This Preliminary Offering Circular and the information contained herein are subject to change, completion or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Offering Circular is delivered in final form. Under no circumstances shall this Preliminary Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFERING CIRCULAR DATED DECEMBER 1, 2016

NEW ISSUE—Book Entry Only

Rating: S&P: "A" (Stable Outlook)
See RATING herein

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

FRANCISCAN UNIVERSITY OF STEUBENVILLE
An Equal Opportunity University

$23,000,000*
OFFERING CIRCULAR
STATE OF OHIO
(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(FRANCISCAN UNIVERSITY OF STEUBENVILLE 2016 PROJECT)

Dated: Date of Issuance

Due: November 1, as shown on inside cover
(Subject to redemption)

The Bonds will be initially issued only as fully registered bonds in the denomination of $5,000 and greater integral multiples thereof under a book entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC) as provided in the Trust Agreement securing the Bonds. There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Offering Circular. See "Book Entry System".

The Bonds, when, as and if issued, will be special obligations of the State of Ohio issued by the Ohio Higher Educational Facility Commission (the "Commission") and will be payable solely from the revenues and other money pledged and assigned by the Trust Agreement, which include the payments required to be made by Franciscan University of Steubenville under a Lease between the Commission and

FRANCISCAN UNIVERSITY OF STEUBENVILLE

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

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

The Bonds are offered, subject to prior sale, when, as and if issued by the Commission and accepted by George K. Baum & Company (the "Underwriter"), subject to, among other things, the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the University by Spilman Thomas & Battle, PLLC, counsel to the University, and for the Underwriter by Ballard Spahr LLP, counsel to the Underwriter. It is expected that delivery of the Bonds will be made to DTC or its agent on or about December __, 2016, against payment therefor.

George K. Baum & Company

This Offering Circular has been prepared by Franciscan University of Steubenville in connection with the original offering for the sale of the Bonds. The information contained in this Offering Circular speaks only as of its date. This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Offering Circular to obtain information essential to making an informed investment decision.

The date of this Offering Circular is December __, 2016

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* Preliminary, subject to change.

$23,000,000*
STATE OF OHIO
(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY REVENUE BONDS
(FRANCISCAN UNIVERSITY OF STEUBENVILLE 2016 PROJECT)

MATURITY SCHEDULE

Maturity (November 1)	Principal Amount*	Interest Rate	Yield	Price	CUSIP No: (______)
2018	$ 115,000				
2019	505,000				
2020	515,000				
2021	540,000				
2022	565,000				
2023	585,000				
2024	620,000				
2025	655,000				
2026	685,000				
2027	720,000				
2028	760,000				
2029	795,000				
2030	995,000				
2031	1,045,000				
2032	1,100,000				
2033	1,155,000				
2034	1,215,000				
2035	1,275,000				
2036	1,340,000				
2037	1,410,000				
2038	1,480,000				
2039	1,560,000				
2040	1,640,000				
2041	1,725,000				

* Preliminary, subject to change.

REGARDING THIS OFFERING CIRCULAR

This Offering Circular does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized to give any information or to make any representations other than those contained in this Offering Circular and, if given or made, such information or representations must not be relied upon as having been, authorized by the University, the Commission, the Underwriter or any other person or entity. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Offering Circular nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

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

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

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

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

The CUSIP (Committee on Uniform Securities Identification Procedures) numbers shown above have been assigned by an organization not affiliated with the Commission, the University, the Underwriter or the Trustee, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of holders and no representation is made as to the correctness of the CUSIP numbers printed above. CUSIP numbers assigned to the Bonds may be changed during the term of the Bonds based on a number of factors including but not limited to the refunding or defeasance of such issues or the use of secondary market financial products. None of the Commission, the University, the Underwriter or the Trustee has agreed to, nor is there any duty or obligation to, update this Offering Circular to reflect any change or correction in the CUSIP numbers printed above.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE

BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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(FRANCISCAN UNIVERSITY OF STEUBENVILLE 2016 PROJECT)

INTRODUCTION

This Offering Circular, including the cover and inside cover pages, table of contents page and the Appendices, is provided to furnish information in connection with the issuance by the Ohio Higher Educational Facility Commission (the "Commission") of $23,000,000* principal amount of State of Ohio Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project) (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement dated as of December 1, 2016 (the "Trust Agreement") between the Commission and U.S. Bank National Association, as Trustee (the "Trustee"). The Bonds will be dated as of the date of issuance, will mature as set forth on the inside cover page, and will be subject to redemption and purchase in lieu of redemption prior to maturity as described under **The Bonds – Redemption Provisions**.

The **proceeds of the sale of the Bonds will be used** to provide funds to pay project costs as defined in Section 3377.01 of the Ohio Revised Code and costs of refunding bonds issued for such purpose, including (i) costs of and relating to refunding the outstanding State of Ohio Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2006 Project) (the "Refunded Bonds"), the proceeds of which were used to finance or refinance various facilities on the University's campus, (ii) costs of and relating to the acquisition, construction, renovation, furnishing and improving of University buildings for administrative, academic, athletic and student residence purposes, constructing and improving University roads, sidewalks, parking facilities and green spaces and constructing and improving campus infrastructure, including roofs, HVAC facilities, windows, security facilities and plumbing and electrical facilities, and capitalized interest on the Bonds, and (iii) costs related to the issuance of the Bonds.

The Project (as defined below under "Definitions") is to be leased to Franciscan University of Steubenville (the "University") pursuant to a Lease dated as of December 1, 2016 (the "Lease") between the Commission and the University. The University is required to make rental payments under the Lease (the "Rental Payments") in amounts sufficient to pay the principal of and interest on (collectively, the "debt service") the Bonds, whether on an Interest Payment Date (defined below), at maturity, upon acceleration or upon redemption. In the Lease, the University has agreed to purchase all interests of the Commission in the Project after all of the debt service on the Bonds has been paid.

The Bonds are special obligations of the State of Ohio (the "State") and the debt service on the Bonds will be payable solely from the revenues to be derived by the Commission from its

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* Preliminary, subject to change.

lease of the Project, all as provided in the Lease and the Trust Agreement, including the Rental Payments and certain other amounts, as described under "**The Bonds – Sources of Payment and Security; Bondholder's Risks.**" The Bonds are secured by the Trust Agreement, in which the Commission assigns to the Trustee all of the Commission's rights with respect to the Revenues (including Rental Payments) and the money and investments in the Special Funds and certain other rights of the Commission under the Lease, as further described under **"The Bonds – Security and Source of Payment; Bondholder's Risks."** The Bonds are further secured by the Guaranty Agreement, dated as of December 1, 2016 (the "Guaranty") between the University and the Trustee by which the University unconditionally guarantees the payment of the debt service on the Bonds. The University's obligations under the Guaranty are secured by a pledge of certain revenues of the University, as described herein under **"The Guaranty Agreement."**

Brief descriptions of the Commission, the University, the Bonds, the Lease, the Trust Agreement and the Guaranty are included in this Offering Circular. The descriptions of the Bonds, the Lease, the Trust Agreement and the Guaranty and references and excerpts of all other documents referred to do not purport to be complete statements of the provisions of such documents and are qualified in their entirety by reference to each such document. Reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and remedies of Bondholders. All descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights. Copies of the above-described documents are available for inspection during the initial offering period at the office of George K. Baum & Company, Pittsburgh, Pennsylvania (the "Underwriter"), and thereafter at the designated office of the Trustee. Capitalized terms used herein shall have the same meanings as given to them in the Lease unless otherwise defined herein or where the context would clearly indicate otherwise. See "**Definitions**" herein.

THE BONDS

General

The Bonds will be dated their date of issuance, will bear interest payable semi-annually on May 1 and November 1 of each year (each an "Interest Payment Date"), commencing May 1, 2017, and will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date. The Bonds will mature, subject to prior redemption as hereinafter described, in the amounts and on the dates and will bear interest at the respective rates all as shown on the inside cover page. The Bonds will be authorized and issued by the State acting by and through the Commission under the provisions of the Act and pursuant to a resolution adopted by the Commission (see "**The Commission"**).

Denomination; Payment

The Bonds are being issued as fully registered bonds in the denomination of $5,000 and any greater multiple thereof. Interest is to be paid by check or draft mailed to the person in whose name that Bond is registered (the "Holder" or "Bondholder") on the registration books (the "Register") maintained by the Trustee as registrar (the "Registrar") at the close of business on the fifteenth day of the calendar month next preceding each Interest Payment Date (the "Regular Record Date"). Principal of the Bonds will be payable when due upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee. See "**Book Entry System"** herein.

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

Redemption Prior to Maturity

The Bonds are subject to redemption prior to maturity as described below.

Mandatory Redemption.

Pursuant to the terms of the Trust Agreement, the Bonds maturing November 1, 20__ and November 1, 20__ (the "Term Bonds") are subject to mandatory redemption prior to maturity at a redemption price of 100% of the principal amount of the Bonds redeemed, plus interest accrued to the redemption date, on November 1 in the following principal amounts in the years specified:

Term Bonds maturing November 1, 20__

Mandatory Redemption Date (November 1)	Amount

The remaining principal amount of $________ is payable at maturity on November 1, 20__ (unless redeemed earlier by optional redemption).

Term Bonds maturing November 1, 20__

Mandatory Redemption Date (November 1)	Amount

The remaining principal amount of $________ is payable at maturity on November 1, 20__ (unless redeemed earlier by optional redemption).

Optional Redemption. The Bonds are subject to redemption by and at the option of the Commission, at the direction of the University, prior to stated maturity in whole or in part on any date, on or after November 1, 2026, at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption prior to maturity on any date by and at the option of the Commission, at the direction of the University, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date: (i) in whole in the event of the exercise by the University of its option to purchase the Project as provided in the Lease if all or a substantial part of the Project is damaged, destroyed or taken under power of eminent domain, the Lease becomes void or unenforceable, the University loses its tax-exempt status and, as a result, the interest on the Bonds is no longer excluded from gross income for federal income tax purposes or certain other extraordinary events occur (see "**The Lease – University's Options to Terminate Lease"**), or (ii) in part in the event of condemnation of the Project or any part thereof to the extent provided in the Lease.

Notice of Redemption. The notice of the call for redemption of all or part of the Bonds will be given by the Trustee on behalf of the Commission by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption (except for extraordinary optional redemption) to the Holder of each Bond to be redeemed at the address shown on the Register at the close of business on the fifteenth day preceding that mailing. Such notice will, among other items, identify the Bonds or portions thereof being redeemed and specify the redemption price and date and the place or places where the amounts due upon redemption are payable and any conditions precedent to redemption.

Notice of the call for redemption of Bonds held under a book entry system will be sent by the Trustee only to DTC or its nominee as registered owner. Selection of book entry interests in the Bonds called, and notice of call to the book entry interest owners is the responsibility of DTC, direct participants and indirect participants. Any failure of DTC to advise any direct participant, or of any direct participant or any indirect participant to notify the book entry interest owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of the Bonds. See "**The Bonds – Payment of Principal and Interest"** herein.

Any defect in the notice of redemption regarding any Bond or any failure to receive such notice by mailing will not affect the validity of the proceedings for the redemption of any Bonds. If at the time of giving of notice of optional redemption there shall not have been deposited with the Trustee money sufficient to redeem all Bonds called for redemption, such notice will state that it is conditional, that is, subject to the deposit of money sufficient for the redemption with the Trustee not later than the redemption date, and such notice will be of no effect unless such money is so deposited.

If any Bonds are not presented for payment at the date fixed for their redemption and the funds for such payment are available therefor, the Holders of such Bonds will thereafter be restricted exclusively to the funds available for redemption for the satisfaction of any claim relating to such Bonds. Any such funds remaining unclaimed for four years after becoming due and payable shall be paid to the University and the Holders of such Bonds shall thereafter be entitled to look only to the University for payment and only in an amount equal to the amounts received by or paid to or on behalf of the University, without any interest thereon.

Partial Redemption. When less than the entire unmatured portion of the Bonds are called for redemption, the Bonds shall be called in the order of maturities as directed by the University and if fewer than all of the Bonds of a single maturity are to be redeemed, the selection of such Bonds or portions of Bonds in amounts not less than the minimum authorized denomination for a Bond is to be made by lot in such manner as determined by the Trustee, provided that the unredeemed portion of any Bond or ownership of book entry interests redeemed in part shall be in an authorized denomination. For purposes of this paragraph, Bonds maturing on the same dates at different interest rates shall be considered separate maturities. In the event of a partial redemption of a Term Bond, the Trustee will allocate the principal amount redeemed against the mandatory sinking fund schedule as directed by the University. If less than all of an outstanding Bond held under a book entry system is to be called for redemption, the Trustee will give notice of redemption only to DTC or its nominee as registered owner. The selection of the book entry interests in that Bond to be redeemed, and notice of call to the book entry interest owners of those interests called, is the responsibility of DTC, Direct Participants and Indirect Participants.

Purchase in Lieu of Redemption. In lieu of redeeming Bonds as described under "Optional Redemption" above, the University may purchase Bonds that otherwise would have been subject to optional redemption, at a purchase price equal to 100% of the principal amount purchased plus interest accrued to the purchase date. The purchase of the Bonds is mandatory and enforceable against the Holders of the Bonds to be purchased and such Holders have no right to retain their Bonds. Following any such purchase, the purchased Bonds shall be registered in the name of the University or its nominee or as otherwise directed by the University. In the case of the purchase of less than all of the Bonds, the particular Bonds to be purchased shall be selected as described in the Trust Agreement. No such purchase of Bonds shall operate to extinguish purchased Bonds which will remain Outstanding under the Trust Agreement. Notwithstanding the foregoing, no such purchase will be made unless the University shall have delivered to the Trustee and the Commission concurrently with such purchase an opinion of Bond Counsel to the effect such purchase will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Notice of a purchase pursuant to this Section, including notice of any conditions that such purchase may be subject to, shall otherwise be given to the Trustee and the Holders at the times and in the manner specified in in the Trust Agreement with respect to redemption.

Book Entry System

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

<u>Sources of Payment and Security; Bondholder's Risks</u>

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

In addition, in order to secure the payment of the debt service on the Bonds and the performance of the obligations contained in the Trust Agreement and the Bonds, the Commission will assign to the Trustee all its right, title and interest in and to (i) the Revenues, (ii) the Lease, except certain rights to be reimbursed for fees and expenses, to be indemnified, to receive Additional Payments and to consent to amendments, (iii) all money and investments in the Special Funds, (iv) the Base Lease, except for Unassigned Rights, effective solely upon the occurrence of an Event of Default and only for so long as such Event of Default continues to exist, and (v) the proceeds of the Bonds and the Guaranty.

The Bonds are further secured by the Guaranty by which the University unconditionally guarantees the payment of the debt service on the Bonds. The University's obligations under the Guaranty are secured by a pledge of certain revenues of the University, as described herein under **"The Guaranty Agreement."**

There is no debt service reserve fund securing the Bonds.

The Project was specifically constructed and equipped for the benefit of the University for use in its educational programs, and may be subject to practical restrictions that may limit the use thereof by others. Therefore, in the event of a default, the Trustee's ability to lease the Project to third parties would be limited by those practical restrictions and by Permitted Encumbrances. The rentals, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the lease or other disposition of the Project would be sufficient to allow payment in full of the Bonds. Also, as noted in "**The Lease – Events of Default**," the Trustee as assignee has the right, upon default under the Lease, to sublease the Project. The Lease covers only a portion of the campus of the University, and university buildings are generally special-use buildings, so that it may be difficult to obtain rentals on subleasing adequate to pay debt service on the Bonds. The University has not granted a mortgage on the Project to secure the Bonds.

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

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

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

The University is subject to the same competitive pressures that affect other private colleges and universities. Changing demographics may mean a smaller pool of college-bound persons from which to draw entering classes. Greater competition for students together with rising tuition may mean that the University will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified administrators and faculty may mean higher expenditures for salaries and administrative costs. Each of these factors can have an impact on the revenues of the University. Additional factors that may adversely affect the operations of the University include, among others: (1) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; (2) increased costs and decreased availability of public liability insurance; (3) changes in the demand for higher education in general or for programs offered by the University in particular; (4) cost and availability of energy; (5) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (6) a decrease in availability of student loan funds or other aid; (7) an increase in the costs of health care benefits, retirement plan or other benefit packages offered by the University to its employees and retirees; (8) a significant decline in the University's investments based on market or other external factors; (9) litigation; (10) reductions in funding support from donors or other external sources; (11) loss of any of its accreditations; (12) natural disasters, which might damage the University's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities; (13) the inability to achieve net income from any new programs; (14) the inability to supplement recruitment efforts as a result of a decline in the University's summer conference attendees; and (15) any future decisions by the University to support the activities of any current or future subsidiaries. Neither the Underwriter nor the Commission has made any independent investigation of the extent to which any such factors will have an adverse impact on the revenues of the University.

In addition, the University, like other institutions of higher education, is subject to a wide variety of federal, state and local laws, including environmental, antitrust and health and safety laws, and from time to time may be a party to various legal proceedings seeking damages or injunctive relief or be the subject of investigations by governmental regulatory bodies and administrative or law enforcement agencies in connection with its operations generally. Any such proceedings or investigations may not be covered by insurance and could result in adverse publicity, significant fines, penalties and judgments and adversely affect the enrollment or financial condition of the University. See “**Absence of Material Litigation**” herein and **Appendix A**.

THE COMMISSION

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

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

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

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

PLAN OF FINANCING

A portion of the proceeds of the sale of the Bonds will be used, together with other available funds, for the purpose of currently refunding the Refunded Bonds and will be deposited in the Escrow Fund established under the Escrow Agreement. The Refunded Bonds will be called for redemption in full on a date (the "Redemption Date") approximately 35 days after the date of issuance of the Bonds. The Escrow Fund and the money and investments therein will be used solely and exclusively for, and are irrevocably committed to, the payment of debt service charges or the redemption price of the Refunded Bonds on the Redemption Date, as applicable.

