OFFERING MEMORANDUM DATED JANUARY 23, 2020

NEW ISSUE – BOOK-ENTRY-ONLY **See "RATING" herein.**

Interest on the Bonds is not excluded from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein.

UNIVERSITY OF ST. THOMAS

$40,000,000
UNIVERSITY OF ST. THOMAS
TAXABLE BONDS, SERIES 2020

Dated: Closing Date **Due: October 1, as shown on the inside cover**

The University of St. Thomas Taxable Bonds, Series 2020 (the "*Bonds*") are issuable in book entry form in denominations of $1,000 and integral multiples thereof. Interest on the Bonds accrues from the Closing Date (as defined herein). Interest on the Bonds is payable semiannually on each April 1 and October 1, commencing on April 1, 2020. The Bonds are being issued by the University of St. Thomas (the "*University*") and are secured by and payable solely from the monies and investments held by U.S. Bank National Association, as trustee (the "*Trustee*") for the credit of the debt service fund created under the Indenture of Trust dated as of February 1, 2020 (the "*Indenture*") between the University and the Trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Capitalized terms used on the cover page hereof and not otherwise defined shall have the meaning assigned thereto in "APPENDIX C – Form of Indenture."

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book entry form only. Payments of principal of and interest on the Bonds will be payable by the Trustee to DTC, which will in turn remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds, all as more fully described herein. Purchasers will not receive certificates representing Bonds purchased by them.

The Bonds are payable solely from and secured solely by the Trust Estate, which includes monies and investments held by the Trustee for the credit of the debt service fund established by the Indenture. The obligation of the University to make payments to the Trustee for deposit into the debt service fund is an unsecured obligation of the University. OTHER THAN THE MONIES AND INVESTMENTS HELD FROM TIME TO TIME BY THE TRUSTEE IN THE TRUST ESTATE, THE BONDS ARE NOT SECURED BY A LIEN ON OR SECURITY INTEREST IN ANY FUNDS OR OTHER ASSETS OF THE UNIVERSITY. Following the issuance of the Bonds, the University will have no other unsecured indebtedness outstanding. See "DEBT SERVICE REQUIREMENTS." The University is not restricted by the Indenture from incurring additional indebtedness the payment of which is on parity with or subordinate to payment of the Bonds. However, the University may not incur additional indebtedness that is entitled to payment prior to the payment of the Bonds. The Indenture imposes limitations on the University's ability to grant liens and security interests on its property. See "THE BONDS – Limitations on Liens."

The Bonds are being issued to (1) fund a general reserve fund of the University to finance the acquisition, purchase, construction, renovation, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations or other facilities; (2) refund the University's outstanding debt described in "SCHEDULE I – Schedule of Refunded Obligations"; (3) finance the renovation and equipping of University facilities; (4) carry out any of its powers; and (5) pay certain costs in connection with the issuance of the Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF BOND PROCEEDS."

CUSIP PREFIX: 91502P
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page ii

The Bonds are subject to optional redemption at par, optional redemption at make-whole redemption price and mandatory sinking fund redemption prior to maturity, as described herein. See "THE BONDS – Redemption" herein.

An affiliate of the Underwriter is expected to receive a portion of the proceeds from the issuance of the Bonds. See "UNDERWRITING" for additional information related thereto.

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

The Bonds are offered when, as, and if issued by the University and received by the Underwriter, subject to approval of validity by Norton Rose Fulbright US LLP, Houston, Texas, as counsel to the University, and certain other conditions. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, counsel to the Underwriter. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about February 3, 2020 (the "*Closing Date*").

J.P. Morgan

$40,000,000
UNIVERSITY OF ST. THOMAS
TAXABLE BONDS, SERIES 2020

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

Due Date (October 1)	Amount	Interest Rate	Price	Initial Yield	CUSIP[1]
2026	$ 480,000	3.642%	100.00	3.642%	91502PAA4
2027	495,000	3.792%	100.00	3.792%	91502PAB2
2028	515,000	3.974%	100.00	3.974%	91502PAC0
2029	540,000	4.124%	100.00	4.124%	91502PAD8
2030	560,000	4.224%	100.00	4.224%	91502PAE6
2031	585,000	4.374%	100.00	4.374%	91502PAF3
2032	610,000	4.474%	100.00	4.474%	91502PAG1
2033	640,000	4.574%	100.00	4.574%	91502PAH9
2034	670,000	4.674%	100.00	4.674%	91502PAJ5
2035	705,000	4.724%	100.00	4.724%	91502PAK2
***	***	***	***	***	***
2040	4,105,000	5.173%	100.00	5.173%	91502PAL0
***	***	***	***	***	***
2050	12,140,000	5.073%	100.00	5.073%	91502PAM8
***	***	***	***	***	***
2059	6,000,000	5.573%	100.00	5.573%	91502PAN6
2059	11,955,000	5.323%	100.00	5.323%	91502PAP1

(1) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. None of the Issuer, the University, the Financial Advisor (as defined herein), or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

Redemption. The Bonds are subject to redemption prior to stated maturity. See "THE BONDS – Redemption – Optional Redemption at Par," "– Optional Redemption at Make-Whole Redemption Price" and "– Mandatory Sinking Fund Redemption" herein).

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon an exemption under Section 3(a)(4) of such act, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption under Section 304(a)(4) of such act. The Bonds will not be listed on any stock or other securities exchange. The Bonds are not exempt in every jurisdiction in the United States; some jurisdictions' securities laws (the "blue sky laws") may require a filing and a fee to secure the Bonds' exemption from registration.

The distribution of this Offering Memorandum and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Neither the University nor the Underwriter represent that this Offering Memorandum may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the University or the Underwriter which would permit a public offering of any of the Bonds or distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. To be clear, action may be required to secure exemptions from the blue sky registration requirements either for the primary distributions or any secondary sales that may occur. Accordingly, none of the Bonds may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

All information set forth herein has been obtained from the University and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Underwriter. Estimates and opinions are included herein and should not be interpreted as statements of fact. Summaries of documents herein do not purport to be complete statements of their provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the University since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Offering Memorandum: the Underwriter has reviewed the information in this Offering Memorandum 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 Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in "APPENDIX A – Certain Information Concerning University of St. Thomas" and "APPENDIX B – Audited Financial Statements of the University for the Fiscal Years Ended June 30, 2019 and 2018." A number of important factors, including factors affecting the University's financial condition and factors that are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward-looking statements. See "INVESTMENT CONSIDERATIONS" herein for a description of some of such factors. THE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

$40,000,000
UNIVERSITY OF ST. THOMAS
TAXABLE BONDS, SERIES 2020

SUMMARY

The purpose of this Offering Memorandum (which includes the cover hereof and the appendices hereto) of the University of St. Thomas (the "*University*") is to furnish information concerning the University and its $40,000,000 Taxable Bonds, Series 2020 (the "*Bonds*").

The following introductory material is only a brief description of and is qualified by, the more complete information contained throughout this Offering Memorandum. A full review should be made of the entire Offering Memorandum and the documents summarized or described herein.

Use of Proceeds	The Bonds are being issued to fund a general reserve fund of the University to finance the acquisition, purchase, construction, renovation, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations or other facilities; (2) refund the University's outstanding debt described in "SCHEDULE 1 – Schedule of Refunded Obligations"; (3) finance the renovation and equipping of University facilities; (4) carry out any of its powers; and (5) pay certain costs in connection with the issuance of the Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF BOND PROCEEDS."
University of St. Thomas	The University is a private Catholic university located near downtown Houston, Texas with a combined undergraduate and graduate enrollment for the 2019 Fall semester of approximately 3,500 students. Founded in 1947, the University is governed by its Board of Directors. For a description of the University, including its academic programs and finances, see "APPENDIX A – Certain Information Concerning University of St. Thomas."
Security for the Bonds	The Bonds are payable solely from and secured solely by the Trust Estate, which includes monies and investments held by the Trustee for the credit of the debt service fund established by the Indenture. The obligation of the University to make payments to the Trustee for deposit into the debt service fund is an unsecured general obligation of the University. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."
Payment Provisions	The Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on April 1 and October 1 commencing on April 1, 2020.
Registration and Denominations	The Bonds are issued in fully registered form in principal denominations of $1,000 or any integral multiple thereof.
Redemption	The University reserves the right, at its option, to redeem the Bonds maturing on October 1 in the years 2040 and 2059 (5.573% coupon) (the "*Par Call Bonds*"), in whole or in part, in principal amounts of $1,000 or any integral multiple thereof, on April 1, 2030 (the "*Par Call Date*"), or any date thereafter, at the par value thereof plus accrued and unpaid interest to the date of redemption. See "THE BONDS – Optional Redemption at Par."

The University also reserves the right, at its option, to redeem the Bonds, in whole or in part (and, if in part, in authorized denominations and on a pro rata basis, subject to the provisions described in the Offering Memorandum under the heading "Redemption – Selection of Bonds for Redemption"), at the Make-Whole Redemption Price, on any Business Day prior to the Par Call Date, with respect to the Par Call Bonds, and on any Business Day, with respect to the Bonds maturing on October 1 in the years 2026 through 2035, 2050 and 2059 (5.323% coupon). See "THE BONDS – Optional Redemption at Make-Whole Redemption Price."

The Bonds maturing on October 1 in the years 2040, 2050, 2059 (5.573% coupon) and 2059 (5.323% coupon) are subject to mandatory sinking fund redemption as described herein under "THE BONDS – Mandatory Sinking Fund Redemption."

Ratings

S&P: "BBB+" (negative outlook)

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OFFERING MEMORANDUM

$40,000,000
UNIVERSITY OF ST. THOMAS
TAXABLE BONDS, SERIES 2020

INTRODUCTION

This Offering Memorandum, including the cover page and appendices hereto, sets forth certain information in connection with the issuance by the University of St. Thomas (the "*University*") of its Taxable Bonds, Series 2020 (the "*Bonds*"). The Bonds will be issued pursuant to that certain Indenture of Trust, dated as of February 1, 2020 (the "*Indenture*"), between the University of St. Thomas (the "*University*") and U.S. Bank National Association, as trustee (the "*Trustee*").

The proceeds of the Bonds will be used to fund a general reserve fund of the University to finance the acquisition, purchase, construction, renovation, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations or other facilities; (2) refund the University's outstanding debt described in "SCHEDULE I – Schedule of Refunded Obligations"; (3) finance the renovation and equipping of University facilities; (4) carry out any of its powers; and (5) pay certain costs in connection with the issuance of the Bonds. See "PLAN OF FINANCING" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are payable solely from and secured solely by the Trust Estate. The Trust Estate consists of, among other things, monies and investments held by the Trustee for the credit of the Debt Service Fund established by the Indenture. The obligation of the University to make payments to the Trustee for deposit into the Debt Service Fund is an unsecured general obligation of the University. OTHER THAN THE MONIES AND INVESTMENTS HELD FROM TIME TO TIME BY THE TRUSTEE IN THE TRUST ESTATE, THE BONDS ARE NOT SECURED BY A LIEN ON OR SECURITY INTEREST IN ANY FUNDS OR OTHER ASSETS OF THE UNIVERSITY. Following the issuance of the Bonds, the University will have no other unsecured indebtedness outstanding. See "DEBT SERVICE REQUIREMENTS." The University is not restricted by the Indenture from incurring additional indebtedness the payment of which is on parity with or subordinate to payment of the Bonds. However, the University may not incur additional indebtedness that is entitled to payment prior to the payment of the Bonds. The Indenture imposes limitations on the University's ability to grant liens and security interests on its property. See "THE BONDS – Limitations on Liens," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "APPENDIX C – Form of Indenture."

Brief descriptions of the University, the Bonds and the Indenture follow. Such descriptions do not purport to be comprehensive or definitive. All capitalized terms used herein and not otherwise defined, will have the meanings set forth for such terms in the Indenture. Certain defined terms from the Indenture, which are used herein, are set forth in Appendix C hereto. All references herein to the Indenture are qualified in their entirety by reference to such documents, and references herein to the form of the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture, all of which are available for inspection at the Principal Corporate Trust Office of the Trustee. The address of the Trustee is U.S. Bank National Association, 8 Greenway Plaza, Suite 1100, Houston, Texas 77046, Attention: Global Corporate Trust.

PLAN OF FINANCING

Purpose of the Bonds

Net proceeds of the Bonds are expected to be applied by the University to fund a general reserve fund of the University to finance the acquisition, purchase, construction, renovation, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations or other facilities; (2) refund the University's outstanding debt described in "SCHEDULE I – Schedule of Refunded Obligations"; (3) finance the renovation and equipping of University facilities; (4) carry out any of its powers; and (5) pay certain costs in connection with the issuance of the Bonds.

Refunded Obligations

Advanced Refunding. A portion of the proceeds from the issuance and sale of the Bonds will be applied to refund the Trinity Higher Education Facilities Corporation Higher Education Revenue Refunding Bonds (University of St. Thomas Project) Series 2012 (the "*Series 2012 Bonds*"). The principal and interest due on the Series 2012 Bonds are to be paid on the redemption date of such Series 2012 Bonds from funds to be deposited pursuant to a certain special escrow agreement (the "*Escrow Agreement*") between the University and U.S. Bank National Association, Houston, Texas (the "*Escrow Agent*"). A portion of the proceeds of the Bonds will be deposited with the Escrow Agent in an amount that, together with investment earnings thereon, will be sufficient to accomplish the discharge and final payment of the Series 2012 Bonds on their redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "*Escrow Fund*") and used to purchase some or all of the following types of obligations: (a) noncallable direct obligations of the United States of America and/or (b) noncallable obligations, the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America (the "*Escrowed Securities*"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Series 2012 Bonds.

Public Finance Partners, LLC ("*Verification Agent*") will verify at the time of delivery of the Bonds to the Underwriter (as defined herein) thereof the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, in the Escrow Fund, will be sufficient to pay, the principal of and interest on the Series 2012 Bonds on their redemption date. Such maturing principal of and interest on the Escrowed Securities will not be available to pay the Bonds. See "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS."

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the University will have affected the defeasance of all of the Series 2012 Bonds in accordance with the terms of the Series 2012 Bonds, the documents authorizing their issuance, and State law. It is the opinion of the University's Counsel that as a result of such defeasance and in reliance upon the verification report of the Verification Agent, the Series 2012 Bonds will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held for such purpose by the Escrow Agent and such Series 2012 Bonds will not be deemed as being outstanding obligations of the University, payable and secured in the manner provided in the terms of the Series 2012 Bonds or for any other purpose. The University will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Series 2012 Bonds from time to time, including any insufficiency therein caused by the failure of the Escrow Agent to receive payment when due on the Escrowed Securities.

Current Refunding. A portion of the proceeds from the issuance and sale of the Bonds, together with other available funds of the University, if any, will be applied to refund the University's Callable Obligations (as defined and described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Outstanding Indebtedness," and together with the Series 2012 Bonds, the "*Refunded Obligations*"). From a portion of the proceeds of the Bonds, together with other available funds of the University, if any, the University will deposit with the Trustee the amount necessary to accomplish the discharge, defeasance and final payment of the Callable Obligations in accordance with the terms thereof. The amounts so deposited with the Trustee will be in the form of cash and will be sufficient to provide for payment of the principal of and interest on the Callable Obligations on their call date. Such funds will not be available to pay debt service on the Bonds. See "SCHEDULE I – Schedule of Refunded Obligations."

By the deposit of cash with the Trustee, the University will have affected the defeasance of the Callable Obligations in accordance with applicable laws and pursuant to their terms. As a result of such defeasance, the Callable Obligations will no longer be payable and secured in the manner provided in their terms but will be payable solely from the cash held for such purpose by the Trustee and the Callable Obligations will not be considered to be indebtedness of the University for any other purpose.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The table below sets forth the estimated sources and uses of funds for the plan of financing described above:

Sources of Funds	
Principal Amount	$40,000,000.00
Total	$40,000,000.00
Uses of Funds	
Deposit to Proceeds Fund	$8,440,000.00
Deposit to Redeem Refunded Obligations	18,443,550.59
Deposit to Escrow Fund	12,659,355.82
Underwriters' Discount	230,486.32
Cost of Issuance	226,607.27
Total	$40,000,000.00

THE UNIVERSITY

The University, established in 1947, is a private Catholic university located near downtown Houston in Houston's museum district. The University's enrollment has grown to over 3,500 students. While most of the students are from Texas, the University has students from 34 states and 61 foreign countries. Almost 93% of the University's full-time faculty members hold the highest degree in their discipline.

For a description of the University and its enrollment, endowment, management, facilities, and operations, see "APPENDIX A – Certain Information Concerning University of St. Thomas." Audited consolidated financial statements for the University for the fiscal years ended June 30, 2019 and 2018 are included herein as Appendix B.

THE BONDS

General

The Bonds are issuable in fully registered form in denominations of $1,000 and integral multiples thereof. The Bonds will be dated the Closing Date thereof, will bear interest from that date except as otherwise provided in the Indenture, and will mature in the amounts and on the dates, and bear interest at the rates, set forth on page ii of this Offering Memorandum.

Interest on the Bonds will be payable semiannually on each April 1 and October 1, commencing on April 1, 2020. Interest on the Bonds shall be calculated based on a 360-day year consisting of twelve 30-day months.

The principal of the Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Corporate Trust Office of the Trustee. The interest on any Bond shall be payable to the person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on such Interest Payment Date, to the registered owner at his or her address as it appears on such registration books. The term "*Record Date*" means, with respect to any Interest Payment Date for the Bonds, the fifteenth day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day. Notwithstanding the foregoing, however, any Holder of all the Bonds and any Holder of $1,000,000 or more in an aggregate principal amount of the Bonds shall be entitled to receive payments of interest on the Bonds held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such Holder shall designate in writing to the Trustee by the first Record Date for such payment. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer in same day funds by the Trustee to Cede & Co., as nominee of DTC.

Redemption

Optional Redemption at Par. The University reserves the right, at its option, to cause the redemption of the Bonds shown in the schedules below maturing on October 1 in the years 2040 and 2059 (5.573% coupon) (the "*Par Call Bonds*"), in whole or in part, in principal amounts of $1,000 or any integral multiple thereof, on April 1, 2030 (the "*Par Call Date*"), or any date thereafter, at the par value thereof plus accrued and unpaid interest to the date of redemption.

Term Bonds maturing October 1, 2040

Date	Principal Amount
October 1, 2036	$740,000
October 1, 2037	775,000
October 1, 2038	820,000
October 1, 2039	860,000
October 1, 2040*	910,000

*Final Maturity

Term Bonds maturing October 1, 2059 (5.573% coupon)

Date	Principal Amount
October 1, 2051	$530,000
October 1, 2052	565,000
October 1, 2053	590,000
October 1, 2054	625,000
October 1, 2055	660,000
October 1, 2056	695,000
October 1, 2057	735,000
October 1, 2058	775,000
October 1, 2059*	825,000

*Final Maturity

Optional Redemption at Make-Whole Redemption Price. The Bonds are subject to optional redemption prior to maturity, in whole or in part, at the direction of the University (and, if in part, in authorized denominations and on a pro rata basis, subject to the provisions described below under "Selection of Bonds for Redemption"), on at the Make-Whole Redemption Price, on any Business Day prior to the Par Call Date, with respect to the Par Call Bonds, and on any Business Day, with respect to the Bonds maturing on October 1 in the years 2026 through 2035, 2050 and 2059 (5.323% coupon). The University shall retain an independent accounting firm or an independent financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the University may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the University nor the Trustee will have any liability for such reliance. The determination of the Make-Whole Redemption Price by such accounting firm or financial advisor shall be conclusive and binding on the University, the Trustee and the Holders of the Bonds. For purposes of this paragraph,

"*Make-Whole Redemption Price*" means the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed), discounted to the date on which such Bonds are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate plus 30 basis points for Bonds maturing October 1, 2026 and October 1, 2027, plus 35 basis points for Bonds maturing October 1, 2028 and October 1, 2029, plus 40 basis points for Bonds maturing October 1, 2030 through 2032, plus 45 basis points for Bonds maturing October 1, 2033 through 2035, 2040 and 2050, and plus 50 basis points for Bonds maturity October 1, 2059, plus, in each case, accrued and unpaid interest on such Bonds to, but excluding, the redemption date; and

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to (i) the semiannual equivalent yield to maturity, or (ii) if no such semiannual equivalent yield to maturity is available, the interpolated yield to maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

As used in connection with the above definition of "Treasury Rate" the following capitalized terms have the following meanings:

"*Comparable Treasury Issue*" means the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Bonds to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Bonds.

"*Comparable Treasury Price*" means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation.

"*Designated Investment Banker*" means a Primary Treasury Dealer appointed by the University.

"*Primary Treasury Dealer*" means one or more entities appointed by the University, which, in each case, is a primary U.S. Government securities dealer in the City of New York, New York, and its or their respective successors.

"*Primary Treasury Dealer Quotations*" means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time at least five Business Days preceding such redemption date.

"*Business Day*" means any day other than (A) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the Principal Corporate Trust Office of the Trustee is located are authorized by law or executive order to close or (B) a day on which the New York Stock Exchange is closed.

Mandatory Sinking Fund Redemption. The Bonds maturing on October 1 in the years 2040, 2050, 2059 (5.573% coupon) and 2059 (5.323% coupon) are subject to mandatory sinking fund redemption and will be redeemed by the University at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date, on the dates, and in the principal amounts shown in the following schedules:

Term Bonds maturing October 1, 2040

Date	Principal Amount
October 1, 2036	$740,000
October 1, 2037	775,000
October 1, 2038	820,000
October 1, 2039	860,000
October 1, 2040*	910,000

*Final Maturity

Term Bonds maturing October 1, 2050

Date	Principal Amount
October 1, 2041	$955,000
October 1, 2042	1,005,000
October 1, 2043	1,060,000
October 1, 2044	1,115,000
October 1, 2045	1,170,000
October 1, 2046	1,230,000
October 1, 2047	1,295,000
October 1, 2048	1,365,000
October 1, 2049	1,435,000
October 1, 2050*	1,510,000

*Final Maturity

Term Bonds maturing October 1, 2059 (5.573% coupon)

Date	Principal Amount
October 1, 2051	$530,000
October 1, 2052	565,000
October 1, 2053	590,000
October 1, 2054	625,000
October 1, 2055	660,000
October 1, 2056	695,000
October 1, 2057	735,000
October 1, 2058	775,000
October 1, 2059*	825,000

*Final Maturity

Term Bonds maturing October 1, 2059 (5.323% coupon)

Date	Principal Amount
October 1, 2051	$1,060,000
October 1, 2052	1,115,000
October 1, 2053	1,185,000
October 1, 2054	1,245,000
October 1, 2055	1,315,000
October 1, 2056	1,390,000
October 1, 2057	1,465,000
October 1, 2058	1,550,000
October 1, 2059*	1,630,000

*Final Maturity

There will be credited against and in the satisfaction of the sinking fund installments Bonds (i) redeemed at the election of the University pursuant to the Indenture, (ii) purchased by the University and delivered to the Trustee for cancellation or (iii) defeased in accordance with the Indenture, and the principal amount of Bonds redeemed, purchased or defeased will be applied against and in fulfillment of the required sinking fund installments thereafter payable among sinking fund installments as directed by a Request of the University.

Notice of Redemption. So long as DTC is acting as Securities Depository for the Bonds, notice of redemption, containing the information required by the Indenture, will be mailed by first class mail, postage prepaid, not less than 20 days nor more than 60 days prior to the date fixed for redemption, by the Trustee to DTC (not to the Beneficial Owners of any Bonds designated for redemption). Pursuant to the Indenture, notice of redemption will be mailed by the Trustee to (i) the respective Holders of any Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee on the date such notice is mailed, (ii) the Securities Depositories, (iii) one or more Information Services, and (iv) the Municipal Securities Rulemaking Board in accordance with the terms of the Indenture. Notices to the Information Services shall be mailed by the Trustee by certified, registered or overnight mail at the time of the mailing of notices to Bondholders. Notices to the Securities Depositories shall be given by telecopy or by certified, registered or overnight mail at the time of the mailing of notices to Bondholders.

The notice with respect to any redemption of Bonds may state that: (i) such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of such moneys sufficient to pay the principal of, and accrued but unpaid interest to the redemption date on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and such Bonds shall not be required to be redeemed; and (ii) such notice is revocable at any time by the Trustee, at the direction of the University, prior to the date fixed for redemption. In the event a notice of redemption of Bonds contains such conditions and sufficient moneys are not so received or the notice is so revoked, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons and in the manner in which the notice of redemption was given, that sufficient moneys were not so received or the notice was so revoked and that there will be no redemption of Bonds pursuant to the notice of redemption.

Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed, the University may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Trustee (or DTC while the Bonds are in Book-Entry-Only form) shall determine on a pro rata basis the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Trustee on the redemption date.

If the Bonds are registered in book-entry only form and so long as DTC or a successor Securities Depository is the sole registered owner of the Bonds, if less than all of the Bonds of a maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect.

It is the University's intent that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, the University can provide no assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Bonds will be selected for redemption, in accordance with DTC procedures, by lot. The Trustee can provide no assurance how DTC and other parties allocate redemption payments.

Effect of Redemption. Once notice of redemption has been given pursuant to the Indenture and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption are on deposit with the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in such notice, together with interest accrued thereon to the redemption date. Interest on the Bonds so called for redemption shall cease to accrue from and after the redemption date, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Holders of said Bonds will have no rights in respect thereof, except to receive payment of said redemption price and accrued interest to the redemption date. All Bonds fully redeemed pursuant to the Indenture shall be cancelled upon surrender thereof and the Trustee shall destroy such Bonds.

Disposition and Defeasance

The University may discharge its liability with respect to the Bonds at any time prior to their stated maturities in accordance with Article X of the Indenture. See "APPENDIX C – Form of Indenture."

Generally, upon the sale, exchange, redemption, or other taxable disposition (which would include a legal defeasance) of a Bond, a U.S. holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued but unpaid interest, which will be taxable as interest to the extent not previously included in income) and such holder's adjusted tax basis in the Bond. See "TAX MATTERS – U.S. Holders." The University may cause the deposit of money or securities in escrow in such amount and manner as to cause the Bonds to be deemed to be no longer outstanding. For U.S. federal income tax purposes, such defeasance could result in recognition by such owner of taxable income or loss, without any corresponding receipt of money. In addition, the character and timing of receipt of payments on the Bonds subsequent to any such defeasance could also be affected. U.S. holders should consult their tax advisors as to the specific consequences to them arising from a discharge in their particular situations.

Limitation on Liens

Except as provided below, the University agrees not to make or create or suffer to be made or created any assignment or lien on the Trust Estate having priority or preference over the assignment and lien created under the Indenture upon the Trust Estate or any part thereof.

Except as otherwise permitted under the Indenture, the University shall not suffer to exist any debt of the University or any claims or demands against the University, which, if unpaid, might (in the hands of the Holder or any Person who shall have guaranteed the same or who has any right or obligation to purchase the same), by law or upon bankruptcy or insolvency or otherwise, be given any priority whatsoever over its general creditors.

