues Trust Agreement. The Pledge Trustee has no liability for interest on any money received under the Pledged Revenues Trust Agreement, except to the extent expressly provided in the Pledged Revenues Trust Agreement or agreed with the University.

(i) Any opinions, certificates and other instruments and documents for which provision is made in the Pledged Revenues Trust Agreement may be accepted by the Pledge Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and will be full warranty, protection and authority to the Pledge Trustee for its actions taken under the Pledged Revenues Trust Agreement.

### **Intervention by Pledge Trustee**

The Pledge Trustee may intervene on behalf of the Holders of Parity Obligations, and shall intervene if requested to do so in writing by the Holders of Parity Obligations of at least 25% of the aggregate principal amount of Parity Obligations then outstanding, in any judicial proceeding to which the University is a party and that in the opinion of the Pledge Trustee and its counsel has a substantial bearing on the interests of Holders of the Parity Obligations. The rights and obligations of the Pledge Trustee are subject to the approval of that intervention by a court of competent jurisdiction. The Pledge Trustee may require that satisfactory indemnity be provided to it before it takes action under the Pledged Revenues Trust Agreement.

### **Successor Pledge Trustee**

Anything in the Pledged Revenues Trust Agreement to the contrary notwithstanding,

(a) any bank, corporation or association (i) into which the Pledge Trustee may be converted or merged, (ii) with which the Pledge Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its corporate trust assets and corporate trust business as a whole or substantially as a whole, or any bank, corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, *ipso facto*, will be and become successor Pledge Trustee under the Pledged Revenues Trust Agreement and will be vested with all of the title to the whole property or trust estate of the Pledged Revenues Trust Agreement; and

(b) that bank, corporation or association shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Pledged Revenues Trust Agreement to be exercised by, vested in or conveyed to the Pledge Trustee, without the signing or filing of any instrument or document or any further act on the part of the Pledge Trustee or the University.

Any successor Pledge Trustee, however, (i) shall be a trust company or a bank having the powers of a trust company, (ii) shall be in good standing within the State, (iii) shall be duly authorized to exercise trust powers within the State and subject to examination by federal or state authority, and (iv) shall have an unimpaired reported capital and surplus of not less than \$75,000,000.

### **Resignation by the Pledge Trustee**

The Pledge Trustee may resign at any time by giving written notice of the resignation to the University and to the Holders of Parity Obligations. The resignation shall take effect immediately upon the appointment of a successor Pledge Trustee and the acceptance by that successor Pledge Trustee. If a successor is not appointed within 30 days, the Pledge Trustee may petition a court of competent jurisdiction for appointment of a successor.

### **Removal of the Pledge Trustee**

Prior to the occurrence of an event of default under the Pledged Revenues Trust Agreement, the Pledge Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Pledge Trustee and signed by the University Representative.

The Pledge Trustee also may be removed at any time for any willful misconduct or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Pledged Revenues Trust Agreement with respect to the duties and obligations of the Pledge Trustee by any court of competent jurisdiction upon the application of the Holders of not less than a majority in aggregate principal amount of then Outstanding Parity Obligations.

The removal of the Pledge Trustee shall take effect immediately upon the appointment of a successor Pledge Trustee.

### **Appointment of Successor Pledge Trustee**

If (i) the Pledge Trustee resigns, is removed, is dissolved or otherwise becomes incapable of acting as trustee, (ii) the Pledge Trustee is taken under the control of any public officer or officers or (iii) a receiver is appointed for the Pledge Trustee by a court, then a successor Pledge Trustee will be appointed by the University so long as no event of default exists under the Pledged Revenues Trust Agreement; provided that, if a successor Pledge Trustee is not so appointed within ten days after (A) a notice of resignation or an instrument or document of removal is received by the University or (B) the Pledge Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the University has not appointed a successor Pledge Trustee, the Holders of a majority in aggregate principal amount of Outstanding Parity Obligations may designate a successor Pledge Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders with the prior written consent of the University. If no appointment of a successor Pledge Trustee shall be made pursuant to the foregoing, the Holder of any Parity Obligation outstanding or any retiring Pledge Trustee may apply to any court of competent jurisdiction to appoint a successor Pledge Trustee.

In the event of a change in the Pledge Trustee, the predecessor Pledge Trustee shall cease to be custodian of any money that it may hold pursuant to the Pledged Revenues Trust Agreement. The successor Pledge Trustee will then become custodian.