A portion of the proceeds of the sale of the Bonds will be deposited in the Improvement Fund and applied to pay costs of certain capital projects of the University, as described in the Lease.

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds	$
Reserve Fund for Refunded Bonds	
TOTAL SOURCES	$

Uses of Funds

Deposit to Escrow Fund	$
Deposit to Improvement Fund	
Costs of Issuance [1]	
TOTAL USES	$

(1) Includes Underwriter's discount, legal, printing, and Trustee fees; Rating Service fee and other related financing costs.

DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service requirements on long-term debt of the University following issuance of the Bonds.

Year Ending May 31,	Notes [1]	Interest on Series 2016 Bonds	Principal of Series 2016 Bonds	Total Debt Service on Series 2016 Bonds	Total
2017	$722,738.11	$	$	$	$
2018	745,306.77				
2019	703,649.37				
2020	662,067.89				
2021	418,455.33				
2022	420,418.63				
2023	422,451.62				
2024	424,555.90				
2025	408,560.88				
2026	210,923.16				
2027	213,256.56				
2028	215,670.04				
2029	218,169.68				
2030	220,755.84				
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
Total	$6,006,979.78	$	$	$	$

(1) Includes three separate bank loans with a combined principal balance of approximately $5,056,994. Assumes a rate of 2.26% per annum on one of the loans which bears interest at a variable rate; the other two loans bear interest at fixed rates. Does not include four car loans with a combined outstanding balance of approximately $66,500 or a line of credit with an outstanding balance of $4,000,000 which the University expects to repay in full prior to May 31, 2017.

FRANCISCAN UNIVERSITY OF STEUBENVILLE

The University is a private coeducational institution of higher education located in Steubenville, Ohio. See **Appendix A** hereto for a description of the University.

DEFINITIONS

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

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

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

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

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

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

"**Bond Legislation**" means the resolution adopted by the Commission providing for the issuance of the Bonds and approving the Bond Documents and related matters, as that resolution may from time to time be amended or supplemented.

"**Bond Purchase Agreement**" means the Bond Purchase Agreement entered into by and among the Commission, the University and the Underwriter, providing for the sale and purchase of the Bonds.

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

"**Bonds**" or "**Bond**" means the $_________ State of Ohio Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project) issued by the Commission pursuant to the Trust Agreement, including any portion thereof or any beneficial interest therein, as applicable.

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

"**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the city or cities in which the designated offices of the Trustee are located and authorized by law or executive order to close, (iii) any day on which the Federal Reserve Bank of Cleveland is closed or (iv) a day on which the Depository is closed.

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

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

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement dated as of even date with the Trust Agreement, between the University and the Trustee, as amended or supplemented from time to time.

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

"**Defeasance Obligations**" means

(a) Direct Obligations;

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

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

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

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

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

(a) Direct Obligations;

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration ("FmHA")); participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs") rated, at the time of purchase, "Aa" by Moody's and "AA" by Standard & Poor's; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal at the time of purchase) and senior debt obligations of the Federal National Mortgage Association ("FNMAs") rated, at the time of purchase, "Aa" by Moody's and "AA" by Standard & Poor's; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed pass-through obligations of the Government National Mortgage Association ("GNMAs"); senior debt obligations of the Student Loan Marketing Association; project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) such other investments as may be permitted under State and federal law, provided that such investments shall be made only for the purpose of preventing any

Bonds from becoming "arbitrage bonds" under Section 148 of the Code, and provided further that prior to such investment, the Trustee or University Representative, as the case may be, will have obtained the written opinion of Bond Counsel that such investment will not affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

"Escrow Agreement" means the Escrow Agreement, dated as of even date with the Trust Agreement, among the Commission, the University and the Trustee, as trustee for the Refunded Bonds, as amended and supplemented from time to time and entered into in connection with the refunding of the Refunded Bonds.

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

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

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

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

"Improvement Fund" means the Improvement Fund created under the Trust Agreement.

"Improvement Period" means the period between the beginning of the acquisition, construction, installation, renovation and equipping of the Project or the date on which the Bonds are issued, whichever is earlier, and the date on which the Project is substantially completed, as certified to the Trustee by the University.

"Interest Payment Date" means May 1 and November 1, commencing May 1, 2017.

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

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

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

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

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

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

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

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

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

(a) the Base Lease and the Lease of the Project and any sublease authorized under such Base Lease and Lease;

(b) any existing base lease or lease between the University and Commission entered into as permitted by and in furtherance of purposes of the Act;

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

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

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

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

(g) minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title of a nature that exist normally with respect to properties of a character similar to that of the Project and that, in the opinion of an architect or independent counsel, in the aggregate do not materially and adversely affect the value or marketable title of the Project or impair materially the property affected thereby for the purpose for which it was acquired or is held;

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

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

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

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

"Pledged Revenues" means all receipts, revenues, income and other money received by or on behalf of the University from the operation, ownership or leasing of the University's Core Campus, all gifts, grants, bequests, donations and contributions received by the University, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, including any insurance proceeds and any condemnation awards derived therefrom, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the University; provided, however, that there shall be excluded from Pledged Revenues: gifts, grants, bequests, donations and contributions heretofore or hereafter made, the application of the proceeds of which is designated or restricted at the time of making thereof by the donor, payor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of Rental Payments under the Lease or not subject to pledge, or subsequent to the receipt thereof, so designated or restricted by the University in order to meet the requirements of any challenge grant received by the University, and the income derived therefrom to the extent that it is permanently restricted in or by such designation or restriction or by law.

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

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

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

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

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

"Record Date" or **"Regular Record Date"** means, with respect to any Bond, the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

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

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

"**Rental Payment Date**" means the Business Day next preceding an Interest Payment Date.

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

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

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

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

"**Tax Agreement**" means the Tax Certificate and Agreement, dated the date the Bonds are issued and delivered, among the Commission, the University and the Trustee, as amended or supplemented from time to time.

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

"**Trust Agreement**" means the Trust Agreement dated as of December 1, 2016, securing the Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

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

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

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

"**University's Core Campus**" means the buildings, structures, real estate and any appurtenant facilities currently owned directly by the University and located on the University's core hilltop campus, consisting of approximately 104 acres, used by the University in connection with its functioning as an institution of higher education. The University's Core Campus does not include certain property owned by the University and located adjacent to or near the core hilltop campus, which includes, *inter alia*, certain student housing facilities and athletic fields.

DOCUMENT DESCRIPTIONS

The following descriptions of provisions of the documents are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Reference is made to the Lease, the Trust Agreement and the Guaranty relating to the Bonds.

THE LEASE

Term of Lease

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

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

Rentals

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

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

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

Absolute Obligation to Pay Rental Payments

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

Disbursements from Improvement Fund

Proceeds of the Bonds deposited to the Improvement Fund will be disbursed only to reimburse or pay the University, or any Person designated by the University, for any of the following: (a) costs incurred directly or indirectly for or in connection with the acquisition and leasing of the Project, survey fees, recording fees and costs related to any of the work deemed desirable in order to perfect or protect the interests of the Commission, the Trustee and the University in the Project; (b) costs incurred directly or indirectly for or in connection with the acquisition, construction, remodeling, improvement, equipping or furnishing of the Project, including those costs incurred for preliminary planning and studies, architectural, accounting, consulting, financial, legal, engineering, supervisory and other services, site preparation, utilities, labor, materials and acquisition and installation of personal property; (c) premiums attributable to any bond insurance or to any surety bonds, initial expenses relating to any letter of credit or liquidity facility and insurance to be taken out and maintained during the Improvement Period with respect to the Project; (d) taxes, assessments and other charges in respect of the Project that may become payable during the Improvement Period; (e) costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project Facilities; (f) any other incidental and necessary costs, expenses, fees and charges relating to the acquisition, construction, installation, leasing, improvement or equipping of the Project; (g) interest on the Bonds during the Improvement Period; (h) any other costs incurred in connection with the Project or the Bonds or as otherwise permitted to be paid from the proceeds of the Bonds under the Act and the Code; and (i) payments made to the Rebate Fund; provided that none of the proceeds of the Bonds in the Improvement Fund may be used to pay issuance costs of the Bonds within the meaning of Section 147(g) of the Code.

Any money in the Improvement Fund remaining after the completion of the Project and payment, or provision for payment, of the due and payable costs of the Project shall be used, at the direction of the University Representative: to pay the principal of or interest on the Bonds, to redeem Bonds which are then callable for redemption in accordance with the Trust Agreement, for the purchase for cancellation of Bonds in the open market at prices not exceeding the then-current optional redemption price or, if not then callable, at a price not exceeding the price at which Bonds are first callable, or for the payment of project costs of a project comprising an educational facility, all within the meaning of the Act and as described in a certificate of the University Representative, so long as the provisions of the Lease and the Base Lease are amended to include within the Project subject to those leasehold conveyances any additional facilities and related real property acquired, constructed, renovated or otherwise improved with such funds.

Acquisition, Construction or Equipping of Project

The University is required to undertake and continue with due diligence the acquisition, construction, improvement and equipping of the Project Facilities on the Project Site and to complete the Project as promptly as is feasible in all material respects in accordance with all legal requirements.

Maintenance of Ownership; Subsequent Leases

Except as permitted by the Lease, the University covenants and agrees in the Lease that it will not sell or otherwise dispose of all or any part of the Project, of the University's or the Commission's leasehold interest therein or directly or indirectly create or suffer to be created or to remain mortgage, lien, encumbrance or charge upon, pledge of, security interest in or conditional sale or other title retention agreement with respect to the Project, or the interests of the Commission or of the Trustee in the Trust Agreement, the Special Funds or the Revenues, Rental Payments, Additional Payments, or any part thereof, other than Permitted Encumbrances. The Commission and the University may enter into one or more leases of the Project or portions thereof in connection with the issuance of bonds by the Commission to provide additional improvements to the Project or in order to refund all or a portion of the Bonds or subsequent issues of bonds issued for those purposes. The Base Lease and the Lease are required to be permitted encumbrances under those subsequent leases and those subsequent leases will be Permitted Encumbrances under the Lease.

Tuition, Fees and Charges

So long as any Bonds are outstanding the University covenants and agrees to operate all of its educational facilities, including the Project, on a revenue-producing basis. The University also covenants during such period to fix, revise as often as necessary (but not necessarily more often than annually), charge and collect such reasonable tuition fees, other student fees, rates, other fees, rentals and charges for the use and occupancy of its educational facilities, including the Project or any part thereof, in amounts so that the University will receive gross cash receipts in each fiscal year that, together with other money legally available to it, are sufficient (as determined in accordance with generally accepted accounting principles then in effect and applicable to nonprofit educational institutions) to pay the following costs (without priority of any one clause over another): (i) currently all of the University's expenses, payable during that fiscal year, for its operation, including those expenses incurred in carrying out its educational purposes, and for the operation, maintenance and repair of all its educational facilities, including the Project, and any other facilities operated by the University; (ii) all Rental Payments and Additional Payments under the Lease due in that fiscal year; (iii) all other obligations imposed by the Bond Documents upon the University payable during such fiscal year; and (iv) all indebtedness and other obligations of the University due in that fiscal year as the same become due and payable.

Maintenance of Project; Insurance

The University agrees that, during the term of the Lease, it will occupy, use, keep and maintain the Project, including all appurtenances thereto and any personal property necessary to the operation thereof, in good repair and good operating condition at its own cost. The University will obtain and maintain within the Project all movable furnishings, equipment and other personal property (in addition to that purchased with the proceeds of the Bonds) as are essential for the faithful and efficient administration, operation, and maintenance of the Project. The University has no obligation, however, to repair, renew or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary portions of the Project Facilities unless provision is made therefor in the Lease. The University may from time to time make modifications to the Project (including removal of portions of the Project without substitution) so long as it is not in default under the Lease and such modifications will not be in violation of the Act or impair the character or significance of the Project as furthering the purposes of the Act.

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

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

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

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

(c) Workers' compensation (or the election to self-insure as permitted by the State) and employer's liability coverage as required by the laws of the State; and

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

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

Annual Statement

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

Merger, Consolidation or Transfer of Assets

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

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

Indemnification of the Commission

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

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

University's Options to Terminate Lease

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

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

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

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

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

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

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

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

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

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

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

Assignment and Subleasing

The Lease may be assigned in whole or in part, and the Project may be subleased in whole or in part, by the University without the necessity of obtaining the consent of the Commission and the Trustee, provided that certain conditions are met, including (i) no such assignment (other than assignments pursuant to the consolidation, merger, sale or other transfer as described above in **The Lease – Merger, Consolidation or Transfer of Assets**) will relieve the University from primary liability for any of its obligations under the Lease and the University will continue to remain primarily liable for the payment of Rental Payments and Additional Payments, (ii) any such assignment or sublease will retain for the University such rights as will permit it to perform its obligations under the Lease, (iii) the University furnishes a copy of such assignment, sublease or grant of use to the Commission and the Trustee, and (iv) any such assignment or sublease shall be subject to the terms of the Lease and will not materially impair fulfillment of the purposes of the Act in providing educational facilities or adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or cause the interest on the Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code (whether by noncompliance with the covenants of the University in the Tax Agreement or otherwise).

Events of Default

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

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

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

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

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

(e) The University shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as in effect from time to time; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or have such proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property.

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

The provisions described in (c) above are subject to the following limitations: if by reason of any cause, circumstance or event not reasonably within the control of the University, it is unable in whole or in part to perform or observe its agreements under the Lease other than its obligation to make payments or to carry insurance required thereunder, the University will not be deemed in default during the continuance of such inability.

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

Remedies on Default

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

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

(b) The Trustee may enter and take possession of the Project without terminating the Lease, complete the Project Facilities if not then completed, sublease the Project or any part thereof for the account of the University, holding the University liable for completion costs, if any, not reimbursed to the Commission from the proceeds of the Bonds or otherwise, collect rentals and enforce all other remedies of the University under any leases of, or assignments or grants of rights to use or occupy, the Project, terminate the Lease and enter into new leases, assignments and grants on any terms that the Commission or the Trustee may deem to be suitable for the Project, remove the University, all other persons and all property from the Project, operate and manage the Project, and receive all earnings, income or other sums accruing with respect thereto. Rentals and other amounts received by the Trustee in accordance with the preceding sentence may be applied by the Trustee to any costs of administration, operation, repair or maintenance of the Project, as the Trustee may deem reasonably useful, and the remaining balance shall be applied to the Rental Payments, Additional Payments and other amounts payable, or to become payable, under the Lease, in the order of priority to be determined by the Trustee.

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

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

(e) The Trustee may appoint a receiver for the Project.

Any amounts collected as, or applicable to, Rental Payments pursuant to any such action taken will be paid into the Bond Fund and applied in accordance with the provisions of the Trust Agreement if the Bonds have not been paid and discharged in accordance with the Trust Agreement.

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

In the event of any Event of Default, the University is required to certify to the Trustee the amount of Commission Obligations, including the amount of Commission Obligations relating to each of the Existing Overlapping Portion and the Future Overlapping Portion, outstanding and to the best of its knowledge the identity of the Holders of such Commission Obligations. The Trustee may rely conclusively on such certificate. In exercising remedies under (b) or (e) above, the Holders of a majority in aggregate principal amount of all Commission Obligations that are subject to related Existing Overlapping Portions and Future Overlapping Portions will have the right by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting all remedial proceedings to be taken by the Trustee with respect thereto and provided such direction shall otherwise be subject to and in accordance with applicable law or the provisions of the Lease and the Trust Agreement, including those relating to the rights and immunities of the Trustee, including its right to be indemnified to its satisfaction. The Trustee will have the right to decline to follow such direction which in the sole opinion of the Trustee (which may rely upon an opinion of counsel with respect to such matters) would be unjustly prejudicial either to the Holders of any Commission Obligations or the Holders of Bonds who are not parties to such direction.

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

Upon that payment, deposit and cure, (a) the Lease will be reinstated fully, (b) the University will be restored to the possession of the Project and (c) that payment, deposit and cure will constitute *ipso facto* a waiver of the Event of Default and its consequences and an automatic rescission of any declaration of acceleration. No waiver will extend to any subsequent Event of Default. If, by reason of any Event of Default under the Lease in the payment of Rental

Payments, the payment of any principal of or interest on any Bond is not made when due (whether at maturity or by mandatory redemption), the Lease will not be reinstated if the Trustee, within ten days of such payment, deposit and cure, notifies the University in writing of its objection, based on a reasonable determination that the University will be subject to a subsequent Event of Default under the Lease, to such reinstatement.

Amendments of the Lease

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

THE TRUST AGREEMENT

Security

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

Use of Bond Proceeds

The proceeds of the sale of the Bonds will be deposited by the Trustee as follows: to the Escrow Fund, the amount necessary to refund the Refunded Bonds; to the Issuance Expense Fund, the amount specified by the Commission in a Certificate to the Trustee, which amount shall not exceed the amount of Bond proceeds that may be allocated for issuance expenses under the Code, and to the Improvement Fund, the balance of the proceeds (see "**Sources and Uses of Funds"**).

Bond Fund

The Trust Agreement establishes the Bond Fund that is to be maintained by the Trustee. Deposits into the Bond Fund will consist of Revenues and any other amounts that may be applied to the payments of Bond Service Charges.

Money in the Bond Fund is to be used for the payment of Bond Service Charges on the Bonds, as they become due, (i) in the first instance from the Rental Payments to be made directly by the University to the Trustee for the account of the Commission pursuant to the terms of the Lease and to be deposited in the Bond Fund and (ii) if those Rental Payments are not made or if money then on deposit in the Bond Fund and available for that purpose is not sufficient to pay the Bond Service Charges, from other Revenues to the extent then available and from any other source lawfully available to the Trustee, including payments made under the Guaranty.