Notwithstanding the foregoing, the following superior or priority mortgages, liens and encumbrances shall be permitted: (1) purchase money liens, pledges, or security interests (which shall include conditional sale agreements, equipment and other financing leases, or other title retention agreements and leases in the nature of title retention agreements) upon or in personal property or mortgages, liens, pledges, or security interests existing in real or personal property at the time of acquisition thereof, or, in the case of any Person which thereafter becomes the University, mortgages, liens, pledges, or security interests upon or in its real or personal property existing at the time such Person becomes the University, or replacements, extensions, or renewals of any such mortgages, liens, pledges, or security interests in connection with the replacement, extension, or renewal (without increase in principal amount) of the debt secured thereby, provided that no such mortgage, lien, pledge, or security interest extends or shall extend to or cover any property of such Person other than the property then being acquired and fixed improvements then or thereafter erected thereon; (2) purchase or construction money mortgages, liens, pledges, or security interests (which shall include conditional sales agreements or other title retention agreements and leases in the nature of title retention agreements) upon or in real property, or replacements, extensions, or renewals of any such mortgages, liens, pledges, or security interests in connection with the replacement, extension, or renewal (without increase in principal amount) of the debt secured thereby, provided that no such mortgage, lien, pledge, or security interest extends or shall extend to or cover any property of such Person other than the property being acquired or constructed and fixed improvements then or thereafter erected thereon or the property on which the fixed improvement is being constructed; (3) the lien of any instrument given as additional security for the obligation of any Person to make payments in respect of the Bonds or other parity obligations; (4) security interests in pledges of donations, gifts, or other charitable contributions to secure debt, or donor restrictions imposed on any donations, gifts, or other charitable contributions; (5) establishment of such funds, accounts, subaccounts, and escrows, and grant of trusts, pledges, liens, or security interests in such funds, accounts, subaccounts, and escrows as may be necessary and customary for the issuance or discharge of additional obligations on a parity with or subordinate to the Bonds with respect to the general obligation of the University, including but not limited to reserves, debt service funds, proceeds funds, and escrows, including funds, accounts, and subaccounts for the benefit of third persons providing security or credit support for such obligations; (6) to the extent the University determines a conveyance, transfer, or grant does not materially adversely affect the interests of the Bondholders, conveyances, transfers or grants of property or interests in property of the University, including mortgages, liens, pledges, or security interests in existing real or personal property of the University, necessary or reasonably appropriate to establish contractual or debt obligations which contractual or debt obligations are used to establish one or more enterprises of the University or its affiliates or subsidiaries, including academic buildings, dormitories, or other facilities, which may or may not be self-supporting and which may include revenues and accounts receivable from such facilities; and (7) to the extent of University affiliates or subsidiaries, the University may not transfer its properties to affiliates or subsidiaries except as is otherwise permitted to carry out a permissible encumbrance described in clauses (1) through (6) of this paragraph, or to the extent the University determines such transfer does not materially adversely affect the interests of the Bondholders, but the affiliates or subsidiaries may otherwise purchase or transfer interests in real and personal property and grant mortgages, liens, pledges, or security interests in existing real or personal property of the affiliate, and the University may guaranty obligations of the affiliates or subsidiaries provided that such guaranty is subordinate to or on a parity with the University's general obligation securing the Bonds.

Subject to the foregoing, the Indenture does not restrict the University under any circumstances from creating additional debt including, without limitation, bonds and commercial paper notes, and it does not restrict the University from pledging, mortgaging, granting a security interest in, disposing of, or conveying any of its property without making any provision for the security of the Bonds.

The University is not restricted from signing such security agreements and signing or filing such financing statements and taking all other actions necessary to evidence and perfect any lien permitted by the Indenture.

Additional Covenants Under the Indenture

In addition to other agreements of the University described herein, the University has also covenanted in the Indenture: (i) to maintain and keep all of its properties in good condition, repair, and working order (subject to normal wear and tear) and supplied with all necessary equipment and to cause all necessary repairs, renewals, replacements and improvements, all as in the judgment of the University to carry out its business properly and advantageously, (ii) to insure (including by means of self-insurance) its property and operations against such losses and in such amounts as is customary for companies operating similar property and engaged in similar operations as the University, (iii) to pay all taxes, assessments and other governmental charges lawfully levied or assessed against properties of the University, (iv) with respect to a properties owned by it, the University shall comply with all present and future laws relating to the use and occupancy of such property, and will procure and maintain all necessary licenses and permits relating thereto and (v) to maintain its corporate existence and not consolidate with or merge into any Person or convey or transfer its assets substantially as an entirety to any Person unless the surviving entity expressly assumes the obligations of the University under the Indenture, any such merger, conveyance, transfer or consolidation will not cause a default under the Indenture and the Trustee receives an opinion of counsel to the effect that such merger, conveyance, transfer or consolidation comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with.

Book-Entry-Only System

In reading this Offering Memorandum, it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Memorandum to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) notices that are to be given to registered owners under the Indenture will be given only to DTC while the Bonds are in the Book-Entry-Only System. See "APPENDIX E – Description of Book-Entry-Only System."

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Payments by the University under the Indenture

In the Indenture, the University has agreed to make payments to the Trustee on such dates and in such amounts as are necessary to provide for the full and timely payment of the principal of, premium (if any) and interest on the Bonds when due, in accordance with the terms of the Bonds and the Indenture.

The Bonds are payable solely from and secured solely by the Trust Estate. The Trust Estate consists of monies and investments held by the Trustee for the credit of the Debt Service Fund established by the Indenture. The obligation of the University to make payments to the Trustee for deposit into the Debt Service Fund is an unsecured general obligation of the University. OTHER THAN THE MONIES AND INVESTMENTS HELD FROM TIME TO TIME BY THE TRUSTEE IN THE TRUST ESTATE, THE BONDS ARE NOT SECURED BY A LIEN ON OR SECURITY INTEREST IN ANY FUNDS OR OTHER ASSETS OF THE UNIVERSITY. The University is not required to deposit with the Trustee amounts necessary to pay the principal of and interest on the Bonds until the dates on which such amounts become due and payable. See "APPENDIX C – Form of Indenture."

The University is not restricted by the Indenture from incurring additional indebtedness the payment of which is on parity with or subordinate to payment of the Bonds. However, the University may not incur additional indebtedness that is entitled to payment prior to the payment of the Bonds. The Indenture imposes limitations on the University's ability to grant liens and security interests on its property. See "THE BONDS – Limitations on Liens." Following the issuance of the Bonds, the University will have no other unsecured indebtedness outstanding. See "– Outstanding Indebtedness" and "DEBT SERVICE REQUIREMENTS."

Outstanding Indebtedness

As of December 31, 2019, there is presently outstanding $11,650,000 in aggregate principal amount of the Series 2012 Bonds, which are on parity with the Bonds. In addition to the Series 2012 Bonds, as of December 31, 2019, there is presently outstanding $616,162 in aggregate principal amount of a loan between the University and Northern Trust Bank (the "*Northern Trust Loan*") and $5,992,009 in aggregate principal amount of a loan between the University and Branch Banking & Trust Company (the "*BB&T Loan*"). There is also an outstanding loan between UST Realty Company, a wholly-owned subsidiary of the University, and JPMorgan Chase Bank, N.A. ("*Chase*"), which financed the purchase of certain commercial property near the University campus (the "*Chase Loan*"), of which an aggregate principal amount of $7,062,899 is still outstanding. While the Chase Loan is paid from rental payments on the commercial property, it is guaranteed by the University and such guarantee is a general obligation of the University. Additionally, there is an outstanding loan between the University and the Scanlan Foundation (the "*Scanlan Loan*") of which an aggregate principal amount of $2,821,596 is still outstanding. The Scanlan Loan is a general obligation of the University, subordinate to the aforementioned outstanding obligations of the University. Finally, the University has a line of credit with Chase (the "*Chase Line of Credit*" and together with the Northern Trust Loan, the BB&T Loan, the Chase Loan and the Scanlan Loan, the "*Callable Obligations*"), the balance of which is $2,000,000, as of December 31, 2019. All of the Series 2012 Bonds, the Northern Trust Loan, the BB&T Loan, the Chase Loan, the Scanlan Loan and the Chase Line of Credit will be refunded with the proceeds of the Bonds. See "DEBT SERVICE REQUIREMENTS" for a more detailed description of the University's debt service obligations.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each respective year ending June 30, the amounts required to be made available in each such year by the University for payment of the principal, interest and total debt service on the Bonds and the Refunded Obligations.

Period Ending 30-Jun	Debt Service on Outstanding Bonds and Loans[1]	Less: Refunded Debt Service[1]	The Bonds Principal	The Bonds Interest	Total Debt Service
2020	$ 1,132,823	$ (1,132,823)	$ -	$ 330,016	$ 330,016
2021	8,434,951	(8,434,951)	-	2,048,374	2,048,374
2022	8,600,810	(8,600,810)	-	2,048,374	2,048,374
2023	2,571,076	(2,571,076)	-	2,048,374	2,048,374
2024	2,560,842	(2,560,842)	-	2,048,374	2,048,374
2025	2,561,713	(2,561,713)	-	2,048,374	2,048,374
2026	2,558,369	(2,558,369)	-	2,048,374	2,048,374
2027	2,038,264	(2,038,264)	480,000	2,039,633	2,519,633
2028	2,023,273	(2,023,273)	495,000	2,021,507	2,516,507
2029	-	-	515,000	2,001,888	2,516,888
2030	-	-	540,000	1,980,521	2,520,521
2031	-	-	560,000	1,957,559	2,517,559
2032	-	-	585,000	1,932,937	2,517,937
2033	-	-	610,000	1,906,498	2,516,498
2034	-	-	640,000	1,878,215	2,518,215
2035	-	-	670,000	1,847,921	2,517,921
2036	-	-	705,000	1,815,611	2,520,611
2037	-	-	740,000	1,779,818	2,519,818
2038	-	-	775,000	1,740,633	2,515,633
2039	-	-	820,000	1,699,378	2,519,378
2040	-	-	860,000	1,655,925	2,515,925
2041	-	-	910,000	1,610,144	2,520,144
2042	-	-	955,000	1,562,383	2,517,383
2043	-	-	1,005,000	1,512,668	2,517,668
2044	-	-	1,060,000	1,460,289	2,520,289
2045	-	-	1,115,000	1,405,120	2,520,120
2046	-	-	1,170,000	1,347,161	2,517,161
2047	-	-	1,230,000	1,286,285	2,516,285
2048	-	-	1,295,000	1,222,239	2,517,239
2049	-	-	1,365,000	1,154,768	2,519,768
2050	-	-	1,435,000	1,083,746	2,518,746
2051	-	-	1,510,000	1,009,046	2,519,046
2052	-	-	1,590,000	927,764	2,517,764
2053	-	-	1,680,000	839,365	2,519,365
2054	-	-	1,775,000	745,966	2,520,966
2055	-	-	1,870,000	647,436	2,517,436
2056	-	-	1,975,000	543,495	2,518,495
2057	-	-	2,085,000	433,744	2,518,744
2058	-	-	2,200,000	317,911	2,517,911
2059	-	-	2,325,000	195,591	2,520,591
2060	-	-	2,455,000	66,371	2,521,371
Total[2]	**$32,482,121**	**$(32,482,121)**	**$40,000,000**	**$58,249,791**	**$98,249,791**

(1) Excludes the University's outstanding line of credit with Chase, the balance of which is $2,000,000, as of December 31, 2019.

(2) Totals may not add due to rounding.

INVESTMENT CONSIDERATIONS

General

A number of factors affect institutions of higher education in general, including the University, that could have an adverse effect on the University's financial position and its ability to make the payments required under the Indenture. These factors include, without limitation: the ability of the University to continue to attract students; the University's focus with respect to undergraduate and selected graduate programs; the cost of tuition of the University; the failure to maintain or increase in the future the funds obtained by the University from other sources, including gifts and contributions from donors, grants from governmental bodies and income from investment of endowment funds; adverse results from the investment of endowment funds; imposition of federal or state unrelated business income or local property taxes; increasing costs of compliance with federal or state regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety, health care reform and accommodating the handicapped; the continuation of federally supported student loan and grant programs; changes in federal government policy relating to the reimbursement of overhead costs of government contracts; and any unionization of the University's work force with consequent impact on wage scales and operation costs of the University.

THE MATTERS DESCRIBED IN THIS SECTION DO NOT, NOR ARE THEY INTENDED TO, CONSTITUTE ALL MATTERS AND RISKS THAT ARE TO BE CONSIDERED BY AN INVESTOR WHEN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE BONDS.

Enrollment

The University's Call Toward Tomorrow Integrated Plan (the "*Plan*"), which began in the 2018-2019 fiscal year, envisions significant growth in student enrollment, nearly doubling the student headcount from approximately 3,500 today to 7,000 students within an approximately five-year period. While the Plan's growth initiatives envision an expansion to the University's residential student population from 400 to 1,200 within such five-year period, the majority of the growth is anticipated from commuter, online and hybrid programs. The Plan's growth strategies include investments in athletics expansion, nursing programs expansion, brand marketing enhancements and the development of various associate degree programs. Since the approval of the Plan, the University's enrollments have grown by nearly 9%. For more information on the plan see "Management Discussion" in Appendix A.

No assurance can be given that the Plan will produce the expected growth in enrollment. A failure to realize the expected growth in enrollment or a decrease in the University's enrollment would adversely affect the University's results of operations.

Tuition

A significant portion of the University's operating revenue is provided through tuition and related fees. Although the University, in the past, has been able to raise tuition and related fees without adversely affecting enrollment, there can be no assurance that it will continue to be able to do so in the future, and that the increase will be in amounts sufficient to offset expenses. Future tuition increases and any adverse change in enrollment could adversely affect the University's financial position and results of operations. See "– Financial Aid" and "APPENDIX A – Certain Information Concerning the University of St. Thomas – Sources of Revenue – Tuition and Fees Amount."

Restrictions on Tax-Exempt Organizations

Loss by the University of the benefits of certain provisions of the federal income tax laws would affect adversely its financial position. The U.S. Internal Revenue Service (the "*IRS*") has determined that the University is an organization described in section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*") and therefore is exempt from federal income taxation under section 501(a) of the Code. Changes in the Code or Treasury Regulations or the judicial or administrative interpretation thereof or certain actions of the University could result in the revocation by the IRS of such determination and loss of the University's exempt status.

Any failure by the University to remain qualified as tax-exempt under section 501(c)(3) of the Code would affect the amount of funds of the University which would be available to the University.

Tax-exempt organizations are subject to scrutiny from and face the potential for sanction and monetary penalties imposed by the IRS. One primary penalty available to the IRS under the Code with respect to a tax-exempt entity engaged in inurement or impermissible private benefit is the revocation of tax-exempt status. Although the IRS has not frequently revoked the tax-exempt status of non-profit organizations, it could do so in the future. Loss of tax-exempt status of the University could have material adverse consequences on the financial condition and operations of the University, including substantial tax liabilities on its income.

The University may be audited by the IRS. Because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, an IRS audit could result in additional taxes, interest and penalties. An IRS audit ultimately 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 on the Bonds and any other tax-exempt debt issued for the University.

Payment of Debt Service

Except as noted herein, the Bonds are payable from the general funds of the University and secured by the funds available therefor under the Indenture, which consist of payments to be made by the University, and from other funds and accounts available therefor and pledged under the Indenture. There can be no assurance that income and receipts will be realized by the University in amounts sufficient to pay the principal of and interest on the Bonds. The Bonds are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other assets of the University, except funds held under the Indenture for the benefit of the Holders of the Bonds.

Future revenues and expenses of the University will be affected by events and conditions relating generally to, among other things, demand for the University's educational services, the ability of the University to provide the required educational services, management capabilities, the University's ability to control expenses, competition, costs, legislation, governmental regulation and developments affecting the federal or state tax-exempt status of nonprofit organizations. Unanticipated events and circumstances may occur which caused variations from the University's expectations.

Enforceability of Remedies

Enforcement of the security interest in the Trust Estate and the remedies specified by the Indenture 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 those documents.

The enforceability of the lien of the Indenture 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 Texas 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 Trust Estate 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, (viii) federal bankruptcy and state laws prohibiting fraudulent conveyance 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 Trust Indenture.

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.

Financial Aid

Approximately 70% of the University's undergraduate students receive some financial support in the form of state or federally supported loans and grants. See "APPENDIX A – Certain Information Concerning the University of St. Thomas – Student Financial Aid" herein. There can be no assurance that the number of federally supported loans or the amounts of moneys available thereunder will remain stable or increase in the future. If the amount of such moneys decreases in the future, there can be no assurance that the University will be able to increase the amount of financial aid provided by the University. Any significant change in the availability of financial aid could adversely affect the University's enrollment and, in turn, the University's ability to pay principal of, premium, if any, and interest on the Bonds.

Gifts, Grants and Bequests

The University consistently solicits gifts and bequests for current operating purposes and for capital expenses. In addition, the University receives various grants from private foundations and from governmental grants. There can be no assurance that the amount of gifts, grants and bequests received by the University will remain stable or increase in the future.

The University cannot assess or predict the ultimate effect of these factors on its operations or financial results of operation. See "APPENDIX A – Certain Information Concerning the University of St. Thomas – Endowments and Investments."

Cyber-Attack Risks

Computer hacking, cyber-attacks or other malicious activities could disrupt the operation of the University. Further, security breaches such as leakage and compromised personal and credit information of students of the University, loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the reputation and revenues of the University, which could lead to significant capital outlays and decreased performance of the University, or interruption or reduction in the receipt of revenues that could exceed the self-insurance resources of the University.

Secondary Market Considerations

There can be no assurance that there will always be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them depending on prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition and results of operations of the University.

TAX MATTERS

The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Bonds as "capital assets" within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and acquire such Bonds for investment and not as a dealer or for resale. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

As used herein, "*U.S. Holder*" means a beneficial owner of a Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "*Non-U.S. Holder*" generally means a beneficial owner of a Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Bonds (including their status as U.S. Holders or Non-U.S. Holders).

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

U.S. Holders

Payments of Stated Interest on the Bonds. The stated interest paid on the Bonds will be included in the gross income, as defined in section 61 of the Code, of U.S. Holders and be subject to U.S federal income taxation when received or accrued, depending on the tax accounting method applicable to the U.S. Holders.

Original Issue Discount. If a substantial amount of the Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Bonds at maturity over its Issue Price, and the amount of the original issue discount on the Bonds will be amortized over the life of the Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, U.S. Holders, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to U.S. Holders that exceeds actual cash distributions to the U.S. Holders in a taxable year.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the IRS and to the U.S. Holders. The portion of the original issue discount included in each beneficial owner's gross income while the U.S. Holder holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such U.S. Holder.

Premium. If a U.S. Holder purchases a Bond for an amount that is greater than its stated redemption price at maturity, such U.S. Holder will be considered to have purchased the Bond with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by a U.S. Holder that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). U.S. Holders of the Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

Disposition of Bonds and Market Discount. A U.S. Holder will generally recognize gain or loss on the redemption, sale or exchange of a Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the U.S. Holder's adjusted tax basis in the Bonds. Generally, the U.S. Holder's adjusted tax basis in the Bonds will be the U.S. Holder's initial cost, increased by the original issue discount previously included in the U.S. Holder's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the U.S. Holder's holding period for the Bonds.

Under current law, a purchaser of a Bond who did not purchase the Bonds in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount." Market discount is the amount by which the price paid for the Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Bonds could have a material effect on the market value of the Bonds.

Legal Defeasance. If the Board elects to defease the Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Bonds (a "legal defeasance"), under current tax law, a U.S. Holder may be deemed to have sold or exchanged its Bonds. In the event of such a legal defeasance, a U.S. Holder generally would recognize gain or loss in the manner described above. Ownership of the Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each U.S. Holder should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Bonds.

Backup Withholding. Under section 3406 of the Code, a U.S. Holder may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Bonds. This withholding applies if such U.S. Holder: (i) fails to furnish to payor such U.S. Holder's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such U.S. Holder is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain U.S. Holders. U.S. Holders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to beneficial owners with respect to the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each U.S. Holder for U.S. federal income tax purposes.

Non-U.S. Holders

Effectively Connected Income. If, under the Code, interest on the Bonds is effectively connected with the conduct of a trade or business within the United States by a Non-U.S. Holder, such interest will be subject to U.S. federal income tax in a similar manner as if the Bonds were held by a U.S. Holder, as described above, and in the case of Non-U.S. Holders that are corporations, interest on the Bonds also may be included in the computation of earnings and profits that are subject to a U.S. branch profits tax at a rate of up to 30%, unless an applicable tax treaty provides otherwise. Such Non-U.S. Holder will not be subject to withholding taxes, however, if it provides a properly executed Form W-8ECI to the Corporation or its paying agent, if any.

Withholding on Payments to Non-U.S. Holders. Under sections 1441 and 1442 of the Code, Non-U.S. Holders are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the Non-U.S. Holders is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the Non-U.S. Holder provides a statement to the payor certifying, under penalties of perjury, that such Non-U.S. Holder is not a United States person and providing the name and address of such Non-U.S. Holder; (ii) such interest is treated as not effectively connected with the Non-U.S. Holder's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such Non-U.S. Holder is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such Non-U.S. Holder is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under sections 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to Non-U.S. Holders or intermediaries who have furnished Form W-8BEN, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

Disposition of the Bonds. Generally gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Board or a deemed retirement due to defeasance of the Bond) or other disposition of a Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition and certain other conditions are met.

Foreign Account Tax Compliance Act – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("*FATCA*") imposes a 30% withholding tax on the same types of payments to a non- financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

CONTINUING DISCLOSURE OF INFORMATION

While the Bonds are not subject to SEC Rule 15c2-12 (the "*Rule*"), in the Indenture, the University has made the following agreement for the benefit of the Holders and Beneficial Owners of the Bonds. The University will be required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the Indenture, the University will be obligated to annually post certain updated financial information and operating data on the University's website.

Annual Financial Information

The University has agreed in the Indenture to post on its website, within six months after the end of each fiscal year of the University, the University's audited financial statements and updated information of the same general type as any financial information and operating data concerning the University included herein.

Specifically, the University will provide annual updates of the following tables contained in Appendix A:

1. Full-time and part-time faculty; all for or as of most recently concluded academic year (Table 1).

2. Freshmen applications, acceptances, and matriculation for or as of most recently concluded academic year (Table 2).

3. Incoming student enrollment history by freshmen and transfers for or as of most recently concluded academic year (Table 3).

4. Enrollment history, enrollment (FTE) by undergraduate and graduate for or as of most recently concluded academic year (Table 4).

5. Student financial aid, including University aid and aid from other sources, for the past four fiscal years (Table 5).

6. Tuition, fees, room & board for the past five academic years (Table 7).

7. Market value of the University's endowment for the past five fiscal years (Table 8).

Financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the University may be required to employ from time to time pursuant to State law or regulation. If the audited financial statements are not available within six months after any such fiscal year end, then the University shall post unaudited financial statements within such 6-month period and audited financial statements for the applicable fiscal year, as soon as the audited financial statements are available.

The University's current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless the University changes its fiscal year.

Limitations and Amendments

The University has agreed to update information and to provide notices of events only as described above. The University has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The University makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date.

The University may amend the continuing disclosure obligations under the Indenture in accordance with Article IX of the Indenture. See "APPENDIX C – Form of Indenture."

FORWARD LOOKING STATEMENT DISCLAIMER

The statements contained in this Offering Memorandum and in the Appendices hereto and in any other information provided by the University that are not purely historical, are forward-looking statements, including statements regarding the University's expectation, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Offering Memorandum are based on information available to the University on the date hereof, and the University assumes no obligation to update any such forward-looking statements. The University's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and may of which are beyond the control of the University. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Offering Memorandum will prove to be accurate.

NO LITIGATION

There is no litigation now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or the existence of the powers of the University.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Houston, Texas, as counsel to the University (the "*University's Counsel*"). A copy of the proposed form of the opinion of the University's Counsel is attached hereto as Appendix D. The University's Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Offering Memorandum, except that, in its capacity as the University's Counsel, such firm has reviewed the information appearing under the captions "PLAN OF FINANCING," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" and "REGISTRATION AND QUALIFICATION OF BONDS" excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, and such firm is of the opinion that the information relating to the Bonds and the Indenture and legal matters contained under such captions is an accurate description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Indenture. The legal fee to be paid to the University's Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

Certain legal matters will be passed upon for the University by its counsel, Norton Rose Fulbright US LLP, Houston, Texas, and for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. Neither the University's Counsel nor Underwriter's Counsel has undertaken any responsibility to the Holders of the Bonds for the accuracy, completeness or fairness of this Offering Memorandum.

RATING

S&P Global Ratings, a business of Standard & Poor's Financial Services LLC ("*S&P*") has assigned the Bonds an underlying rating of "BBB+" (negative outlook). Any explanation of the significance of such ratings may be obtained from the rating service furnishing the rating.

S&P was furnished with certain information and materials concerning the Bonds and the University. Generally, a rating agency bases its rating on such information and materials and on investigations, studies and certain assumptions by such rating agency. Each rating reflects only the view of the rating agency assigning such rating. There is no assurance that any rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. A securities rating is not a recommendation to buy, sell or hold the Bonds. The Underwriter has not undertaken any responsibility either to bring to the attention of the Holders of the Bonds any proposed change in or withdrawal of such ratings, and neither the University nor the Underwriter has undertaken any responsibility to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the Bonds.

INDEPENDENT AUDITORS

The financial statements of the University as of June 30, 2019, and 2018 included as Appendix B to this Offering Memorandum, have been audited by BKD LLP, independent auditors.

UNDERWRITING

J.P. Morgan Securities LLC (the "*Underwriter*") has agreed to purchase the Bonds from the University at a purchase price of $39,769,513.68 pursuant to a purchase contract entered into by and between the Underwriter and the University. The purchase price reflects an underwriter's discount of $230,486.32. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in said purchase contract. The Underwriter will be obligated to purchase all Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than the public offering price set forth on the inside cover page of this Offering Memorandum and such public offering price may be changed, from time to time, by the Underwriter. The University has agreed to indemnify the Underwriter against certain liabilities arising out of, or relating to, misstatements in or omissions from the Offering Memorandum or from materials supplied by the University in writing in connection with the offering of the Bonds.

Chase, an affiliate of the Underwriter, has previously provided to the University (i) the Chase Loan in the original principal amount of $17,650,000 and (ii) the Chase Line of Credit in the amount of $2,000,000. The University is expected to use a portion of the proceeds of the Bonds to retire the balance of both the Chase Loan and the Chase Line of Credit extended to the University by Chase.

The Underwriter of the Bonds has entered into negotiated dealer agreements (each, a "*Dealer Agreement*") with each of Charles Schwab & Co., Inc. ("*CS&Co.*") and LPL Financial LLC ("*LPL*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

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

FINANCIAL ADVISOR

Hilltop Securities Inc. ("*Hilltop*") is employed as financial advisor (the "*Financial Advisor*") to the University in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop in its capacity as Financial Advisor, has relied on the opinion of the University's Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The Verification Agent will deliver to the University, on or before the Closing Date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Series 2012 Bonds.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the University. In addition, the Verification Agent has relied on any information provided to it by the University's retained advisors, consultants or legal counsel.

REGISTRATION AND QUALIFICATION OF BONDS

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. Neither the Issuer nor the University assumes responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MISCELLANEOUS

The summaries and references to the Indenture herein and in Appendix C are brief descriptions of certain portions thereof. Such descriptions do not purport to be complete, and reference is made to such documents for their full and complete provisions. All such references are further qualified in their entirety by reference to applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and the possible exercise of judicial discretion in enforcing such rights.