### **2024 Amendments to Pledged Revenues Trust Agreement**

It is expected that, effective upon the issuance of the Bonds and the retirement of the 2015A/B Bonds and related interest rate hedges, the Pledged Revenues Trust Agreement will be amended pursuant to a certain First Amendment to Pledged Revenues Trust Agreement, as follows:

## Definitions

(a) The Pledged Revenues Trust Agreement will be amended to add the following definitions:

“Balloon Long-Term Indebtedness” shall mean Long-Term Indebtedness 25% or more of the principal of which matures in a single year and which portion of the principal is not required by the documents governing such Balloon Long-Term Indebtedness to be amortized by redemption prior to such date.

“Cash and Investments to Long-Term Indebtedness Ratio” means (a) the sum of (as shown on the University’s most recent audited financial statements) cash, cash equivalents and short and long term investments (whether restricted or unrestricted) divided by (b) the sum of Pro Forma Debt plus other Long-Term Indebtedness.

“Debt Service Requirements” shall mean, with reference to each fiscal year of the University, the principal and interest requirements on existing Long-Term Indebtedness plus the amount projected to be the principal and interest requirements in any given University fiscal year on any Long-Term Indebtedness proposed to be incurred by the University, if any. For purposes of considering Balloon Long-Term Indebtedness in the calculation of Debt Service Requirements, the principal and interest requirements of such Balloon Long-Term Indebtedness shall be calculated as if the remaining principal balance of such Balloon Long-Term Indebtedness was to be amortized over a thirty year period beginning on the date of incurrence of such Balloon Long-Term Indebtedness, assuming level annual debt service and a rate of interest equal to either (a)(i), in the case of fixed rate Balloon Long-Term Indebtedness previously issued, the actual rate on the Balloon Long-Term Indebtedness, or (ii) in the case of proposed fixed rate Balloon Long-Term Indebtedness, the then prevailing MMD Index of similar quality and duration and which calculation may be made by the University at any time, but in no event more than 45 days prior to the issuance of the proposed Balloon Long-Term Indebtedness, or (b) in the case of Balloon Long-Term Indebtedness that is also Variable Rate Indebtedness, whether previously issued or proposed to be issued, an interest rate equal to the trailing 12 month average of the SIFMA Index. For purposes of considering Variable Rate Indebtedness that is also Long-Term Indebtedness (but not Balloon Long-Term Indebtedness) in the calculation of Debt Service Requirements, the principal balance of such Variable Rate Indebtedness shall be based upon the regularly scheduled principal payments on such Variable Rate Indebtedness and the rate of interest shall be equal to a trailing 12-month average of the SIFMA Index.

“Indebtedness” shall mean the principal amount of all outstanding obligations for borrowed money, installment sale obligations and capitalized lease obligations incurred or assumed by the University including, without limitation, guaranties treated, or which the University determines will be treated, as a debt of the University in its annual audited financial statements, except obligations of the University to an affiliate of the University.

“Maximum Annual Debt Service” means the greatest amount of Debt Service Requirements scheduled to become due in any fiscal year of the University in which Long-Term Indebtedness is outstanding.

“MMD Index” means the AAA Municipal Market Data General Obligation Yield Curve for the period of time that most closely approximates the period from the proposed issuance date of the proposed Balloon Long-Term Indebtedness to the proposed maturity date of such Balloon Long-Term Indebtedness and available through the Thomson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) and the Municipal Market Data-Line. If the MMD Index is no longer available, “MMD Index” shall be deemed to refer to any other comparable index of similar quality, as designated in writing by the University.

“SIFMA Index” means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (“SIFMA”) or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the University and effective from such date. If the SIFMA Index is no longer available, “SIFMA Index” shall be deemed to refer to any other comparable index of similar quality, as designated in writing by the University.

“Total Operating Revenues Without Donor Restrictions” means the University's Total Operating Revenues without donor restrictions as set forth in the University's most recent audited annual financial statements.

“Unsecured Indebtedness” means Indebtedness that is not secured by any lien and/or security interest granted under this Pledge Agreement (*i.e.*, an unsecured general obligation Indebtedness of the University).

“Variable Rate Indebtedness” means any portion of Indebtedness where the interest rate is not established, at the time in question, at a fixed or constant rate to maturity.

(b) The Pledged Revenues Trust Agreement will be amended by removing the definition of “Expendable Net Assets” therefrom.