Amounts remaining in the Bond Fund after payment or provision for payment of all Bond Service Charges are to be paid to the University.

Issuance Expenses Fund

Bond proceeds will be deposited into the Issuance Expenses Fund maintained by the Trustee as provided in the Trust Agreement and will be disbursed by the Trustee in accordance with the Lease to pay, or to reimburse the University for payment of, the fees and expenses incurred in connection with the issuance of the Bonds including the fees of the Commission.

The money and Eligible Investments held in and to the credit of the Issuance Expenses Fund, pending application thereof as above set forth will not constitute part of the Revenues assigned to the Trustee as security for the payment of Bond Service Charges.

Improvement Fund

Money in the Improvement Fund will be disbursed by the Trustee in accordance with the provisions of the Lease described above in **The Lease – Disbursements from Improvement Fund."** Pending disbursement pursuant to the Lease, the money and Eligible Investments to the credit of the Improvement Fund will constitute a part of the Revenues assigned to the Trustee as security for the payment of the Bond Service Charges (and as such will be used by the Trustee to pay those Bond Service Charges if no other funds are available under the Trust Agreement).

Rebate Fund

The Trust Agreement establishes the Rebate Fund that is to be maintained by the Trustee. The Trustee is required to use the money in the Rebate Fund to make payments to the United States in accordance with provisions of the Code, as provided in the Tax Agreement. The amounts on deposit in the Rebate Fund will not be part of the Revenues assigned under the Trust Agreement to the Trustee.

Investment of Funds

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

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

Defeasance

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

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

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

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

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

Events of Default

The following are "Events of Default" under the Trust Agreement:

(a) The Commission fails to pay any interest on any Bond when and as that interest becomes due and payable;

(b) The Commission fails to pay the principal of or any premium on any Bond when and as that principal becomes due and payable, whether at stated maturity or by acceleration or redemption, pursuant to any mandatory sinking fund requirements;

(c) The Commission or the University fails to perform or observe any covenant or agreement or obligation under the Trust Agreement, the Lease or the Tax Agreement that results in the interest on the Bonds no longer being excluded from gross income for federal income tax purposes;

(d) The Commission fails to perform or observe any other covenant, agreement or obligation on the part of the Commission contained in the Trust Agreement or in the Bonds, which failure or default shall have continued for a period of 60 days after written notice, by registered or certified mail, to the Commission and the University specifying the failure or default and requiring the same to be remedied, which notice may be given by the Trustee in its discretion and which notice must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding;

(e) The occurrence of an Event of Default as defined in the Lease subject to applicable waivers and cure periods as provided therein; or

(f) The University fails to perform or observe any covenant, agreement or obligation on the part of the University contained in the Guaranty, or any default occurs under the Guaranty, giving effect to any notices and grace periods therein.

Acceleration

Upon the occurrence of any Event of Default as described in (a), (b) or (c) above, the Trustee may (but is not obligated to), and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding the Trustee shall, by notice in writing delivered to the Commission, declare the principal of and any premium on all Bonds then outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately.

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

Other Remedies

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

Upon the occurrence and continuance of an Event of Default under the Trust Agreement, the Trustee may pursue any available remedies to enforce the payment of the debt service on the Bonds and the Trustee may pursue any available remedy to enforce the observance and performance of any other covenant, agreement or obligation under the Trust Agreement, the

Lease, the Guaranty or any other instrument providing security, directly or indirectly, for the Bonds. If requested to do so by Holders of at least 25% in aggregate principal amount of Bonds outstanding and if indemnified as provided in the Trust Agreement, the Trustee is required to exercise such of the rights and powers conferred upon it under the Trust Agreement as the Trustee.

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

Right of Bondholders to Direct Proceedings

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

Rights and Remedies of Holders

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

Waivers of Events of Default

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

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

Application of Money

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

Supplemental Trust Agreements

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

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;

(b) to grant to or confer upon the Trustee for the benefit of the Holders additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(c) to assign additional revenues under the Trust Agreement;

(d) to accept additional security with respect to the Project;

(e) to add to the covenants, agreements and obligations of the Commission contained in the Trust Agreement, other covenants, agreements and obligations thereafter to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Commission in the Trust Agreement;

(f) to evidence any succession to the Commission and the assumption by such successor of the covenants, obligations and agreements of the Commission contained in the Trust Agreement, the Lease and the Bonds;

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

(h) to specify further the duties and responsibilities of the Trustee, Registrar, authenticating agents and paying agents;

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

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

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

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

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

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

The Trustee

The Trustee, U.S. Bank National Association, is a national banking association organized and existing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State of Ohio, with a place of business in Cleveland, Ohio.

The Trustee, prior to the occurrence of an Event of Default under the Trust Agreement, and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement and for which it has been indemnified by the Holders. In case an Event of Default under the Trust Agreement has occurred and is continuing, the Trustee will exercise the rights and powers vested in it by the Trust Agreement as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Trust Agreement provides that the Trustee is entitled to act upon opinions of counsel and will not be responsible for any loss or damage resulting from reliance thereon in good faith. In addition, the Trust Agreement provides that the Trustee is entitled to rely on certain other instruments, and it will not be liable for any action reasonably taken or omitted to be taken by it in good faith or be responsible other than for its own negligence or willful misconduct.

As provided in the Trust Agreement, the Trustee may resign or, under certain circumstances, be removed at any time. No such resignation or removal shall take effect until the appointment of a successor Trustee and the acceptance of such appointment by that successor Trustee.

Extent of Commission's Covenants – No Personal Liability

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

THE GUARANTY AGREEMENT

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

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

No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind that the University has or may have against the State, the Commission, the Trustee or any Holder will be available to the University against the Trustee under the Guaranty.

To secure the payment of the amounts payable by the University under the Guaranty and under the Lease, the University pledges, assigns and grants to the Trustee, a lien on and a security interest in its Pledged Revenues. The existence of such pledge and security interests shall not prevent the expenditure, deposit or commingling of the Pledged Revenues by the University so long as all required payments hereunder are made when due. If any required payment is not made when due or an Event of Default shall have occurred and is continuing, any Pledged Revenues that are then on hand and not yet commingled with other funds of the

University, and any Pledged Revenues thereafter received, shall not be commingled or deposited but shall immediately be paid over to the Trustee. Such lien is on a parity with a lien on the Pledged Revenues granted to secure an existing bank loan and the University is permitted to grant a parity lien on the Pledged Revenues to secure future indebtedness of the University.

THE TAX AGREEMENT

University Not to Adversely Affect Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

The University represents in the Tax Agreement that it has taken and caused to be taken and covenants that it will take and cause to be taken all actions that may be required of it, alone or in conjunction with the Commission, for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. The University also represents in the Tax Agreement that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect those exclusions under the provisions of the Code. Unless the University receives and provides to the Commission and the Trustee a written opinion of nationally recognized bond counsel acceptable to the Commission that such action will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, the University will not take any action or fail to take any action the result of which if it had occurred prior to or at the time of issuance of the Bonds, or at any time thereafter, would be to cause the Bonds not to be considered qualified 501(c)(3) bonds under the Code.

Rebate Fund

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

ENFORCEABILITY OF REMEDIES

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

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

From time to time, various claims, charges and litigation are and have been asserted or commenced against the University arising out of the operations of the University and its affiliated support entities. In certain instances, the amounts claimed are substantial or are unspecified, and may not be covered by the University's insurance policies. The damages claimed may not bear any reasonable relationship to the merits of the litigation.

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

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement relating to Bonds among George K. Baum & Company (the "Underwriter"), the Commission and the University, the Underwriter has agreed to purchase the Bonds at an aggregate price equal to $_________ (representing the principal amount of the Bonds less underwriter's discount of $________). The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will purchase all Bonds, if any are purchased. The University has agreed to indemnify the Underwriter and the Commission against certain civil liabilities, including liabilities under federal securities laws. The Bonds will be offered to the public initially at the offering prices set forth on the inside cover page of this Offering Circular. Those offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

George K. Baum & Company and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation ("Pershing"), have a distribution agreement enabling Pershing LLC to obtain and distribute certain municipal securities underwritten by or allocated to George K. Baum & Company. Under the distribution agreement, George K. Baum & Company will allocate a portion of received takedowns, fees or commissions to Pershing for bonds sold under the agreement.

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

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

TAX MATTERS

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

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

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

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

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

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

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

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

Risk of Future Legislative Changes and/or Court Decisions

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

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

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

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the inside cover of this Offering Circular were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside cover of this Offering Circular who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

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

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

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon (see "**Tax Matters"**) are subject to the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of the original delivery of the Bonds, will be delivered to the Underwriter.

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

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

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

Certain legal matters in connection with the Bonds will be passed upon for the University by Spilman Thomas & Battle, PLLC, counsel to the University, and by Ballard Spahr LLP, counsel to the Underwriter.

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

FINANCIAL STATEMENTS

The audited combined financial statements of the University and Good Ventures Enterprises, LLC for the years ended May 31, 2016 and 2015 are attached as Appendix B hereto. These financial statements have been audited by Schneider Downs & Co., Inc., independent auditors, as stated in their report appearing in Appendix B. Schneider Downs & Co., Inc., the University's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report and has not performed any procedures related to this Offering Circular.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a certificate (described under "**Litigation"**) relating to litigation will be delivered by the University when the Bonds are delivered by the University to the Underwriter. The University at that time will also provide to the Underwriter a certificate, signed by the University officials who sign this Offering Circular and addressed to the Underwriter, relating to the accuracy and completeness of the Offering Circular and to its being a "final offering circular" in the judgment of the University for purposes of SEC Rule 15c2-12.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the Bonds a rating of "A", with a stable outlook. The University has furnished to S&P certain information and materials, some of which have not been included in this Offering

Circular. Generally, rating services base their ratings on such information and materials and on investigations, studies, and assumptions furnished to, obtained and made by the rating services. There is no assurance that such rating or outlook when assigned will continue for any given period of time or that the rating may not be changed or withdrawn entirely by S&P, if in its judgment circumstances so warrant. None of the Commission, the University or the Underwriter has undertaken any responsibility either to bring to the attention of the Holders of the Bonds any proposed revision or withdrawal of the rating or outlook or to oppose any such revision or withdrawal. Any downward change in or withdrawal of the rating may have an adverse effect on the marketability and/or market price of the Bonds.

CONTINUING DISCLOSURE AGREEMENT

Agreement with Respect to the Bonds

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

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

The University may from time to time appoint or engage an agent to act on its behalf in performing its obligations under the Continuing Disclosure Agreement and may discharge any such agent, with or without appointing a successor; provided that the University will not be relieved in any respect by appointment of an agent from primary liability for the performance of its obligations under the Continuing Disclosure Agreement. An agent may resign by providing 30 days' written notice to the University and the Trustee. The University has initially appointed U.S. Bank National Association, as its dissemination agent in accordance with the provisions of the Continuing Disclosure Agreement described in this paragraph.

Prior Compliance

In connection with the issuance of the Refunded Bonds, the University executed a continuing disclosure agreement (the "Undertaking"), similar to the Continuing Disclosure Agreement, which required the University to file with the MSRB its annual audited financial statements and an update of certain financial and operating data (the "Annual Report") within 270 days of the University's fiscal year-end and also to file notice of certain enumerated events. During the last five years, certain required filings were not made within the required time period. For the fiscal year ended May 31, 2013, the Annual Report was filed on EMMA three days after the applicable deadline and no notice was filed of the failure to file such Annual Report in a timely manner. In addition, the University failed to file event notices with respect to various changes in the rating assigned to the Refunded Bonds related to changes in the credit quality of the bond insurer for the Refunded Bonds. All required filings have now been posted on EMMA.

The University intends to fully comply with all current and future continuing disclosure undertakings and has put in place internal procedures to ensure all future filings are completed on a timely basis in accordance with the Rule.

CONCLUDING STATEMENT

The references herein to and summaries or descriptions of provisions of the Bonds, the Lease, the Trust Agreement and the Guaranty and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Copies of the Bonds, the Lease, the Trust Agreement and the Guaranty, are available during the initial offering period for inspection at the offices of George K. Baum & Company in Pittsburgh, Pennsylvania, and thereafter at the designated corporate trust office of the Trustee.

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

U.S. Bank National Association, by acceptance of its duties as Trustee under the Trust Agreement, has not reviewed this Offering Circular and has made no representations as to the information contained herein, including but not limited to, any representations as to the financial feasibility or related activities.

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

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

FRANCISCAN UNIVERSITY OF
STEUBENVILLE

By:__________________________
Vice President of Finance and
Administration

APPENDIX A

FRANCISCAN UNIVERSITY OF STEUBENVILLE

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FRANCISCAN UNIVERSITY OF STEUBENVILLE

Introduction

Franciscan University of Steubenville (the “University” or “Franciscan”) located in Steubenville, Ohio, embraces the rigorous academic demands of the Catholic intellectual tradition for which it is nationally recognized, “consecrating itself without reserve to the cause of truth” (Ex corde Ecclesiae).

Franciscan educates more than 2,400 students each year who come from all 50 states and 14 countries, as well as almost 350 students in distance education and online courses. The significant geographic diversity of the University’s domestic students stems in part from the unique culture and delivery of Catholicism embraced by the University. More than 55,000 other Catholics are also exposed to the University through its 29 annual conferences held on campus and in other locations nationally for adults and youth.

Campus

1. Christ the King Chapel
2. Portiuncula Chapel
3. Marian Grotto
4. Stations of the Cross
5. Créche
6. Tomb of the Unborn Child
7. Rosary Circle
8. St. Francis Hall
9. Antonian Hall
10. Marian Hall
11. Trinity Hall
12. Sand Volleyball Courts
13. St. Thomas More Hall
14. SS. Kolbe and Clare Halls
15. SS. Louis and Elizabeth Halls
16. Piazza dei Santi
17. Finnegan Fieldhouse
18. J.C. Williams Center
19. John Paul II Library
20. SS. Cosmas and Damian Hall
21. Starvaggi Hall
22. Egan Hall
23. St. Joseph Center
24. Assisi Heights
25. Physical Plant Services
26. Memorial Field
27. Intramural Fields
28. Softball Field
29. Vaccaro Field
30. Practice Soccer Field
31. Game Soccer Field
32. Holy Spirit Friary
33. Steel Cross
34. Sandella's Flatbread Café
35. Scotus Hall
36. Vianney Hall
37. St. Bonaventure Hall
38. University Park Plaza
39. Padua Hall

A. Main Entrance
B. West Entrance

<u>University Recognition</u>

Franciscan is ranked and/or recognized by the following:

- ***U.S. News & World Report***'s "America's Best Colleges" guidebook, which has ranked the University in the elite "top tier" of Midwestern universities since 1998.

- ***Young America's Foundation*** rates the University as one of the top 15 conservative colleges in the United States, for the University's excellent academics and conservative environment.

- Since July 2014, ***FORBES Magazine*** has named Franciscan University to its list of America's Top Colleges, which put Franciscan in the top 10 percent of the 4,500-plus colleges in the United States.

- Since 2011, ***Kiplinger's Personal Finance*** has ranked Franciscan in the top 100 four-year private institutions that combine outstanding academics with affordable cost.

- The ***Templeton Honor Roll for Education in a Free Society*** considers Franciscan one of the 13 colleges that are "best in liberal arts education."

- The University has been recognized by both the ***Templeton Guide for Colleges That Encourage Character Development*** and the ***Templeton Foundation's Honor Rolls for Education in a Free Society***.

- ***National Review's Guide to America's Top Liberal Arts Schools*** and ***The Newman Guide to Choosing a Catholic College*** both recognize the University.

- ***Barron's Best Buys in College Education*** lists the University as a best buy.

- Ranked in top 15 schools nationwide by ***U.S. News & World Report*** in percentage of students who study abroad.

History

Though the University enjoys a strong international reputation, its beginnings were as unassuming as its patron saint, Francis of Assisi. The simple life of St. Francis, particularly his self-sacrifice and service to others, has inspired many believers throughout the centuries – especially the founders, faculty, and staff of the University, who are guided by his example and teaching.

In 1946, soon after the end of World War II, Steubenville's first bishop, John King Mussio, invited the Franciscan Friars of the Third Order Regular ("TOR") to establish a college to serve the needs of local students, especially veterans of World War II. In June of 1946, the friars purchased the Knights of Pythias Building in downtown Steubenville and began as the College of Steubenville with 258 students.

As the College of Steubenville's enrollment grew, other buildings were purchased or leased, until it became evident that proper expansion required enough land for a permanent campus. In 1953, the friars purchased a 40-acre tract on a site overlooking the city of Steubenville and in 1960, the North Central Association granted formal accreditation.

Six presidents have shaped the University into an internationally recognized, Christ-centered institution: Father Daniel W. Egan, TOR, Father Kevin Keelan, TOR, Father Columba S. Devlin, TOR, Father Michael Scanlan, TOR, Father Terence Henry, TOR, and now Father Sean O. Sheridan, TOR, who seeks to further enhance its reputation for academic excellence and passionate Catholicism.

In 1980, university status was achieved which in 1986 evolved into a new name: Franciscan University of Steubenville. During its 68 years of existence, the University has grown to a campus with 25 buildings and its proprietary study abroad program site in Gaming, Austria. In 2008, the University purchased what is now Assisi Heights, an apartment complex adjacent to campus, together with a community building to provide more on-campus housing and house the Christian Outreach Center, the St. Paul Center for Biblical Theology, the Franciscan Sisters, TOR, Santa Chiara Mission House, and the Franciscan Friars, TOR, Vocation House.