The agreements of the University for the benefit of the owners of the Bonds are fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Offering Memorandum is to be construed as constituting an agreement with the purchasers of the Bonds.

Any statements made in this Offering Memorandum involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact, and no representation is made that such opinions or estimates will be realized. Copies of such documents may be obtained from the offices of Underwriter, prior to delivery of the Bonds and thereafter will be on file at the principal corporate trust offices of the Trustee.

Appendix A has been prepared by the University. Appendix B, which contains the University's financial statements for the fiscal years ended June 30, 2019 and 2018, was furnished by the University for inclusion herein. The attached appendices are integral parts of this Offering Memorandum and should be read together with all of the foregoing statements.

The preparation of this Offering Memorandum and its distribution has been duly authorized by the University.

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

This Schedule I represents all obligations of the University to be refunded in whole with the Bonds.

	Original Dated Date	Original Principal Amount	Amount Outstanding as of Date of Redemption	Date of Redemption	Amount Scheduled to be Refunded by the Bonds
Series 2012 Bonds					
Trinity Higher Education Facilities Corporation Revenue Refunding Bonds Series 2012	10/1/2012	15,665,000	11,650,000	10/1/2022	11,650,000
Callable Obligations					
Scanlan Foundation 2019 Taxable Loan	4/1/2019	$ 3,000,000	$ 2,821,596	2/3/2020	$ 2,821,596
Northern Trust 2018 Loan	5/5/2018	732,074	602,584	2/3/2020	602,584
JPMorgan Chase Line of Credit	4/12/2017	2,000,000	2,000,000	2/3/2020	2,000,000
BB&T 2016 Taxable Loan	3/1/2016	18,000,000[(1)]	5,992,009	2/3/2020	5,992,009
JPMorgan Chase Real Estate 2007 Taxable Loan	2/1/2007	17,650,000	7,062,899	2/3/2020	7,062,899
Total		**$57,047,074**	**$30,129,088**		**$30,129,088**

(1) Represents the maximum borrowing capacity allowed by this facility.

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APPENDIX A

CERTAIN INFORMATION CONCERNING UNIVERSITY OF ST. THOMAS

GENERAL

General Description

The University of St. Thomas (the "*University*"), located in Houston, Texas, was founded by the Basilian Fathers in 1947. The University is an independent, co-educational Catholic university offering associate degrees in three subject areas, bachelor's degrees in 39 subject areas, master's degrees in 22 subject areas and doctorate degrees in three subject areas.

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges ("*SACSCOC*")* to award associate, baccalaureate, masters, and doctorate degrees. The University is also accredited by the Association of Theological Schools (School of Theology), the Association of Collegiate Business Schools and Programs (Cameron School of Business), and the Association to Advance Collegiate Schools of Business (Cameron School of Business) and approved by the Texas Education Agency for Teacher Certification (School of Education), the Texas State Board of Examiners of Professional Counselors (School of Education), and the Texas Board of Nursing (School of Nursing). The University holds membership in the American Association of Colleges for Teacher Education, the Association of Catholic Colleges and Universities, the Association of Graduate Liberal Studies Programs, the College Board, the Council for Higher Education Accreditation, the Council of Independent Colleges, the Council of Undergraduate Research, EDUCAUSE, the Greater Houston Partnership, the Hispanic Association of Colleges and Universities, the Independent Colleges and Universities of Texas, the International Council of Universities of St. Thomas Aquinas, the National Association of College and University Business Officers, the National Association of Financial Aid Administrators, the National Association of Intercollegiate Athletics, and the Texas Independent College Fund.

The University has a Fall 2019 enrollment of approximately 3,523 students, of which approximately 1,953 are undergraduate students.

The University is located at 3800 Montrose in the historic Montrose area of Houston, approximately three miles from downtown Houston and near the Museum District. Niche (a company that produces rankings, report cards and profiles for K-12 schools, colleges and neighborhoods in the U.S.) ranked the University as having the best college location in Texas and 23rd nationally in their 2020 rankings.

Governance

The University is incorporated as a Texas nonprofit corporation and is governed by an independent Board of Directors. The Board of Directors has ultimate authority with respect to the management and control of the University. The University's bylaws specify that the number of Board members shall be determined by the Board but cannot be less than three.

Board of Directors
Current Officers of the Board of Directors

Curtis W. Huff	Chair Freebird Partners, LP President and CEO /Owner Houston, TX

* Accreditation to award associate degrees in three new subject areas is pending final approval from SACSCOC. Approval is currently anticipated in June 2020.

Robert F. Corrigan, Jr.	Vice Chair Baylor College of Medicine Senior Vice President, General Counsel & Corporate Secretary Houston, TX
Denise Castillo-Rhodes	Secretary Texas Medical Center Executive Vice President & CFO Houston, TX

<u>Members of the Board of Directors</u>

Msgr. James B. Anderson, STD '74
St. Mary's Seminary
Faculty

Mr. Morris R. Clark
Marathon Oil Company (Retired)

Mr. Joseph A. Cleary, Jr.
D.E. Harvey Builders
Co-Chairman of the Board

His Eminence Daniel Cardinal DiNardo
Archdiocese of Galveston-Houston

Dr. Herbert P. Edmundson, Jr. '69
Memorial Neurological Association
President & CEO

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University of St. Thomas
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* Norton Rose Fulbright US LLP serves as the University's Counsel in connection with the issuance of the Bonds.

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* The Scanlan Foundation is a lender for one of the Refunded Obligations.

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Rev. John B. Huber, CSB
Mr. Rocky Saint-let Lai
Ms. Shelley A. Grahmann
Dr. Richard L. Ludwick

Administration

The President has the primary responsibility to direct the administration of the University and is responsible to the Board of Directors. The Vice Presidents are responsible to the President and through the President to the Board of Directors. Administrative officers are as follows:

Dr. Richard Ludwick, President. Richard L. Ludwick became the 9th president of the University of St. Thomas on July 1, 2017. He previously served as president of the Independent Colleges of Indiana (ICI), the nation's oldest association of 31 private, nonprofit colleges and universities enrolling more than 100,000 students. In that capacity, he led strategic initiatives in public policy at the state and federal levels, spurred innovative, intercollegiate collaborations, and successfully executed multi-million-dollar philanthropic campaigns. Richard served as provost at St. Gregory's University in Oklahoma before joining ICI. Early in his career, Richard co-founded a law firm in Indiana and later went on to serve institutions of higher learning across the United States, including positions as vice president of enrollment management and student affairs at Albany Law School (Albany, NY); assistant dean for student and academic affairs at the University of Florida's Fredric G. Levin College of Law (Gainesville); and dean of students at the University of Oregon School of Law (Eugene).In addition to his Bachelor of Arts in history from the University of Evansville, Richard holds a Master of Arts in higher education administration from Teachers College of Columbia University (New York), Doctor of Jurisprudence from Indiana University's Robert H. McKinney Law School, and Doctor of Education in policy management and organization of higher education administration from the University of Oregon (Eugene).

Currently, Richard serves as president of the International Council of the Universities of Saint Thomas Aquinas, a global network of institutions dedicated to the spirit of St. Thomas. Richard served as a commissioner for the Midwest Higher Education Compact; chair of the board for the Coalition for College Cost Savings; as a member of the Indiana Chamber's Business Higher Education Policy Committee; and as a member of the State Councils' Advisory Committee for the Council of Independent Colleges.

Gita Bolt, Chief Legal Counsel. Gita P. Bolt is the Chief Legal Counsel for the University of St. Thomas-Houston. Prior to joining St. Thomas, she served as Vice President and General Counsel for the Houston Housing Authority. In this position, she is responsible for all legal matters relating to the Housing Authority, its Board of Commissioners, and Administration. She has also served as General Counsel for Loyola University New Orleans and Texas Southern University (TSU). She also held the positions of Associate General Counsel, Assistant General Counsel, and Director of NCAA Compliance in the Department of Athletics, while at TSU. Prior to TSU, Gita was an Assistant Attorney General for the Office of the Attorney General.

Gita is a native Houstonian, who attended Howard University after graduating as Salutatorian and an All-American track athlete from M.B. Smiley High School. She graduated from Howard University, cum laude, with a degree in Political Science and a Minor in Business Administration, where she also competed on the track team and was an Academic All-American. Gita earned her Juris Doctorate degree from Tulane University School of Law, along with a Sports Law Certification. While attending Tulane Law, Gita was honored as the Best Orator of the Southern Region in the Frederick Douglass Moot Court Competition. In 2011, she was selected as one of the Most Powerful and Influential Women of Louisiana by the National Diversity Council. In May 2012, she was sworn in to practice before the U.S. Supreme Court. In 2018, she was selected as one of the Top 30 Most Influential Women of Houston. Gita has served on the State Bar Grievance Committee, a member of the Academics Eligibility and Compliance Cabinet of the National Collegiate Athletic Association, as Regional Director, Deputy Regional Director and Secretary for Region V of the National Bar Association. She has served as President, Board member, and Chairperson of the Annual Scholarship Golf tournament for the Houston Lawyers Association. She served as 2nd Vice Chair and Parliamentarian for the Women Lawyers Division of the National Bar. She is a member of the National Association of College and University Attorneys, the Texas Bar Association and the Louisiana Bar Association, the Houston Lawyers Association and the National Bar Association.

Spencer Conroy, Vice President for Finance. Mr. Spencer Conroy serves as the Vice President of Finance and Business Affairs at the University of St. Thomas. In this role, he oversees accounting, finance, bursar, facilities, information technology, University police, and dining services. Mr. Conroy is an executive with more than a decade of private higher education experience both in public accounting and working as a controller and a financial and administrative vice president. Mr. Conroy, a Certified Public Accountant, obtained a Bachelor's of Science degree in Accounting from Taylor University and a Masters of Business Administration from Saint Joseph's College. Prior to working for the University of St. Thomas, he served as the Vice President for Business Affairs for Saint Joseph's College in Indiana. Mr. Conroy began his career working in public accounting at Crowe, LLP as an auditor primarily working with private colleges and universities and nonprofit organizations.

Dr. Chris Evans, Vice President for Academic Affairs. Dr. Christopher P. Evans serves as the Vice President for Academic Affairs. Evans previously served as Professor and Dean of Arts and Sciences. After receiving his Ph.D. in Historical Theology from Saint Louis University, Evans joined the University in fall 2007, where he taught full time in the Theology Department. In 2011, he began his administrative career as the department chair, an experience that lead to his appointment as the Dean of Arts and Science in 2016. He assumed the role of VPAA in November 2018. Evans has many publications that made original contributions particularly in the area of early-scholastic Christology. His recent publication includes an edited volume, *Victorine Christology* (Brepols, 2018) and a book, *Simon of Tournai, On the Incarnation of Christ* (PIMS, 2017).

Dr. Beena George, Chief Innovation Officer. Beena George serves as the Chief Innovation Officer at the University of St. Thomas, Houston, Texas. She is a member of the Marketing & Management department of the school, and teaches courses on business strategy and sourcing management. In recognition of her work in the area of clinical translation management, she has been appointed as an Associate Affiliate Member of the Houston Methodist Research Institute. With her primary research focus on the outsourcing of business services, George has published several articles on the practice and teaching of outsourcing management and provides consulting services to the outsourcing community. Her current research in the area of sourcing management examines the governance of sourcing arrangements and the use of software tools in sourcing arrangements. George is also working on a stream of research focusing on 'business model innovation' at the 'bottom of the economic pyramid', and has recently published a case study and papers in this area. In the area of scholarship of teaching and learning, George's research publications and presentations have been in the areas of online learning and assurance of learning. She is actively involved in the accreditation efforts of the business school and the university. She has served on peer review teams for the Southern Association of Colleges and Schools – Commission on Colleges, one of the seven regional accrediting associations in the United States that grant institution-wide accreditation. George's course on Sourcing Management was awarded the Innovations in Information Systems Education award by the Association of Information Systems, the premier academic association in the information systems discipline; the course is also recognized by the International Association of Outsourcing Professionals as a bridge program for training for certification as a Certified Outsourcing Professional. George is the lead co-chair of the Tools & Technology Innovation chapter and a member of the leadership team of the Texas chapter of the International Association of Outsourcing Professionals.

Dawn Koenning, Chief Development Officer. With more than 20 years of experience in nonprofit fundraising, Dawn brings a passion for service and a commitment to philanthropy to the University of St. Thomas. As the founder and President of Clarity Consultants, LLC, she provided strategic consulting services to a broad range of clients based upon her extensive experience with major gift fundraising. Dawn previously has worked as a consultant with Dini Spheris and served as a Director of Development at Texas Children's Hospital, Baylor College of Medicine, and as a traveling Major Gift Officer at the University of Texas MD Anderson Cancer Center. Dawn is actively engaged in the Houston philanthropic community as a board member of the Association of Fundraising Professionals Greater Houston Chapter since 2004. She served as the 2007 and 2014 Chair of the annual National Philanthropy Day Awards Luncheon and eventually went on to serve as the President of the Greater Houston Chapter of AFP in 2017. Dawn graduated from Texas A&M University where she majored in Political Science and minored in Public Relations.

Jeff Olsen, Vice President for Marketing & Communications. Jeff Olsen leads the marketing, branding, communications, public relations, and social media efforts and initiatives at the University of St. Thomas. Olsen came to St. Thomas from Sam Houston State University, where he served as the director of marketing and communications. Prior to his career in education, Olsen worked as a television writer and producer in Los Angeles for 15 years.

Arthur Ortiz, Vice President for Enrollment Management and Student Engagement. Arthur is Vice President for Enrollment Management & Student Engagement. After serving as the Vice President for Enrollment Management, traditional functions with Student Affairs were recently added to his division. He joined the University of St. Thomas in March 1999 as a freshman admissions counselor. Current areas of University oversight include: Undergraduate and Graduate Admissions, the Dean of Students, Financial Aid & Scholarships, Campus Life, Registrar, Campus Ministry, Advising, Counseling & Disabilities, Residence Life, International Student & Scholar Services, and other offices related to student success and retention. He has an accomplished record in higher education enrollment and recognized as a thought leader in the field. He has presented at multiple national conferences on topics ranging from practices higher education can learn from other industries to making enrollment management into a career for young professionals. Arthur completed a Leadership Houston fellowship in 2015 as part of LH Class XXXIII. He served as treasurer and board member for National Catholic College Admissions Association from 2015-2019.

Academic Programs

Undergraduate programs are divided into four different schools: School of Arts and Sciences, Cameron School of Business, School of Education, and School of Nursing. Graduate programs are provided by the School of Arts and Sciences, Cameron School of Business, School of Education, School of Theology, School of Nursing, Center for Faith and Culture, and John Paul II Institute.

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award baccalaureate, masters, and doctorate degrees. The following is a list of the major and minor programs within each of the schools.

School of Arts and Sciences: Applied Statistics; Biology; Catholic Studies; Cell and Molecular Biology; Chemistry; Classical Languages; Communication; Computational Biology; Computer Science; Creative Writing; Criminal Law & Society; Dance; Data Analytics; Drama; East Asia Studies; Engineering Physics; English; French; History; Human Services Management; International Business; International Development; International Studies; Irish Studies; Latin American Studies; Leadership Studies; Liberal Arts/ General Studies; Mathematics; Music; Neuroscience; Philosophy; Physics; Political Science; Psychology; Public Administration; Russian Studies; Social Justice Studies; Spanish; Studio Arts; Theater Education; Theology; Women, Culture, and Society

Cameron School of Business: Accounting; Economics; Finance; Free Enterprise & Entrepreneurship; General Business; Marketing; Market Analysis; International Business

School of Education: Education

School of Nursing: Nursing

In addition the following schools offer advanced degrees as indicated below.

School of Arts and Sciences: Doctorate in Philosophy (Center for Thomistic Studies); Master of Arts in Pastoral Theology; Master of Arts in Philosophy (Center for Thomistic Studies); Master of Arts in Theology; Master of Liberal Arts; Master of Public Policy Administration; Master of Sacred Music; Master of Science in Applied Data Sciences; Master of Science in Industrial and Process Chemistry

Cameron School of Business: Master of Business Administration; Master of Science in Accounting; Master of Science in Finance; Master in International Business; Master in Clinical Translation Management; Master of Professional Accounting

School of Education: Doctor of Education in Ethical Leadership; Master of Arts in Catholic Education; Master of Arts in Catholic Educational Leadership; Master of Arts in Teaching; Master of Education; Master of Science in Clinical Mental Health Counseling

School of Theology: Master of Divinity (Ordination Track); Master of Divinity (Non-Ordination Track); Master of Arts in Pastoral Studies

School of Nursing: Doctor of Nursing Practice

Center for Faith and Culture: Master of Arts in Faith and Culture

John Paul II Institute: Master of Arts in John Paul II Studies

Campus Facilities

The existing campus is distinguished by the Academic Mall, which was designed by Philip Johnson. The Chapel of St. Basil anchors the north end of the mall and the Doherty Library occupies the south end. In between these facilities, classroom and faculty office buildings border the mall. Other major buildings include the historic Link-Lee Mansion constructed in 1912, the Jerabeck Athletic and Activity Center and the Crooker Student Center. Most recently, the University opened the Center for Science and Health Professions in the Fall of 2017 comprised of more than 100,000 square feet of state-of-the-art classroom, lab, and educational space.

Faculty

The University is served by 149 dedicated full-time faculty, 89 of whom are tenured, and by 206 part-time faculty members. 92.6% of the full-time faculty possess the recognized terminal degree in their field.

Table 1

University Faculty

	Fall of				
	2015	2016	2017	2018	2019
Full Time Faculty	192	179	154	158	149
Part-Time Faculty	154	171	179	145	206
% of FT Faculty with Terminal Degrees	93.2%	90.5%	94.2%	90.3%	92.6%

Students

The University has a diverse main campus student body of approximately 3,523. While the majority of the University's students come from Texas, the University has students from 34 states and 61 foreign countries. Approximately 70% of the student body is African-American, Asian-American, Hispanic and Native American. Approximately 49% are Catholic.

Table 2

Full Time Freshmen Enrollment Information

	Fall of				
	2015	2016	2017	2018	2019
Applications	874	942	1,060	1,216	1,100
Acceptance	682	729	858	1,000	960
% Accepted	78.0%	77.4%	80.9%	82.2%	87.3%
Matriculation	243	277	295	355	342
% Matriculated	35.6%	38.0%	34.4%	35.5%	35.6%

Table 3

Full Time Incoming Enrollment Information

	Fall of				
	2015	2016	2017	2018	2019
Freshmen	243	277	295	355	342
Transfers	175	174	201	204	243
Total	418	451	496	559	585

Table 4

Enrollment History

	Fall of				
	2015	2016	2017	2018	2019
FTE Enrollment					
Undergraduate	1,510	1,532	1,579	1,731	1,859
Graduate	745	739	698	677	655
Total	2,255	2,271	2,277	2,408	2,514
Headcount Enrollment					
Undergraduate	1,805	1,814	1,864	2,047	2,180
Graduate Degree Seeking	1,564	1,474	1,352	1,243	1,314
Graduate Non-Degree Seeking	42	24	21	24	29
Total	3,411	3,312	3,237	3,314	3,523

Student Financial Aid

The University has a comprehensive plan to assist qualified students through a program of scholarships, grants-in-aid, loans and part-time employment. Administered on an individual basis, according to the particular circumstances of each applicant, this program is designed to assist all students who have a genuine need. In the fiscal year ending June 30, 2019, approximately 94% of the undergraduate students received aid from the University or from State and Federal government sources, of which 70% received aid from State and Federal government sources.

The University is dependent on Federal and State sources for a significant percentage of its total student financial aid. In the 2019 fiscal year, Federal and State funds (including federally guaranteed student loans) accounted for 49% of the total dollar amount of aid disbursements. The University believes that, given its endowment and annual gift resources, a reasonable reduction of Federal or State funding of student financial aid could be absorbed by the University but with financial difficulty. If such a reduction were to occur, fundamental changes in the financial aid policies of the University would likely result.

Table 5

Student Aid(1)
Fiscal Year Ended June 30,

Fiscal Year	2015	2016	2017	2018	2019
University Aid	$15,313,021	$17,386,802	$20,367,162	$22,534,997	$26,443,426
Aid from other sources(2)	694,477	557,182	572,138	617,550	570,236
Total Student Aid	$16,007,498	$17,943,984	$20,939,300	$23,152,547	$27,013,662

(1) Excludes student aid from State and Federal government sources.
(2) Includes student aid from donors or other third-party scholarship contributions.

FINANCIAL

At June 30, 2019, the University's total assets exceeded $254 million with property, buildings and equipment valued at historical cost. Total net assets were approximately $213 million, with net assets without donor restrictions approaching $93 million and over $121 million investment in property, plant and equipment.

University of St. Thomas Fiscal Year Balance Sheets[(a)]

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
ASSETS					
CASH AND CASH EQUIVALENTS	$ 4,762,597	$ 5,362,602	$ 5,232,687	$ 6,663,709	$ 6,394,383
STUDENT ACCOUNTS AND OTHER RECEIVABLES – Net of allowance for doubtful accounts of $137,678, $259,362, $148,090, $219,846, and $353,568 in 2019, 2018, 2017, 2016, and 2015, respectively.	7,063,676	2,877,334	1,390,236	1,751,164	1,781,370
PLEDGES RECEIVABLE – Net	7,040,889	9,527,829	13,512,194	19,386,267	23,047,387
PREPAYMENTS AND OTHER ASSETS	2,355,639	2,291,637	2,456,754	2,460,627	2,749,038
NOTES AND LOANS RECEIVABLE	271,493	314,611	358,246	396,533	434,101
INVESTMENTS	108,780,785	107,071,058	98,495,496	84,694,904	90,122,502
CASH RESTRICTED UNDER DEBT COVENANTS[(b)]	64,788	64,115	63,938	62,406	62,406
CASH AND INVESTMENTS RESTRICTED FOR INVESTMENT IN LAND, BUILDING, AND EQUIPMENT	2,155,271	2,603,958	2,309,317	13,528,855	16,763,794
PROPERTY, PLANT, AND EQUIPMENT – Net	121,887,723	123,923,022	125,152,649	103,538,028	89,282,290
TOTAL	$254,382,861	$254,036,166	$248,971,517	$232,482,493	$230,637,271
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	$ 2,324,636	$ 2,153,768	$ 2,483,760	$ 2,515,566	$ 2,782,576
Accrued liabilities	3,789,595	4,331,013	5,557,488	8,876,471	4,007,945
Deferred revenues	3,219,895	3,058,658	2,135,315	2,046,493	2,761,591
Line of Credit	2,000,000	-	-	-	-
U. S. governmental grants refundable	181,032	181,032	288,222	348,123	563,948
Bond and loans payable	29,551,558	32,934,199	35,385,807	27,331,403	29,212,522
Total Liabilities	$ 41,066,716	$ 42,658,670	$ 45,850,592	$ 41,118,046	$ 39,328,582
NET ASSETS:[(c)]					
Without donor restrictions	92,822,395	93,511,106	90,395,594	77,847,196	63,740,478
With donor restrictions	120,493,750	117,866,390	112,725,331	113,517,251	127,568,211
Total Net Assets	$213,316,145	$211,377,496	$203,120,925	$191,364,447	$191,308,689
TOTAL Liabilities and Net Assets	$254,382,861	$254,036,166	$248,971,517	$232,482,493	$230,637,271

(a) The following information has been derived from the University's audited financial statements. The 2018 and 2019 financial statements are included in Appendix B.

(b) The bonds that contained the restrictive debt covenants have been paid off and such restricted amounts have been released.

(c) In fiscal year 2018, the University performed a prior period adjustment in order to correct an accounting error which impacted the amounts reported in the different categories. This restatement is described in footnote 16 of the 2018 audited financial statements. Information for the 2016 and 2015 years in this table have not been restated, but are reported as stated in the audited financial statements. A retroactive adjustment to these years would result in some of the amounts being reclassified between categories although the total amounts would not change. Effective December 15, 2018, the accounting principles generally accepted in the U.S. (GAAP) changed the classification for the categories of net assets from three classes – unrestricted, temporarily restricted and permanently restricted – to two classes – those with donor-imposed restrictions and those without.

Statement of Activities[a]

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
OPERATING REVENUES					
Tuition and fees	$ 66,962,407	$ 64,448,807	$ 63,329,301	$ 61,648,811	$ 61,378,368
Less: student aid[b]	(27,013,662)	(23,152,547)	(20,939,300)	(17,943,984)	(16,007,498)
Tuition and fees — net	39, 948,745	41,296,260	42,390,001	43,704,827	45,370,870
Endowment earnings used for current operations	4,998,461	3,602,718	3,552,398	3,461,896	3,265,886
Government and private grants	1,398,979	1,775,078	1,927,613	2,373,552	2,786,349
Gifts and donations	10,256,426	7,831,588	8,180,304	11,900,475	23,444,367
Auxiliary operations	4,453,415	4,052,602	3,827,119	3,717,728	3,365,679
Other income	3,522,357	3,742,937	3,585,422	3,952,622	3,369,335
Total operating revenues	$ 64,578,383	$ 62,301,183	$ 63,462,857	$ 69,111,100	$ 81,602,486
OPERATING EXPENSES					
Instruction	$ 31,491,671	$ 31,478,600	$ 31,547,896	$ 31,885,119	$ 32,887,768
Library	1,912,862	1,926,853	1,705,138	1,804,955	1,923,323
Academic support	779,001	834,150	918,878	963,524	1,129,077
Student services	8,434,619	7,562,148	7,398,726	8,098,830	7,924,395
Institutional support	12,727,054	10,245,226	10,831,594	9,927,728	8,672,987
Institutional advancement	2,760,642	2,383,069	2,863,513	3,300,676	3,658,971
Auxiliary operations	6,813,524	6,641,123	5,562,497	5,623,982	5,742,460
UST Realty Company	2,499,773	2,563,176	2,342,457	2,362,714	2,842,500
Total operating expenses	$ 67,419,146	$ 63,634,345	$ 63,170,699	$ 63,967,528	$ 64,781,481
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(2,840,763)	(1,333,162)	292,158	5,143,572	16,821,005
NON-OPERATING					
Gifts and donations	$ 2,056,634	$ 2,765,187	$ 7,399,594	$ 785,349	$ 2,677,146
Endowment gain in excess of amounts designated for current operations – net	2,755,464	6,846,612	4,078,897	(5,923,699)	(5,204,555)
Change in Fair Value of Split Interest Agreements	(32,686)	(22,066)	(14,171)	42,132	2,753
Other	-	-	-	8,404	-
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	$ 4,779,412	$ 9,589,733	$ 11,464,320	$ (5,087,814)	$ 2,524,656
TOTAL CHANGE IN NET ASSETS	$ 1,938,649	$ 8,256,571	$ 11,756,478	$ 55,758	$ 14,296,349
NET ASSETS:					
Beginning of year	$211,377,496	$203,120,925	$191,364,447	$191,308,689	$177,012,340
End of year	$213,316,145	$211,377,496	$203,120,925	$191,364,447	$191,308,689

(a) The following information has been derived from the University's audited financial statements. The 2018 and 2019 financial statements are included in Appendix B.

(b) Excludes student aid from State and Federal government sources.