#### Incurrence of Additional Indebtedness

The provisions of the Pledged Revenues Trust Agreement described in **Incurrence of Additional Indebtedness** above will be amended and restated to provide as described below:

The University covenants that it shall not incur or assume additional Long-Term Indebtedness unless there is no Event of Default under the Pledged Revenues Trust Agreement that has occurred and is continuing, and the University delivers to the Pledge Trustee, at least five (5) days prior to such incurrence, a certificate of the University Representative to the effect that, immediately after giving effect to such additional Long-Term Indebtedness: (i) the Cash and Investments to Long-Term Indebtedness Ratio will be at least 0.75; or (ii) the University's Maximum Annual Debt Service divided by its Total Operating Revenues Without Donor Restrictions will be less than 15%. For the avoidance of doubt, only one of the foregoing two tests need to be satisfied in connection with the University's incurrence or assumption of additional Long-Term Indebtedness.

Notwithstanding the foregoing, the following types of indebtedness may be incurred without meeting the foregoing requirements.

Refunding Long-Term Indebtedness. The University may incur Long-Term Indebtedness for the purpose of refunding then-outstanding Long-Term Indebtedness previously issued as Parity Obligations under the Pledged Revenues Trust Agreement without limitation.

Short-Term Indebtedness. The University may, from time to time, incur, assume or have outstanding Short-Term Indebtedness in the ordinary course of business in any amount such that the balance of Short-Term Indebtedness does not exceed 15% of Total Operating Revenues for the preceding University fiscal year.

Student Loan Guarantees. The University may incur indebtedness in the form of Student Loan Guarantees as described in **Student Loan Guarantees**.

Nonrecourse Indebtedness. The University may, from time to time, have a financial interest in an entity that incurs debt that is (i) incurred to finance additional capital projects and (ii) is



nonrecourse debt secured solely by a lien on and security interest in the property financed by such debt and/or revenues arising from that property.

Purchase Money Financings. The University may, from time to time, incur debt that (i) is issued to finance the acquisition of fixtures, machinery, equipment or furnishings and (ii) is unsecured or secured solely by a purchase money security interest in the acquired fixtures, machinery, equipment or furnishings.

Subordinated or Unsecured Indebtedness. The University may, from time to time, incur or assume Subordinated or Unsecured Indebtedness.

#### Security for Indebtedness

The provisions of the Pledged Revenues Trust Agreement described in parts (a) and (e) of **Security for Indebtedness**, above, will be amended and restated to provide as described below:

(a) In the case of indebtedness to be secured on a parity with Outstanding Parity Obligations in accordance with the Pledged Revenues Trust Agreement, including payment obligations to the provider of a liquidity facility or Credit Facility in connection with such debt, and to the provider of a Derivative Agreement, by a parity lien on and security interest in the Pledged Revenues, and additionally, at the option of the University, by a mortgage on any real property, fixtures, machinery, equipment and furnishings constituting or made part of the University Facilities and revenues and proceeds arising from that property and mortgage; provided, that any such mortgage and the proceeds therefrom shall secure such indebtedness on a parity with all Outstanding Parity Obligations, and the proceeds therefrom shall constitute Pledged Revenues.

(e) In the case of other Long-Term Indebtedness, other than as provided in (a), above:

(i) by a lien on and security interest in any property or interest in tangible property, real, personal, or mixed, other than the University Facilities; or

(ii) by a mortgage on or purchase money security interest in any real property, fixtures, machinery, equipment and furnishings other than the University Facilities, and revenues arising from that property; or

(iii) by a lien on and security interest in the Pledged Revenues subordinate to the lien and security interest granted herein; provided, however, that no such permitted indebtedness shall be secured by the money and investments held by or on behalf of any Holders of Parity Obligations in any funds created for their benefit.

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## APPENDIX F

### Book-Entry System; DTC

#### Book-Entry System

*The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its “Sample Offering Document Language Describing Book-Entry-Only Issuance” (as Schedule A to the Blanket Issuer Letter of Representatives labeled BLOR 06-2013). As such, the University believes it to be reliable, but the University and the Commission take no responsibility for the accuracy or completeness of that information. It has been adapted to the Bond issue by substituting “Bonds” for “Securities,” “Commission” for “Issuer” and “Registrar” for “registrar” and by the addition of the italicized language set forth in the text. See also the additional information following those numbered paragraphs.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The 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 Bond certificate will be issued for each maturity of the Bonds and interest rate within a maturity, each in the aggregate principal amount of such interest rate within a maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of Bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *(This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Offering Circular.)*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect

Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

5. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

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

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

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

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commission or the Registrar. Under such

circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed (or otherwise produced) and delivered.