Mission

The purpose of the University is to further the higher education of men and women through programs of liberal, professional, and pre-professional studies leading to the conferral of the baccalaureate and master's degrees in the arts and sciences.

It is the further purpose of the University, publicly identified as a Catholic and a Franciscan institution, to promote the moral, spiritual, and religious values of its students. The University is guided by the example and teaching of St. Francis of Assisi.

Library

Board of Trustees

The Board of Trustees (the "Board") shall consist of twenty-five (25) members, seven (7) of whom shall be members of the Province of the Most Sacred Heart of Jesus of the Third Order Regular of St. Francis. There are currently 6 vacancies. The Minister Provincial of said Province shall be Chairman; the President of the University shall be the Secretary. A Vice Chairman shall be elected by the Board. Members of the Board shall be nominated by the Nominating Committee and voted on by the full membership of the Board. Vacancies among the elected members shall be filled in like manner. Board members shall be practicing Roman Catholics who are faithful to the Magisterium of the Catholic Church. Trustees, other than ex officio members, shall be elected for a term of four (4) years. No member of the Board shall be eligible to be reelected for more than two (2) consecutive terms, or a total of twelve (12) consecutive years. The Board meets three times each year. The Chairman of the Board shall appoint an Executive Committee, at least five (5) in number, all of whom shall be members of the Board, and at least two (2) of whom shall be lay members. The Chairman of the Board and the President of the University shall be two (2) of the members of the Executive Committee, and shall be Chairman and Secretary, respectively, of the Executive Committee. Board committees include Finance, Academic, Audit, Development, Student Life, Evangelization and Outreach Committee, and Compensation. The President is an ex-officio member of each committee. The current members of the Board are listed below.

Board Member	**Occupation**
Very Rev. Richard Davis, TOR - CHAIRMAN	Minister Provincial, Franciscan Friars of the Third Order Regular, Province of the Most Sacred Heart of Jesus
Mr. David DeWolf '00 - VICE CHAIR	CEO/President, 3Pillar Global

Board Member	Occupation
Rev. Sean O. Sheridan, TOR - SECRETARY	President, Franciscan University of Steubenville
Mr. Paul Carapellotti	Secretary/Treasurer, Anthony Mining & Affiliates
Rev. Michael Ciski, TOR	Parochial Vicar, St. Maria Goretti Parish (TX)
Mrs. Theresa Collins	Real Estate Executive, Allen Collins Realty
Most Rev. Roger J. Foys '69	Bishop, Diocese of Covington (KY)
Mr. W. Paul Jones	CEO, Payless ShoeSource
Rev. John Mark Klaus, TOR	Parochial Vicar, St. Andrew Parish (TX)
Mr. Albert Langsenkamp	Retired CEO, former Owner, Sigma Holdings Inc
Mrs. Jamie McAleer	Homemaker
Deacon Larry Oney	Chariman, HGI Global
Mr. Richard Riederer	Retired CEO, Weirton Steel
Mr. David Robertson	Counsel, Spilman Thomas & Battle, PLLC
Mr. Mark Thomas	CEO, Thomas Automotive
Mr. Michael Tobin	CEO, Continent 8
Dr. Paula Trzepacz	Neuropsychiatrist Physician/Researcher
Rev. Malachi Van Tassell, TOR '93	President, Saint Francis University
Rev. Cletus Watson, TOR	Franciscan Friar of the Third Order Regular, Province of the Most Sacred Heart of Jesus

Administration

Rev. Sean O. Sheridan, TOR, JD, JCD	President
Michael Hernon	Vice President of Advancement
Daniel Kempton, Ph.D.	Vice President of Academic Affairs
Rev. Nathan Malavolti, TOR	Vice President of Pastoral Care & Evangelization
Brenan Pergi	Vice President of Human Resources
Joel Recznik	Vice President of Enrollment Management
David Schmiesing	Vice President of Student Life
David Skiviat	Vice President of Finance & Administration
Kimberly Sponseller	Executive Director of Marketing & Communications

Rev. Sean O. Sheridan, TOR, JD, JCD, *President.* On April 19, 2013 the Board of Franciscan announced the appointment of Father Sean O. Sheridan, TOR, as the sixth president of Franciscan. He succeeded Father Terence Henry, TOR, who served as president since 2000.

Prior to his presidency, Father Sheridan was a member of the faculty in the School of Canon Law at The Catholic University of America from 2009 until he joined Franciscan's Theology Department as a professor in fall 2012, teaching graduate and undergraduate courses. Since 2010, he has been a member of the Board and currently chairs the Audit Committee of Saint Francis University in Loretto, Pennsylvania. He also held a position on Franciscan's Board from 2007-2012, and chaired the Academic Affairs Committee from 2011-2012.

Before he entered the Franciscan Third Order Regular, he graduated in 1985 with a bachelor of science in pharmacy from the University of Pittsburgh School of Pharmacy, working in the pharmaceutical field from 1984-1990. In 1990, he earned his juris doctor from the University of Pittsburgh School of Law and spent the next 10 years as a practicing attorney in Sacramento, California and Pittsburgh, Pennsylvania, focusing on healthcare litigation. A native of Cresson, Pennsylvania, Father Sheridan made a decision to enter the priesthood, joining the Franciscan Third Order Regular in 2000 and made his solemn profession of vows in 2005. He was ordained to the priesthood in December 2006.

In 2007, Father Sheridan graduated from Washington Theological Union with a master of divinity. He obtained a doctorate in canon law from The Catholic University of America School of Canon Law in 2009. His dissertation, "Ex Corde Ecclesiae: A Canonical Commentary on Catholic Universities 'From the Heart of the Church' to Catholic Universities," addresses seven challenges to the implementation of Pope John Paul II's Apostolic Constitution on Catholic Universities and suggests solutions to those issues.

Father Sheridan has served on the Editorial Board and, since 2011, as book review editor for *The Jurist* (CUA Press), the only canon law journal published in the United States. His scholarly articles have been published in *The Jurist*, *Journal of Catholic Higher Education*, and other academic journals.

Michael Hernon, ***Vice President of Advancement.*** Since 2008, Mr. Hernon has overseen Franciscan's Development, Alumni, Community Relations, and Pilgrimages offices. He is also the television host of "Franciscan University Presents" on EWTN (Eternal World Television Network), a national Catholic cable network. He previously used his talents in politics on the local, state, and national level. Additionally, he was the founding president of The Catholic Association, a non-profit organization based in Washington, D.C. Mr. Hernon received his bachelor's and master's degrees from Franciscan.

Daniel Kempton, Ph.D., ***Vice President of Academic Affairs.*** Dr. Kempton joined Franciscan in 2011. Prior to his employment at Franciscan he spent two years in South Africa on a Fulbright Scholarship, followed by 21 years at the University of Northern Illinois teaching political science. He has published extensively, writing two books as well as dozens of reviews, essays, journal articles, and more. In 2008, his work on the politics of post-communist Russia helped him earn a second Fulbright Scholarship, this time to Tver State University in Russia. Dr. Kempton received his undergraduate degree from the University of Notre Dame and his doctoral degree from the University of Illinois at Urbana-Champaign.

Rev. Nathan Malavolti, TOR, ***Vice President of Pastoral Care & Evangelization.*** Fr. Nathan Malavolti, TOR, has served as Vice President for Pastoral Care and Evangelization since 2014. He was previously appointed Vice President of Community Relations in 2013. A native of central Illinois, Father Malavolti received his Ph.D. in analytical chemistry from the University of Illinois at Urbana-Champaign in 1986. His undergraduate degree was earned at Milliken University in Decatur, Illinois. After working in various assignments as a research chemist, predominantly in the pharmaceutical industry, he discerned a call to the priesthood and the Franciscan Third Order Regular. He was ordained to the priesthood in 2005 and served as a chemistry professor at Saint Francis University in Loretto, Pennsylvania, where he also was chaplain for the men's and women's volleyball teams and the Omega Zeta Nu sorority, among other assignments. He also served as a chaplain for an outreach program for mentally challenged adults. Previously, Father Malavolti served as a member of the Board of Franciscan.

Brenan Pergi, ***Vice President of Human Resources.*** Brenan Pergi has served as Vice President of Human Resources at Franciscan since 2015. He assumed that position upon his promotion from Executive Director of Human Resources, a role he held since 2008. He previously worked as the Assistant Director of Financial Aid of Franciscan (1999-2003), Controller of Ave Maria University (2003-2006), and Director of Budget and Planning of Wheeling Jesuit University (2006-2008). He received both his undergraduate and MBA degrees from Franciscan.

Joel Recznik, ***Vice President of Enrollment Management.*** Mr. Recznik has served Franciscan for 30 years, including roles as Assistant to the President, Director of Institutional Research and Planning, Dean of Human Resources & Strategic Planning, and Vice President of Enrollment Management. He holds degrees from both the University of Colorado and Franciscan. He serves as a Eucharistic Minister in his parish, is a member of the local Catholic Diocesan mission advancement planning team, and coaches recreational football.

David Schmiesing, *Vice President of Student Life.* David Schmiesing has served as Vice President of Student Life at Franciscan since 2006, in which capacity he founded the Franciscan's Center for Leadership in 2011. Mr. Schmiesing received his bachelor's and master's degrees from Franciscan, and worked in Franciscan's conference office and business services department prior to his appointment in Student Life. Mr. Schmiesing serves as a lector at his parish, a volunteer officer for a local Boy Scout troop and the chair of the advisory board for the local Catholic elementary and junior high schools.

David Skiviat, *Vice President of Finance & Administration.* Mr. Skiviat joined Franciscan upon graduating from Franciscan and has served in a wide range of administrative capacities including Director of Admissions and Financial Aid, Executive Director of Student Services (Admissions, Financial Aid, Registrar, Bookstore, Food Service, Health Center), and Vice President of Finance, prior to assuming additional responsibilities as Vice President of Finance and Administration beginning in 2014. He also serves as Agent/Vice President to Franciscan's affiliate Good Venture Enterprises, LLC. Mr. Skiviat also earned his MBA from Franciscan in 1987. He has been active in community, civic and service organizations including the Trinity Health System Board of Directors, Triumph of the Cross Parish Finance Council, and Kiwanis Club of Steubenville, Ohio. He has also served on the Jefferson County Chamber of Commerce, Community Foundation of Jefferson County, and Community Improvement Corporation.

Kimberly Sponseller, *Executive Director of Marketing & Communications.* Kimberly Sponseller has served as Executive Director of Marketing and Communications since 2014. Her previous experience includes having been the Marketing Director for five business colleges located throughout the state of Ohio. She earned a bachelor of science in technology degree from Bowling Green State University, and a master of science in integrated marketing communications from Eastern Michigan University.

Curriculum

Franciscan University offers 5 Associate Degrees, 34 Bachelor Degrees, and 8 Master Degrees.

Associate of Arts Majors
Accounting
Business Administration
Child Development
Theology
General Studies

Bachelor of Arts Majors
Biology
Catechetics (Youth Ministry)
Chemistry
Classics
Communications Arts (Journalism, Multimedia or Radio/Television)
Drama (Dramatic Literature or Performance)
Economics
English (British & American Literature, Writing or Western & World Literature)
French
German
History

Humanities & Catholic Culture
Philosophy
Political Science
Psychology (Clinical or Experimental)
Sacred Music (Organ or Voice)
Sociology
Spanish
Theology

Bachelor of Science Majors
Accounting
Anthropology
Biology
Chemistry
Computer Information Science
Computer Science
Economics
Education (Elementary, Middle & HS)
(14 different programs for licensure)
Finance
International Business
Management
Marketing
Mathematical Science
Nursing
Social Work

Optional Undergraduate Minors
Accounting
Anthropology
Biology
British & American Literature
Chemistry
Communication Arts
Computer Science
Drama
Economics
Exercise Science
Film Studies
Finance
Franciscan Studies
French
German
Greek
History
Human Life Studies
International Business
Latin: Classical
Latin: Ecclesiastical
Legal Studies
Management
Marketing
Mathematical Science
Philosophy
Political Science
Psychology
Sacred Music
Sociology
Spanish
Theology
Western & World Literature
Writing

Masters Degrees
Master of Arts in Catechetics and Evangelization
Master of Arts in Clinical Mental Health Counseling
Master of Arts in Philosophy
Master of Arts in Theology & Christian Ministry
Master of Business Administration
Master of Science in Education
Master of Science in Educational Administration
Master of Science in Nursing

Accreditations

- Commission on Collegiate Nursing Education
- Council for the Accreditation of Counseling & Related Educational Programs
- Council for the Accreditation of Educator Preparation
- Council on Social Work Education
- Higher Learning Commission
- Ohio Department of Higher Education
- Ohio Board of Nursing
- Ohio Department of Education

Memberships

- Association of Franciscan Colleges and Universities
- Association of Governing Boards of Universities and Colleges
- Association of Independent Colleges and Universities of Ohio
- Association of Catholic Colleges and Universities
- Council for Christian Colleges and Universities
- Council for Higher Education Accreditation
- Council of Independent Colleges
- Franciscan Federation
- Hispanic Association of Colleges and Universities
- National Association of Independent Colleges and Universities
- National Catholic Education Association
- Ohio Foundation of Independent Colleges
- Society for College and University Planning

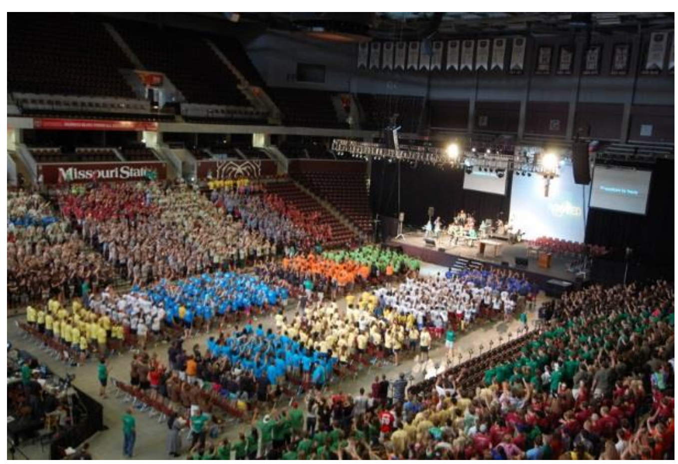
Summer Conferences

During summer 2016, over 13,000 youth, young adults, and adults came to Steubenville, Ohio and participated in a Franciscan University summer conference. Over 42,000 youth attended a Franciscan University summer conference at a regional conference location, which were held in cities such as San Diego, Saint Louis, Orlando, New York, Denver, Fort Worth, Minneapolis / St. Paul, Tucson, and Atlanta.

In summer 2017, the University will expand its summer youth conferences into Orange County, California and Northern California.

Fifty percent of undergraduate students at the University have attended a Steubenville summer conference. In 2015, 14% of all newly ordained priests in the United States had attended a Steubenville summer conference (either on-campus in Ohio or at a remote site).

Summer Conference



University Field House

Austria Program

In fall 1991, the University launched its Austrian Study Abroad Program in Gaming, Austria, with 97 students. These pioneers made their home in a beautifully renovated 14th-century Carthusian monastery, Kartause Maria Thronus Iesu ("Monastery of Our Lady, Throne of Jesus"), which is situated in the foothills of the Austrian Alps.

University Austrian Study Abroad Location

In the 25 years since, over 7,000 students have lived and studied there in the heart of Christendom, traveling to Rome, Assisi, Paris, Lourdes, Geneva, Madrid, Fatima and to many of the historic sites and Catholic shrines of Europe.

Faculty and Staff

As of fall 2016, the University had 127 full-time and 118 part-time faculty for a grand total of 257 faculty members. The student / faculty ratio is 14 to 1. Eighty-two percent of the full-time faculty hold a Doctorate or other terminal degree and 61% hold tenure.

Enrollment

The following table shows the enrollment at the University for the current and previous five years.

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
Undergraduate						
Full-time	1,979	1,969	1,989	2,002	2,007	1,995
Part-time	146	121	119	128	96	95
Total	2,125	2,090	2,108	2,130	2,103	2,090
Graduate	423	376	316	301	351	321
Total Students	2,548	2,466	2,424	2,431	2,454	2,411

Note: The University additionally offers online programs to both full-time and part-time students.

The following table shows the number of applications, acceptances, and matriculations for entering freshmen for the years indicated.

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
Applications	1,739	1,788	1,891	1,816	1,736	1,752
Acceptances	1,329	1,358	1,438	1,415	1,367	1,383
Selectivity Rate	76%	76%	76%	78%	79%	79%
Matriculations	449	435	458	463	456	453
Matriculation Rate	34%	32%	32%	33%	33%	33%

Note: While enrollment is open to any qualified student, due to its orthodox Catholic culture, many students self-select the University, which the University believes contributed to its historically solid matriculation rates.

The following table shows the number of applications, acceptances, and matriculations for transfer students for the years indicated.

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
Applications	559	479	477	475	382	339
Acceptances	367	334	321	343	265	234
Matriculations	174	160	148	130	132	122

The following table shows SAT and ACT performance of entering freshmen for the years indicated.

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
SAT	1171	1166	1165	1186	1167	1165
ACT	25.9	25.7	25.7	26.1	25.7	25.5

Student Housing

The following table shows residence hall capacity, occupancy, and occupancy rates from the fall of 2011 through the fall of 2016.

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
Capacity	1,464	1,464	1,442	1,440	1,428	1,394
Occupancy	1,454	1,454	1,468	1,505	1,456	1,443
Occupancy Rate	99%	99%	102%	105%	102%	103%

Tuition

The following table shows tuition, fees, and room & board rates for academic years 2012-2013 through 2016-2017.