Management Discussion

In June of 2018, the University's Board of Directors approved the Call Toward Tomorrow Integrated Plan (the "Plan"). The Plan is designed to set the University on a path of growth, innovation, and strategic investment. The Plan is intended to unite the University behind a dynamic shared vision: "A fearless culture of positive change" by building on the University's strategic advantages and a reinvigorated culture to position itself to thrive in the coming decades and double its enrollment from approximately 3,500 today to 7,000 students within an approximately five-year period.

The Plan required a period of investment in strategic initiatives to support a paradigm shift toward expansion and innovation. This investment was underwritten by strong and continuing donor support exceeding $8.5 million and grants of approximately $3.2 million since June of 2018 toward athletics expansion, nursing programs expansion, brand marketing enhancements, and other academic program creations including the development of various associate degree programs. These growth initiatives combined with certain cost reallocation efforts are intended to set the University on a firm financial footing, while positioning it to accelerate its growth trajectory.

Since the approval of the Plan, the University's enrollments have grown by nearly 9%. The University expects this growth to accelerate in the coming years, through investments in new programs and deeper market penetration. For the fiscal year ended June 30, 2019, the University's total net assets increased to $213 million, which represents a net gain of $1.9 million over the previous year and a $22 million increase since June 30, 2015.

While these growth initiatives envision an expansion of the University's on-campus student population from 400 to 1,200 within an approximately five-year period, the majority of the growth is anticipated from commuter, online and hybrid programs intended to deliver the University's educational services in a convenient and flexible manner for today's less traditional students. These efforts include the expansion of health care offerings with a new Accelerated Bachelor of Science in Nursing program and various graduate nursing programs. This effort is being supported by new partnerships with various firms along with a federal Title V grant and private foundation financial support for a psychiatric nursing doctorate degree. Additionally, the University has begun a new academic venture, at the associate degree level, for students who desire a faster path to high earning jobs and strong career outcomes. On top of these expansions, additional graduate academic programs have been launched in data science, industrial process chemistry, theology, and John Paul II studies.

In parallel with these efforts, the Board of Directors approved a comprehensive plan to restructure the University. It is designed to strengthen the University's ability to provide its students with a dynamic education steeped in the Catholic and Basilian intellectual tradition geared toward today's world and to create a sustainable financial platform from which the University will grow.

Under the restructuring plan, the University will reorganize its various schools and departments to streamline the faculty in order to better align the academic resources with student demand. The plan also calls for the restructuring of the administrative functions of the University to create an operational structure that will be more efficient, flexible and aligned with the student experience and faculty needs while achieving cost savings. Such restructuring effort is expected to provide the University with between $5-6 million in annual savings beginning fall 2020.

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SOURCES OF REVENUE

The major sources of unrestricted University revenue are tuition, room and board and other auxiliary activities, government grants and contracts, private gifts and grants, endowment income and investment income as described in the table below.

Table 6

Sources of Unrestricted Revenue

Fiscal Year Ended June 30, 2019	Amount	% of Total Unrestricted Revenues
Tuition and fees, (net of financial aid)	$39,948,745	62.5%
Endowment earnings used in operations	4,998,461	7.8%
Government and private grants	1,320,114	2.1%
Gifts and donations	8,408,649	13.2%
Auxiliary operations	4,453,415	7.0%
Commercial real estate rental	3,005,516	4.7%
Other income	516,841	0.8%
Net assets released from restrictions	1,230,435	1.9%
TOTAL	$63,882,176	100%

Tuition and Fees Amount

Tuition and fees are the primary source of revenue to the University. The Board of Directors sets the rates of tuition and fees annually. The annual tuition and fee revenue for the years indicated are set forth in Table 6 below.

Table 7

Tuition, Fees, Room & Board

	2015	2016	2017	2018	2019[1]
Undergraduate Tuition and Fees [2]	$30,310	$31,520	$32,100	$33,580	$30,800
Room and Board	8,500	8,500	8,850	9,070	9,300
Total	$38,810	$40,020	$40,950	$42,650	$40,100

(1) In 2019, the University shifted from a per credit tuition model to a banded tuition model which charges one flat rate for credits taken from 12 to 18. Although this appears to be a reduction from prior years, since students on average took fewer than 30 credits per year, in reality, the net impact of this pricing change from 2018 was an increase in net tuition revenue per student.

(2) Based upon 30 hours.

Endowment and Investments

A significant amount of the University's assets are contained in the University's endowment. The actual value of gifts to the endowment are required to be held in perpetuity. These amounts along with income from these funds are classified as "with donor restrictions" on the University's balance sheet and are referred to as the true endowment. Gifts treated as endowment funds by direction of the Board of Directors are classified as unrestricted endowment. The University's last capital campaign, which began in 2009 and concluded on June 30, 2017, raised approximately $146 million, of which approximately $34.4 million has been deposited into the University's endowment, approximately $30.8 million has been used to pay operating expenses of the University, approximately $48.7 million has been or will be used to pay costs associated with the construction of the new Center for Science and Health Professions and approximately $32.7 has been or will be used to pay costs associated with other various academic programs.

The Board of Directors adopted an Investment Policy for the endowment in April 2006 and last amended it in January 2017. Pursuant to that policy, the Investment Committee of the Board reviews the performance of the endowment annually and recommends changes in asset allocation and other items as necessary. Currently, the asset allocation policy provides for 50-80% in equities, 5-25% in fixed income, and 0-30% in alternative investments. The annualized, net-of-fee basis, total return performance goal for the endowment is to equal or exceed a real rate of return of 5.0% plus inflation (CPI) over a ten-year period. Investment management responsibilities for the endowment were transferred to The Investment Fund for Foundations in June 2016. The annualized total return performance for the three-year period ending June 30, 2019 was equal to 9.92%.

The Investment Policy also provides for annual distributions from the endowment of an amount equal to 5.0% of the average value of the endowment for the preceding twelve quarters. Earnings in excess of distributions remain in the endowment. Conversely in a year when earnings are low, distributions may exceed earnings.

Table 8

Market Value of the University's Endowment — Endowment Balances

	Fiscal Year Ended June 30				
	2015	2016	2017[a]	2018[a][b]	2019[a][b]
Without donor restrictions	$ 898,969	$ (290,745)	$ 755,459	$ 1,075,934	$ 1,451,995
With donor restrictions					
Endowment earnings in excess of original endowment donations	15,009,026	10,340,390	17,426,364	23,419,321	25,196,010
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	70,721,946	71,739,427	75,133,023	77,873,409	79,941,321
Total	$86,629,941	$81,789,072	$93,314,846	$102,368,664	$106,589,326

(a) In fiscal year 2018, the University performed a prior period adjustment in order to correct an accounting error which impacted the amounts reported in the different categories. This restatement is described in footnote 16 of the 2018 audited financial statements. Information for the 2016 and 2015 years in this table have not been restated, but are reported as stated in the audited financial statements. A retroactive adjustment to these years would result in some of the amounts being reclassified between categories although the total amounts would not change.

(b) Effective December 15, 2018, the accounting principles generally accepted in the U.S. (GAAP) changed the classification for the categories of net assets from three classes – unrestricted, temporarily restricted and permanently restricted – to two classes – those with donor-imposed restrictions and those without.

Insurance Coverage

The Hanover Insurance Group and other quality insurance companies provide the University's insurance program. The policies maintained by the University include Buildings, Contents, Business Interruption, Flood and Earthquake, Electronic Equipment, Commercial General Liability, Commercial Umbrella Liability, Workers Compensation, Business Automobile – Liability and Physical Damage and Directors and Officers, and Educator's Legal Liability.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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University of St. Thomas

Independent Auditor's Report and
Consolidated Financial Statements

June 30, 2019 and 2018

BKD
CPAs & Advisors

University of St. Thomas
June 30, 2019 and 2018

Contents

BKD
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
University of St. Thomas
Houston, Texas

We have audited the accompanying consolidated financial statements of University of St. Thomas (the University), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of University of St. Thomas as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As described in Note 2 of the consolidated financial statements, in 2019, the University adopted new accounting guidance regarding recognition of revenue with customers, Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* and regarding contributions, Accounting Standards Update 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

BKD, LLP

Houston, Texas
October 28, 2019

University of St. Thomas
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 4,762,597	$ 5,362,602
Student accounts and other receivables, net of allowance for doubtful accounts; 2019 - $137,678 and 2018 - $259,362	7,063,676	2,877,334
Pledges receivable, net	7,040,889	9,527,829
Prepayments and other assets	2,355,639	2,291,637
Notes and loans receivable	271,493	314,611
Investments	108,780,785	107,071,058
Cash restricted under debt covenants	64,788	64,115
Cash and cash equivalents and investments restricted for investment in land, building and equipment	2,155,271	2,603,958
Property, plant and equipment, net	121,887,723	123,923,022
Total	$ 254,382,861	$ 254,036,166
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 2,324,636	$ 2,153,768
Accrued liabilities	3,789,595	4,331,013
Deferred revenue	3,219,895	3,058,658
Line of credit	2,000,000	-
U.S. Government grants refundable	181,032	181,032
Bonds and loans payable, net	29,551,558	32,934,199
Total liabilities	41,066,716	42,658,670
Net Assets		
Without donor restrictions	92,822,395	93,511,106
With donor restrictions	120,493,750	117,866,390
Total net assets	213,316,145	211,377,496
Total liabilities and net assets	$ 254,382,861	$ 254,036,166

University of St. Thomas
Consolidated Statement of Activities
Year Ended June 30, 2019

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
Operating Revenue				
Tuition and fees, net of financial aid of $27,013,662 and $23,152,547 for 2019 and 2018, respectively	$ 39,948,745	$ -	$ 39,948,745	$ 41,296,260
Endowment earnings used for current operations	4,998,461	-	4,998,461	3,602,718
Government and private grants	1,320,114	78,865	1,398,979	1,775,078
Gifts and donations	8,408,649	1,847,777	10,256,426	7,831,588
Auxiliary operations, net	4,453,415	-	4,453,415	4,052,602
Commercial real estate rental	3,005,516	-	3,005,516	2,945,299
Other income	516,841	-	516,841	797,638
Net assets released from restrictions	1,230,435	(1,230,435)	-	-
Total operating revenue	63,882,176	696,207	64,578,383	62,301,183
Operating Expenses				
Instruction	31,491,671	-	31,491,671	31,478,600
Library	1,912,862	-	1,912,862	1,926,853
Academic support	779,001	-	779,001	834,150
Student services	8,434,619	-	8,434,619	7,562,148
Institutional support	12,727,054	-	12,727,054	10,245,226
Institutional advancement	2,760,642	-	2,760,642	2,383,069
Auxiliary operations, net	6,813,524	-	6,813,524	6,641,123
UST Realty Company	2,499,773	-	2,499,773	2,563,176
Total operating expenses	67,419,146	-	67,419,146	63,634,345
Changes in Net Assets From Operating Activities	(3,536,970)	696,207	(2,840,763)	(1,333,162)
Nonoperating Activities				
Gifts and donations	-	2,056,634	2,056,634	2,765,187
Endowment gain in excess of amounts designated for current operations, net	70,991	2,684,473	2,755,464	6,846,612
Discretionary reinvestment of endowment earnings	305,070	(305,070)	-	-
Change in fair value of split interest agreements	(32,686)	-	(32,686)	(22,066)
Net assets released from restrictions for long-term purposes	2,504,884	(2,504,884)	-	-
Changes in Net Assets From Nonoperating Activities	2,848,259	1,931,153	4,779,412	9,589,733
Total changes in net assets	(688,711)	2,627,360	1,938,649	8,256,571
Net Assets				
Beginning of year	93,511,106	117,866,390	211,377,496	203,120,925
End of year	$ 92,822,395	$ 120,493,750	$ 213,316,145	$ 211,377,496

University of St. Thomas
Consolidated Statement of Activities
Year Ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Tuition and fees, net of financial aid of $23,152,547	$ 41,296,260	$ -	$ 41,296,260
Endowment earnings used for current operations	3,602,718	-	3,602,718
Government and private grants	1,695,133	79,945	1,775,078
Gifts and donations	6,069,763	1,761,825	7,831,588
Auxiliary operations, net	4,052,602	-	4,052,602
Commercial real estate rental	2,945,299	-	2,945,299
Other income	797,638	-	797,638
Net assets released from restrictions	1,466,392	(1,466,392)	-
Total operating revenue	61,925,805	375,378	62,301,183
Operating Expenses			
Instruction	31,478,600	-	31,478,600
Library	1,926,853	-	1,926,853
Academic support	834,150	-	834,150
Student services	7,562,148	-	7,562,148
Institutional support	10,245,226	-	10,245,226
Institutional advancement	2,383,069	-	2,383,069
Auxiliary operations, net	6,641,123	-	6,641,123
UST Realty Company	2,563,176	-	2,563,176
Total operating expenses	63,634,345	-	63,634,345
Changes in Net Assets From Operating Activities	(1,708,540)	375,378	(1,333,162)
Nonoperating Activities			
Gifts and donations	-	2,765,187	2,765,187
Endowment gain in excess of amounts designated for current operations, net	88,186	6,758,426	6,846,612
Discretionary reinvestment of endowment earnings	232,289	(232,289)	-
Change in fair value of split interest agreements	(22,066)	-	(22,066)
Net assets released from restrictions for long-term purposes	4,256,819	(4,256,819)	-
Changes in Net Assets From Nonoperating Activities	4,555,228	5,034,505	9,589,733
Total changes in net assets	2,846,688	5,409,883	8,256,571
Net Assets			
Beginning of year	90,664,418	112,456,507	203,120,925
End of year	$ 93,511,106	$ 117,866,390	$ 211,377,496

University of St. Thomas
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Activities							Support Activities		
	Instruction	Library	Academic Support	Student Services	Auxiliary Operations	UST Realty	2019 Total Program	Institutional Support	Institutional Advancement	2019 Total Expenses
Salaries	$ 20,355,710	$ 724,927	$ 517,974	$ 4,022,076	$ 722,204	$ 44,558	$ 26,387,449	$ 4,246,811	$ 1,303,978	$ 31,938,238
Student wages	266,828	71,955	7,762	223,255	62,332	-	632,132	22,143	4,256	658,531
Benefits and taxes	4,134,131	38,636	108,134	599,220	24,773	10,954	4,915,848	2,007,310	226,865	7,150,023
Commissions	1,126,716	2,899	22,785	-	-	188,786	1,341,186	27,896	500	1,369,582
Technology maintenance and support	607,381	458,184	1,202	54,081	2,613	19,530	1,142,991	1,155,901	1,823	2,300,715
Operating expenses	1,007,540	32,934	67,610	1,130,315	1,708,071	258,671	4,205,141	2,144,966	663,805	7,013,912
Interest expense	-	-	-	-	964,071	297,067	1,261,138	-	-	1,261,138
Travel	458,101	492	29,682	402,088	6,937	-	897,300	83,140	36,279	1,016,719
Supplies	314,855	6,622	7,289	184,197	22,289	100	535,352	63,568	18,393	617,313
Insurance and taxes	-	-	-	71,317	-	322,841	394,158	635,886	-	1,030,044
Legal expenses	34,014	-	-	-	-	13,000	47,014	435,134	-	482,148
Facilities operations	805,978	137,557	4,671	369,078	834,712	269,012	2,421,008	154,544	10,490	2,586,042
Utilities	362,802	66,043	2,074	113,754	500,829	190,849	1,236,351	74,211	5,020	1,315,582
Third-party services	197,092	230	994	833,398	265,930	186,933	1,484,577	660,624	455,624	2,600,825
Repairs and maintenance	48,695	-	-	12,465	182,339	-	243,499	-	-	243,499
Depreciation	1,771,828	372,383	8,824	419,375	1,516,424	697,472	4,786,306	1,014,920	33,609	5,834,835
Total expenses included in the expense section of the statement of activities	$ 31,491,671	$ 1,912,862	$ 779,001	$ 8,434,619	$ 6,813,524	$ 2,499,773	$ 51,931,450	$ 12,727,054	$ 2,760,642	$ 67,419,146

University of St. Thomas
Consolidated Statement of Functional Expenses
Year Ended June 30, 2018

	Program Activities							Support Activities		
	Instruction	Library	Academic Support	Student Services	Auxiliary Operations	UST Realty	2018 Total Program	Institutional Support	Institutional Advancement	2018 Total Expenses
Salaries	$ 19,650,652	$ 696,292	$ 551,241	$ 3,561,431	$ 660,612	$ 49,745	$ 25,169,973	$ 4,074,047	$ 1,138,277	$ 30,382,297
Student wages	204,695	52,918	8,550	198,836	76,129	-	541,128	21,460	13,158	575,746
Benefits and payroll taxes	4,860,441	102,344	141,595	778,521	30,855	23,239	5,936,995	1,289,658	267,199	7,493,852
Commissions	1,250,602	-	-	6,750	-	186,156	1,443,508	2,962	700	1,447,170
Technology maintenance and support	618,961	469,808	24,351	72,509	3,625	18,099	1,207,353	918,530	1,924	2,127,807
Operating expenses	818,545	34,501	67,418	924,769	1,707,017	313,984	3,866,234	751,982	636,912	5,255,128
Interest expense	-	-	-	-	945,104	309,646	1,254,750	-	-	1,254,750
Travel	566,895	2,231	16,170	314,208	6,901	-	906,405	65,188	27,647	999,240
Supplies	333,974	8,331	10,043	108,332	20,838	10,519	492,037	37,143	14,278	543,458
Insurance and taxes	-	-	-	58,446	-	311,881	370,327	675,914	-	1,046,241
Legal expenses	26,834	-	-	125	-	10,000	36,959	470,173	-	507,132
Facilities operations	558,083	90,339	2,838	246,420	601,523	285,801	1,785,004	101,485	6,866	1,893,355
Utilities	524,797	95,531	3,002	164,547	688,076	235,279	1,711,232	107,347	7,262	1,825,841
Third-party services	248,969	4,658	255	710,236	185,577	122,705	1,272,400	729,967	235,760	2,238,127
Repairs and maintenance	48,754	3,306	-	4,163	200,358	-	256,581	-	-	256,581
Depreciation and amortization	1,766,398	366,594	8,687	412,855	1,514,508	686,122	4,755,164	999,370	33,086	5,787,620
Total expenses included in the expense section of the statement of activities	$ 31,478,600	$ 1,926,853	$ 834,150	$ 7,562,148	$ 6,641,123	$ 2,563,176	$ 51,006,050	$ 10,245,226	$ 2,383,069	$ 63,634,345

University of St. Thomas
Consolidated Statement of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Changes in net assets	$ 1,938,649	$ 8,256,571
Items not requiring (providing) operating cash flows:		
Depreciation and amortization	5,834,835	5,787,620
Amortization related to bond financing	26,455	37,707
Amortization of bond premium	(66,912)	(66,912)
Bad debt expense	205,866	95,635
Noncash contribution received	(781,357)	(1,015,986)
Gifts and donations restricted for long-term purposes	(1,561,969)	(2,862,350)
Net realized and unrealized gain on investments	(7,135,334)	(10,835,853)
Changes in operating assets and liabilities:		
Student accounts and other receivables	(4,392,206)	(1,582,733)
Pledges receivable, net	(527,351)	(453,653)
Prepayments and other assets	(64,002)	165,117
Notes and loans receivable	43,118	43,635
Accounts payable and accrued liabilities	(370,550)	(288,053)
Deferred revenue	161,237	(245,341)
U.S. Governmental grants refundable	-	(107,190)
Net cash used in operating activities	(6,689,521)	(3,071,786)
Cash Flows From Investing Activities		
Proceeds from sale/maturities of investments	6,264,752	4,053,894
Purchases of investments	(57,788)	(777,617)
Purchases of property, plant and equipment	(3,799,536)	(4,657,723)
Change in cash restricted for investment in land, building and equipment	448,687	(294,641)
Net cash provided by (used in) investing activities	2,856,115	(1,676,087)

University of St. Thomas
Consolidated Statement of Cash Flows (Continued)
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Financing Activities		
Gifts and donations restricted for:		
Investments in property and equipment	$ 2,521,680	$ 4,383,273
Investments in endowment	2,054,578	2,917,095
Proceeds from issuance of long-term debt	3,000,000	-
Principal payments on bonds and loans payable	(6,342,184)	(4,866,348)
Change in cash restricted under debt covenants	(673)	(177)
Draws on line of credit and delayed draw loan	2,000,000	2,443,945
Net cash provided by financing activities	3,233,401	4,877,788
Net Increase (Decrease) in Cash and Cash Equivalents	(600,005)	129,915
Cash and Cash Equivalents, Beginning of Year	5,362,602	5,232,687
Cash and Cash Equivalents, End of Year	$ 4,762,597	$ 5,362,602
Supplemental Cash Flows Information		
Cash paid for interest	$ 1,261,138	$ 1,246,215
Leasehold improvements paid by lessee	-	1,168,684

University of St. Thomas
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Organization

The University of St. Thomas (the University) was founded in 1947 by the Congregation of St. Basil (the Basilian Fathers). The University is incorporated as a Texas nonprofit corporation and is governed by an independent Board of Directors (the Board). A comprehensive university, educating both undergraduate and graduate students, the University enjoys a national reputation for academic excellence and a diverse student body.

Located near the City of Houston's museum district, one of the city's most attractive areas, and minutes from a thriving downtown cultural district, the University offers both undergraduate and graduate degree programs. More than 90 percent of faculty members hold the highest degrees in their disciplines. The students are predominantly Texan; however, many of them come from other states and 59 foreign countries. High acceptance rates for graduate school, law school, and allied health professions and medical school reflect strong academic undergraduate preparation.

UST Realty Company, a wholly owned subsidiary of the University, was formed to acquire commercial real estate property located adjacent to the campus. On February 1, 2007, UST Realty Company purchased two commercial office buildings and a retail center with an associated parking garage, all contiguous to the University's campus. The University leases the office space to commercial tenants. The acquisition was financed through a loan with JPMorgan Chase Bank.

Auxiliary Operations

Auxiliary operations consist primarily of student housing facilities, dining services and other student services.

Basis of Accounting

The consolidated financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The University's resources are reported, for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Net Assets Without Donor Restrictions — Net assets without donor restrictions are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board or may otherwise be limited by contractual agreements with outside parties.

Net Assets with Donor Restrictions — Net assets with donor restrictions are comprised of both assets with donor-imposed stipulations that can be fulfilled by actions of the University, pursuant to those stipulations, or that expire by the passage of time and net assets which are subject to donor-imposed stipulations that they be maintained permanently by the University. Generally, the donors of the latter of these assets permit the University to use all or part of the investment return on these assets. In addition, some donors may require that all of the earnings be added to the corpus until certain stipulations are met. Such assets include the University's permanent endowment funds.

Expenses are generally reported as decreases in net assets without donor restrictions. Expirations of donor-imposed contribution stipulations that simultaneously increase net assets without donor restrictions and decrease net assets with donor restrictions are reported as net assets released from restrictions. Contributions with donor restrictions received and expended during the same fiscal year are recorded as net assets without donor restrictions and expenses in the consolidated statements of activities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The University considers all highly liquid short-term investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents invested for long-term purposes are included in investments.

At June 30, 2019 and 2018, the University's cash accounts exceeded federally insured limits by $7,091,464 and $7,418,443, respectively.

Student Accounts and Other Receivables

Typically, the University's accounts receivable are mainly due from students. However, in 2019, the balance also included receivables from Department of Education for student financial aid, which had not yet been received. Accounts receivable are stated at the amount of consideration from students, of which the University has an unconditional right to receive plus any accrued and unpaid interest, net of an allowance for doubtful accounts. Accounts not paid by the end of the semester are considered past due.

The University determines its allowance based on past due accounts and an estimate of uncollectible active accounts based on prior collection history. The University reserves for accounts and loans receivable when they are considered to be uncollectible, or certain accounts may be fully written off at a later date if deemed by the University to be completely uncollectible.

Notes and loans receivable reflects the University's participation in the Federal Perkins Loan Program. Loans were made to qualified students and may have been re-loaned after collection through September 30, 2017. Uncollected loan receivables are charged off when due diligence efforts by the University have been exhausted and receivables are assigned and accepted by the Department of Education. Pursuant to the Perkins Loan Program Extension Act of 2015, the University may not award new loans after September 30, 2017. The University may continue to participate in the Perkins loan program until it either voluntarily withdraws or no longer meets the eligibility or approved criteria. The University is in the process of liquidating its Perkins Loan portfolio and therefore, no new loans are being made from the fund. Funds collected from existing loans are remitted to the Department of Education as appropriate.

Cash and Investments Restricted for Investment in Land, Building and Equipment

Amounts received from donors for use in capital programs are classified as cash and investments restricted for investment in land, building and equipment in the consolidated statements of financial position.

Cash Restricted Under Debt Covenants

Amounts held on deposit with trustees as collateral for bonds are classified as cash-restricted under debt covenants in the consolidated statements of financial position.

Investments and Net Investment Return

The estimated fair values of investments are based on quoted market prices, except for certain alternative assets for which quoted market prices are not available. The estimated fair values of these alternative assets are based on the most recent valuations provided by external investment managers. The University reviews and evaluates the values provided by external investment managers and agrees such values with the valuation methods and assumptions used to determine those values. Therefore, the University believes the carrying amounts of these financial instruments are reasonable estimates of their fair values. Because alternative assets are not readily marketable, their estimated fair values are subject to uncertainty and, therefore, may differ from the fair values that would have been used had a ready market for such investments existed. Investments in private equity funds are recorded at net asset value (NAV), as a practical expedient and are not categorized within the fair value hierarchy.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The University maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property, Plant and Equipment and Long Lived Assets

The University's policy is to capitalize property, plant and equipment and long-lived asset additions greater than $500 with estimated useful lives greater than two years. Property, plant and equipment are stated at cost at the date of acquisition or fair value at the date of donation, less accumulated depreciation. Plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from five to 50 years. Upon retirement or sale, the University removes the cost of the assets and the related accumulated depreciation from the accounts and reflects any resulting gains or losses in income.

The University evaluates the carrying amounts of its long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. In the event that facts and circumstances indicate that the cost of long-lived assets may be impaired, an evaluation of recoverability would be performed. If an evaluation of impairment is required, the estimated future undiscounted cash flows associated with an asset would be compared to the asset's carrying amount to determine if a write-down to market value or cash flow value is required. There were no impairments in the fiscal years ended June 30, 2019 and 2018.

Deferred Revenue

Revenue from fees for tuition is deferred and recognized over the periods to which the fees relate. Tuition and fees received for summer classes beginning in the subsequent fiscal year are deferred. Deferred revenue consists of amounts received for educational, research or auxiliary goods and services as well as amounts received for rent that have not yet been earned.

Accrued Payroll and Employee Benefits

As of June 30, 2019 and 2018, the University had an obligation related to its employees' rights to receive compensation for the remainder of their contract or future absences. This obligation is attributable to employees' contracts or services already rendered. The liability for compensated absences of $2,601,020 and $2,607,220 as of June 30, 2019 and 2018, respectively, is included in accrued liabilities in the accompanying consolidated statements of financial position.

U.S. Government Grants Refundable

Advances made from government agencies to the University are classified as refundable advances.