10. The Commission (*at the request of the University*) may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed (*or otherwise produced*) and delivered to DTC. (See also **Revision of Book-Entry System; Replacement Bonds.**)

11. The information (above) in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University and the Commission believe to be reliable, but the University and the Commission take no responsibility for the accuracy thereof.

**Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.**

The University, the Commission and the Registrar have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The University, the Commission, the Underwriters and the Registrar have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The University, the Commission, the Underwriters and the Registrar cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Offering Circular.

For all purposes under the Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Bonds, see **Continuing Disclosure and Appendix F**), DTC will be and will be considered by the University, the Commission and the Registrar to be the owner or holder of the Bonds.

Beneficial Owners will not receive or have the right to receive physical delivery of Bonds, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the University, the Commission and the Registrar to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

### **Revision of Book-Entry System; Replacement Bonds**

In the event that DTC determines not to continue to act as securities depository for the Bonds or the Commission at the request of the University determines to terminate the services of DTC (in accordance with the Letter of Representations after determining that the continuation of such Book-Entry System service by DTC is not in the best interests of the Commission, the University or the beneficial owners of the Bonds), the Commission at the request of the University may in its discretion

attempt to have established a securities depository book-entry relationship with another securities depository. If the Commission does not do so, or is unable to do so, and after the Registrar has made provisions for notification of the owners of book-entry interests in the Bonds by appropriate notice to DTC, the Commission and the Registrar will authenticate and deliver replacement Bonds in authorized denominations to, or at the direction of, and if the event is not the result of University action or inaction, at the expense (including printing costs) of, any persons requesting such issuance.

Debt service on replacement Bonds will be payable when due without deduction for the services of the paying agent. Principal of and any premium on the Bonds will be payable to the registered owner upon presentation and surrender at the principal corporate trust office of the Registrar. Interest on the Bonds will be payable by the Registrar by check, mailed to the owner of record on the Register as of the Record Date.

Replacement Bonds will be exchangeable for replacement Bonds of the same maturity and in authorized denominations, and replacement Bonds will be transferable, at the office of the Registrar without charge (except taxes or excises required to be paid). Exchange or transfer of then redeemable replacement Bonds is not required to be made (i) between the fifteenth day preceding the mailing of notice of replacement Bonds to be redeemed and the date of that mailing, or (ii) of a particular replacement Bond selected for redemption (in whole or in part).

The ownership of a Bond will be transferable only by presentation and surrender of such Bond at the office of the Registrar, together with an assignment duly signed by the Holder of that Bond or by his duly authorized attorney in a form satisfactory to the Registrar. Upon any such transfer, the Registrar will deliver, in exchange for that Bond, a new Bond registered in the name of the transferee, in the aggregate principal amount equal to the unmatured and unredeemed principal amount of the Bond presented.

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

## APPENDIX G

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of October 1, 2024 (the “Agreement”), is made, signed and delivered by the **XAVIER UNIVERSITY**, an Ohio nonprofit corporation (the “University”), for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the State of Ohio Higher Educational Facility Revenue Bonds (Xavier University 2024 Project) (the “2024 Bonds”) and the anticipated State of Ohio Higher Educational Facility Refunding Revenue Bonds (Xavier University 2025 Project) (Forward Delivery) (the “2025 Bonds” and together with the 2024 Bonds, the “Bonds”).

### RECITAL

The Ohio Higher Educational Facility Commission (the “Issuer”), has determined to issue the Bonds and RBC Capital Markets, LLC, acting on behalf of itself and as representative of Fifth Third Securities, Inc. (collectively, the “Participating Underwriters”) have agreed to purchase the Bonds. As a condition to the purchase of the Bonds and the sale of the Bonds to Holders and Beneficial Owners, the Participating Underwriters are required to reasonably determine that the University has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Bonds, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, the University covenants and agrees as set forth in this Agreement.

**Section 1. Purpose of Continuing Disclosure Agreement.** This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the “Rule”).

**Section 2. Definitions.** In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to “Sections” shall mean sections of this Agreement.

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

“**Audited Financial Statements**” means the audited basic financial statements of the University, prepared in conformity with generally accepted accounting principles.

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

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

“**Filing Date**” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning March 31, 2025.