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Tuition & Fees	$22,180	$23,160	$23,930	$24,780	$25,680
Room & Board	$7,400	$7,700	$8,000	$8,300	$8,300
Total	$29,580	$30,860	$31,930	$33,080	$33,980
% Increase	4.4%	4.3%	3.5%	3.6%	2.7%

Financial Aid

Financial aid packages consist of federal and state grants and loans, institutional grants and scholarships, work-study opportunities, and outside grants and scholarships. In addition, the University offers a deferred tuition payment plan administered by a third-party along with private loans. Financial aid is awarded on a need basis, utilizing federal guidelines. The composition of each financial aid package varies according to financial need.

In the 2015-2016 academic year, University students received $22,339,143 in grant, scholarship assistance, and other financial aid (exclusive of federal student loans), of which $18,135,785 was provided by the University and the balance provided by Federal, State, and other third-party sources.

Peer Comparison – Tuition, Room & Board

The following table lists the tuition, room & board for the colleges and universities that, in the view of the administration of the University, primarily compete with the University for qualified students. Each institution is recommended in the Cardinal Newman Society *Newman Guide*.

Institution	Annual Tuition	Annual Room & Board	Total
Belmont Abbey College (NC)	$18,500	$10,200	$28,700
Ave Maria University (FL)	$18,332	$10,405	$28,737
Christendom College (VA)	$23,990	$9,730	$33,720
Franciscan University (OH)	**$25,680**	**$8,300**	**$33,980**
Benedictine College (KS)	$26,730	$10,329	$37,059
University of Dallas (TX)	$34,650	$12,514	$47,164
Mt. St. Mary's University (MD)	$37,700	$12,610	$50,310
Catholic University (DC)	$41,800	$14,978	$56,778

Fund-Raising Activities

Unrestricted annual fund gifts amounted to $1,793,747 contributed in fiscal year ended May 31, 2016 and $1,935,814 contributed in fiscal year ended May 31, 2015. The University attributes this to its constituency base of 50,000 "friends of the University" who, along with alumni, support the Catholic mission of the University. Many of these "friends" have attended one or more of the University's annual summer conference programs or view the University television program "Franciscan University Presents" which airs weekly on EWTN, a national Catholic cable network.

Litigation

The University, like other similar institutions, is subject to a variety of suits and proceedings arising in the ordinary course of business. In the opinion of the University, there is no litigation of any nature pending or threatened wherein an unfavorable decision would have a material adverse impact on the financial condition of the University.

Endowment Spending Policy

The Investment Committee of the University attempts to balance shorter-term funding obligations with its goal to provide campus and program support into perpetuity and, therefore, designed a spending policy that is prudent and predictable. It is the belief of the University that a moderate spending policy avoids excessive deterioration of real principal. The Investment Committee recommended a spending value, which was adopted by the Board of Trustees to support the annual financial needs of the Institution. This spending value is not to exceed 5% of the average 12-quarter rolling fair market value as of November 30 for the subsequent academic year. Over the past five years, the University did not draw its allowable spending rate, as shown below.

Endowment Spending Draws & Percentages

	FY 2012	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Total Investment Value (5/31)	$65,962,662	$77,233,986	$80,740,343	$86,476,681	$82,420,821
Endowment Spending	$503,041	$668,242	$757,105	$868,773	$910,648
Spending % of Total Investments	0.76%	0.87%	0.94%	1.00%	1.10%

Debt Service Coverage

The following table reflects the debt service coverage ratios for the University for the years indicated. Debt service coverage ratio is defined as the change in unrestricted net assets plus interest expense, plus depreciation and amortization expense, plus (less) net realized and unrealized losses (gains) on operating and endowment investments, as reflected in the University's audited financial statements, divided by estimated annual debt service requirements.

	FY 2014	**FY 2015**	**FY 2016**
Debt Service Coverage Ratio	3.92x	4.87x	3.11x

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Financial Matters

The summaries of financial matters shown below should be read in conjunction with the combined financial statements of the University and Good Venture Enterprises, LLC, for the years ended May 31, 2016 and 2015, related notes, and independent auditors' report included in Appendix B to this Official Statement. The financial statements for the past five fiscal years ended May 31, 2016 have been audited by Schneider Downs & Co., Inc.

Franciscan University of Steubenville and Good Venture Enterprises, LLC
Combined Statements of Financial Position
For Years Ended May 31, 2012-2016

	2012	2013	2014	2015	2016
ASSETS					
Cash and cash equivalents	$ 6,213,357	$ 5,276,046	$ 5,109,370	$ 11,664,154	$ 5,352,518
Restricted cash	233,792	234,295	234,647	234,999	235,352
Student accounts receivable, less allowance for doubtful accounts	419,286	268,719	311,997	567,361	594,469
Contributions receivable, less allowance for doubtful accounts	2,171,391	1,759,905	1,105,001	2,000,959	1,645,842
Other accounts receivable	799,486	353,175	532,170	547,167	358,356
Receivable due from related parties, less allowances	63,847	-	-	-	-
Loans to students, less allowance for doubtful loans	929,066	918,022	896,394	884,476	929,795
Inventories	562,235	533,741	675,157	558,216	540,278
Prepaid expenses	1,204,619	1,152,247	1,221,399	1,214,023	1,149,900
Investments	65,962,662	77,233,986	80,740,343	86,476,681	82,420,821
Net property, plant, and equipment	73,166,590	76,168,817	81,387,807	80,384,626	93,946,232
TOTAL ASSETS	$ 151,726,331	$ 163,898,953	$ 172,214,285	$ 184,532,662	$ 187,173,563
LIABILITIES					
Accounts payable and other accrued liabilities	$ 3,215,600	$ 2,858,447	$ 2,530,452	$ 2,272,796	$ 4,123,940
Accrued compensation	3,259,432	3,290,900	3,601,527	3,625,837	3,743,697
Present value of annuities payable	1,289,047	1,292,876	1,074,229	1,130,772	1,093,914
Student and other deposits	1,240,043	1,393,946	1,486,958	1,867,346	2,113,738
Deferred revenue	2,415,730	2,492,197	2,644,022	2,637,163	2,528,296
Long-term debt	21,309,229	19,883,325	18,292,115	20,895,795	19,223,687
Line of credit	-	-	-	-	4,000,000
Government advances for student loans	715,874	722,703	727,808	731,841	732,454
TOTAL LIABILITIES	$ 33,444,955	$ 31,934,394	$ 30,357,111	$ 33,161,550	$ 37,559,726
NET ASSETS					
Unrestricted	$ 86,315,117	$ 96,078,758	$ 102,102,055	$ 108,625,633	$ 108,256,913
Temporarily Restricted	15,171,201	18,893,508	21,081,191	22,803,588	20,145,139
Permanently Restricted	16,795,058	16,992,293	18,673,928	19,941,891	21,211,785
TOTAL NET ASSETS	$ 118,281,376	$ 131,964,559	$ 141,857,174	$ 151,371,112	$ 149,613,837
TOTAL LIABILITIES AND NET ASSETS	$ 151,726,331	$ 163,898,953	$ 172,214,285	$ 184,532,662	$ 187,173,563

Franciscan University of Steubenville and Good Venture Enterprises, LLC
Consolidated Statements of Activities
For Years Ended May 31, 2012-2016

	2012	2013	2014	2015	2016
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT					
Tuition and fees	$ 46,784,437	$ 47,800,813	$ 49,703,758	$ 52,462,211	$ 54,686,720
Less student aid	(12,660,321)	(13,107,256)	(14,264,437)	(15,609,624)	(17,397,790)
Net tuition and fees	34,124,116	34,693,557	35,439,321	36,852,587	37,288,930
Sales and service of educational activities	636,180	639,101	620,963	522,004	345,743
Private gifts and grants	1,929,722	1,899,120	3,510,568	4,183,753	2,745,888
Investment income	558,765	511,611	593,803	725,253	462,929
Endowment income	309,617	326,948	369,932	401,024	350,657
Net realized gains (losses) on operating and endowment investments	(49,564)	1,235,475	1,380,746	809,098	601,821
Net unrealized gains (losses) on operating and endowment investments	(2,442,680)	3,342,793	1,350,956	244,938	(3,654,525)
(Losses) gains on foreign currency transactions	-	-	79,143	(575,193)	49,524
Other revenue	971,215	955,509	1,217,593	1,132,004	1,146,458
Auxiliary activities	16,720,566	16,336,433	17,301,653	18,492,330	18,767,402
Hotel and restaurant services	3,473,680	3,823,893	3,416,440	3,555,191	3,034,832
Net assets released from restrictions	2,389,124	2,862,919	2,568,152	3,242,626	4,294,944
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	58,620,741	66,627,359	67,849,270	69,585,615	65,434,603
UNRESTRICTED EXPENSES AND OTHER DEDUCTIONS					
Instruction	19,758,681	19,531,892	21,035,971	21,874,940	22,462,518
Student services	7,942,963	8,277,205	9,183,092	9,310,492	9,668,062
Institutional support	6,498,225	7,266,955	7,949,278	8,399,339	9,261,163
Plant operation and maintenance	3,333,795	3,234,051	3,763,213	4,202,130	4,473,548
Renewal and replacement facilities	125,070	9,453	61,527	108,073	156,627
Impairment of long-lived assets	-	-	-	-	619,895
Other expense	260,316	54,924	527,987	22,368	-
Auxiliary activities	16,172,844	15,834,090	17,013,124	16,844,970	16,888,819
Cost of sales from hotel and restaurant services	2,615,589	2,655,148	2,291,781	2,299,725	2,272,691
TOTAL EXPENSES AND OTHER DEDUCTIONS	56,707,483	56,863,718	61,825,973	63,062,037	65,803,323
CHANGE IN UNRESTRICTED NET ASSETS	1,913,258	9,763,641	6,023,297	6,523,578	(368,720)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	(1,867,542)	3,722,307	2,187,683	1,722,397	(2,658,449)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	842,233	197,235	1,681,635	1,267,963	1,269,894
NET ASSETS, BEGINNING	117,393,427	118,281,376	131,964,559	141,857,174	151,371,112
NET ASSETS, ENDING	$ 118,281,376	$ 131,964,559	$ 141,857,174	$ 151,371,112	$ 149,613,837

Good Venture Enterprises, LLC

Established in 1999, Good Venture Enterprises, LLC (“Good Venture”) is a wholly-owned subsidiary of the University involved in activities which support the University, including hospitality services. Subsidiaries of Good Venture are listed below:

- Good Venture HIH, LLC – a wholly-owned subsidiary of Good Venture was originally created to own and operate a Damon’s Restaurant and a hotel. In October of 2016, the hotel ceased operations. Damon’s Restaurant is operated by a third party, Prospera Hospitality Services (“Prospera”), headquartered in Pittsburgh, Pennsylvania.

- Good Venture S-8, LLC – a wholly-owned subsidiary of Good Venture was created to own a Super 8 Hotel, which is operated by Prospera.

- Good Venture Properties, LLC – a wholly-owned subsidiary of Good Venture was created to own and operate a newly constructed Best Western Plus Hotel and develop future retail and restaurant facilities on property known as Franciscan Square, located on University Boulevard, across the road from the University's campus. The Best Western Plus Hotel was opened on October 31, 2016 and is operated by Prospera. During most of 2016, the Best Western Plus Hotel and related infrastructure was under construction (the "2016 Hotel Project"). The 2016 Hotel Project was funded by both equity and loans, which totaled approximately $23.5 million (including the purchase of land). An occupancy permit for the 2016 Hotel Project was received on October 20, 2016, which is now fully operational. Bank loans associated with the 2016 Hotel Project equal $14,025,000 and are non-recourse to the University; however, the University provides a construction guarantee. $3.7 million of construction is either unfinished or has occurred and not yet been paid as of December 1, 2016.

APPENDIX B

AUDITED COMBINED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEARS ENDED MAY 31, 2016 AND 2015

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FRANCISCAN UNIVERSITY OF STEUBENVILLE
AND GOOD VENTURE ENTERPRISES, LLC
Steubenville, Ohio

Combined Financial Statements
For the years ended May 31, 2016 and 2015

and Independent Auditors' Report Thereon

C O N T E N T S

SCHNEIDER DOWNS
Big Thinking. Personal Focus.

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Franciscan University of Steubenville
and Good Venture Enterprises, LLC
Steubenville, Ohio

We have audited the accompanying combined financial statements of Franciscan University of Steubenville and Good Venture Enterprises, LLC (collectively, the University), which comprise the combined statements of financial position as of May 31, 2016 and 2015, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Schneider Downs & Co., Inc.
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An Association of Independent Accounting Firms

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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the University as of May 31, 2016 and 2015, 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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
October 27, 2016

FRANCISCAN UNIVERSITY OF STEUBENVILLE
AND GOOD VENTURE ENTERPRISES, LLC

COMBINED STATEMENTS OF FINANCIAL POSITION

	May 31 2016	May 31 2015
ASSETS		
Cash and cash equivalents	$ 5,352,518	$ 11,664,154
Restricted cash	235,352	234,999
Student accounts receivable, less allowance for doubtful accounts of $165,000 and $150,000 in 2016 and 2015, respectively	594,469	567,361
Contributions receivable, less allowance for doubtful pledges of approximately $183,000 and $222,000 in 2016 and 2015, respectively	1,645,842	2,000,959
Other accounts receivable	358,356	547,167
Loans to students, less allowance for doubtful loans of $125,000 in 2016 and 2015	929,795	884,476
Inventories	540,278	558,216
Prepaid expenses and other assets	1,149,900	1,214,023
Investments	82,420,821	86,476,681
Property, plant and equipment:		
Land and improvements	13,052,178	12,319,648
Buildings	113,373,922	109,888,922
Equipment	16,062,433	14,473,112
Construction in progress	13,087,142	781,475
	155,575,675	137,463,157
Less - Accumulated depreciation on property, plant and equipment	61,629,443	57,078,531
	93,946,232	80,384,626
Total Assets	$ 187,173,563	$ 184,532,662
LIABILITIES		
Accounts payable and other accrued liabilities	$ 4,123,940	$ 2,272,796
Accrued compensation	3,743,697	3,625,837
Present value of annuities payable	1,093,914	1,130,772
Student and other deposits	2,113,738	1,867,346
Deferred revenue	2,528,296	2,637,163
Long-term debt:		
Interest-bearing	18,875,687	20,547,795
Noninterest-bearing	348,000	348,000
Line of credit	4,000,000	-
Government advances for student loans	732,454	731,841
Total Liabilities	37,559,726	33,161,550
NET ASSETS		
Unrestricted:		
Unrestricted and undesignated	88,545,289	88,079,087
Board designated	19,711,624	20,546,546
Total Unrestricted Net Assets	108,256,913	108,625,633
Temporarily restricted	20,145,139	22,803,588
Permanently restricted	21,211,785	19,941,891
Total Net Assets	149,613,837	151,371,112
Total Liabilities And Net Assets	$ 187,173,563	$ 184,532,662

See notes to combined financial statements.

FRANCISCAN UNIVERSITY OF STEUBENVILLE
AND GOOD VENTURE ENTERPRISES, LLC

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MAY 31, 2016 AND 2015

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 54,686,720	$ -	$ -	$ 54,686,720
Less - Student aid	(17,397,790)	-	-	(17,397,790)
	37,288,930	-	-	37,288,930
Sales and service of educational activities	345,743			345,743
Government grants	-	454,554	-	454,554
Private gifts and grants	2,745,888	1,780,328	1,165,639	5,691,855
Investment income	462,929	137,903	-	600,832
Endowment income	350,657	460,452	-	811,109
Net realized gains on operating and endowment investments	601,821	147,683	-	749,504
Net unrealized gains (losses) on operating and endowment investments	(3,654,525)	(1,541,083)	-	(5,195,608)
Gain (loss) on foreign currency transactions	49,524	-	-	49,524
Other revenue	1,146,458	196,658	104,255	1,447,371
Auxiliary activities:				
Student Center	346,747	-	-	346,747
Bookstore	1,715,748	-	-	1,715,748
Food Service	5,329,820	-	-	5,329,820
Residence Halls	7,836,051	-	-	7,836,051
Christian Outreach	3,539,036	-	-	3,539,036
Total Auxiliary Activities	18,767,402	-	-	18,767,402
Hotel and restaurant services	3,034,832	-	-	3,034,832
	61,139,659	1,636,495	1,269,894	64,046,048
NET ASSETS RELEASED FROM RESTRICTIONS	4,294,944	(4,294,944)	-	-
Total Revenues, Gains And Other Support	65,434,603	(2,658,449)	1,269,894	64,046,048
EXPENSES AND OTHER DEDUCTIONS				
Instruction	22,462,518	-	-	22,462,518
Student services	9,668,062	-	-	9,668,062
Institutional support	9,261,163	-	-	9,261,163
Plant operation and maintenance	4,473,548	-	-	4,473,548
Renewal and replacement facilities	156,627	-	-	156,627
Impairment on long-lived assets	619,895	-	-	619,895
Other expense	-	-	-	-
Auxiliary activities:				
Student Center	506,047	-	-	506,047
Bookstore	1,741,967	-	-	1,741,967
Food Service	4,561,861	-	-	4,561,861
Residence Halls	6,058,012	-	-	6,058,012
Christian Outreach	4,020,932	-	-	4,020,932
Total Auxiliary Activities	16,888,819	-	-	16,888,819
Cost of sales from hotel and restaurant services	2,272,691	-		2,272,691
	65,803,323	-	-	65,803,323
Changes In Net Assets	(368,720)	(2,658,449)	1,269,894	(1,757,275)
NET ASSETS				
Beginning of year	108,625,633	22,803,588	19,941,891	151,371,112
End of year	$ 108,256,913	$ 20,145,139	$ 21,211,785	$ 149,613,837

2015			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 52,462,211	$ -	$ -	$ 52,462,211
(15,609,624)	-	-	(15,609,624)
36,852,587	-	-	36,852,587
522,004			522,004
-	501,935	-	501,935
4,183,753	2,129,556	1,267,963	7,581,272
725,253	207,310	-	932,563
401,024	539,666	-	940,690
809,098	446,547	-	1,255,645
244,938	1,016,840	-	1,261,778
(575,193)	-	-	(575,193)
1,132,004	123,169	-	1,255,173
342,763	-	-	342,763
1,727,393	-	-	1,727,393
5,258,083	-	-	5,258,083
7,804,552	-	-	7,804,552
3,359,539	-	-	3,359,539
18,492,330	-	-	18,492,330
3,555,191	-	-	3,555,191
66,342,989	4,965,023	1,267,963	72,575,975
3,242,626	(3,242,626)	-	-
69,585,615	1,722,397	1,267,963	72,575,975
21,874,940	-	-	21,874,940
9,310,492	-	-	9,310,492
8,399,339	-	-	8,399,339
4,202,130	-	-	4,202,130
108,073	-	-	108,073
-			-
22,368	-	-	22,368
488,527	-	-	488,527
1,743,909	-	-	1,743,909
4,764,617	-	-	4,764,617
5,970,467	-	-	5,970,467
3,877,450	-	-	3,877,450
16,844,970	-	-	16,844,970
2,299,725	-	-	2,299,725
63,062,037	-	-	63,062,037
6,523,578	1,722,397	1,267,963	9,513,938
102,102,055	21,081,191	18,673,928	141,857,174
$ 108,625,633	$ 22,803,588	$ 19,941,891	$ 151,371,112

See notes to combined financial statements.