Concentrations of Credit Risk

The University is subject to concentrations of credit risk related primarily to cash, marketable securities and receivables. The University's cash deposits are held in major financial institutions. Marketable securities consist primarily of corporate stocks, which could subject the University to losses in the event of a general downturn in the stock market. The University has reduced its risk related to common stock through diversification into investments in a variety of industries. The University's receivables from students are monitored for potential losses, and an allowance for doubtful accounts is established based on the age of unpaid accounts and the University's experience. Pledges receivable represent unconditional promises to give and are monitored by the University for potential losses.

Contributions

Contributions received, including unconditional promises to give (pledges), are recorded as revenues in the period received at their discounted present values and are amortized into income on an effective yield basis. Pursuant to institutional policy, the University records all pledges greater than $10,000.

Collections

All collections of works of art, historical treasures and similar assets are capitalized. Items added to the collections are capitalized at costs if purchased, or at estimated fair value on the acquisition date if donated. Collection items sold or removed are reported as gains or losses with or without donor restrictions depending on donor stipulations, if any, placed on the items at the time of acquisition.

Grants, Gifts and Donations

Government grants and private gifts and donations include amounts received in the *With Donor Restrictions* and *Without Donor Restrictions* net asset categories as appropriate considering the nature of the respective grant and gift instruments. Upon expiration of the restrictions, the applicable gift and grant revenue is released from the *With Donor Restrictions* net asset category and transferred to the *Without Donor Restrictions* category.

Functional Allocation of Expenses

The statement of functional expenses present the natural classification detail of expenses by function. Costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to program and supporting activities based upon the square footage of utilized facilities. Interest costs are allocated to program and supporting activities based upon the use of the funds borrowed.

Transfers Between Fair Value Hierarchy Levels

The University's policy is to record transfers between Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) at the end of the fiscal year. No such transfers were noted for the fiscal years ended June 30, 2019 and 2018.

Operating Measure

The operating activities of the University include all current income and expenses, including gifts and donations with and without donor restrictions.. Non-operating activities reflect gifts and donations of a permanent nature to be used by the University to generate a return that will support operations and the release of donor restrictions on net assets to be used for long-term purposes, as well as certain non-cash items which are not indicative of the University's operational performance.

Risks and Uncertainties

Investment securities are exposed to various market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in net values of investment securities will occur in the near term and that such changes could materially affect the amounts recorded in the consolidated statements of financial position.

Tax Status

The University and UST Realty Company have received determination letters from the Internal Revenue Service of exemption from federal income tax under Section 501 (c)(3) of the Internal Revenue Code (IRC), and accordingly, no provision has been made for such taxes. Accounting standards generally accepted in the United States of America require that the University recognize the financial effects of a tax position in its consolidated financial statements, if that tax position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the tax position. Tax positions taken related to the University's tax-exempt status, the taxable income of unrelated business activities, and the deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken by the University would more likely than not be sustained upon examination by taxing authorities. Accordingly, the University has not recorded an income tax liability for uncertain tax benefits.

Note 2: Change in Accounting Principle

Revenue Recognition

On July 1, 2018, the University adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) using a modified retrospective method of adoption to all uncompleted contracts with customers at July 01, 2018.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to students in amounts that reflect the consideration to which the University expects to be entitled in exchange for those goods or services.

The amount to which the University expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

The adoption has no impact on the overall change in net assets or net cash provided by operating activities. There was no impact on the June 30, 2019, consolidated financial statements.

Contributions

On July 1, 2018, the University adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The adoption has no impact on the overall change in net assets or net cash provided by operating activities. There was no impact on the June 30, 2019, consolidated financial statements.

Note 3: Pledges Receivable, Net

Pledges receivable consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Less than one year	$ 2,603,804	$ 1,467,592
Between one and five years	4,466,666	8,251,724
More than five years	280,000	280,000
Gross pledges receivable	7,350,470	9,999,316
Less present value discount	(309,581)	(471,487)
Pledges receivable, net	$ 7,040,889	$ 9,527,829

Net pledges receivable as of June 30, 2019 and 2018, included pledges with the following restrictions:

	2019	2018
Gifts to the capital campaign for construction of plant	$ 6,197,931	$ 8,193,518
Gifts restricted for unbudgeted activities	608,388	1,082,755
Gifts to endowment for general and scholarship purposes	234,570	251,556
Total	$ 7,040,889	$ 9,527,829

Discount rates ranged from 1.47 percent to 3.18 percent for 2019 and 2018, respectively. No allowance has been recorded based on the University determination that all pledges are deemed collectible.

Note 4: Property, Plant and Equipment, Net

Property, plant and equipment as of June 30, 2019 and 2018, consisted of the following:

	2019	2018
Buildings and improvements	$ 149,353,755	$ 146,559,471
Machinery and equipment	26,012,035	25,289,985
Furniture and fixtures	2,237,463	2,075,404
Library books	13,513,364	13,411,376
Software	3,667,880	3,667,880
Total property, plant and equipment	194,784,497	191,004,116
Less accumulated depreciation	(96,838,066)	(91,003,231)
Net depreciable plant and equipment	97,946,431	100,000,885
Construction in progress	418,329	399,174
Land	23,522,963	23,522,963
Property, plant and equipment, net	$ 121,887,723	$ 123,923,022

Note 5: Bonds and Loans Payable, Net

Bonds and loans payable as of June 30, 2019 and 2018, consisted of the following:

	2019	2018
Wallis Higher Education Facilities Corporation revenue and refunding bonds, interest rates ranging from 3.59% to 6.12%, annual principal payments ranging from $575,000 to $750,000 with interest due semiannually, collateralized by revenues. This loan was refinanced by a new loan from the Scanlan Foundation.	$ -	$ 2,635,000
Building bonds bearing interest at 3%, annual principal payments ranging from $41,000 to $42,000 with interest due semiannually, maturity dates from 2018 to 2019, collateralized by first mortgages on buildings, first liens on net revenues from operation of the buildings, marketable securities and cash on deposit with trustees.	40,755	83,000

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		2019		2018
Trinity Higher Educational Facilities Corporation Revenue Refunding Bonds, interest rates ranging from 2.25% to 5.00%, annual principal payments ranging from $600,000 to $1,920,000 with interest due semiannually, maturity dates from 2018 through 2027, collateralized by revenues. Unamortized debt issuance costs were $196,548 and $213,891 at June 30, 2019 and 2018, respectively.	$	12,270,000	$	12,870,000
JPMorgan Chase Bank, N.A. real estate loan, UST Realty Company, balance due on June 6, 2022, quarterly interest equal to the higher of Prime or at one month adjusted LIBOR (4.90% at June 30, 2019, and 4.00% at June 30,2018, respectively) and principal payments of $154,860, collateralized by property.		7,228,257		7,550,631
Northern Trust Bank loan, monthly interest and principal payment of $9,079, with interest at one month adjusted LIBOR (4.40% at June 30, 2019 and 3.75% at June 30, 2018, respectively), final payment on May 5, 2028, of all principal and accrued interest not yet paid, collateralized by property.		689,369		732,177
BB&T delayed drawn term loan not to exceed $18,000,000 to finance a portion of the costs of the Center for Science and Health Professionals Building. The loan is secured by a checking account and two letters of credit. Interest is payable at monthly adjusted LIBOR (3.65% at June 30, 2019 and 3.25% at June 30, 2018, respectively) until the principal is paid in full, principal payments equal to 80% of capital campaign contributions as defined in the loan agreement are payable annually beginning March 1, 2018 and through March 1, 2021 when the loan matures.		5,992,009		8,693,591
Scanlan Foundation Loan 5.5% fixed interest with maturity in seven years on April 1, 2026. Semi-annual principal and interest payments. Annual principal payments ranging from $361,725 to $501,463 and interest payments ranging from $160,532 to $20,798, collateralized by general revenues.		3,000,000		-
Subtotal		29,220,390		32,564,399
Less unamortized debt issuance costs		(220,856)		(249,137)
Premium on issuance of Trinity Higher Educational Facilities Corporation Revenue Refunding Bonds		552,024		618,937
Total	$	29,551,558	$	32,934,199

Total interest expense incurred on bonds and loans payable for the years ended June 30, 2019 and 2018, was $1,261,138 and $1,254,750, respectively.

Future principal maturities of bonds and loans payable as of June 30, 2019, were as follows:

2020	$	1,499,242
2021		7,517,872
2022		7,740,487
2023		1,521,779
2024		1,521,779
Thereafter		9,419,231
Total	$	29,220,390

Note 6: Note Payable to Bank

During 2018, the University entered into a $2,000,000 revolving bank line-of-credit agreement which was extended in 2019 and expires on March 31, 2020. At June 30, 2019 and 2018, there was $2,000,000 and $0, respectively, borrowed against this line of credit.

The line of credit is collateralized by the general revenues of the University. Interest on the line of credit is the adjusted one-month LIBOR (4.15 percent at June 30, 2019), and is payable quarterly.

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2019 and 2018, are restricted for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose:		
Cash restricted for operating activities	$ 6,000,623	$ 4,683,157
Pledges restricted for operating activities	1,002,594	1,093,027
Restricted for investment in land, building and equipment	8,353,202	10,797,476
Total subject to expenditure for specified purpose	15,356,419	16,573,660
Endowments:		
Endowment earnings in excess of original endowment donations	25,196,010	23,419,321
Original endowment donations	79,941,321	77,873,409
Total endowments	105,137,331	101,292,730
Total net assets with donor restrictions	$ 120,493,750	$ 117,866,390

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	2019	2018
Satisfaction or purpose restrictions		
Capital expenditures	$ 2,504,884	$ 4,256,819
Educational programs	371,671	405,552
Financial aid	858,764	1,060,840
	$ 3,735,319	$ 5,723,211

Note 8: Endowment

The University's endowment consists of approximately 280 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (Board-designated endowment funds). As required by GAAP, net assets associated with endowment funds, including Board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board interprets the Texas Prudent Management of Institutional Funds Act (TPMIFA) as requiring the preservation of the fair value of original gifts as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The University has interpreted TPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

In accordance with TPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.

2. The purposes of the organization and the donor-restricted endowment fund.

3. General economic conditions.

4. The possible effects of inflation and deflation.

5. The expected total return from income and appreciation of investments.

6. Other resources of the organization.

7. The investment policy of the University.

The composition of net assets by type of endowment fund at June 30, 2019 and 2018, was as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,451,995	$ -	$ 1,451,995
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	79,941,321	79,941,321
Endowment earnings in excess of original endowment donations	-	25,196,010	25,196,010
Total endowment funds	$ 1,451,995	$ 105,137,331	$ 106,589,326

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,075,934	$ -	$ 1,075,934
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	77,873,409	77,873,409
Endowment earnings in excess of original endowment donations	-	23,419,321	23,419,321
Total endowment funds	$ 1,075,934	$ 101,292,730	$ 102,368,664

Changes in endowment net assets for the fiscal years ended June 30, 2019 and 2018, were as follows.

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	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	$ 1,075,934	$ 101,292,730	$ 102,368,664
Investment return:			
Investment income	3,439	323,726	327,165
Net gains (realized and unrealized)	67,552	6,767,772	6,835,324
Total investment return	70,991	7,091,498	7,162,489
Discretionary reinvestment of earnings	305,070	(305,070)	-
Contributions and grants	-	2,056,634	2,056,634
	305,070	1,751,564	2,056,634
Appropriation of endowment assets for expenditure	-	(4,998,461)	(4,998,461)
Endowment net assets, June 30, 2019	$ 1,451,995	$ 105,137,331	$ 106,589,326

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2017	$ 755,459	$ 92,559,387	$ 93,314,846
Investment return:			
Investment income	5,960	730,180	736,140
Net gains (realized and unrealized)	82,226	9,074,372	9,156,598
Total investment return	88,186	9,804,552	9,892,738
Discretionary reinvestment of earnings	232,289	(232,289)	-
Contributions and grants	-	2,765,187	2,765,187
	232,289	2,532,898	2,765,187
Appropriation of endowment assets for expenditure	-	(3,604,107)	(3,604,107)
Endowment net assets, June 30, 2018	$ 1,075,934	$ 101,292,730	$ 102,368,664

As of June 30, 2019 and 2018, approximately 44 percent and 45 percent of endowment assets, respectively, are restricted for student scholarships while the remaining 56 percent and 55 percent is restricted for general educational and University operations, respectively.

From time to time, the fair values of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TPMIFA requires the University to retain as a fund of perpetual duration.

At June 30, 2019 and 2018, funds with original gift values of $690,948 and $267,435, fair values of $683,618 and $262,953, and deficiencies of $7,330 and $4,482, respectively, were reported in net assets with donor restrictions.

These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs and scholarships 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 the University must hold in perpetuity, as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that equal or exceed a real rate of return of 5.0 percent, plus inflation (the Consumer Price Index [CPI]) over a 10-year period). Performance goals are based upon a long-term investment horizon; therefore, interim variations should be expected.

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

Endowment income, including realized and unrealized gains or losses on investments, is recognized in the appropriate net asset category according to the existence or absence of donor-imposed restrictions. Endowment funds, which consist primarily of marketable securities, are pooled for investment management purposes. Income from investments is allocated to each endowment based upon the relative market value and type of endowment. The endowment spending policy provides for an endowment income distribution equal to 5 percent based on a prior fiscal year's prior 12-quarter moving average of the endowment assets, excluding pledges receivable. In establishing the spending policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 5.0 percent, plus inflation (CPI) annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

In 2019, the University's Board of Directors approved a special additional draw from certain endowment funds totaling approximately $1,054,000. This draw was made to provide additional funding to support the University's strategies, objectives and mission in a manner consistent with the funds restrictions.

The revenues from applying this endowment spending rate policy are recorded in the operating revenue section in the consolidated statements of activities. Any difference between actual total endowment return, including realized and unrealized gains and losses, and the endowment spending rate is recorded in the nonoperating section of the consolidated statements of activities.

Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018, are comprised of the following:

	2019	2018
Total financial assets (cash, receivables and investments)	$ 123,098,610	$ 117,979,067
Less donor-imposed restrictions:		
Restricted funds	2,155,271	2,603,958
Endowments	105,137,331	101,292,730
Less cash restricted under debt covenants	64,788	64,115
Net financial assets after donor-imposed restrictions	15,741,220	14,018,264
Less internal designations:		
Line of credit to be repaid	2,000,000	-
Reserve funds	2,886,702	4,798,581
Gift annuities	694,644	677,381
Quasi-endowments	1,451,995	1,075,934
	7,033,341	6,551,896
Financial assets available to meet cash needs for general expenditures within one year	$ 8,707,879	$ 7,466,368

The University receives significant contributions restricted by donors and considers contributions restricted for programs, which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2019 and 2018, restricted net assets of $6,000,623 and $4,683,157, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

The University's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of $1,451,995 and $1,075,934 as of June 30, 2019 and 2018, respectively, is subject to an annual spending rate of 5 percent as described in Note 8. Although the University does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. To help manage unanticipated liquidity needs, the University has committed a line of credit in the amount of $2,000,000, which it could draw upon. This line of credit is further described in Note 6.

Note 10: Revenue from Contracts with Students

Tuition, Residential Services and Meal Plan Services Revenue

Revenue from contracts with students for tuition, residential services and meal plan services is reported at the amount that reflects the consideration to which the University expects to be entitled in exchange for providing instruction and housing, food and other services. These amounts are due from students, third-party payers and others and are net of scholarships and institutional aid of $27,013,662 and $23,152,547 for the years ended June 30, 2019 and 2018, respectively.

Revenue is recognized as performance obligations are satisfied, which is ratably over the academic term. Generally, the University bills students prior to the beginning of the semester, and student accounts receivable are due in full before classes begin.

If a student withdraws within dates as published on the University's website they are entitled to a refund ranging from 25 percent to a full refund depending on the date of withdrawal. The University determines the refund liability at year-end based on actual experience subsequent to year-end.

Tuition, residential services and meal plan services revenue are considered to be separate performance obligations. The University allocates the fees charged to students to tuition and housing, food and other services based on standalone charges to students for tuition and those services.

Transaction Price and Recognition

The University determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the University's policies for granting certain merit based aid. The University determines its estimates of explicit price concessions based on its discount policies and merit awards.

From time to time, the University will incur student credit balances and student deposits which represent the excess of tuition and fees and other student payments received as compared to amounts recognized as revenue. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2019 and 2018, the University has a liability for student credit balances recorded in accrued liabilities of approximately $236,000 and $329,000, respectively.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Because all of its performance obligations relate to contracts with a duration of less than one year, the University has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to providing instruction to students. The performance obligations for these contracts are generally completed when the academic term is completed.

Disaggregation of Revenue

The composition of net student fees revenue by segment for the years ended June 30, 2019 and 2018, is as follows:

	2019	2018
Net tuition and fees	$ 39,948,745	$ 41,296,260
Housing	2,060,128	1,983,886
Meal plan	1,172,456	1,286,064
Total	$ 43,181,329	$ 44,566,210

Revenue is recognized as performance obligations are satisfied.

Note 11: Retirement Benefits

The University has a defined contribution plan, which is available to all eligible employees as defined by the plan document. Employees may contribute up to the IRC's current maximum annual contribution limit of $19,000, plus up to an additional $6,000 annual contribution, if they are eligible for the IRC's catch-up contribution. The University makes a 100 percent matching contribution of up to 6 percent of eligible annual compensation for employees with at least 1,000 hours of continuous service with the University. The University's contribution expense for fiscal years 2019 and 2018 was $1,204,092 and $1,161,551, respectively.

Note 12: Commitments and Contingencies

The University is subject to the oversight of the U.S. Department of Education related to student financial aid and other agencies related to grant programs. Management believes that the University is in substantial compliance with the terms of these programs, and findings, if any, resulting from such oversight, would not have a material adverse impact on the University's consolidated financial statements.

Note 13: Significant Estimates and Concentrations

GAAP require disclosure of certain significant estimates and current vulnerabilities, due to certain concentrations. Those matters include the following:

Gifts and Donations

Five donors were responsible for approximately 44 percent of gifts and donations revenues for the year ended June 30, 2019. Two donors were responsible for approximately 33 percent of gifts and donations revenues for the year ended June 30, 2018.

Pledges Receivable

Three donors were responsible for approximately 67 percent and 68 percent of all pledges receivable as of June 30, 2019 and 2018, respectively. The pledges were made as part of the University's capital campaign during each respective year.

General Litigation

The University is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the University. Events could occur that would change this estimate materially in the near term.

Note 14: Investments and Disclosures About Fair Value of Assets and Liabilities

Financial accounting standards require disclosure of fair value information about financial instruments for which it is practical to estimate fair value. As of June 30, 2019 and 2018, management estimates that (i) the carrying amounts of cash and cash equivalents; cash restricted under debt covenants; cash restricted for investment in land, building and equipment; student accounts and other receivables; prepayments; accounts payable; accrued liabilities; deferred revenue; and U.S. Government grants refundable approximate fair values because of the short maturity of these instruments; (ii) the fair values of the University's investments in marketable securities are based upon the quoted market price on the last business day of the fiscal year; (iii) the fair values of the University's alternative investments are based on values provided by the managers of the funds; and (iv) based on borrowing rates currently available with similar terms and average maturities, bonds and loans payable with a carrying values of $29,551,558 and $32,934,199 have fair values of approximately $29,613,070 and $32,806,921 as of June 30, 2019 and 2018, respectively.

The University currently records long-term investments at fair value. Accounting standards establish a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the University's assumptions (unobservable inputs). Determining the level at which an asset or liability falls within the fair value hierarchy requires significant judgment and is based on the lowest-level input that is significant to the fair value measurement as a whole. The fair value hierarchy consists of three broad levels, as follows, with Level 1 being the most observable.

Level 1 Quoted prices (unadjusted) in active markets for identical assets that the University can access at the measurement date.

Level 2 Observable inputs other than quoted prices included in Level 1.

Level 3 Unobservable inputs.

Information about the University's long-term investments that are measured at fair value as of June 30, 2019, and the level within the fair value hierarchy of the valuation techniques utilized to determine such fair values, is as follows:

	Total	Level 1	Level 2	Level 3	Investments Measured at NAV
Cash equivalents	$ 2,886,702	$ 2,886,702	$ -	$ -	$ -
Equity securities:					
U.S. securities	8,502,566	8,502,566	-	-	-
Multi-asset fund	18,148,921	-	18,148,921	-	-
Alternative investments:					
Private equity	6,229,119	-	-	-	6,229,119
Investment partnership	73,013,477	-	-	73,013,477	-
Total	$ 108,780,785	$ 11,389,268	$ 18,148,921	$ 73,013,477	$ 6,229,119

(A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Information about the University's long-term investments that are measured at fair value as of June 30, 2018, and the level within the fair value hierarchy of the valuation techniques utilized to determine such fair values, is as follows:

	Total	Level 1	Level 2	Level 3	Investments Measured at NAV
Cash equivalents	$ 4,798,581	$ 4,798,581	$ -	$ -	$ -
Equity securities:					
U.S. securities	7,633,046	7,633,046	-	-	-
Multi-asset fund	17,697,886	-	17,697,886	-	-
Alternative investments:					
Private equity	6,424,570	-	-	-	6,424,570
Investment partnership	70,516,975	-	-	70,516,975	-
Total	$ 107,071,058	$ 12,431,627	$ 17,697,886	$ 70,516,975	$ 6,424,570

(A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2019. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Cash Equivalents, Equity Securities and Multi-asset Fund Securities

The estimated fair values of investment securities classified as equity and fixed-income securities are included in Level 1 and Level 2 of the fair value hierarchy and are based upon quoted market prices utilizing public information for the same transactions or information provided through third-party advisers.

Alternative Investments

The estimated fair values of investment securities classified as hedge funds and private equity partnerships are included in Level 3 of the fair value hierarchy. TIFF Endowment Asset Management, LLC (TEAM) values all restricted securities for which quotations are not readily available at fair value for the investment classified as investment partnership.

Investments in certain entities measured at fair value using the NAV per share as a practical expedient consist of the following:

	2019				
	Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	(a)	$ 6,229,119	$ 2,224,735	N/A	N/A

	2018				
	Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	(a)	$ 6,424,570	$ 3,175,619	N/A	N/A

(a) This category invests in a diversified group of pooled investment vehicles, commonly referred to as private equity funds that include investments in buyout funds, venture capital funds, real estate funds and diversified debt funds. The objective of these funds is to earn in excess of the public equity markets over a long-term (10-15 years) horizon. Due to the nature of investments in this category, distributions are received through liquidation of the underlying assets and would be liquidated over five to 15 years. The funds may invest in investment vehicles domiciled both within and outside of the United States.

Unobservable (Level 3) Inputs

Level III investments consist entirely of the investments in TIFF's Keystone Fund. This partnership makes investments in various other funds run by independent asset managers. Each of these funds has its own valuation methodology using different inputs depending upon the nature of the fund's assets. TIFF's valuation practices are as follows:

- Alternative and private investment funds: valued at fair value, as determined by "Fair Value Measurements of Investments in Certain Entities that Calculate NAV Per Share (or its equivalent)," pursuant to ASC 820. Valuation of interests in underlying investment funds is based on an amount equal to the Partnership's pro-rata interest in the net assets, which are at fair value, as reported by the management of the investment fund, adjusted for management and incentive fees, if any.
- Marketable securities listed on one of the national securities exchanges: last sale price on the valuation date or, if no sale was recorded, last bid price.
- Marketable securities traded in the over-the-counter market: closing bid price on the valuation date.

Unobservable inputs are used in the valuation of TIFF assets to the extent that relevant observable inputs are not available, and consist of TIFF's own assumptions about assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available. These inputs may also include the NAV per share or its equivalent for investments in alternative investment funds and private investment funds for which the NAV per share or its equivalent is not eligible to be used as a practical expedient for fair value.

Additional information about assets that have been measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of June 30, 2019 and 2018, is as follows:

	2019	2018
Beginning balance	$ 70,516,975	$ 63,173,499
Gains realized/unrealized	5,888,666	8,313,615
Distributions	(3,392,164)	(3,670,906)
Purchases	-	2,700,767
Ending Balance	$ 73,013,477	$ 70,516,975

Investment returns including dividends, interest, realized and unrealized gains were reported as increases or decreases in net assets with donor restrictions, while distributions from the endowment for operations were reported as increases or decreases in net assets without donor restrictions. Investment returns were reported net of custodial and investment advisory fees of approximately $485,000 and $451,000 for the years ended June 30, 2019 and 2018, respectively.

Accounting standards permit entities to choose to measure financial instruments and other items at fair value that are not currently required to be measured at fair value. The University elected not to value any additional investments or other financial assets or liabilities at fair value. Accordingly, there is no impact on the consolidated financial statements resulting from this standard.

Note 15: Realty Operating Leases

Future minimum rental receipts due under operating leases that have initial or remaining noncancelable lease terms after June 30, 2019, are as follows:

Years Ending June 30,		
2020	$	3,245,306
2021		2,803,368
2022		1,987,779
2023		399,786
2024		15,740
Total minimum lease receipts	$	8,451,979

During 2018, the University performed improvements to its rental facilities, whereby the University and the lessee jointly funded the improvements. Upon completion of the improvements, the University was determined to own all improvements, and recognized deferred revenue of approximately $1,168,000 for the portion of improvements funded by the tenant. The deferred revenue will be recognized over the remaining lease term. The unamortized deferred revenue was $776,340 and $1,110,250 as of June 30, 2019 and 2018, respectively.

Note 16: Asset Retirement Obligation

As of June 30, 2019 and 2018, the University has an asset retirement obligation (ARO) related to asbestos remediation in accordance with state regulations. Financial Accounting Standards Board Accounting Standards Codification 410-20, Asset Retirement Obligations, requires a liability for an ARO to be recorded at fair value if a reasonable estimate of fair value can be made. The University's practice is to remediate asbestos containing materials whenever a renovation, remodel, repair or demolition has an impact on specific asbestos containing materials. A liability has not been recognized in the accompanying consolidated financial statements because the range of time over which the University may liquidate the obligation is unknown and cannot be reasonably estimated. The University continually evaluates the facts and circumstances surrounding the ARO and will recognize a liability when sufficient information is available to reasonably estimate fair value.

Note 17: Subsequent Events

The University has evaluated subsequent events through October 28, 2019, which is the date the consolidated financial statements were issued.

Note 18: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the consolidated statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2018, and any interim periods within annual reporting periods that begin after December 15, 2020. The University is evaluating the effect the standard will have on the consolidated financial statements.

APPENDIX C

FORM OF INDENTURE

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UNIVERSITY OF ST. THOMAS

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

INDENTURE

Dated as of February 1, 2020

UNIVERSITY OF ST. THOMAS TAXABLE BONDS, SERIES 2020

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INDENTURE

THIS INDENTURE, dated as of February 1, 2020, by and between the **UNIVERSITY OF ST. THOMAS** (as hereinafter in Section 1.01 further defined, the "University") and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, with a corporate trust office in Houston, Texas, being qualified to accept and administer the trusts hereby created (as hereinafter in Section 1.01 further defined, the "Trustee"),

WITNESSETH:

WHEREAS, for its lawful purposes, the University is authorized to (i) fund a general reserve fund of the University to finance the acquisition, purchase, construction, renovation, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations or other facilities; (ii) refund all or a portion of the University's outstanding debt, and (iii) finance the renovation and equipping of University facilities, and to issue its bonds for the purpose of carrying out any of its powers; and

WHEREAS, the Trustee agrees to accept and administer the trusts created hereby.