“**Financial Obligation**” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of a debt obligation or a derivative instrument described in (A) or (B) of this definition. The term “Financial Obligation” shall not include municipal securities as to which a

final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

**“Fiscal Year”** means the 12-month period beginning on July 1 of each year or such other 12-month period as the University shall adopt as its fiscal year.

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

**“MSRB”** means the Municipal Securities Rulemaking Board.

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

**“Offering Circular”** means (i) as to the 2024 Bonds, the Offering Circular for the 2024 Bonds dated October 9, 2024 and (ii) as to the 2025 Bonds, the final Offering Circular for the 2025 Bonds dated the date of the anticipated bond purchase agreement providing for the sale thereof by the Issuer to the Participating Underwriters, both as supplemented from time to time.

**“Participating Underwriters”** means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

**“Specified Events”** means any of the events with respect to the Bonds as set forth in Section 5(a).

### **Section 3. Provision of Annual Information.**

(a) The University shall provide (or cause to be provided) not later than the Filing Date to the MSRB through EMMA an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format and contain such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4; provided that the Audited Financial Statements of the University may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the University’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

If the University is unable to provide to the MSRB an Annual Filing by the Filing Date, the University shall, in a timely manner, send a notice to the MSRB in an electronic format as prescribed by the MSRB.

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

(a) Financial information and operating data of the type included in **APPENDIX A** to the Offering Circular under the captions **Faculty and Employees**, **Enrollment** (only tables showing enrollment, applicants, acceptances and standardized test performance), **Tuition, Fees and Room and Board** (only table showing University fees, charges and room and Board), **Financial Aid** (only table showing sources of student financial aid), **Certain Financial Information** (only table within and only to the extent not included in the related audited financial statements filed with the MSRB), **Major Fundraising Campaigns, Gifts, Grants and Bequests** (only table regarding amounts received), **Investments (Including Endowment)** (only tables regarding values, return and amounts



appropriated for expenditures to the extent not included in the related audited financial statements filed with the MSRB), and **Outstanding Indebtedness as of June 30, 2024** (only to the extent not included in the related audited financial statements filed with the MSRB).

(b) The Audited Financial Statements of the University.

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

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

#### **Section 5. Reporting Specified Events.**

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (a)
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security (*i.e.*, the Bonds), or other material events affecting the tax status of the security; Modifications to rights of security holders, if material;
- (7) Bond calls, if material, and tender offers; (a)
- (8) Defeasances;
- (9) Release, substitution, or sale of property securing repayment of the securities, if material; (b)
- (10) Rating changes;
- (11) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject

to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person;

(12) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(13) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(14) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect Holders of the Bonds, if material; and

(15) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Note:

- (a) *Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule. While the Rule requires that all Specified Events be listed, certain Specified Events do not apply to the Bonds. For example, but without limitation, there is no debt service reserve fund or liquidity facility for the Bonds.*
- (b) *Repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.*

For certain of the Specified Events described above, the University acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

**Section 6. Amendments.** The University reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the University, or type of business conducted by the University. Any such amendment or waiver shall not be effective unless the University shall have received a written opinion of qualified independent special counsel selected by the University that the Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, the University shall provide notice of such change in the same manner as for a Specified Event under Section 5.

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

**Section 8. Remedy for Breach.** This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of the Agreement by the University shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the University of its obligations under this Agreement in a court in Hamilton County, Ohio. Any such proceedings shall be instituted and maintained only to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the University to comply with this Agreement shall first provide at least 30 days' prior written notice to the University of the University's failure, giving reasonable detail of such failure, following which notice the University shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Trust Agreement relating to the Bonds, and the sole remedy under this Agreement in the event of any failure of the University to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

**Section 9. Termination.** The obligations of the University under the Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the University remains an Obligated Person with respect to the Bonds within the meaning of the Rule. The obligation of the University to provide the information and notices of the events described above shall terminate, if and when the University no longer remains such an Obligated Person. If any person, other than the University, becomes an Obligated Person relating to the Bonds, the University shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**Section 10. Dissemination Agent.** The University may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

**Section 11. Beneficiaries.** This Agreement shall inure solely to the benefit of the University, any dissemination agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 12. Recordkeeping.** The University shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

**Section 13. Governing Law.** This Agreement shall be governed by the laws of the State of Ohio.

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IN WITNESS WHEREOF, the University has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Participating Underwriters, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Participating Underwriters, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Bonds shall be deemed to have accepted this Agreement made in accordance with the Rule.

XAVIER UNIVERSITY

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

By: \_\_\_\_\_  
Vice President, Finance and  
Administration