FRANCISCAN UNIVERSITY OF STEUBENVILLE
AND GOOD VENTURE ENTERPRISES, LLC

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (1,757,275)	$ 9,513,938
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,565,044	4,457,908
Gifts and private grants restricted for long-term investment	(1,165,639)	(1,267,963)
Loss on impairment and disposal of long-lived assets	619,895	22,368
Realized and unrealized loss (gain) on investments, net	4,446,104	(2,517,423)
Realized (gain) loss from foreign exchange	(49,524)	575,193
Change in provision for receivables	171,824	135,607
Changes in assets and liabilities:		
Student accounts receivable	(185,338)	(291,364)
Contributions receivable	341,524	(995,509)
Prepaid expenses and other assets	193,564	57,906
Accounts payable and other accrued liabilities	(133,175)	(175,839)
Accrued compensation	117,860	24,310
Other liabilities	67,294	375,000
Net Cash Provided By Operating Activities	7,232,158	9,914,132
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	5,678,962	7,790,323
Purchases of investments	(5,985,697)	(11,525,327)
Increase (decrease) in accounts payable for property, plant and equipment	2,038,237	(68,159)
Purchases of property, plant and equipment	(18,732,414)	(3,444,285)
Increase in restricted cash	(353)	(352)
Disbursements of loans to students	(192,500)	(155,000)
Repayments of loans from students	147,181	166,918
Net Cash Used In Investing Activities	(17,046,584)	(7,235,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts and private grants restricted for long-term investment	1,165,639	1,267,963
Proceeds from borrowings	4,094,975	5,206,650
Repayments of long-term debt	(1,757,824)	(2,598,079)
Net Cash Provided By Financing Activities	3,502,790	3,876,534
Net (Decrease) Increase In Cash And Cash Equivalents	(6,311,636)	6,554,784
CASH AND CASH EQUIVALENTS		
Beginning of year	11,664,154	5,109,370
End of year	$ 5,352,518	$ 11,664,154
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 943,540	$ 862,487

See notes to combined financial statements.

NOTE 1 - ORGANIZATION/PRINCIPLES OF COMBINATION

Franciscan University of Steubenville (Franciscan) is a private, not-for-profit university offering undergraduate and graduate curricula. Its campus is located in Steubenville, Ohio, and it also conducts a study abroad program in Gaming, Austria. Good Venture Enterprises, LLC (Good Venture), a wholly owned subsidiary of Franciscan, was established in September 1999 to operate certain enterprises whose activities promote Franciscan University of Steubenville's tax-exempt purpose. Those activities may include, but are not limited to, purchasing, constructing, renovating and providing dormitory and social space for students and guests of Franciscan University of Steubenville.

Good Venture HIH, LLC (HIH) is a wholly owned subsidiary of Good Venture, which was created to own and operate the Best Western Hotel and Damon's Clubhouse Restaurant located at 1401 University Boulevard in Steubenville, Ohio. Under the terms of a management agreement dated March 22, 2010, operations are outsourced to a third party (Operator). This agreement is automatically renewed annually. The Operator has been engaged to direct the day-to-day operations and activities of the hotel and restaurant and is entitled to a base fee equal to 3% of gross revenues per month. The management agreement specifies that the Operator is to act as an agent of HIH and that the operations of the property be under the ultimate control and supervision of HIH.

During the current year, Good Venture S-8 LLC (S-8), a wholly owned subsidiary of Good Venture, was created for the purpose of purchasing the land and hotel building and other assets adjacent to the University. The location operates and will continue to operate as a Super 8 Hotel. The oversight of the day-to-day operations are outsourced to the same Operator as HIH for a base fee equal to 3% of the gross revenues per month. S-8 purchased the land, hotel building and other assets were purchased on September 28, 2015 for approximately $4,600,000, which was subsequently funded by a $4,000,000 line of credit.

During the current year, Good Venture Properties (GVP), a wholly owned subsidiary of Good Venture, was created for the purpose of construction and operation of a new Best Western Plus and development of retail and restaurant facilities of Franciscan Square. Terms of the management agreement are consistent with the agreement with HIH and S-8, disclosed above.

The financial statements of Franciscan University of Steubenville and Good Venture have been combined and are hereinafter referred to as the "University" because of ownership held in Good Venture by the University. HIH, S-8 and GVP's financial statements are consolidated into Good Venture. All material intercompany transactions have been eliminated in the combination.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements follows:

Basis of Accounting - The combined financial statements of the University have been prepared on the accrual basis. In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. This is the process by which resources for various purposes are classified into funds that are in accordance with activities or objectives specified. These financial statements, however, have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation - The University consolidates other not-for-profit organizations in which it has an economic interest and control. The University does have control of another not-for-profit organization, however, does not have an economic interest, and therefore the organization will not be consolidated into the University's combined financial statements for the years ended May 31, 2016 and 2015.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires the administration 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 in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents - The University considers all liquid investments with a maturity date of 90 days or less when purchased to be cash equivalents. The University maintains, at various financial institutions, cash that may at times exceed federally insured amounts.

Restricted Cash - Restricted cash consists of deposits with financial institutions as required by debt covenants.

Loans to Students - Loans to students are reported at their outstanding principal adjusted for any charge-offs and net of the allowance for loan losses. The allowance for loan losses is increased by charges to expenses and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the University's loan loss experience, adverse situations that may affect the borrower's ability to repay, and current economic conditions.

Inventories - Inventories are stated at the lower of cost or market; cost being determined principally by use of the average-cost method. Inventories consist of books and materials held within the bookstore. HIH's inventories, consisting primarily of food and beverages, are stated at the lower of cost or market on the first-in, first-out (FIFO) basis.

Prepaid Expenses and Other Assets - Prepaid expenses are stated at cost and amortized over the useful life of the asset.

Investments - The University's investments are composed of the endowment and other investments held for general operating purposes. The University reports these investments at market value in accordance with the provisions of the Not-for-Profit Entities Organizations topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification). The market value of debt and equity securities is based on quoted market prices of public securities markets. Alternative investment funds, which include absolute return and hedge funds, are carried at the estimated market value provided by the management of the alternative investment partnerships or funds. Limited partnership investments are valued initially at their transaction value, and subsequently adjusted to reflect expected exit values at the measurement date by utilizing assumptions that market participants would normally use in estimating a fair market value. These valuation adjustments include, but are not limited to, material changes in an organization's operations and or financial performance subsequent to anticipated rounds of equity financings, specific rights or terms associated with the investment (e.g., conversion features, liquidation preferences or restrictions), expected exit timing and strategy, industry valuations or comparable public companies, changes in economic conditions, and changes in legal or regulatory environments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The majority of the alternative investment funds, which are not readily marketable, are carried at net asset value (NAV) as provided by the investment managers. The University reviews and evaluates the values and agrees with the valuation methods and assumptions used in determining the NAVs of the alternative investments. Those estimated NAVs may differ from the fair values that would have been used had a ready market for these securities existed.

Due to the level of risk associated with investment securities, changes in values of investment securities may occur in the near term, and it is reasonably possible that such changes could materially affect the amounts reported in the statements of financial position.

Investment Management Fees - The University was charged management fees by third-party investment managers for portfolio management and advisory services. Investment management fees are netted with investment income and were approximately $240,000 and $216,000 for the years ended May 31, 2016 and 2015, respectively.

Property, Plant and Equipment - Land and improvements, buildings and equipment are stated at the lower of cost or approximate market value at date of receipt, if acquired by gift. The provision for depreciation has been computed by the straight-line method based upon estimated useful lives. Buildings are typically depreciated over periods between 20 and 50 years, while equipment is depreciated over periods between 5 and 15 years.

Management reviews the carrying amount of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted pre-tax cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value. Due to losses from operations incurred by S-8 during the year ended May 31, 2016, management completed an impairment analysis and concluded that a charge of approximately $620,000 was necessary to reduce the carrying value of certain assets to their fair value.

Collections and Religious Artifacts - The University's collections include paintings, prints, photographs, sculptures, drawings and watercolors and decorative arts. These items are held for educational, research, scientific, curatorial and other religious purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. Items are reflected in equipment in the financial statements at appraised value on the date purchased or contributed.

Construction in Progress - Capitalizable costs incurred on projects that are not in use or ready for use are held in construction in progress. When the asset is ready for use, costs relating thereto are transferred to property and equipment and begin to be depreciated. Construction in progress includes among other projects, $12,500,000 related to a multiuse real estate development owned by GVP consisting of a new Best Western Plus hotel and future retail and restaurant parcels. Financing for this project was secured subsequent to May 31, 2016. (See Note 13.)

Annuities - Annuities represent the University's obligation to pay a donor an annual amount, based on the donor's original contribution, over the remaining life of the donor. These annuities are stated at the net present value of the projected future cash flows assuming discount rates of 1.8% in both 2016 and 2015.

Deferred Revenue - Deferred revenue primarily relates to money received by the University related to conferences, which will be presented over the summer after year-end. Deposits related to these summer conference amounted to $2,460,300 and $2,505,500 for the years ended May 31, 2016 and 2015, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed or legal restrictions that will be met either by actions of the University and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or a portion of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restrictions or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Income and realized net gains and losses on investments of the endowment are reported as follows:

- For permanently restricted endowed assets with restrictions on income by the donor, they are recorded within temporarily restricted net assets;
- As changes in temporarily restricted net assets if the terms of the gift or relevant state law impose restrictions on the use of the income or gains and losses; and
- As changes in unrestricted net assets in all other cases.

Contributions With Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a release to unrestricted net assets is made to reflect the satisfaction or expiration of such restrictions.

Advertising Costs - Advertising costs are charged in the period incurred and were approximately $473,000 and $340,000 for the years ended May 31, 2016 and 2015, respectively.

Hotel and Restaurant Services - Hotel and restaurant services include all revenue and costs of sales associated with operating the Best Western University Inn, the Super 8 Motel and Damon’s Restaurant.

Study Abroad Program - The University pays an Austrian entity for lodging, meals and other services on a per student basis and may provide the organization additional support payments at the discretion of the University. The University paid approximately $1,441,000 and $1,633,500 for lodging and meals and $1,523,000 and $1,264,000 as other support payments related to the operation of its study abroad program for the years ended May 31, 2016 and 2015, respectively. These amounts are included in residence halls expense on the statements of activities and changes in net assets for the University.

Income Taxes - The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC. The University is also exempt from state income tax under applicable state statutes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HIH, S-8 and GVP have been organized as LLCs, which are not subject to federal or state income taxes. However, the taxable income or loss from these entities is included in the income tax return of the University. Accordingly, any income that is unrelated to the exempt purposes of the University is treated as unrelated business income on the University's tax return.

The University follows the relevant accounting guidance relative to uncertainty in income taxes, which prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. The University files information and income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the University is no longer subject to U.S. federal, state and local or non-U.S. examinations by tax authorities for years before 2012.

Recent Accounting Pronouncements - In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities and issued ASU No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14), which is intended to simplify and improve not-for-profit financial reporting.

Specifically, the new guidance:

- Revises the net asset classification scheme to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three, while maintaining the requirement to report total net assets and changes in the classes of and total net assets.

- Continues to allow for a choice between the direct and indirect method of reporting operating cash flows; however, presentation of the indirect reconciliation is no longer required if using the direct method.

- Enhances disclosures for:

    - Self-imposed limits on the use of resources without donor-imposed restrictions
    - Composition of net assets with donor restrictions, and how the restrictions affect the use of resources
    - Qualitative disclosures on how a not-for-profit manages its available liquid resources, to meet cash needs for general expenditures within one year of the balance sheet date
    - Quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date.
    - Methods used to allocate costs among program and support functions

- Requires the presentation of expenses by nature as well as function, including an analysis of expenses showing the relationship between functional and natural classification for all expenses.

- Updates the accounting and disclosure requirements for underwater endowment funds, which include required disclosure of (1) policy concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate original gift amount (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater, which are to be classified as part of net assets with donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Requires net presentation of investment expenses against investment return on the statement of activities and eliminates the requirement to disclose investment expenses that have been netted.

- Requires the use of, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expiration of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassification of amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restrictions over the estimated useful life of the acquired asset.)

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 with early application permitted. The Univeristy is currently evaluating the impact this standard will have on its financial statements.

The FASB issued Accounting Standards Update (ASU) No. 2014-09 to the Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which is the result of a joint project of FASB and the International Accounting Standards Board (IASB) to clarify the principles for recognizing revenue and to develop a common revenue standard for use in the United States and internationally. ASU 2014-09 supersedes the revenue recognition requirements in Topic 605 of the Codification and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09 enhances comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, reduces the number of requirements an entity must consider for recognizing revenue, and requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018. ASU 2014-09 requires either retrospective application by restating each prior period presented in the financial statements, or retrospective application by recording the cumulative effect on prior reporting periods to beginning retained earnings in the year that the standard becomes effective. The University is currently assessing the impact that ASU 2014-09 will have on its combined financial statements.

In May 2015, the FASB issued ASU No. 2015-07 Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2015-07), which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 is effective for nonpublic entities for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. A reporting entity should apply amendments retrospectively to all periods presented. Early application is permitted. The University has elected to early-adopt the provisions of ASU 2015-07 for all presented herein.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The FASB issued ASU No. 2016-02 - Leases (Topic 842) (ASU 2016-02), which is the result of a joint project of FASB and IASB to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments require a lessee to recognize a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term initially measured at the present value of the lease payments. The lessee should also include payments to be made on an optional lease extension if the company is reasonably certain that the extension will be exercised when measuring the asset and liability. The University will be permitted to make an accounting policy election to not recognize leases with a term of 12 months or less. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. Early application is permitted. The University is assessing the impact that ASU 2016-02 will have on its combined financial statements and related disclosures.

NOTE 3 - INVESTMENTS

Investments of the University at May 31 comprise the following:

	2016		2015	
	Market	Cost	Market	Cost
Cash and money markets	$ 2,275,707	$ 2,252,398	$ 1,570,062	$ 1,549,289
Domestic equities	33,993,952	22,585,024	35,847,556	21,226,481
International equities	10,306,458	10,484,698	9,699,266	8,864,245
Bonds, mortgage-backed securities and fixed-income funds	23,649,509	22,331,900	27,793,812	26,280,436
Alternative investment funds and partnerships	12,194,555	10,280,558	11,565,985	8,874,380
	$ 82,420,821	$ 67,934,578	$ 86,476,681	$ 66,794,831

The total investment performance for the years ended May 31 was as follows:

	2016	2015
Interest and dividends	1.67%	2.24%
Net realized gains	0.89%	1.50%
Net unrealized losses	(6.15)%	1.51%
Aggregate return on investments	(3.59)%	5.25%

NOTE 3 - INVESTMENTS (Continued)

Operating investments are those funds that are used to meet intermediate and long-term cash requirements for operations and funding of various projects. Accordingly, the University invests these funds with an allocation to optimize long-term total return relative to the level of risk appropriate for such operating fund investments. Operating investments at May 31 are comprised of the following:

		2016		2015
Composition of operating investments, at market value:				
Cash and money markets	$	1,462,261	$	849,782
Domestic equities		7,919,437		9,262,392
International equities		3,745,524		3,206,760
Bonds, mortgage-backed securities and fixed-income funds		9,803,310		13,276,468
Alternative investment funds and partnerships		4,994,627		4,754,633
	$	27,925,159	$	31,350,035

The policies and strategies employed in the management of the endowment are long-term by definition, since they are based on the expectation that the University will operate indefinitely, and, likewise, will continue to provide financial support in perpetuity. Accordingly, the University's investment policy is intended to optimize long-term total return -- income plus capital appreciation -- relative to the level of risk taken. The associated returns on investments held within the endowment funds were (3.13)% and 6.02% for the years ended May 31, 2016 and 2015, respectively.