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE FURTHER WITNESSETH: That the University in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds (as defined herein) by the Holders (as defined herein) thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all Persons (as defined herein) who shall from time to time be or become Holders thereof, and in order to secure the payment of all of the Bonds at any time issued and Outstanding (as defined herein) hereunder and the interest thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all of the covenants and conditions therein and herein contained, the University has executed this Indenture and does hereby grant a security interest in, release, assign, transfer, pledge and grant and convey unto the Trustee and its successors and assigns forever the following described property:

(A) Amounts on deposit from time to time in the Debt Service Fund (as defined below) and any accounts created pursuant thereto, including the earnings thereon, subject to the provisions of this Indenture permitting the application thereof for the purposes, and on the terms and conditions set forth herein.

(B) Any and all other real or personal property of any kind from time to time hereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Bonds, by the University, in its sole and absolute discretion, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all said properties pledged, assigned and conveyed by the University hereunder, including all additional property which by the terms hereof has or may become subject to the encumbrance hereof (said properties herein referred to as the "Trust Estate"), unto the Trustee and its successors in trust and its assigns forever, subject, however, to permitted encumbrances and to the rights reserved hereunder.

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of the Bonds issued, authenticated, delivered and Outstanding hereunder, without preference, priority or distinction as to lien or otherwise of any of said Bonds over any other or others of said Bonds to the end that each Holder of such Bonds has the same rights, privileges and lien under and by virtue hereof; and conditioned, however, that if the University shall well and truly pay or cause to be paid fully and promptly when due all liabilities, obligations and sums at any time secured hereby, and shall promptly, faithfully and strictly keep, perform or observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event, this Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereafter set forth.

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any Indenture Supplemental Hereto or amendment supplemental thereto, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"**Beneficial Owner**" means, with respect to any Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for the Bonds.

"**Bondholder**" or "**Holder**" means, with respect to any Bond, the Person in whose name such Bond is registered.

"**Bonds**" means the University of St. Thomas Taxable Bonds, Series 2020, issued and Outstanding hereunder.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in the city in which the Principal Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed.

"**Certificate of the University**" or "**Request of the University**" mean, respectively, a written certificate or request of the University executed by Dr. Richard L. Ludwick, President; Spencer Conroy, Vice President of Finance and Business Affairs; or Gita P. Bolt, Chief Legal Counsel or such other Person, acting singly, as may be designated by any of such officials to sign for the University.

"**Closing Date**" means February 3, 2020.

"**Code**" means the Internal Revenue Code of 1986, as amended, or any successor code or law, and any regulations in effect or promulgated thereunder.

"**Continuing Disclosure Undertaking**" has the meaning ascribed to such term in Section 6.06 of this Indenture.

"**Debt Service Fund**" means the fund by that name established pursuant to Section 5.01 of this Indenture.

"**Depository**" means DTC, or any other depository selected as set forth in Section 2.09 hereof that agrees to follow the procedures required to be followed by such depository in connection with the Bonds.

"**DTC**" means The Depository Trust Company and its successors and assigns.

"**DTC Participants**" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

"**EMMA**" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system or any successor thereof.

"**Event of Default**" as used with respect to this Indenture has the meaning specified in Section 7.01 hereof.

"**Fiscal Year**" means the period beginning July 1 of each year and ending on the next succeeding June 30 or any other twelve month period hereafter selected and designated by the University as the Fiscal Year of the University.

"**Indenture**" means this indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"**Information Services**" means any service providing information with respect to called bonds that the University may designate in writing to the Trustee.

"**Interest Payment Date**" means April 1 and October 1 of each year, commencing April 1, 2020.

"**Investment Securities**" means any of the following obligations as and to the extent that such obligations are at the time legal investments for moneys held hereunder and then proposed to be invested (the Trustee is entitled to rely upon any investment direction from the University as a certification that such investment constitutes an Investment Security):

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Investment Securities only if they have been stripped by the agency itself): U.S. Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration (certificates of beneficial ownership), Federal Financing Bank, General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), U.S. Department of Housing and Urban Development (project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, U.S. public housing notes and bonds-U.S. government guaranteed public housing notes and bonds), Government National Mortgage Association (GNMA-guaranteed mortgage-backed bonds, GNMA-guaranteed pass-through obligations), and Federal Housing Administration Debentures;

(3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Investment Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System (Senior debt obligations), Federal Home Loan Mortgage Corporation ("FHLMC") (Participation Certificates, Senior debt obligations), Federal National Mortgage Association ("FNMA") (Mortgage-backed securities and senior debt obligations), Student Loan Marketing Association (Senior debt obligations), Resolution Funding Corp. (obligations) or Farm Credit System (Consolidated system wide bonds and notes);

(4) bonds or notes issued by any state or municipality which are rated by S&P and Moody's in one of the two highest rating categories assigned by such agencies;

(5) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank, which, in either case, is rated "A" or better by S&P and Moody's, provided that (a) the term of such repurchase agreement is not greater than 90 days, (b) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (c) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 102% (or, if the collateral consists of obligations of FHLMC or FNMA, 103%) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest, (d) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately, unless the repurchase agreement is immediately assigned to another counterparty who provides the required levels and type of collateral, (e) the repurchase agreement is collateralized by obligations described in (1), (2), or (3), above; and (f) the repurchase securities are free and clear of any third-party lien or claim;

(6) Unsecured Investment Agreements from banks, registered broker/dealers, or other financial institutions, who have a long-term debt rating, or whose parent has a long-term debt rating, without regard to qualifier, in the three highest rating categories by a major rating service without regard to modifier; provided, however, that, in the event the provider of the Agreement is downgraded to below the "A" category by all the rating

services, the provider must within 14 Business Days from the downgrade either (a) collateralize the Agreement as outlined in (vi) below (repo collateral language), (b) obtain a guaranty from a financial institution whose rating is at least "A" by a major rating agency, or (c) assign the Agreement to a financial institution whose rating is at least "A" by a major rating agency;

(7) Forward purchase agreements by financial institutions that have a long-term debt rating, or whose parent has a long-term debt rating, of not less than A by a major rating agency. Securities eligible for delivery under the agreement include only those described in (1), (2), (3), or (4) above. Any forward purchase agreement must be accompanied by a bankruptcy opinion that the securities delivered will not be considered a part of the bankruptcy estate in the event of a declaration of bankruptcy or insolvency by the provider;

(8) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2;

(9) certificates of deposit secured at all times by collateral described in (1) and/or (2) above or collateral that may be used by a national bank for purpose of satisfying its obligations to collateralize pursuant to federal law, issued by commercial banks, savings and loan associations or mutual savings banks;

(10) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(11) unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers' acceptances of any bank (including those of the Trustee, its parent and its affiliates) the short-term obligations of which are rated on the date of purchase "A-1+" or better by S&P and "P-1" or better by Moody's;

(12) commercial paper rated, at the time of purchase, "Prime-1" or better by Moody's and "A-l" or better by S&P;

(13) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-l" or "A" or better by S&P;

(14) shares in a Texas common law trust established pursuant to 1 Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended;

(15) obligations of a bank or other financial institution rated at least "Aa3" by one or more Rating Agency; and

(16) any other investments for which each Rating Agency then rating the Bonds confirms that such investment will not adversely affect its ratings of the Bonds.

Notwithstanding the foregoing, no investments will be made so as to cause a downgrading of any ratings assigned to the Bonds.

"**Nominee**" has the meaning ascribed to such term in Section 2.02(b) of this Indenture.

"**Opinion of Counsel**" means a written opinion of counsel (which may be counsel for the University) acceptable to the Trustee and the University. If and to the extent required by the provisions of Section 1.02 of this Indenture, each Opinion of Counsel shall include the statements provided for in Section 1.02 of this Indenture.

"**Optional Redemption Account**" means the account by that name within the Debt Service Fund established pursuant to Section 5.01(c)(3) of this Indenture.

"**Outstanding,**" when used as of any particular time with reference to the Bonds, means (subject to the provisions of Section 11.09 hereof) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except, (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the University shall have been discharged in accordance with Section 10.02 of this Indenture; and (c) Bonds for the transfer or exchange of which, or in lieu of or in substitution for which, other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

"**Person**" means an individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

"**Principal Corporate Trust Office**" means the corporate trust office of the Trustee with respect to the administration of this Indenture, which at the date of execution of this Indenture is that specified in Section 11.06 of this Indenture, provided, however, that for transfer, registration, exchange, payment and surrender of Bonds such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency or operations business shall be conducted, or such other office designated by the Trustee from time to time.

"**Principal Payment Date**" means, with respect to any Bond, any date on which the principal of such Bond becomes due, whether at maturity, call for redemption or acceleration.

"**Proceeds Fund**" means the fund by that name established pursuant to Section 3.03 hereof.

"**Purchase Contract**" means the Purchase Contract, dated January 23, 2020, between JP Morgan Securities LLC, as underwriter, and the University, delivered in connection with the sale of the Bonds.

"**Rating Agency**" means a nationally recognized rating service for securities like the Bonds, including specifically Fitch Ratings, Moody's Investors Service, Inc., and S&P Global

Ratings, if they are then providing or maintaining a rating on the Bonds at the request of the University.

"**Record Date**" means, with respect to any Interest Payment Date for the Bonds, the fifteenth day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"**Request of the University**"' has the meaning specified under the definition herein of "**Certificate of the University**" or "**Request of the University.**"

"**Responsible Officer**" of the Trustee means and includes every vice president, every assistant vice president, every trust officer and every officer and assistant officer of the Trustee, other than those specifically above mentioned, with regular responsibility for the administration of matters related to this Indenture.

"**Securities Depositories**" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attention: Call Notification Department, Fax (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as the University may designate to the Trustee in writing.

"**Special Record Date**" means the date established by the Trustee pursuant to Section 2.02(c) of this Indenture as a record date for the payment of defaulted interest on Bonds.

"**State**" means the State of Texas.

"**Stated Maturity Date**" means the maturity date as set forth on the Bond.

"**Supplemental Indenture**" or "**Indenture Supplemental Hereto**" means any indenture amending or supplementing this Indenture hereafter duly authorized and entered into between the University and the Trustee in accordance with the provisions of this Indenture.

"**Trust Estate**" has the meaning assigned to such term in the habendum clause of the Granting Clauses.

"**Trustee**" means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or its successor as Trustee as provided hereunder.

"**University**" means University of St. Thomas, a Texas nonprofit corporation, and its successors and assigns.

Section 1.02 Content of Certificates and Opinions. Every certificate (other than the certificate provided for in Sections 2.10 and 11.04 hereof) or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the Person or Persons making or giving such certificate or opinion have read such condition or covenant and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such condition or covenant has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the University may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such member or officer knows that the certificate or opinion or representations with respect to the matters upon which such certificate or opinion is based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the University) upon the certificate or opinion of or representations by an officer of the University, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which the opinion of such counsel may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous.

Any determination of the Trustee given in accordance with Article IX (regarding amendment of the Indenture) may be based solely on the written representation of a financial consultant or advisor, or the Opinion of Counsel or advice of counsel, selected by such party and not objected to by the other such party.

ARTICLE II

THE BONDS

Section 2.01 Authorization of Bonds. The Bonds are designated generally as the "University of St. Thomas Taxable Bonds, Series 2020." The aggregate principal amount of Bonds which may be issued and Outstanding under this Indenture shall not exceed $40,000,000, exclusive of Bonds executed and authenticated as provided in Section 2.07 hereof. This Indenture constitutes a continuing agreement with the Trustee and the Holders of all of the Bonds Outstanding, to secure the full and final payment of the principal (or redemption price) of, and interest on all Bonds, subject to the covenants, agreements, provisions and conditions herein contained.

Section 2.02 Terms of Bonds.

(a) Terms of the Bonds.

(i) The Bonds shall be issued as book-entry Bonds in denominations of $1,000 and any integral multiple thereof. The Bonds shall be dated the Closing Date and shall bear interest at the rates per annum set forth below from the Interest Payment Date to which interest has been paid as of the date on which it is authenticated or, if it is authenticated on or before the Record Date for the first Interest Payment Date, from its Closing Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on such Bond, such Bond shall bear interest from the Interest

Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months and shall be payable in arrears on each Interest Payment Date, upon maturity or upon prior redemption.

(ii) The Bonds shall mature on the dates set forth in the following schedule (subject to the right of prior redemption as provided in Article IV hereof):

Principal Amount	Maturity Date (October 1)	Interest Rate (%)
$480,000	2026	3.642
495,000	2027	3.792
515,000	2028	3.974
540,000	2029	4.124
560,000	2030	4.224
585,000	2031	4.374
610,000	2032	4.474
640,000	2033	4.574
670,000	2034	4.674
705,000	2035	4.724
***	***	***
4,105,000	2040	5.173
***	***	***
12,140,000	2050	5.073
***	***	***
11,955,000	2059	5.323
6,000,000	2059	5.573

(iii) The Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 3(a)(4) thereof, so that registration of the Bonds under that Act is not required. This Indenture is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

(b) General Terms of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC, and shall be evidenced by one Bond for each maturity in the total aggregate principal amount of the Bonds of such maturity. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.04 hereof. So long as Cede & Co., as nominee of DTC, or any successor nominee (the "Nominee") is the registered owner of the Bonds, references herein to the Bondholders, Holders or registered owners shall mean the Nominee as aforesaid and shall not mean the Beneficial Owners of the Bonds.

The principal of any Bonds shall be payable in lawful money of the United States of America upon surrender of such Bond at the Principal Corporate Trust Office of the Trustee. The interest on any Bond shall be payable to the Person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on such Interest Payment Date, to the registered owner at its address as it appears on such registration books. Notwithstanding the foregoing, however, any Holder of all the Bonds and any Holder of $1,000,000 or more in an aggregate principal amount of the Bonds shall be entitled to receive payments of interest on the Bonds held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such Holder shall designate in writing to the Trustee by the Record Date for such payment. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer in same day funds by the Trustee to Cede & Co., as nominee for the Depository.

(c) Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Bondholder on such Record Date and shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest. The Special Record Date shall be fixed by the Trustee, notice thereof being given to the Bondholders not less than 10 days prior to such Special Record Date.

Section 2.03 **Execution of Bonds**. The Bonds shall be executed for and on behalf of the University by its President or Vice President of Finance and Business Affairs and attested to by its Secretary signed in the name and on behalf of the University. The Bonds shall then be delivered to the Trustee for registration and authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the University, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the University as though those who signed and attested the same had continued to be such officers of the University. Also, any Bond may be signed and attested on behalf of the University by such Persons as on the actual date of the execution of such Bond shall be the proper officers although on the nominal date of such Bond any such Person shall not have been such officer. The signatures of the President or Vice President of Finance and Business Affairs may be mechanically or photographically reproduced on the Bonds. The corporate seal (or a facsimile thereof) shall be affixed, impressed, imprinted, engraved or otherwise reproduced on the Bonds if required by the University's bylaws or authorizing resolutions.

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

Section 2.04 **Transfer of Bonds**. The registration of any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.06 of this Indenture, by the Person in whose name it is registered, in Person or by its duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any Holder for any such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the University.

No registration of transfers of Bonds shall be required to be made during the period established by the Trustee for selection of Bonds for redemption and no registration of transfer of a particular Bond shall be required after such Bond has been selected for redemption.

Section 2.05 Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office for a like aggregate principal amount of the Bonds of the same maturity of other authorized denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Holder for any such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the University.

No exchanges of Bonds shall be required to be made during the period established by the Trustee for selection of Bonds for redemption and no registration of transfer of a particular Bond shall be required after such Bond has been selected for redemption.

Section 2.06 Bond Register. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, books for the registration of transfer of the Bonds, which shall at all reasonable times during normal business hours upon reasonable notice be open to inspection by the University; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on said books, of Bonds as hereinbefore provided.

Section 2.07 Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the University, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the University and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the University issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the University, at the expense of the Holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the University. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the University, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate, register and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any Bond mutilated, lost, destroyed or stolen shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender upon receipt of indemnity satisfactory to the Trustee. The University may require payment from the Holder of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the University and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the University whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09 Book-Entry System; Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) The Bonds shall initially be registered as provided in Section 2.02 hereof. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the Depository or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) ("substitute depository"); provided that any successor of the Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository designated by the University and not objected to by the Trustee, upon (1) the resignation of the Depository or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the University that the Depository or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any Person as provided below, upon (1) the resignation of the Depository or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the University that it is in its best interests to remove the Depository or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Request of the

University to the Trustee, a single new Bond for each maturity shall be executed and delivered in the aggregate principal amount of the Bonds of such maturity then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Request of the University. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, new Bonds shall be executed and delivered in such authorized denominations numbered in consecutive order from R-1 up and registered in the names of such Persons as are requested in such a Request of the University, subject to the limitations of Section 2.02 hereof, provided the Trustee shall not be required to deliver such new Bonds within a period less than 60 days from the date of receipt of such Request of the University.

(c) In the case of partial redemption or an advance refunding of the Bonds evidencing all or a portion of the principal amount then Outstanding, the Depository shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal.

(d) The University and the Trustee shall be entitled to treat the Person in whose name any Bond is registered as the Bondholder thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the University; and neither the University nor the Trustee shall have any responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the University nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including the Depository or its successor (or substitute depository or its successor), except for the Holder of any Bond.

(e) Except as provided in subsection (i) below, all of the Outstanding Bonds shall be so registered in the registration books kept by the Trustee, and the provisions of subsection (j) of this Section shall apply thereto.

(f) The University and the Trustee shall have no responsibility or obligation to any DTC Participant or to any Beneficial Owner, except as otherwise expressly provided herein. Without limiting the immediately preceding sentence, the University and the Trustee shall have no responsibility or obligation with respect to (1) the accuracy of the records of DTC, the Nominee or any DTC Participant with respect to any ownership interest in the Bonds, (2) the delivery to any DTC Participant or any other Person, other than a Bondholder as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption or (3) the payment to any DTC Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Trustee, of any amount with respect to principal of or interest on the Bonds. The Trustee shall pay all principal of and interest on the Bonds only to or upon the order of the respective Bondholders, as shown on the applicable Record Date in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. The University and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the Holder and absolute owner of such Bond for the purpose of payment of principal of and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever.

(g) No Person other than a Bondholder, as shown in the registration books kept by the Trustee, shall receive a certificated Bond evidencing the right to receive payment of principal and interest pursuant to this Indenture.

(h) The University shall, if not previously on file, execute and deliver to DTC a letter of representation in customary form with respect to the Bonds (the "Representation Letter"), but such Representation Letter shall not in any way limit the provisions of subsection (f) of this Section or in any other way impose upon the University any obligation whatsoever with respect to Persons having interests in the Bonds other than the Bondholders, as shown on the registration books kept by the Trustee.

(i) The University may terminate the services of DTC with respect to the Bonds. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice and all known information on the DTC Participants and the Beneficial Owners having an interest in the Bonds to the University and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute Securities Depository is appointed by the University to undertake the functions of DTC hereunder, the University is obligated to deliver Bond certificates to or upon the order of the Beneficial Owners of such Bonds, as described in this Indenture, and such Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but may be registered in whatever name or names Bondholders transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Indenture.

(j) So long as any Bond is registered in the name of the Nominee, all payments with respect to principal, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal of or interest on the Bonds in immediately available funds to DTC.

(k) In the event DTC ceases to act as the Securities Depository for the Bonds, all references to DTC or the DTC Participants herein shall be to their successors.

Section 2.10 <u>Disposition of Cancelled Bonds</u>. When paid in full, each Bond shall be delivered to the Trustee, who shall forthwith cancel such Bond and deliver a certificate evidencing such cancellation to the University. The Trustee shall destroy such cancelled Bonds in accordance with its customary procedures.

Section 2.11 <u>CUSIP Numbers</u>. The University in issuing the Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such CUSIP numbers.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS; ESTABLISHMENT OF PROCEEDS FUND

Section 3.01 Authentication and Delivery' of Bonds. At any time after the execution of this Indenture, the University may execute and the Trustee shall authenticate, register and deliver Bonds in the aggregate principal amount set forth in Section 2.01 of this Indenture, in each case exclusive of Bonds executed and authenticated as provided in Section 2.07 hereof.

Section 3.02 Application of Proceeds of the Bonds. The proceeds received by the University from the sale of the Bonds being the sum of $39,769,513.68 (consisting of the aggregate principal amount of the Bonds, less an underwriters' discount of $230,486.32), shall be deposited with the Trustee, which shall forthwith set aside or transfer such proceeds to the Proceeds Fund which shall be distributed in accordance with a Request of the University. The Trustee may establish such temporary funds or accounts on its records as it may deem appropriate to facilitate such transfer and deposit.

Section 3.03 Establishment and Application of Proceeds Fund. The Trustee shall establish, maintain and hold a separate fund designated as the "Proceeds Fund." The moneys in the Proceeds Fund shall be held and applied as directed by the University in the next sentence. The University hereby directs that all amounts in the Proceeds Fund be wired to the Trustee on the Closing Date and disbursed as set forth in a Request of the University.

ARTICLE IV

REDEMPTION

Section 4.01 Terms of Redemption.

(a) Optional Redemption without Premium. The University reserves the right, at its option, to cause the redemption of the Bonds maturing on October 1 in the years 2040 and 2059 (5.573% coupon) (the "Par Call Bonds") in whole or in part in principal amounts of $1,000 or any integral multiple thereof, on April 1, 2030 (the "Par Call Date"), or from time to time on any date thereafter, at the principal amount thereof plus accrued and unpaid interest to the date of redemption.

(b) Optional Redemption with Premium Prior to the Par Call Date. From time to time, the University reserves the right, at its option, to cause the redemption of the Bonds, in whole or in part (and, if in part, in authorized denominations and on a pro rata basis, subject to the provisions described in Section 4.02 hereof), at the Make-Whole Redemption Price on any Business Day prior to the Par Call Date, with respect to the Par Call Bonds, and on any Business Day, with respect to the Bonds maturing on October 1 in the years 2026 through 2035, 2050 and 2059 (5.323% coupon). The University shall retain an independent accounting firm or an independent financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the University may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the University or the Trustee will have any liability for such reliance. The determination of the Make-Whole Redemption Price by such accounting firm or financial advisor shall be conclusive and binding on the University, the Trustee and the Holders of the Bonds. For purposes of this paragraph,

(i) "Make-Whole Redemption Price" means the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the stated maturity of the Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed), discounted to the date on which such Bonds are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate plus 30 basis points for Bonds maturing October 1, 2026 and October 1, 2027, plus 35 basis points for bonds maturing October 1, 2028 and October 1, 2029, plus 40 basis points for bonds maturing October 1, 2030 through 2032, plus 45 basis points for bonds maturing October 1, 2033 through 2035, 2040, and 2050, and plus 50 basis points for bonds maturing October 1, 2059, plus, in each case, accrued and unpaid interest on such Bonds to, but excluding, the redemption date; and

(ii) "Treasury Rate" means, with respect to any redemption date, the rate per annum equal to (i) the semiannual equivalent yield to maturity, or (ii) if no such semiannual equivalent yield to maturity is available, the interpolated yield to maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

(iii) As used in connection with the above definition of "Treasury Rate" the following capitalized terms have the following meanings:

A. "Comparable Treasury Issue" means the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Bonds to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Bonds.

B. "Comparable Treasury Price" means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation.

C. "Designated Investment Banker" means a Primary Treasury Dealer appointed by the University.

D. "Primary Treasury Dealer" means one or more entities appointed by the University, which, in each case, is a primary U.S. Government securities dealer in the City of New York, New York, and its or their respective successors.

E. "Primary Treasury Dealer Quotations" means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time at least five Business Days preceding such redemption date.

F. "Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the Principal Corporate Trust Office of the Trustee is located are authorized by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

(c) Mandatory Sinking Fund Redemption. The Bonds maturing in 2040, 2050, 2059 (5.323% coupon), and 2059 (5.573% coupon) are subject to mandatory sinking fund redemption and will be redeemed by the University at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date, on the dates, and in the principal amounts shown in the following schedules:

Term Bond Maturing October 1, 2040

October 1	Principal Amount
2036	$740,000
2037	775,000
2038	820,000
2039	860,000
2040*	910,000

* Final Maturity

Term Bond Maturing October 1, 2050

October 1	Principal Amount
2041	$955,000
2042	1,005,000
2043	1,060,000
2044	1,115,000
2045	1,170,000
2046	1,230,000
2047	1,295,000
2048	1,365,000
2049	1,435,000
2050*	1,510,000

* Final Maturity

Term Bond Maturing October 1, 2059
(5.323% coupon)

October 1	Principal Amount
2051	$1,060,000
2052	1,115,000
2053	1,185,000
2054	1,245,000
2055	1,315,000
2056	1,390,000
2057	1,465,000
2058	1,550,000
2059*	1,630,000

* Final Maturity

Term Bond Maturing October 1, 2059
(5.573% coupon)

October 1	Principal Amount
2051	$530,000
2052	565,000
2053	590,000
2054	625,000
2055	660,000
2056	695,000
2057	735,000
2058	775,000
2059*	825,000

* Final Maturity

There will be credited against and in satisfaction of the sinking fund installments Bonds (i) redeemed at the election of the University pursuant to this Indenture, (ii) purchased by the University and delivered to the Trustee for cancellation or (iii) defeased in accordance with this Indenture, and the principal amount of Bonds redeemed, purchased or defeased will be applied against and in fulfillment of the required sinking fund installments thereafter payable, among sinking fund installments as directed by a Request of the University.

Section 4.02 Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed, the University may select the maturities of Bonds to be redeemed. If less than all Bonds of any maturity are to be redeemed, the Trustee shall determine on a pro rata basis the Bonds, or portions thereof, within such maturity to be redeemed.

If the Bonds are registered in book-entry only form and so long as DTC is the sole registered owner of the Bonds, if less than all of the Bonds of a maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect.

It is the University's intent that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, the University can provide no assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Bonds will be selected for redemption, in accordance with DTC procedures, by lot. The Trustee can provide no assurance as to how DTC, or any other parties, will allocate redemption payments.

Section 4.03 Notice of Redemption. Notice of redemption shall be given by the Trustee as hereinafter provided to (i) the respective Holders of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee on the date such notice is mailed; (ii) the Securities Depositories; (iii) one or more Information Services; and (iv) the Municipal Securities Rulemaking Board. Each notice of redemption shall state the date of such notice, the redemption date, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all the Bonds of any maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Any notice of redemption shall be mailed by first class mail, postage prepaid, to Bondholders not less than 20 days or more than 60 days prior to the date fixed for redemption. Notices to the Information Services shall be mailed by the Trustee by certified, registered or overnight mail at the time of the mailing of notices to Bondholders. Notices to the Securities Depositories shall be given by telecopy or by certified, registered or overnight mail at the time of the mailing of notices to Bondholders. If U.S. mail is no longer available, for whatever reason, at the time of such redemption, a means of nationally recognized transmission, in the Trustee's reasonable judgment, shall be employed in order to communicate the notices referenced herein to the intended recipients.

Notice of redemption of Bonds shall be given by the Trustee, at the expense of the University. Failure by the Trustee to give notice pursuant to this Section 4.03, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Bond for which notice was properly given.

The notice with respect to any redemption of Bonds may state that: (i) such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of such moneys sufficient to pay the principal of, and accrued but unpaid interest to the redemption date on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and such Bonds shall not be required to be redeemed; and (ii) such notice is revocable at any time by the Trustee, at the written direction of the University, prior to the date fixed for redemption. In the event a notice of redemption of Bonds contains such conditions and sufficient moneys are not so received or the notice is so revoked, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that sufficient moneys were not so received or the notice was so revoked and that there will be no redemption of Bonds pursuant to the notice of redemption.

Section 4.04 Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the University shall execute and the Trustee shall authenticate, register and deliver to the Holder thereof, at the expense of the University, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. In the event of any partial redemption of a Bond which is registered in the name of the Nominee, DTC may elect to make a notation on the Bond certificate which reflects the date and amount of the reduction in principal amount of said Bond in lieu of surrendering the Bond certificate to the Trustee for exchange. The University and the Trustee shall be fully released and discharged from all liability upon, and to the extent of, payment of the redemption price for any partial redemption and upon the taking of all other actions required hereunder in connection with such redemption.

Section 4.05 Effect of Redemption. Notice of redemption having been duly given as aforesaid and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue from and after the redemption date, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Holders of said Bonds (or portions thereof) shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest to the redemption date, subject to the Holders rights set forth in Section 4.04.

All Bonds redeemed in full pursuant to the provisions of this Article IV shall upon surrender thereof be cancelled by the Trustee, who shall deliver a certificate evidencing such cancellation to the University. The Trustee shall destroy such Bonds.

ARTICLE V

ESTABLISHMENT OF DEBT SERVICE FUND

Section 5.01 Debt Service Fund.

(a) Upon the receipt of a payment from the University pursuant to Section 6.01 of this Indenture, the Trustee shall deposit all such amounts in the "University of St. Thomas Series 2020 Debt Service Fund" (the "Debt Service Fund"), which the Trustee shall establish and maintain and hold in trust.

(b) The Trustee shall deposit in the Debt Service Fund from time to time, upon receipt thereof, all payments received by the Trustee from the University pursuant to Section 6.01 of this Indenture, and, subject to Section 5.02 of this Indenture, any income received from the investment of moneys on deposit in the Debt Service Fund.

(c) The Trustee shall disburse and apply amounts in the Debt Service Fund only as hereinafter in this paragraph (c) authorized:

(1) On each Interest Payment Date, the Trustee shall apply moneys in the Debt Service Fund to pay the interest on the Bonds as such shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(2) The Trustee shall apply moneys in the Debt Service Fund to pay the principal of the Bonds as such principal becomes due and payable.

(3) If Bonds are redeemed prior to stated maturity pursuant to Article IV of this Indenture, the Trustee shall deposit the prepayment of principal and interest and any premium to the Optional Redemption Account within the Debt Service Fund which the Trustee shall establish and maintain and shall be applied thereafter to the redemption of Bonds as promptly as practicable in accordance with the provisions of this Indenture.

(d) In making payments of principal of and interest on the Bonds, the Trustee shall use all amounts pledged therefor under this Indenture received by the Trustee.

(e) At least six Business Days before each Interest Payment Date, the Trustee shall determine the amount, if any, credited or to be credited to the Debt Service Fund during the period from the day after the last Interest Payment Date to the next succeeding Interest Payment Date from any source. The Trustee shall give notice to the University of such amount and the amount due, which notice shall be mailed, telecopied or delivered in such a manner that the University will receive such notice by the fifth Business Day before such next succeeding Interest Payment Date. Any verbal notice shall be supplemented by notice given in accordance with the preceding sentence. Failure by the Trustee to give notice pursuant to this paragraph, or the insufficiency of any such notice, shall not affect the payment obligations of the University under Section 6.01 of this Indenture, including without limitation the timing thereof.

(f) If the Trustee has not received any payment required to be made by the University to pay principal or the redemption price of, or interest on the Bonds by the due date, the Trustee shall immediately notify the University of such insufficiency by telephone, telecopy, electronic mail or telegram and confirm such notification by written notice. Failure by the Trustee to give notice pursuant to this paragraph, or the insufficiency of any such notice, shall not affect the payment obligations of the University under this Indenture, including without limitation the timing thereof.

(g) Except to the extent such moneys are required to be held for the payment of principal of or interest on the Bonds then due and payable or to effect the discharge of liability on the Bonds pursuant to Article X hereof, so long as no Event of Default (or any event which would be an Event of Default hereunder with the passage of time or the giving of notice) exists hereunder, on the fifth day after each Interest Payment Date, the Trustee, unless otherwise instructed by the University, shall return to the University (free and clear of the pledge and lien of this Indenture) any moneys then on deposit in the Debt Service Fund.

Section 5.02 **Investment of Moneys in Funds**. Any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested upon the Request of the University (such direction to specify the particular investment to be made), by the Trustee, if and to the extent then permitted by law, in Investment Securities. In the absence of such written direction, the Trustee shall invest in units of a money-market fund or portfolio that is rated by each Rating Agency at least as high as the then current rating of such Rating Agency on the Bonds if such Rating Agency is then rating the Bonds provided that such fund or portfolio is an Investment Security. Moneys in any fund or account shall be invested in Investment

Securities with respect to which payments of principal thereof and interest thereon are scheduled to be paid or are otherwise payable (including Investment Securities payable at the option of the Holder) not later than the date on which such moneys will be required by the Trustee. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder (other than any fund or account established pursuant to Article X hereof) but shall account for each separately. Any Investment Securities that are registrable securities shall be registered in the name of the Trustee.

Any interest, profit or loss on any investments of moneys in any fund or account under this Indenture shall be credited or charged to the respective funds from which such investments are made. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment on the Bonds, and the Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation hereunder. Unless otherwise directed by the University, the Trustee may make any investment permitted under this Section through or with its own commercial banking or investment departments.

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

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third Person or is dealing as principal for its own account.

Section 5.03 Amount Remaining in Funds and Accounts. Any amounts remaining in the Debt Service Fund or any other fund or account established hereunder after payment in full of the Bonds (or after provision for payment thereof as provided herein) and the fees, charges and expenses of the Trustee, shall belong and be paid to the University by the Trustee.

ARTICLE VI

COVENANTS

Section 6.01 Punctual Payment. The University is unconditionally and generally obligated to pay the principal (whether at maturity, by redemption or acceleration), redemption premium, and interest on the Bonds, and the University covenants that it will promptly pay or cause to be paid such principal and redemption premium of and interest on each Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof.

Section 6.02 Extension of Payment of Bonds. The University shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement except with the written consent of the Bondholders and, if the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended without consent required herein, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the University to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03 **Protection of Lien**. The University hereby agrees not to make or create or suffer to be made or created any assignment or lien on the Trust Estate having priority or preference over the assignment and lien hereof upon the Trust Estate or any part thereof except as otherwise specifically provided herein.

Section 6.04 **Power to Issue Bonds and Make Pledge**. The University is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge the Trust Estate purported to be pledged under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding obligations of the University enforceable in accordance with their terms, and the University and Trustee shall at all times, to the extent permitted by law and subject to the provisions of this Indenture, defend, preserve and protect said pledge and all the rights of the Bondholders under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.05 **Accounting Records and Financial Statements**. (a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts and in accordance with the customary standards of the industry for such books of record and account, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the University and any Bondholder, or their respective agents or representatives duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable circumstances.

(b) The Trustee shall furnish to the University on or before the 15th day of each month, a financial statement (which need not be audited and may be in the form of the regular account statements prepared by the Trustee) covering receipts, disbursements, allocation and application of funds received by the Trustee pursuant to this Indenture and any other moneys (other than proceeds of the Bonds held by the University) in any of the funds and accounts held by the Trustee pursuant to this Indenture for the immediately preceding month.

Section 6.06 **Continuing Disclosure**.

(a) The University agrees to post on its website, within six months after the end of each fiscal year of the University, the University's audited financial statements and updated information of the same general type as any financial information and operating data concerning the University included in the Offering Memorandum with respect to the Bonds (the "Offering

Memorandum"). Specifically, the University will provide annual updates of the following tables contained in Appendix A of the Offering Memorandum:

(i) Full-time and part-time faculty; all for or as of most recently concluded academic year (Table 1).

(ii) Freshmen applications, acceptances, and matriculation for or as of most recently concluded academic year (Table 2).

(iii) Incoming student enrollment history by freshmen and transfers for or as of most recently concluded academic year (Table 3).

(iv) Enrollment history, enrollment (FTE) by undergraduate and graduate for or as of most recently concluded academic year (Table 4).

(v) Student financial aid, including University aid and aid from other sources, for the past four fiscal years (Table 5).

(vi) Tuition, fees, room & board for the past five academic years (Table 7).

(vii) Market value of the University's endowment for past five fiscal years (Table 8).

(b) Financial statements will be prepared in accordance with the accounting principles described in Appendix B to the Offering Memorandum or such other accounting principles as the University may be required to employ from time to time pursuant to State law or regulation.

(c) The University's current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless the University changes its fiscal year. If the University does not have audited financial statements as of any December 31, the University will provide unaudited financial information by December 31 in such year and will provide audited financial statements for the applicable fiscal year as soon as the audited financial statements are available.

(d) The University has agreed to update information as provided herein, and undertakes to provide no other continuing financial information or reports on material events that may occur. The University has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as specified herein. The University makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date.

Section 6.07 Consolidation, Merger, Conveyance, or Transfer only on Certain Terms.

The University shall not consolidate with or merge into any other Person or convey or transfer its assets substantially as an entirety to any Person, unless:

(a) such consolidation, merger, conveyance, or transfer shall be on such terms as shall fully preserve the rights and powers of the Trustee and the Bondholders;

(b) the survivor of such consolidation or merger, or the Person which so acquires such assets, shall be a Person organized and existing under the laws of the United States of America or any State or the District of Columbia and shall execute and deliver to the Trustee an agreement supplemental hereto and a promissory note in form satisfactory to the Trustee, containing an assumption by such successor of the due and punctual payment of the Outstanding Bonds and the performance and observance of every covenant and condition of this Loan Agreement and the Indenture to be performed or observed by the University;

(c) immediately after giving effect to such transaction no Default shall have occurred and be continuing under the terms of the Indenture or this Loan Agreement; and

(d) the University shall have delivered to the Trustee a Certificate of the University and an Opinion of Counsel, each of which shall state that such consolidation, merger, conveyance, or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 6.08 Successor Substituted.

Upon any consolidation or merger of the University or any conveyance or transfer of its assets substantially as an entirety in accordance with Section 6.07, the survivor of such consolidation or merger, or the Person to which such conveyance or transfer is made, shall succeed to, and be substituted for, and may exercise every right and power of, the University under this Indenture, subject, however, to the limitation that no such conveyance or transfer of the assets of the University substantially as an entirety shall have the effect of releasing any such Person from its liability hereunder for payment of the Outstanding Bonds, unless such conveyance or transfer is followed by the complete liquidation of such Person and substantially all its assets immediately following such conveyance or transfer are the securities of such survivor or such Person received in such conveyance or transfer.

Section 6.09 Corporate Existence.

Subject to Sections 6.07 and 6.08, the University will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory), and franchises; provided, however, that the University shall not be required to preserve any right or franchise if its governing body shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Bondholders.

Section 6.10 Maintenance and Insurance of Properties.

The University will cause all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair, and working order (subject to normal wear and tear) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments, and improvements thereof, all as in the judgment of the University may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times. Nothing in this Section, however, shall prevent the University from discontinuing the operation and maintenance of any of its properties, or the transfer of title of any of its properties, if such discontinuance or transfer is, in the judgment of the governing body of the University, desirable in the conduct of its business and not disadvantageous in any material respect to the Bondholders.

The University will insure (including by means of self-insurance) its property and operations against such losses and in such amounts as is customary for companies operating similar property and engaged in similar operations as the University.

Section 6.11 Compliance With Laws and Payment of Taxes, Etc.

With respect to a properties owned by it, the University shall comply with all present and future laws relating to the use and occupancy of such property, and will procure and maintain all necessary licenses and permits relating thereto.

The University shall pay all taxes, assessments and other governmental charges lawfully levied or assessed against properties of the University.

Section 6.12 Limitations on Liens.

(a) Except as otherwise hereinafter permitted, the University shall not suffer to exist any debt of the University or any claims or demands against the University, which, if unpaid, might (in the hands of the Holder or any Person who shall have guaranteed the same or who has any right or obligation to purchase the same), by law or upon bankruptcy or insolvency or otherwise, be given any priority whatsoever over its general creditors.

(b) Notwithstanding the foregoing limitations on liens, the following superior or priority mortgages, liens, and encumbrances shall be permitted:

(i) purchase money liens, pledges, or security interests (which shall include conditional sale agreements, equipment and other financing leases, or other title retention agreements and leases in the nature of title retention agreements) upon or in personal property or mortgages, liens, pledges, or security interests existing in real or personal property at the time of acquisition thereof, or, in the case of any Person which thereafter becomes the University, mortgages, liens, pledges, or security interests upon or in its real or personal property existing at the time such Person becomes the University, or replacements, extensions, or renewals of any such mortgages, liens, pledges, or security interests in connection with the replacement, extension, or renewal (without increase in principal amount) of the debt secured thereby, provided that no such mortgage, lien, pledge, or security interest extends or shall extend to or cover any property of such Person other than the property then being acquired and fixed improvements then or thereafter erected thereon;

(ii) purchase or construction money mortgages, liens, pledges, or security interests (which shall include conditional sales agreements or other title retention agreements and leases in the nature of title retention agreements) upon or in real property, or replacements, extensions, or renewals of any such mortgages, liens, pledges, or security interests in connection with the replacement, extension, or renewal (without increase in principal amount) of the debt secured thereby, provided that no such mortgage, lien, pledge, or security interest extends or shall extend to or cover any property of such Person other than the property being acquired or constructed and fixed improvements then or thereafter erected thereon or the property on which the fixed improvement is being constructed;

(iii) the lien of any instrument given as additional security for the obligation of any Person to make payments in respect of the Bonds or other parity obligations;

(iv) security interests in pledges of donations, gifts, or other charitable contributions to secure debt, or donor restrictions imposed on any donations, gifts, or other charitable contributions;

(v) establishment of such funds, accounts, subaccounts, and escrows, and grant of trusts, pledges, liens, or security interests in such funds, accounts, subaccounts, and escrows as may be necessary and customary for the issuance or discharge of additional obligations on a parity with or subordinate to the Bonds with respect to the general obligation of the University, including but not limited to reserves, debt service funds, proceeds funds, and escrows, including funds, accounts, and subaccounts for the benefit of third persons providing security or credit support for such obligations;

(vi) to the extent the University determines a conveyance, transfer, or grant does not materially adversely affect the interests of the Bondholders, conveyances, transfers, or grants of property or interests in property of the University, including mortgages, liens, pledges, or security interests in existing real or personal property of the University, necessary or reasonably appropriate to establish contractual or debt obligations, which contractual or debt obligations are used to establish one or more enterprises of the University or its affiliates or subsidiaries, including academic buildings, dormitories, or other facilities, which may or may not be self-supporting and which may include revenues and accounts receivable from such facilities; and

(vii) to the extent of University affiliates or subsidiaries, the University may not transfer its properties to affiliates or subsidiaries except as is otherwise permitted to carry out a permissible encumbrance described in clauses (i) through (vi) of this Subsection, or to the extent the University determines such transfer does not materially adversely affect the interests of the Bondholders, but the affiliates or subsidiaries may otherwise purchase or transfer interests in real and personal property and grant mortgages, liens, pledges, or security interests in existing real or personal property of the affiliate, and the University may guaranty obligations of the affiliates or subsidiaries provided that such guaranty is subordinate to or on a parity with the University's general obligation securing the Bonds.

(c) The University may sign such security agreements and sign and file such financing statements and take all other actions necessary to evidence and perfect any lien permitted by this Indenture.

Section 6.13 Additional Indebtedness.

Subject to the provisions of Sections 6.03 and 6.12, this Indenture does not restrict the University under any circumstances from creating additional debt including, without limitation, bonds and commercial paper notes, and it does not restrict the University from pledging, mortgaging, granting a security interest in, disposing of, or conveying any of its property without making any provision for the security of the Bonds.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES ON DEFAULT

Section 7.01 **Events of Default; Acceleration; Waiver of Default**. Each of the following events shall constitute an "Event of Default" hereunder.

(a) Failure by the University to make the due and punctual payment of the principal of any Bond as the same shall become due and payable (whether at maturity, by proceedings for redemption, by declaration or otherwise);

(b) Failure by the University to make the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) Failure by the University to perform or observe any other of the covenants, agreements or conditions on its part in this Indenture, other than as referred to in paragraphs (a) and (b) above, or in the Bonds contained, and such default shall have continued for a period of 180 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the University by the Trustee, or the University and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding;

(d) The entry of a decree or order by a court having jurisdiction in the premises adjudging the University as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the University under the Federal Bankruptcy Code or any other applicable Federal or state law, or appointing a receiver, liquidator, 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 60 consecutive days; or

(e) The University institutes proceedings to be adjudicated as bankrupt or insolvent, or the consent by the University is given to bankruptcy or insolvency proceedings being instituted against it, or the filing by the University of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar applicable Federal or state law, or the consent by the University to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the University or of any substantial part of its property, or the making by the University of an assignment for the benefit of creditors, or the admission by the University in writing of its inability to pay its debts generally as they become due.

No default specified in (c) above shall constitute an Event of Default unless the University shall have failed to correct such default within the applicable 180-day period; provided, however, that if the default shall be such that it can be corrected, but cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the University within the applicable period and diligently pursued until the default is corrected.

Upon the occurrence and continuation of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing delivered to the University, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Interest on the Bonds shall cease to accrue from and after the date of declaration of any such acceleration. Notwithstanding the foregoing, the Trustee shall not be required to take any action upon the occurrence and continuation of an Event of Default under Section 7.01(c) above until a Responsible Officer of the Trustee has actual knowledge of such Event of Default.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Trustee a sum which, together with any other amounts then held in the Debt Service Fund, is sufficient to pay all the principal of such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable expenses (including reasonable attorneys' fees) of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee in its sole discretion or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds in each case then Outstanding (by written notice to the University and to the Trustee) may, on behalf of the Holders of all Bonds, rescind and annul such declaration with respect to the Bonds and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 7.02 **Institution of Legal Proceedings by Trustee**. In addition, if one or more of the Events of Default hereunder shall happen and be continuing, the Trustee in its sole discretion may, and upon the written request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction in its sole discretion therefor (including with respect to any expenses or liability the Trustee may incur) shall, proceed to protect or enforce its rights or the rights of the Holders under this Indenture, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 7.03 **Application of Moneys Collected by Trustee**. Any moneys collected by the Trustee and moneys in the Debt Service Fund on or after the occurrence of an Event of Default shall be applied in the order following, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal or interest, upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First. To the payment of costs and expenses of collection, just and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and for advances made pursuant to the provisions of this Indenture with interest on all such advances at a rate per annum equal to the yield on the Bonds plus two percent.

Second. In case the principal of none of the Outstanding Bonds shall have become due and remains unpaid, to the payment of interest in default on the Outstanding Bonds in the order of the maturity thereof, such payments to be made ratably and proportionately to the Persons entitled thereto without discrimination or preference, except as specified in Section 6.02; provided, however, that no payment of interest shall be made with respect to any Bonds held by the University, or actually known by the Trustee to be held by any affiliate of the University, or any nominee of the University or any affiliate of the University, until interest due on all Bonds not so registered shall have been paid.

Third. In case the principal of any of the Outstanding Bonds shall have become due by declaration or otherwise and remains unpaid, first to the payment of principal of all Outstanding Bonds then due and unpaid, then to the payment of interest in default in the order of maturity thereof; in every instance such payment to be made ratably to the Persons entitled thereto without discrimination or preference, except as specified in Section 6.02; provided, however, that no payment of principal or interest shall be made with respect to any Bonds held by the University, or known by the Trustee to be held by any affiliate of the University or any nominee of the University, or any affiliate of the University, until all amounts due on all Bonds not so held have been paid.

Section 7.04 **Effect of Delay or Omission to Pursue Remedy**. No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Trustee or to the Holders of Bonds may be exercised from time to time, and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the University and the Trustee, and the Holders of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the University, the Trustee and the Holders of the Bonds shall continue as though no such proceedings had been taken.

Section 7.05 **Remedies Cumulative**. No remedy herein conferred upon or reserved to the Trustee or to any Holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.06 **Trustee Appointed Agent for Bondholders**. The Trustee is hereby appointed the agent and attorney of the Holders of all Bonds Outstanding hereunder for the purpose of filing any claims relating to the Bonds.

Section 7.07 **Power of Trustee to Control Proceedings**. In the event that the Trustee, upon the happening of an Event of Default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding Instituted by the Trustee shall be brought in its name as Trustee of an express trust for the equal and ratable benefit of the Bondholders, subject to the provisions of this Indenture.

Section 7.08 **Limitation on Bondholders' Right to Sue**. No Holder of Bonds issued hereunder shall have the right to file any suit, action or proceeding at law or in equity, for any remedy under this Indenture, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to University such action, suit or proceeding in its own name; (c) said Holders shall have furnished to the Trustee indemnity satisfactory to it against the costs, expenses (including reasonable attorneys' fees) and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said furnishing of indemnity shall have been made to, the Trustee.

Such notification, request, furnishing of indemnity and refusal or omission by the Trustee are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by its action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture.

The right of any Holder of any Bond to receive payment of the principal of and interest on such Bond out of the funds pledged herein, as herein provided, on and after the respective due dates expressed in such Bond, or to file suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding the foregoing provisions of this Section or Section 7.07 of this Indenture or any other provision of this Indenture.

ARTICLE VIII

THE TRUSTEE

Section 8.01 **Duties, Immunities and Liabilities of Trustee**. (a) The Trustee shall, prior to an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The University may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the consent of the University, a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the University 30 days prior to such resignation, and by giving the Bondholders notice of such resignation by mail at the addresses shown on the Bond registration books maintained by the

Trustee. Upon receiving such notice of resignation, the University shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor acceptable to the University shall be appointed. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of himself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the University and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the University or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and conveying to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the University shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the University shall mail a notice of the succession of such Trustee to the trusts hereunder to the Bondholders at the addresses shown on the Bond registration books maintained by the Trustee. If the University fails to mail such notice within 30 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the University.

(e) Any Trustee appointed under the provisions of this Indenture shall be a trust or banking institution or corporation having trust powers, doing business and having a corporate trust office in the State or, if it shall not have a corporate trust office in the State, having the power under State law to perform all the duties of the Trustee hereunder as evidenced by an opinion of its counsel, having a combined capital (exclusive of borrowed capital) and surplus of at least $75,000,000 and subject to supervision or examination by State or federal authorities. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02 **<u>Merger or Consolidation</u>**. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01 hereof, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03 **Rights of Trustee**. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the University, and the Trustee does not assume any responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or the Bonds, or incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent or engaged in willful misconduct in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture unless such Bondholders shall have furnished to the Trustee reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds or as to the existence of an Event of Default hereunder.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers. The Trustee has no obligation or liability to the Bondholders for the payment of interest or principal with respect to the Bonds, except as set forth in this Indenture.

(g) The Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

(h) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(i) The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the University of the projects constructed, rehabilitated, purchased or otherwise acquired or refinanced with the proceeds of the Bonds. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the projects constructed, rehabilitated, purchased or otherwise acquired or refinanced with the proceeds of the Bonds.

(j) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(k) All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

(l) The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to any project refinanced with the proceeds of the Bonds, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Section 8.04 **Right of Trustee to Rely on Documents**. The Trustee shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the University, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any Person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such Holder's title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the University, and such Certificate shall be full warranty to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05 **Preservation and Inspection of Documents**. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the University and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable conditions.

Section 8.06 **Compensation and Indemnification of Trustee**. The University shall pay to the Trustee from time to time reasonable compensation for all services rendered hereunder and all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees incurred in and about the performance of its powers and duties hereunder. The University further covenants and agrees to the extent permitted by law to indemnify the Trustee against any loss, expense and liability (other than those which are due to the Trustee's negligence or willful misconduct) which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability. The obligations of the University under this Section shall survive resignation or removal of the Trustee hereunder and payment of the Bonds and discharge of this Indenture.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01 **Modification without Consent of Bondholders**. Subject to the conditions and restrictions in this Indenture contained, the University and the Trustee, from time to time and at any time, may enter into an Indenture or Supplemental Indentures, which indenture or indentures thereafter shall form a part hereof, including, without limitation, for one or more of the following purposes, provided that the Trustee shall have received a written representation from the University to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds:

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

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, contained in this Indenture, or in regard to such matters or questions arising under this Indenture as the University may deem necessary or desirable and not inconsistent with this Indenture;

(c) to modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939, as amended, or similar federal statute; or

(d) for any other purpose provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds.

Any Supplemental Indenture authorized by the provisions of this Section may be executed by the University and the Trustee without the consent of the Holders of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of Section 9.02 hereof, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

The Trustee shall mail notice of any modification of the Indenture pursuant to this Section and an executed copy of a Supplemental Indenture or Indenture Supplemental Hereto, as applicable, authorized by this Section to each Rating Agency then rating the Bonds promptly after execution thereof by the University and the Trustee.

Section 9.02 Modification with Consent of Bondholders. With the written consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the University and the Trustee may from time to time and at any time, enter into an Indenture or Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof without consent of the Holder of each Bond so affected; or (2) reduce the aforesaid percentage of Holders of Bonds whose consent is required for the execution of such Supplemental Indentures or extend the time of payment or permit the creation of any lien on the funds pledged herein prior to or on a parity with the lien of this Indenture or deprive the Holders of the Bonds of the lien created by this Indenture upon the funds pledged herein, without the consent of the University and the Holders of all the Bonds then Outstanding. Upon receipt by the Trustee of a Certificate of the University authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of the Bondholders, as aforesaid, the Trustee shall join with the University in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

It shall not be necessary for the consent of the Bondholders under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the University and the Trustee of any Supplemental Indenture pursuant to the provisions of this Section, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to the Bondholders at the addresses shown on the Bond registration books maintained by the Trustee. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Trustee shall mail an executed copy of such Supplemental Indenture to the University and each Rating Agency then rating the Bonds promptly after execution by the University and the Trustee.

Section 9.03 Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article IX, this Indenture shall be and shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the University, the Trustee and all Holders of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.04 Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.04 of this Indenture, the Trustee shall be provided an Opinion of Counsel as conclusive evidence that any Supplemental Indenture executed pursuant to the provisions of this Article IX complies with the requirements of this Article IX.

Section 9.05 Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the University, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the University, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the University, authenticated by the Trustee and delivered without cost to the Holders of the Bonds then Outstanding, upon surrender for cancellation of existing Bonds, in equal aggregate principal amounts.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 10.01 **Discharge of Indenture**. Bonds may be paid by the University in any of the following ways, provided that the University also pays or causes to be paid any other sums payable hereunder by the University:

(a) by paying or causing to be paid the principal of and interest on the Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03 hereof) to pay or redeem all Bonds Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all Bonds Outstanding.