Assets of certain endowment funds are maintained by banks and investment managers acting as agents and are pooled on a market value basis with each individual fund subscribing to or disposing of units on the basis of the market value per unit at the beginning of the month within which the transaction occurred. Investments at May 31 are comprised of the following:

		2016		2015
Composition of endowment investments, at market value:				
Cash and money markets	$	813,446	$	720,280
Domestic equities		26,075,155		26,585,164
International equities		6,560,934		6,492,506
Bonds, mortgage-backed securities and fixed-income funds		13,846,199		14,517,344
Alternative investment funds and partnerships		7,199,928		6,811,352
	$	54,495,662	$	55,126,646

NOTE 4 - CONTRIBUTIONS

As of May 31, 2016, the University has unconditional promises to receive contributions approximating $1,884,000, which is presented net of a discount for the present value of cash flows of $55,295. The effective interest rate on the contribution for the year end May 31, 2016 approximates 1%. Several of these pledges are due over extended periods and are recorded at the net present value of future cash flows. Most unconditional promises are restricted by donors for scholarships and general operating support purposes and are due as follows:

	Temporarily Restricted	Permanently Restricted	Total
Less than one year	$ 489,448	$ 237,414	$ 726,862
One to five years	1,097,146	60,000	1,157,146
	$ 1,586,594	$ 297,414	$ 1,884,008
Unamortized discounts			$ (55,295)
Allowance for doubtful pledges			(182,871)
			$ 1,645,842

Pledges outstanding from board members, administrators and vendors were approximately $961,000 and $909,000 at May 31, 2016 and 2015, respectively. Gifts with an aggregate value in excess of $5,000 received from these parties were approximately $604,000 and $435,000 for the years ended May 31, 2016 and 2015, respectively.

NOTE 5 - NOTES PAYABLE AND REVOLVING CREDIT FACILITY

Outstanding balances of long-term, interest-bearing notes payable at May 31 consist of the following:

	2016	2015
2006 Ohio Higher Educational Revenue Bonds - Series A	$ 13,640,000	$ 14,455,000
2006 Ohio Higher Educational Revenue Bonds - Series B	-	430,000
WesBanco Mortgage Note Payable	1,605,012	1,749,938
The People's National Bank	214,878	293,624
Citizen's Bank, N.A.	3,352,716	3,625,000
Huntington National Bank	78,106	-
	18,890,712	20,553,562
Unamortized bond (discount) premium	(15,025)	(5,767)
	$ 18,875,687	$ 20,547,795

NOTE 5 - NOTES PAYABLE AND REVOLVING CREDIT FACILITY (Continued)

a. 2006 Ohio Higher Education Revenue Bonds Series A and B

In 2006, the University issued revenue bonds through the Ohio Higher Educational Facility Commission; Series A and B for $20,585,000 and $3,415,000, bearing interest rates of 5% and 6%, respectively. The bonds are secured by a pledge of facility revenue, a bond reserve requirement equal to the lesser of 125% of the average bond service charges on outstanding principal or 10% of the proceeds from the original sale of bonds, and a bond insurance policy. The bond reserve funds for Series A held as of May 31, 2016 had a market value of $1,076,009 and are included within investments. The maturity date of the Series A Bond is May 1, 2036. The University repaid the Series B bond in full on May 15, 2016.

b. WesBanco Mortgage Note Payable

In April 2010, HIH entered into a long-term mortgage agreement with the financial institution for $2,337,500. The mortgage contains covenants, which require, among other things, HIH to have a debt service reserve equal to 12 monthly payments of principal and interest and to maintain a debt service ratio of 1.25 to 1. The note bears an interest rate of 4.38%. Restricted cash on deposit associated with the covenant as of May 31, 2016 approximated $235,352. The maturity date of the note is April 13, 2025.

c. The People’s National Bank

In November 2014, the University entered into a note payable with a financial institution for $331,650. The note bears an interest rate of 5% with a maturity date of November 25, 2018.

d. Citizens Bank, N.A.

In May 2015, the University entered into a note payable with a financial institution for $3,625,000. The note payable contains certain covenants, which among other things requires the University to maintain a debt service coverage ratio of 1.25 to 1. The note payable accrues interest at a variable interest rate based upon the adjusted LIBOR rate (0.456% at May 31, 2016) plus the LIBOR rate margin. As of May 31, 2016, the note bore an interest rate of 2.3%. Repayment of interest is due on the first day of each calendar month beginning in July 2016 and continuing until maturity. The maturity date of the note is May 1, 2025.

e. Huntington National Bank

In July 2015, the University entered into a note payable with a financial institution for $94,974. Repayment terms are four years with monthly payments, bearing an interest rate of 2.99%. The maturity date of the note is August 13, 2019.

NOTE 5 - NOTES PAYABLE AND REVOLVING CREDIT FACILITY (Continued)

Required principal payments on the long-term debt for each of the next five years ending May 31 and thereafter are:

Fiscal Years Ending May 31	Amount
2017	$ 1,047,274
2018	1,091,449
2019	1,090,398
2020	1,067,551
2021	854,514
Thereafter	13,739,526
	$ 18,890,712

In 1946, the University received a noninterest-bearing loan of $348,000 from the Province of the Most Sacred Heart of Jesus, the founder of the University. The loan has no stipulated repayment terms.

The University has a line-of-credit agreement secured by the University's assets in the amount of $4,000,000. The line of credit bears interest at 2.69%. The maturity date of the line of credit is March 15, 2017.

Revolving Credit Facility - The University has been extended a line of credit from a financial institution to finance corporate charge accounts. The maximum draw on this facility is $1,235,000, of which the University borrowed approximately $640,000 and $816,000 at May 31, 2016 and 2015, respectively, which is included in accounts payable and other accrued liabilities in the combined statements of financial position.

NOTE 6 - SERVICES OF THE FRANCISCAN FRIARS

During the years ended May 31, 2016 and 2015, the University paid approximately $815,000 and $892,000, respectively, to the Holy Spirit Friary for the services rendered by the Franciscan Friars, who serve as administrators and instructors of the University. The aggregate amount paid for the services rendered is recorded within various expenditure line items.

NOTE 7 - RETIREMENT PLANS

The University's employees participate in a voluntary contributory retirement plan organized through the Teachers' Insurance and Annuity Association of America (TIAA). Employees electing to participate in the plan are eligible to contribute 5% of their gross salary through payroll deduction after one year of service. Additionally, the University will contribute between 2.5% and 10% based on the number of years of service. The University's contributions to the plan aggregated approximately $1,453,000 and $1,417,000 for the years ended May 31, 2016 and 2015, respectively.

Additionally, employees can participate in a supplemental voluntary contributory retirement plan through TIAA. Employees electing to participate in this plan are eligible to contribute up to 100% of their gross salary, subject to Internal Revenue Service limitations, through payroll deduction immediately upon hire. There are no University contributions to this plan.

NOTE 8 - FAIR VALUE MEASUREMENT

The University implemented the Fair Value Measurement topic of the Codification, which, among other things, requires enhanced disclosures related to assets and liabilities measured at fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Valuations that reflect quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations that reflect:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuations are based upon unobservable inputs. Valuations reflect management's best estimate of what market participants would use in valuing the asset and liabilities at the measurement date.

A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis is as follows:

Investments - Fair value of Level 1 investments is based upon quoted market prices for identical securities traded in active markets that are readily available to the University.

Alternative, hedge funds and partnerships are valued at net asset value (NAV) of the units invested in the hedge fund or partnership. The NAV as provided by the custodian or fund manager is the practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund or partnerships less its liabilities. This practical expedient is not used when it is determined to be probable that the investment will sell in an amount different than the reported NAV.

Annuities Payable - Annuities are valued based on the estimated annuity payment obligation discounted to present value at current market rates.

The carrying amount of cash and cash equivalents, student accounts receivable, contributions receivable, related-party receivables, other receivables and accounts payable and other liabilities approximates their fair value due to the short-term nature of such instruments. The fair value of long-term debt is calculated using discounted cash flows of debt service, based on the University's current incremental borrowing rate for similar types of borrowing arrangements. The estimated fair value based upon current market rates of the University's long-term debt at May 31, 2016 and 2015 was $18,524,231and $20,084,924, respectively.

NOTE 8 - FAIR VALUE MEASUREMENT (Continued)

The preceding methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. When available, the University measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The University elected the Fair Value Option for Financial Assets and Financial Liabilities topic of the Codification. The fair value option permits entities to choose to measure eligible items at fair value at specified election dates. The University has selected this option for valuation of contributions receivable and pledges receivable.

Set forth by level within the fair value hierarchy, the University's financial assets and liabilities that are measured at fair value on a recurring basis as of May 31 are as follows:

	Assets and (Liabilities) at Fair Value at May 31, 2016			
	Level 1	Level 2	Level 3	Total
ASSETS				
Contributions receivable	$ -	$ 1,654,842	$ -	$ 1,654,842
Investments:				
Cash and money markets	1,093,652	-	-	1,093,652
Certificate of deposit	-	1,182,055	-	1,182,055
Domestic equities	27,973,413	6,021,179	-	33,994,592
International equities	5,769,527	4,536,931	-	10,306,458
Bonds, mortgage-backed securities, fixed-income funds	-	23,649,509	-	23,649,509
Total investments in the fair value hierarchy	34,836,592	35,389,674	-	70,226,266
Investments measured at net asset value (a):	-	-	-	12,194,555
Total investments				$ 82,420,821
LIABILITIES				
Annuities payable	-	-	$ (1,093,914)	$ (1,093,914)

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the statements of financial potion at May 31, 2016 and 2015.

NOTE 8 - FAIR VALUE MEASUREMENT (Continued)

	Assets and (Liabilities) at Fair Value at May 31, 2015			
	Level 1	Level 2	Level 3	Total
ASSETS				
Contributions receivable	$ -	$ 2,000,959	$ -	$ 2,000,959
Investments:				
Cash and money markets	1,144,459	-	-	1,144,459
Certificate of deposit	-	425,603	-	425,603
Domestic equities	24,393,274	11,454,282	-	35,847,556
International equities	523,528	9,175,738	-	9,699,266
Bonds, mortgage-backed securities, fixed-income funds	-	27,793,812	-	27,793,812
Total investments in the fair value hierarchy	26,061,261	48,849,435	-	74,910,696
Investments measured at net asset value (a):	-	-	-	11,565,985
Total investments				$ 86,476,681
LIABILITIES				
Annuities payable	-	-	$ (1,130,772)	$ (1,130,772)

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the statements of financial potion at May 31, 2016 and 2015.

A summary of changes in the fair value of the University's Level 3 assets and liabilities for the years ended May 31 is as follows:

	Annuities Payable
Balance, May 31, 2014	$ (1,074,229)
Purchases	(58,567)
Interest and dividends	(31,783)
Annuity payments	127,758
Proceeds from sales	
Net realized gains (losses)	(27,323)
Net unrealized gains (losses)	(66,628)
Balance, May 31, 2015	(1,130,772)

NOTE 8 - FAIR VALUE MEASUREMENT (Continued)

	Annuities Payable
Balance, May 31, 2015	$ (1,130,772)
Purchases	(12,151)
Interest and dividends	(35,072)
Annuity payments	131,077
Proceeds from sales	
Net realized gains (losses)	1,087
Net unrealized gains (losses)	(48,083)
Balance, May 31, 2016	$ (1,093,914)

The following redemption table clarifies the nature and risk of the University's investments and liquidity for investments, including alternative investments, measured using net asset value.

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments in Limited Partnerships	$ 1,973,013	$ 862,663	Monthly, 10 Years	30 days
Investments in Hedge Funds	10,221,542	-	Quarterly, Annually	60-105 days
	$ 12,194,555	$ 862,663		

NOTE 9 - NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at May 31 are available for the following purposes:

	2016	2015
Instruction	$ 1,928,958	$ 1,774,653
Academic support	33,111	31,609
Student services	1,034,585	1,240,464
Institutional support	7,069,357	10,302,933
Plant operation and maintenance	146,397	202,985
Christian outreach	486,076	667,801
Scholarships and student aid	7,665,922	7,405,789
Student loans	71,596	68,043
Annuity payments	567,592	554,743
General purposes of the University	1,141,545	554,568
	$ 20,145,139	$ 22,803,588

NOTE 9 - NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS (Continued)

Net assets released from temporary donor restrictions by satisfying the restricted purposes or time restrictions at May 31 are as follows:

	2016	2015
Scholarships and student aid	$ 2,110,476	$ 1,865,082
Instruction	299,413	270,093
Student services	710,925	653,373
Institutional support	940,004	276,513
Plant operation and maintenance	29,979	81,592
Christian outreach	204,147	95,973
	$ 4,294,944	$ 3,242,626

NOTE 10 - NATURE AND AMOUNT OF PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets, reflected below, are restricted to investment in perpetuity. The income from these assets is expendable to support the activities within each category, and at May 31, is as follows:

	2016	2015
Instruction	$ 3,822,689	$ 3,772,576
Institutional support	318,536	336,845
Scholarships	17,042,552	15,804,462
Student loans	28,008	28,008
	$ 21,211,785	$ 19,941,891

NOTE 11 - ENDOWMENT

The University adopted the provisions of the Endowments of Not-for-profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds topic of the Codification. The topic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the UPMIFA and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The University's endowment consists of approximately 160 individual funds established for a variety of purposes, including donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 11 - ENDOWMENT (Continued)

Interpretation of Relevant Law

The Board of Trustees of the University has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- Economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policy of the University

Endowed net assets at May 31 consist of the following:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 12,947,209	$ 21,211,785	$ 34,158,994
Board-designated endowment funds	19,711,624	-	-	19,711,624
Total endowed net assets	$ 19,711,624	$ 12,947,209	$ 21,211,785	$ 53,870,618

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (49,705)	$ 14,828,417	$ 19,941,891	$ 34,720,603
Board-designated endowment funds	20,546,546	-	-	20,546,546
Total endowed net assets	$ 20,496,841	$ 14,828,417	$ 19,941,891	$ 55,267,149

NOTE 11 - ENDOWMENT (Continued)

Changes in endowment net assets for the years ended May 31 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, May 31, 2014	$ 19,774,836	$ 13,642,277	$ 18,673,928	$ 52,091,041
Investment return:				
Investment income	401,024	497,015	-	898,039
Net realized gains	306,224	446,547	-	752,771
Net unrealized gains	505,515	969,453	-	1,474,968
Change in underwater endowed funds	19,242	(19,242)	-	-
Total investment return	1,232,005	1,893,773	-	3,125,778
Contributions	-	59,472	1,267,963	1,327,435
Appropriations of endowment assets for expenditure	(510,000)	(767,105)	-	(1,277,105)
Endowment net assets, May 31, 2015	20,496,841	14,828,417	19,941,891	55,267,149
Investment return:				
Investment income	350,657	416,198	104,255	871,110
Net realized gains	88,473	147,683	-	236,156
Net unrealized gains	(1,274,052)	(1,539,460)	-	(2,813,512)
Change in underwater endowed funds	49,705	(49,705)	-	-
Total investment return	(785,217)	(1,025,284)	104,255	(1,706,246)
Contributions	-	12,849	1,165,639	1,178,488
Appropriations of endowment assets for expenditure	-	(868,773)	-	(868,773)
Endowment net assets, May 31, 2016	$ 19,711,624	$ 12,947,209	$ 21,211,785	$ 53,870,618

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets approximated $0 and $50,000 as of May 31, 2016 and 2015, respectively. These deficiencies resulted from extraordinary market conditions that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets until such deficiency is fully restored.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that, net of spending, will grow the aggregate portfolio value at or above the rate of inflation over the funds' investment horizon.

NOTE 11 - ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

Beginning in fiscal 2013, the University implemented a revised endowment spending policy. In the fiscal year ended May 31, 2012, only interest, dividends and realized gains were appropriated from the donor-designated endowment for spending. Under the revised policy, the spending amount is calculated at the end of the second fiscal quarter, and scholarship awards are subsequently made for the following academic year. The spending amount will not exceed 5% of the rolling 12-quarter average market value of the fund. Accordingly, the University expects the new policy to allow the endowment to maintain its purchasing power by growing at a rate equal to or greater than the annual rate of inflation over the funds' investment horizon. Additional real growth will be provided through new gifts and any excess investment return. In 2016 and 2015, the spendable return totaled $868,773 and $767,105, respectively.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Guaranteed Access to Education Program (GATE) is a private subsidized educational loan program designed specifically to meet the educational costs of students attending participating accredited institutions. GATE loans must be repaid by borrowers over a period that typically extends 13 years after graduation. The loans are originated and underwritten by Bank of America. National Collegiate Trust (NCT) purchases the pool of promissory notes from the lender (Bank of America) and finances the loans through the issuance of bonds. Each participating school is required to be a member of NCT. State Street Bank and Trust Company holds legal title to the GATE notes as Indenture Trustee for NCT.

As a participating member of the trust, the University was required to make a noncash pledge to protect against student defaults. The University's maximum obligation cannot exceed between 30% and 40% of the total loans in repayment, depending on the specific GATE program. The University's maximum pledge obligation at both May 31, 2016 and 2015 was $106,700. Therefore, the University has recorded a liability of $106,700 for loans classified as delinquent or in default status as of both May 31, 2016 and 2015, which is included in accounts payable and other accrued liabilities on the University's combined statements of financial position.

As of May 31, 2016, the University is committed to pay approximately $6,830,000 to contractors and vendors in connection with open projects on campus. The University's major project is the continued development along University Boulevard, with Phase 1 set to be completed in Fall 2016. Subsequent to May 31, 2016, the University entered into $1,830,000 of additional contracts related to Phase 1 of the Franciscan Square project and student housing renovations.

Additionally, as of May 31, 2016, the University has committed to invest an additional $863,000 in a private equity type investment fund.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent Events - Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through October 27, 2016, the date on which the financial statements were available to be issued and has disclosed that the University has undertaken the development of a new hotel through a new wholly owned subsidiary of the University, Good Venture Properties, LLC (Properties). The new hotel opened in October 2016, at which time the hotel of Good Venture HIH ceased operations and will be repurposed for alternative University uses. The restaurant, Damon's Grill of Good Venture HIH, will continue to operate until such time as a new restaurant shall open on land leased by Properties.