If the University shall pay all Bonds then Outstanding as provided above and shall also pay or cause to be paid all other sums payable hereunder by the University, then and in that case, at the election of the University (evidenced by a Certificate of the University, filed with the Trustee, signifying the intention of the University to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of certain funds made under this Indenture and all covenants, agreements and other obligations of the University under this Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in this Indenture, including Section 10.02 hereof. In such event, upon Request of the University, the Trustee shall cause an accounting for such period or periods as may be requested by the University to be prepared and filed with the University and shall execute and deliver to the University all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the University all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption and which are not required for the payment of fees, expenses and amounts owed to the Trustee.

Section 10.02 **Discharge of Liability on Bonds**. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03 hereof) to pay or redeem any Outstanding Bond, whether upon or prior to its maturity or the redemption date of such Bond (provided that, if such Bond is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice), then all liability of the University in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Holder thereof shall be entitled to payment of the principal of and interest on such Bond by the University, and the University shall remain liable for such payment but only out of the money or securities deposited with the Trustee as aforesaid for its payment; provided further, however, that the provisions of Section 10.04 hereof shall apply in all events.

The University may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the University may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03 **Deposit of Money or Securities with Trustee**. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the amount necessary to pay or redeem any Bonds, such amount (which may include money or securities held by the Trustee in the funds established pursuant to this Indenture) shall be equal (taking into account income which will accrue from the investment thereof on the date of deposit of such funds but without taking into account any income from the subsequent reinvestment thereof) to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to the redemption date, and shall be:

(a) lawful money of the United States of America; or

(b) noncallable notes, bills and bonds issued by the Department of the Treasury (including without limitation (1) obligations issued or held in book entry form on the books of the Department of the Treasury and (2) the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book entry form), United States Treasury Obligations, State and Local Government Series and Zero Coupon United States Treasury Bonds,

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the University) to apply such money to the payment of such principal of and interest on such Bonds and provided, further, that the University and the Trustee shall have received a verification report of a firm of certified public accountants or other financial services firm acceptable to the University verifying that the money or securities so deposited or held together with earnings thereon will be sufficient to make all payments of principal of and interest on the Bonds to be discharged to and including the earlier of their respective maturity dates or the date they are to be redeemed.

Amounts held pursuant to this section shall not be held as part of the Trust Estate shall be held solely for the Bonds with respect to which such deposit is made,

Section 10.04 **Payment of Bonds after Discharge of Indenture**. Notwithstanding any provision of this Indenture, and subject to applicable escheat laws, any moneys held by the Trustee in trust for the payment of the principal of or interest on any Bonds and remaining unclaimed for one year after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the University free from the Trust Estate and shall no longer be a claim on the general obligations of the University or other claims created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the University as aforesaid, the Trustee may (at the cost of the University) first mail to the Holders of Bonds which have not yet been paid, at the addresses shown on the registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the University of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01 **Successor Is Deemed Included in All References to Predecessor**. Whenever in this Indenture either the University or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the University or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.02 **Limitation of Rights to Parties and Bondholders**. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the University, the Trustee and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the University, the Trustee and the Holders of the Bonds.

Section 11.03 **Waiver of Notice**. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04 **Destruction of Bonds**. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the University of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer, employee or agent of the University, if the University shall so require) and at the request of the University deliver a certificate of such destruction to the University.

Section 11.05 **Severability of Invalid Provisions**. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The University hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture or in the Bonds may be held illegal, invalid or unenforceable.

Section 11.06 **Notices**. It shall be sufficient service of any notice, request, complaint or demand on the University or the Trustee if the same shall have been actually received when mailed by first class mail or overnight mail, postage prepaid, addressed as follows:

As to the University:	University of St. Thomas 3800 Montrose Blvd. Houston, TX 77006 Attention: Spencer Conroy, Vice President of Finance and Business Affairs Telephone: (713) 525-6960
As to the Trustee:	U.S. Bank National Association Global Corporate Trust 8 Greenway Plaza Suite 1100 Houston , Texas 77046 Telephone: (713)-212-7577

The University or the Trustee, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. If requested by the University or the Trustee, any notice required to be given hereunder in writing may be given by any form of telephonic or electronic transmission capable of making a written record. The Trustee and the University shall exchange written information appropriate to receiving such form of telephonic or electronic transmission.

Section 11.07 **Evidence of Rights of Bondholders**. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the University if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Bond registration books held by the Trustee.

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

Section 11.08 **Disqualified Bonds**. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the University or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the University shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the University unless the University is the registered Holder or the Trustee has received written notice that any other registered Holder is the owner or is holding for the account of the University. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the University. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.09 **Money Held for Particular Bonds**. The money held by the Trustee for the payment of the interest, principal, or redemption price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof.

Section 11.10 **Funds and Accounts**. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the requirements of Section 5.02 hereof and for the protection of the security of the Bonds and the rights of every Holder thereof.

Section 11.11 **Article and Section Headings and References**. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 11.12 **Waiver of Personal Liability**. No trustee, officer, agent or employee of the University shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11.13 **Execution in Several Counterparts**. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the University and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14 **Governing Law; Venue**. This Indenture shall be construed in accordance with and governed by the Constitution and the laws of the State applicable to contracts made and performed in the State. This Indenture shall be enforceable in the State, and any action arising out of this Indenture shall be filed and maintained in Harris County, Texas unless the University waives this requirement.

Section 11.15 **Complete Agreement**. This Indenture represents the complete agreement between the parties with respect to the Bonds and related matters.

Section 11.16 **Action to be Taken on Days Other Than Business Days**. Except as otherwise specifically provided herein, whenever this Indenture requires any action to be taken on a day which is not a Business Day, such action shall be taken on the next succeeding Business Day with the same force and effect as if taken on such day. If any payment is made on the next Business Day as aforesaid, no interest shall accrue for the intervening period.

[*Signature Page Follows*]

IN WITNESS WHEREOF, UNIVERSITY OF ST. THOMAS has caused this Indenture to be signed in its name by its duly authorized officer and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

UNIVERSITY OF ST. THOMAS

By: ______________________________

Spencer Conroy
Vice President of Finance and Business Affairs

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ______________________________

Authorized Officer

EXHIBIT A

FORM OF BOND

No. R-__ $[***][1]

UNIVERSITY OF ST. THOMAS TAXABLE BOND, SERIES 2020

Rate of Interest:	Maturity Date:	Dated Date:	CUSIP:
[***]%[1]	October 1, [***][1]	February 3, 2020	91502P [***][1]

Registered Owner: CEDE & CO.

Principal Amount: [***][1] AND 00/100 DOLLARS

University of St. Thomas (the "University"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount specified above, in lawful money of the United States of America and to pay interest thereon in like money from the Interest Payment Date (hereinafter defined) to which interest has been paid or, if this Bond is authenticated on or before February 3, 2020, in which event it shall bear interest from February 3, 2020 (provided that, if interest on this Bond is in default, it shall bear interest from the last Interest Payment Date to which interest has been paid or made available for payment), until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned. Interest shall be computed at the Rate of Interest per annum set forth above, payable on April 1 and October 1 in each year commencing on April 1, 2020 (each an "Interest Payment Date"), based on a 360-day year of twelve 30-day months. The principal hereof is payable upon surrender hereof at the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or other office specified by the Trustee (together with any successor as trustee under the Indenture, herein called the "Trustee"). Except as otherwise provided in the Indenture, the interest hereon is payable to the Person whose name appears on the bond registration books of the Trustee as the registered owner hereof as of the close of business on the applicable Record Date, such interest to be paid by check mailed on each Interest Payment Date by first class mail to such registered owner at its address as it appears on such registration books. Notwithstanding the foregoing, however, any registered owner of all the Bonds and any registered owner of $1,000,000 or more in an aggregate principal amount of the Bonds shall be entitled to receive payments of interest on the Bonds held by it by wire transfer of immediately available funds to such bank or trust company located within the continental United States of America as the registered owner shall designate in writing to the Trustee ten days before the Record Date for such payment.

This Bond is one of a duly authorized issue of bonds of the University designated as the "University of St. Thomas Taxable Bonds, Series 2020" (the "Bonds"), in the aggregate principal amount of $40,000,000, issued pursuant to an Indenture, dated as of February 1, 2020, between

[1] Insert from Officer's Pricing Certificate.

the University and the Trustee (as it may be supplemented, modified or amended by any supplemental indenture, herein called the "Indenture"). The proceeds of the Bonds will be used by the University for the purposes and on the terms and conditions set forth in the Indenture.

This Bond is an unsecured general obligation of the University payable from the University's general funds and any additional funds provided under the Indenture.

Reference is hereby made to the Indenture (a copy of which is on file at said office of the Trustee) for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the University thereunder, to all of the provisions of which Indenture and supplemental indentures the registered owner of this Bond, by acceptance hereof, assents and agrees.

The University reserves the right, at its option, to cause the redemption of the Bonds maturing on October 1 in the years 2040 and 2059 (5.573% coupon) (the "Par Call Bonds") in whole or in part in principal amounts of $1,000 or any integral multiple thereof, on April 1, 2030 (the "Par Call Date"), or from time to time on any date thereafter, at the principal amount thereof plus accrued and unpaid interest to the date of redemption.

From time to time, the University reserves the right, at its option, to cause the redemption of the Bonds maturing on October 1 in the years 2026 through 2035, 2050, and 2059 except to the extent Bonds may be redeemed on or after the Par Call Date at the principal amount thereof plus accrued interest, in whole or in part (and, if in part, in authorized denominations and on a pro rata basis, subject to the provisions described in Section 4.02 of the Indenture), in principal amounts of $1,000 or any integral multiple thereof, on any Business Day, at the Make-Whole Redemption Price on any Business Day prior to the Par Call Date, with respect to the Par Call Bonds, and on any Business Day, with respect to the Bonds maturing on October 1 in the years 2026 through 2035, 2050 and 2059 (5.323% coupon). The University shall retain an independent accounting firm or an independent financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the University may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the University or the Trustee will have any liability for such reliance. The determination of the Make-Whole Redemption Price by such accounting firm or financial advisor shall be conclusive and binding on the University, the Trustee and the Holders of the Bonds. For purposes of this paragraph,

"Make-Whole Redemption Price" means the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the stated maturity of the Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed), discounted to the date on which such Bonds are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate plus 30 basis points for Bonds maturing October 1, 2026 and October 1, 2027, plus 35 basis points for bonds maturing October 1, 2028 and October 1, 2029, plus 40 basis points for bonds maturing October 1, 2030 through 2032, plus 45 basis points for bonds maturing October 1, 2033 through 2035, 2040, and 2050, and plus 50 basis points for bonds maturing October 1, 2059, plus, in each case, accrued and unpaid interest on such Bonds to, but excluding, the redemption date; and

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to (i) the semiannual equivalent yield to maturity, or (ii) if no such semiannual equivalent yield to maturity is available, the interpolated yield to maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

As used in connection with the above definition of "Treasury Rate" the following capitalized terms have the following meanings:

A. "Comparable Treasury Issue" means the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Bonds to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Bonds.

B. "Comparable Treasury Price" means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation.

C. "Designated Investment Banker" means a Primary Treasury Dealer appointed by the University.

D. "Primary Treasury Dealer" means one or more entities appointed by the University, which, in each case, is a primary U.S. Government securities dealer in the City of New York, New York, and its or their respective successors.

E. "Primary Treasury Dealer Quotations" means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time at least five Business Days preceding such redemption date.

F. "Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the Principal Corporate Trust Office of the Trustee is located are authorized by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

The Bonds maturing in 2040 are subject to mandatory sinking fund redemption prior to their stated maturity at the price of par plus accrued interest on October 1 in each of the years and in the principal amounts, as follows:

Maturity Date (October 1)	Amount
2036	$740,000
2037	775,000
2038	820,000
2039	860,000
2040*	910,000

* Final Maturity Date

The Bonds maturing in 2050 are subject to mandatory sinking fund redemption prior to their stated maturity at the price of par plus accrued interest on October 1 in each of the years and in the principal amounts, as follows:

Maturity Date (October 1)	Amount
2041	$955,000
2042	1,005,000
2043	1,060,000
2044	1,115,000
2045	1,170,000
2046	1,230,000
2047	1,295,000
2048	1,365,000
2049	1,435,000
2050*	1,510,000

* Final Maturity Date

The Bonds maturing in 2059 (5.573% coupon) are subject to mandatory sinking fund redemption prior to their stated maturity at the price of par plus accrued interest on October 1 in each of the years and in the principal amounts, as follows:

Maturity Date (October 1)	Amount
2051	$530,000
2052	565,000
2053	590,000
2054	625,000
2055	660,000
2056	695,000
2057	735,000
2058	775,000
2059*	825,000

* Final Maturity Date

The Bonds maturing in 2059 (5.323% coupon) are subject to mandatory sinking fund redemption prior to their stated maturity at the price of par plus accrued interest on October 1 in each of the years and in the principal amounts, as follows:

Maturity Date (October 1)	Amount
2051	$1,060,000
2052	1,115,000
2053	1,185,000
2054	1,245,000
2055	1,315,000
2056	1,390,000
2057	1,465,000
2058	1,550,000
2059*	1,630,000

* Final Maturity Date

Notice of any redemption, identifying among other things the Bonds or portions thereof to be redeemed, shall be given by the Trustee not less than 20 and not more than 60 days before the date fixed for redemption by first class mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee and to the University. If U.S. mail is no longer available, for whatever reason, at the time of such redemption, a means of nationally recognized transmission, in the Trustee's reasonable judgment, shall be employed in order to communicate the notices referenced herein to the intended recipients. Receipt of such notice by such registered owners shall not be a condition precedent to such redemption. Failure by the Trustee to give notice of redemption, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Bond for which notice was properly given.

If this Bond is called for redemption and payment is duly provided herefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

The Bonds are issuable as registered Bonds in denominations of $1,000 and any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged, at the designated corporate trust office of the Trustee, for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations.

This Bond is transferable by the registered owner hereof, in Person or by its attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The University and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the University and the Trustee shall not be affected by any notice to the contrary.

The University and the Trustee may amend the Indenture for certain purposes without the consent of the registered owners of the Bonds. With the written consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the University and the Trustee may amend the Indenture; provided, however, that no such amendment shall (1) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof without consent of the Holder of each Bond so affected or (2) reduce the aforesaid percentage of registered owners of Bonds whose consent is required for the execution of supplemental indentures or extend the time of payment or permit the creation of any lien on funds pledged in the Indenture prior to or on a parity with the lien of the Indenture or deprive the registered owners of the Bonds of the lien created by the Indenture on the funds pledged therein, without the consent the registered owners of all the Bonds then Outstanding.

No trustee, officer, agent or employee of the University shall be individually or personally liable for the payment of this Bond or the interest thereon or be subject to any personal liability or accountability by reason of the issuance hereof.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the University of St. Thomas has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Vice President of Finance and Business Affairs, all as of the ________ of ________________, 2020.

UNIVERSITY OF ST. THOMAS

By: ______________________________
Spencer Conroy
Vice President of Finance and Business Affairs

FORM OF TRUSTEE'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered this ________ of ________________, 2020.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ______________________________________
Authorized Officer

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto
____

**(print or type name, address, taxpayer identification no.
and zip code of assignee)**

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) ________________________________ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: __________ __________________________________

Signature

NOTE: The signature to the assignment must correspond to the name as written on the face of this Bond in every particular, without any alteration or change whatsoever.

Signature Guaranteed By:

NOTE: The signature(s) to the assignment must be guaranteed by an eligible guarantor institution

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APPENDIX D

PROPOSED FORM OF THE UNIVERISTY'S COUNSEL'S OPINION

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NORTON ROSE FULBRIGHT

February 3, 2020

Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, Texas 77010-3095
United States

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nortonrosefulbright.com

U.S. Bank National Association, as Trustee
8 Greenway Plaza, Suite 1100
Houston, Texas 77046

J.P. Morgan Securities LLC, the Underwriter
383 Madison Avenue, 3rd Floor
New York, NY 10179

Ladies and Gentlemen:

We have acted as counsel to the University of St. Thomas, a Texas nonprofit corporation (the "*University*"), in connection with the issuance by the University its Taxable Bonds, Series 2020 (the "*Bonds*"), to be issued and sold pursuant to the Bond Purchase Agreement (the "*Bond Purchase Agreement*"), dated January 23, 2020, between the University and J.P. Morgan Securities LLC (the "*Underwriter*"). This opinion is being issued to you pursuant to the Bond Purchase Agreement. Unless otherwise expressly provided herein, capitalized terms used herein have the meanings assigned to them in the Bond Purchase Agreement.

In such capacity, we have reviewed executed counterparts of the Bond Purchase Agreement and the Indenture, dated as of February 1, 2020 (the "*Indenture*"), between the University and U.S. Bank National Association, as trustee (the "*Trustee*"); the Escrow Agreement (the "Escrow Agreement"), between the University and U.S. Bank National Association, as escrow agent (the "Escrow Agent"); and a special report (the "Verification Report") of Public Finance Partners (the "Verification Agent") concerning the sufficiency of the cash and investments deposited with the Escrow Agent with respect to the Trinity Higher Educational Facilities Corporation (the "2012 Issuer") Higher Education Revenue Refunding Bonds (University of St. Thomas Project) Series 2012 (the "*Series 2012 Bonds"*), pursuant to the Escrow Agreement. The Bond Purchase Agreement, the Indenture, and the Escrow Agreement are collectively referred to herein as the "*University Documents*". In addition, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of such corporate records of the University, and such other documents, and we have made such investigations of laws, as we have deemed necessary or advisable as a basis for the opinions expressed below. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies, and the accuracy of the factual representations, warranties, and other statements contained in such documents and certificates.

Based upon the foregoing, we are of the opinion that:

1. The University is duly incorporated and validly existing in good standing as a nonprofit corporation under the laws of the State of Texas, with requisite corporate power and authority to execute, deliver, and perform its obligations under the Bonds and the University Documents.

2. The Bonds and the University Documents have been duly authorized, executed, and delivered by the University; and upon authentication by the Trustee the Bonds and the University Documents constitute legal, valid, and binding obligations of the University enforceable against the University in accordance with their respective terms.

3. Neither the execution nor the delivery of the Bonds or the University Documents by the University will, and the University may observe and perform its obligations thereunder in a manner which will not, conflict with or constitute on the part of the University a breach or violation of any of the terms and provisions of, or constitute a default under, (a) any existing constitution, law or administrative rule or regulation, (b) the Articles of Incorporation or bylaws of the University, or (c) any administrative decree, order, or judgment, agreement, indenture, mortgage, lease, deed of trust, note, or other instrument known to us to which the University is subject or by which its properties are bound.

4. All governmental permits, consents, certificates, approvals and licenses (other than approvals that may be required by any state securities or "blue sky" laws and permits required for the construction and occupancy of buildings and other facilities) necessary for the execution, delivery, and performance by the University of the University Documents have been obtained.

5. The University is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code, with the exception of taxation of any income deemed to be unrelated business taxable income as described in Section 512 of the Internal Revenue Code and with the exception of any amounts deemed taxable by virtue of Section 527(f) of the Internal Revenue Code. To our knowledge, no legislation, rule or regulation has been enacted by any governmental body, department or agency of the United States of America, or any decision rendered by any court of competent jurisdiction of the United States of America in a proceeding to which the University is a party, that would adversely affect the exemption from taxation of the University under the Internal Revenue Code.

6. The University is a corporation organized and, to our knowledge after reasonable inquiry, operated exclusively for educational and charitable purposes, not for pecuniary profit, and no part of the net earnings of the University inures to the benefit of any person, all within the meaning of Section 3(a)(4) of the Securities Act of 1933, as amended, and Section 12(g)(2)(D) of the Securities Exchange Act of 1934, as amended. The offer and sale of the Bonds to the public are exempt from registration under the Securities Act of 1933, as amended, and, in connection therewith, neither the Indenture nor any other instrument need be qualified under the Trust Indenture Act of 1939, as amended.

7. Except for UST Realty Company and UST Rising Stars LLC, after making due inquiry with respect thereto, to our knowledge the University has no subsidiaries.

8. All conditions precedent provided for in the Indenture of Trust and Security Agreement dated as of October 1, 2012 (the "*2012 Indenture*"), between the 2012 Issuer and The Bank of New York Mellon Trust Company, N.A. (the "*2012 Trustee*") with respect to the Series 2012 Bonds relating to the satisfaction and discharge of the Series 2012 Indenture have been complied with, and the Series 2012 Indenture and the lien, rights, and interests created thereby cease, determine, and are null and void (except for surviving rights of conversion, transfer, or exchange of Bonds therein provided for), and the Series 2012 Bonds are deemed paid under the Indenture and no longer secured by or entitled to the benefits of the 2012 Indenture, except for certain rights with respect to surviving rights of conversion,

transfer, or exchange, and preservation of the status of interest on the Series 2012 Bonds as exempt from federal income taxation with respect to the owners thereof for federal income tax purposes.

9. Upon delivery of the Bonds, the University has made due provision for the full payment of the Callable Obligations, as defined in the Offering Memorandum.

As used in paragraphs 3, 5, 6, and 7 above, the phrases "to our knowledge" and "known to us," and references to our attention and belief, refer only to those matters known to our lawyers and other professional personnel who have devoted substantive attention to our representation of the University. In making the confirmation and statement and rendering the opinion in such paragraphs, we have made no investigation of the records of any court or governmental agency, and we note that we represent the University only in selected matters and, accordingly, are not familiar with all of its affairs.

The opinion expressed in paragraph 1 above is rendered solely on the basis of certificates issued by the Secretary of State of Texas.

Our opinions expressed in paragraph 2 above are qualified as follows:

(i) We have assumed that each party to the University Documents other than the University has the requisite corporate power and authority to execute, deliver and authenticate, as applicable, such documents and to perform its obligations under the University Documents, that it has duly authorized such execution, delivery, authentication, and performance, and that the University Documents constitute the legal, valid, and binding obligation of each party thereto (other than the University), enforceable against such parties other than the University in accordance with their respective terms.

(ii) The enforceability of the Bonds and the University Documents is subject to, and may be limited or affected by, (1) bankruptcy, insolvency, reorganization, liquidation, fraudulent conveyance, fraudulent transfer, preference, conservatorship, rearrangement, moratorium, receivership, and other similar laws (including court decisions) in effect and affecting the rights and remedies of creditors or secured parties generally or providing for relief of debtors, (2) the refusal of a particular court (a) to grant certain equitable remedies, including, without limiting the generality thereof, specific performance, or (b) to grant a particular remedy sought under the University Documents as opposed to another remedy provided for therein or another remedy available at law or in equity, (3) general principles of equity (regardless of whether such remedies are sought in a proceeding in equity or at law), (4) judicial discretion, and (5) standards of good faith, fair dealing, materiality, impracticability or impossibility of performance, unconscionability, diligence, reasonableness and care established by applicable law, including, without limitation, those provided in the Uniform Commercial Code, applicable principles of common law, and judicial decisions.

(iii) We express no opinion as to the enforceability of those provisions of the University Documents (i) restricting access to legal or equitable remedies or liquidating or limiting damages, (ii) purporting to establish evidentiary standards or waiving or affecting any rights to notice, demand, or exhaustion of collateral, (iii) relating to self-help, subrogation, delay or omission to enforce rights or remedies, indemnity, contribution, severability, equal and ratable liens, equitable liens, or marshaling of assets, (iv) purporting to grant to any party thereto or the owners of the Bonds any rights or remedies not specifically set forth therein or (v) attempting to prohibit the transfer, alienation, or hypothecation of property.

(iv) We express no opinion as to the availability of equitable remedies, and further, we express no opinion as to the enforceability of any provision of the University Documents that (1) relates to rights of set-off (or the waiver thereof), and we note that rights of set-off may be limited to matured mutual obligations, (2) relates to indemnification or exculpation to the extent any such provisions violate public policy or applicable laws or would purport to require any person to provide indemnification or reimbursement or waive indemnification or reimbursement for losses or expenses caused by fraud, illegality, breach, violation of law, negligence, or willful misconduct of an indemnified or exculpated party, (3) waives, restricts, or denies, or has the effect of waiving, restricting, or denying, any right or defense that cannot be waived, so restricted, or denied as a matter of law, (4) purports to require that all amendments, waivers, and terminations be in writing, (5) purports to make irrevocable the appointment of an agent or attorney in fact, (6) purports to establish, or restrict or otherwise affect, jurisdiction, venue, submission to, or acceptance of, a court's jurisdiction, objections to the laying of venue or submission or acceptance of jurisdiction, limitation periods, or other procedural rights in any proceeding, (7) purports to permit the recording of communications between the parties or others which is in violation of applicable law, or to waive any rights or remedies related thereto, (8) purports to establish or satisfy evidentiary standards or characterizations, treatments, or effect of payments or rights, (9) negates the effect of any course of dealing or any exercise, or failure or delay to exercise, any right, power, privilege, or remedy, (10) authorizes conclusive determinations by any person or entity or authorizes any person or entity to make such determinations in its sole discretion, (11) restricts access to legal or equitable remedies, (12) states that (a) prohibition, illegality, invalidity, or unenforceability of any provision of University Documents in any jurisdiction shall not (A) invalidate the remaining provisions of the University Documents or (B) affect that provision in any other jurisdiction, or (b) the right of any party to exercise any right or remedy on the basis of any misrepresentation or breach of warranty is not affected by any action by such party, or (13) permits an action against any person or entity to be brought in the courts of any state or the federal courts of the United States of America sitting in any district, as applicable, (a) if such person or entity has not been served with process in that action in accordance with applicable rules of procedure, or (b) if such court in which the action is brought does not have jurisdiction of the subject matter of the action.

(v) We have made no examination of, and express no opinion as to, the ranking or relative priority of any liens, security interests, charges, or encumbrances.

In rendering the foregoing opinions, we have assumed that the University Documents will be enforced in compliance with the enforceable provisions thereof and all requirements of applicable law.

Our opinion expressed in paragraph 5 above is rendered on the basis of IRS determination letters to the University and representations from University officers to us that the University operations and activities as of the date hereof are not materially different from those authorized and permitted in the Code for organizations described in Section 501(c)(3) of the Code.

The opinions expressed herein are expressly limited to the internal substantive laws (including statutory laws and regulations) of the State of Texas and applicable federal statutory laws and regulations of the United States of America. In respect to such laws, in addition to other limitations set forth herein, such reference is limited to laws which are normally and customarily applicable to the University in relation to the transactions provided for in the University Documents. References herein to "*laws*" of a jurisdiction are to the laws of that jurisdiction, other than the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities, and special political subdivisions (whether created or enabled through legislative action at the federal, state, or regional level), and judicial decisions to the extent that they deal with any of the foregoing.

Moreover, the opinions expressed herein are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represents our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the assumptions referenced above.

This opinion may be relied upon only by the addressees hereof, and any member of a selling group formed by the Underwriter, in connection with the offer and sale of the Bonds. The opinions expressed herein may not be relied upon in any manner by any other person or entity. The opinions expressed herein are as of the date of this opinion letter, and we make no undertaking to supplement such opinions if, after the date of this letter, facts or circumstances come to our attention or changes in the law occur which could affect such opinions.

Very truly yours,

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APPENDIX E

DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM

This Appendix describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information in this section concerning DTC has been provided by DTC for use in disclosure documents such as this Offering Memorandum. The Underwriter believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Underwriter cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The 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 serial installment or maturity of the Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners 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 registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

To the extent permitted by law, 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 and delivered to DTC.

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