Financing for the development project was secured in July 2016, including a Senior Loan of $11,000,000 with an interest rate of LIBOR plus 2.75% and a Subordinate (Mezzanine) Loan of $3,025,000 with a current interest rate of 8.0% plus a deferred interest rate of 4.5% payable at maturity in 72 months. Both loans are secured by a mortgage on the hotel and real estate project of Good Venture Properties, LLC and are non-recourse to the Borrower. The Senior Loan carries a fixed interest rate SWAP at 4.0%. As of October 10, 2016, $3,025,000 has been drawn down from the subordinate loan, and $5,724,000 has been drawn down from the senior loan.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

We have served as bond counsel to our client the Ohio Higher Educational Facility Commission (the "Commission") and not as counsel to any other person in connection with the issuance by the Commission of $_________ State of Ohio Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project) (the "Bonds") of the State of Ohio (the "State"), dated the date of this letter.

The Bonds are issued pursuant to Chapter 3377 and Sections 9.98 through 9.983 of the Ohio Revised Code and the Trust Agreement, dated as of December 1, 2016 (the "Trust Agreement"), between the Commission and U.S. Bank National Association (the "Trustee"). The Bonds are being issued for the purpose of providing funds to pay "project costs" of "educational facilities" as those terms are defined in Section 3377.01 of the Ohio Revised Code, and for refunding obligations issued for that purpose. The educational facilities refinanced by the Bonds constitute the "Project." The Project has been leased by Franciscan University of Steubenville (the "University"), as lessor, to the Commission, as lessee, under the Base Lease dated as of December 1, 2016 (the "Base Lease"), and has been leased back to the University under the Lease dated as of December 1, 2016 (the "Lease"), between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease dated as of December 1, 2016 (the "Assignment"), between the Commission and the Trustee, the Commission has assigned to the Trustee for the benefit of the Holders of the Bonds substantially all rights under the Lease, including the Rental Payments to be made by the University. Pursuant to the Assignment, the Commission, effective solely upon an event of default under the Lease, also has assigned to the Trustee for the benefit of the Holders of the Bonds, substantially all of its rights in the Base Lease. Capitalized terms not otherwise defined in this letter are used as defined in the Lease.

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

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

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

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

represent or constitute a debt or a pledge of the faith and credit of the Commission, the State, or any of its political subdivisions.

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

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

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

In addition, in rendering those opinions with respect to the treatment of the interest on the Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinion of counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code, which opinion is subject to a number of qualifications and limitations. We also assume the correctness of, and reply upon the accuracy of, representations of the University concerning the use of the facilities financed with the Bonds in activities that are considered "unrelated trade or business" activities of the University, as defined in Section 513(a) of the Code. Failure of the University to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Bonds in a manner that is substantially related to the University's exempt purpose under Section 513(a) of the Code, may cause interest on the Bonds to be included in gross income retroactively to the date of the issuance of the Bonds.

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

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

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

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APPENDIX D

BOOK-ENTRY SYSTEM; DTC

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BOOK-ENTRY SYSTEM; DTC

Book-Entry System

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company. As such, the University believes it to be reliable, but the University and the Commission take no responsibility for the accuracy or completeness of that information. See also the additional information following the numbered paragraphs

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a ''banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 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. (This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Offering Circular.)

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their

holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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.

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

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

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

8. Redemption proceeds, distributions, and debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Bond Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such

Participant and not of DTC, the Registrar, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and debt service payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. The Commission (at the request of the University) may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed (or otherwise produced) and delivered to DTC. (See also **Revision of Book-Entry System; Replacement Bonds**.)

11. The information (above) in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University and the Commission believe to be reliable, but the University and the Commission take no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The University, the Commission and the Registrar have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with then legal advisors the manner of transferring or pledging their book-entry interests.

The University, the Commission and the Registrar have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The University, the Commission and the Registrar cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Offering Circular.

For all purposes under the Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Bonds, see **Appendix E - Proposed Form of Continuing Disclosure Agreement**), DTC will be and will be considered by the University, the Commission and the Registrar to be the owner or holder of the Bonds.

Beneficial Owners will not receive or have the right to receive physical delivery of Bonds, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the University, the Commission and the Registrar to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

Revision of Book-Entry System; Replacement Bonds

In the event that DTC determines not to continue to act as securities depository for the Bonds or the Commission at the request of the University determines to terminate the services of DTC (after determining that the continuation of such book entry system service by DTC is not in the best interests of the Commission, the University or the beneficial owners of the Bonds), the Commission at the request of the University may in its discretion attempt to have established a securities depository book entry relationship with another securities depository. If the Commission does not do so, or is unable to do so, and after the Registrar has made provisions for notification of the owners of book entry interests in the Bonds by appropriate notice to DTC, the Commission and the Registrar will authenticate and deliver replacement Bonds in authorized denominations to, or at the direction of, and if the event is not the result of University action or inaction, at the expense (including printing costs) of, any persons requesting such issuance.

Debt service on replacement Bonds will be payable when due without deduction for the services of the paying agent. Principal of the Bonds will be payable to the registered owner upon presentation and surrender of the Bonds at the principal corporate trust office of the Registrar. Interest on the Bonds will be payable by the Registrar by check, mailed to the owner of record on the Register as of the Regular Record Date.

Replacement Bonds will be exchangeable for Bonds of the same maturity and in authorized denominations, and replacement Bonds will be transferable, at the office of the Registrar without charge (except taxes or excises required to be paid). Exchange or transfer of then redeemable replacement Bonds is not required to be made (i) between the fifteenth day preceding the mailing of notice of replacement Bonds to be redeemed and the date of that mailing, or (ii) of a particular replacement Bond selected for redemption (in whole or in part).

The ownership of a Bond will be transferable only by presentation and surrender of such Bond at the office of the Registrar, together with an assignment duly signed by the Holder of that Bond or by his duly authorized attorney in a form satisfactory to the Registrar. Upon any such transfer, the Registrar will deliver, in exchange for that Bond, a new Bond registered in the name of the transferee, in the aggregate principal amount equal to the unmatured and unredeemed principal amount of the Bond presented.

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

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "***Disclosure Agreement***") is made and entered into as of December 1, 2016, by and between FRANCISCAN UNIVERSITY OF STEUBENVILLE, an Ohio nonprofit corporation (the "***University***"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, in connection with the issuance by the Ohio Higher Education Commission (the "***Commission***") of the $__________ State of Ohio Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project) (the "***Bonds***"). The Bonds are being issued pursuant to the terms of a Trust Agreement dated as of December 1, 2016 (the "***Trust Agreement***") between the Commission and U.S. Bank National Association, in its capacity as trustee for the holders of the Bonds (in such capacity, together with any successor trustee, the "***Trustee***").

NOW THEREFORE, intending to be legally bound hereby, the parties hereto hereby covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the registered owners and Beneficial Owners (hereinafter defined) of the Bonds and in order to assist the Participating Underwriter (hereinafter defined) in complying with the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the capitalized terms defined above and the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined, the following capitalized terms shall have the following meanings:

"***Annual Report***" shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

"***Business Day***" shall mean any day other than a Saturday, Sunday or a day on which the New York Stock Exchange is closed.

"***State***" shall mean the State of Ohio.

"***Disclosure Representative***" shall mean the Vice President of Finance and Administration of the University or his or her designee, or such other person as the University shall designate in writing to the Dissemination Agent from time to time.

"***Dissemination Agent***" shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the University and which has filed with its predecessor Dissemination Agent a written acceptance of such designation.

"***EMMA***" or the "***EMMA System***" shall mean the Electronic Municipal Market Access system maintained by the MSRB (or any successor electronic filing system established in accordance with the Rule for the submission of information required to be filed under the Rule). As of the date of this

Disclosure Agreement, information regarding submissions to the MSRB through EMMA is available at http://emma.msrb.org/submission.

"***Generally Accepted Accounting Principles***" means those accounting principles applicable in the preparation of financial statements of educational institutions, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

"***Issuance Date***" means December __, 2016, the date of issuance and delivery of the Bonds.

"***Lease***" shall mean the Lease, dated as of December 1, 2016, between the Commission and the University.

"***Listed Event***" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"***MSRB***" shall mean the Municipal Securities Rulemaking Board.

"***Obligated Person***" shall mean, at any applicable time, each "obligated person" (as that term is defined in paragraph (f)(10) of the Rule) with respect to the Bonds. As of the Issuance Date, "Obligated Person" means the University. The University has determined that as of the Issuance Date, there are no "obligated persons" with respect to the Bonds for purposes of the Rule other than the University, and that the Commission is not an "obligated person" with respect to the Bonds for purposes of the Rule.

"***Official Statement***" means the Official Statement relating to the Bonds, dated December __, 2016.

"***Participating Underwriter***" shall mean George K. Baum & Company, as the underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"***Repository***" shall mean each nationally recognized municipal securities information repository for purposes of the Rule. The SEC has appointed EMMA as the sole Repository effective as of July 1, 2009.

"***Rule***" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"***SEC***" shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) In accordance with the requirements of the Rule, the University shall deliver, or shall provide to the Dissemination Agent and shall cause the Dissemination Agent to deliver, to each Repository not later than the last day of the ninth month following the end of each fiscal year (or the next succeeding Business Day if that day is not a Business Day), commencing with the fiscal year ending May 31, 2016, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If the University is relying on the Dissemination Agent to file the Annual Report with the Repository, it shall provide such Annual Report, together with a Compliance Certificate in substantially the form attached hereto as Exhibit A, to the Dissemination Agent at least five Business Days prior to the applicable filing date. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this

Disclosure Agreement; provided that the financial statements of the University may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report, if submitted in accordance with the provisions of Section 4. If the fiscal year of the University changes, the University shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If the Dissemination Agent receives the Annual Report from the University and delivers the Annual Report to the Repository, the Dissemination Agent shall file a report with the Trustee, if the Dissemination Agent is not the Trustee (with a copy to the University) to the effect that the Annual Report has been so delivered pursuant to this Disclosure Agreement and stating the date it was delivered. If the University delivers the Annual Report directly to the Repository, it shall provide a certificate in substantially the form attached hereto as Exhibit B to the Dissemination Agent and, if the Dissemination Agent is not the Trustee, to the Trustee.

(c) If the University fails either to (i) provide the Annual Report to the Dissemination Agent in a time, manner and condition sufficient for the Dissemination Agent to deliver the Annual Report in compliance with Section 3(a), or (ii) report to the Dissemination Agent that it has on its own so delivered the Annual Report, the Dissemination Agent shall send a notice to the Repository (and copies thereof to the University) in substantially the form attached as Exhibit C attached hereto.

SECTION 4. <u>Content of Annual Reports</u>. The Annual Reports shall contain or include by reference the following:

(a) The audited financial statements of the University for the prior fiscal year prepared in accordance with Generally Accepted Accounting Principles. If such financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain preliminary financial statements in a format similar to the financial statements contained in the Official Statement, and the final financial statements shall be filed in the same manner as the Annual Report when they become available. Notwithstanding the foregoing, the University may change the accounting principles used for preparation of the audited financial statements so long as the University includes, in its next Annual Report as part of the information set forth therein, a statement to the effect that different accounting principles are being used, stating the reason for such change and providing a method by which to compare the financial information provided by the differing financial accounting principles.

(b) Operating data and financial information regarding the University for the prior fiscal year of the same type as included in Appendix A to the Official Statement under the headings "Enrollment," "Student Housing" and "Tuition".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the University is an Obligated Person, which have been filed with the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The University shall clearly identify each such other document so included by reference. In the event the University's audited financial statements for the fiscal year which have been provided pursuant to Section 3 of this Disclosure Agreement together with audited financial statements for other fiscal years which have been filed with the Repository or SEC contain any of the information described in clause (b) above, the related requirement of this Section 4 shall be deemed to be satisfied with respect to including such information in the University's Annual Report.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the University shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each, a "***Listed Event***") in a timely manner not in excess of ten (10) Business Days after the occurrence of the Listed Event:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, if any, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of the registered owners and Beneficial Owners of the Bonds, if material;

(viii) Bond calls (other than mandatory sinking fund redemption), if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the University;

(xiii) The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Listed Events listed in clauses (i) through (xiv) above are quoted from the Rule. Not all Listed Events listed above may be applicable to the Bonds.

(b) Whenever the University obtains knowledge of the occurrence of a Listed Event, the University shall promptly prepare a notice describing the Listed Event and notify the Dissemination Agent, if any, and the Commission in writing, and either report or instruct the Dissemination Agent to report, the occurrence to the Repository, or to the MSRB. Within two Business Days of receipt of such notice, the Dissemination Agent shall file it with the Repository, or with the MSRB, as instructed in writing by the University, with a copy to the Commission and, if the Dissemination Agent is not the Trustee, with the Trustee.

SECTION 6. Termination of Reporting Obligations. The University's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the University's obligations under the Lease are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the University and the University shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the University shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report, including, without limitation, any Annual Report, prepared by the University pursuant to this Disclosure Agreement. The University may, from time to time upon 30 days' written notice to the Dissemination Agent, appoint or engage a new Dissemination Agent, and may discharge any such Dissemination Agent, upon the appointment of a successor Dissemination Agent which shall be evidenced and be effective upon such successor Dissemination Agent's execution and delivery to the Commission and the existing Dissemination Agent of a Form of Acceptance of Dissemination Agent's Duties substantially in the form attached hereto as Exhibit D. The University shall be responsible for all fees and associated expenses of the Dissemination Agent.

SECTION 8. The Commission. The Commission shall not have any responsibility or liability in connection with the University's compliance with the Rule, its filing or other obligations under this Disclosure Agreement, or in connection with the contents of any such filings. The University covenants and agrees to indemnify and save the Commission, and its members, officers, employees and agents, harmless against any loss, expense (including reasonable attorneys' fees) or liability arising out of (i) any breach by the University of its obligations under this Disclosure Agreement, or (ii) any Annual Report or notices or other information provided under this Disclosure Agreement or any omissions therefrom.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the University and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that no amendment shall subject the Commission to any additional obligations or liabilities, and, provided further, that unless otherwise permitted by the Rule, the following conditions are satisfied:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds (including, but not limited to, affiliations, mergers, acquisitions, divestitures or dispositions affecting the University), or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized disclosure counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the registered owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of registered owners, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially adversely affect the interests of the registered owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the University shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the University. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Form of Reports; Additional Information. All notices, reports and financial information shall be provided to the Dissemination Agent (or filed by the University) in a word searchable portable document format (PDF), as required by the Rule. Nothing in this Disclosure Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the University chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the University to comply with any provision of this Disclosure Agreement, the Commission or the Dissemination Agent may, or at the written request of the Participating Underwriter or the registered owners of at least 25% of the aggregate principal amount of outstanding Bonds and the provision of indemnification satisfactory to it, the Dissemination Agent shall, or any registered owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the University to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, the Lease or the Guaranty Agreement between the University and the Trustee delivered in connection with the issuance of the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the University to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VI of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement and applicable to the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no further duties or responsibilities shall be implied. The

Dissemination Agent shall not have any liability under, nor duty to inquire into the terms and provisions of, any agreement or instructions, other than as outlined in this Disclosure Agreement. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Dissemination Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Dissemination Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that the Dissemination Agent's gross negligence or willful misconduct was the primary cause of any loss to the University. The Dissemination Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the University. In the administration of this Disclosure Agreement, the Dissemination Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Dissemination Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. The Dissemination Agent may resign and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Disclosure Agreement without further act. The University covenants and agrees to hold the Dissemination Agent and its directors, officers, agents and employees (collectively, the "***Indemnitees***") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("***Losses***") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Dissemination Agent is authorized to rely pursuant to the terms of this Disclosure Agreement. In addition to and not in limitation of the immediately preceding sentence, the University also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Dissemination Agent's performance under this Disclosure Agreement provided the Dissemination Agent has not acted with gross negligence or engaged in willful misconduct. Anything in this Disclosure Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The obligations of the University under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or between the parties to this Disclosure Agreement shall be deemed sufficiently given if sent by registered or certified United States mail, return receipt requested, postage prepaid, by overnight delivery service providing positive tracking or by telecopier with a duplicate hard copy sent by overnight delivery service providing positive tracking as follows:

To the University:

Franciscan University of Steubenville
1235 University Boulevard
Steubenville, Ohio 43952
Attention: David Skiviat
Vice President of Finance and Administration
Telecopier Number: 740-283-6223

To the Dissemination Agent:

U.S. Bank National Association
1350 Euclid Avenue, Suite 1100
Cleveland, OH 44115
Attention: David Schlabach, Vice President
Telecopier Number: 216-623-9202

To the Commission:

Ohio Higher Educational Facility Commission
25 South Front Street
Columbus, OH 43215

Any party may, by written notice to the other parties, designate a different address or telecopier number to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the University, the Dissemination Agent, the Commission, the Participating Underwriter, and registered owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which will be regarded as an original, and all of which will constitute one and the same document.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Continuing Disclosure Agreement on the date first above written.

FRANCISCAN UNIVERSITY

By:____
Title: Vice President of Finance and Administration

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By:____
Title: Authorized Signatory

This execution page is part of the Continuing Disclosure Agreement dated as of December 1, 2016 between Franciscan University of Steubenville and U.S. Bank National Association, respecting the State of Ohio Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project).

EXHIBIT A

COMPLIANCE CERTIFICATE

State of Ohio (Ohio Higher Educational Facility Commission) Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project)

[Date]

[U.S. Bank National Association, as Dissemination Agent]
[Attention]
[Address]

Re: Re: Compliance Certificate for Annual Financial Information [*and Operating Data*]

Dear _______________:

Pursuant to the Continuing Disclosure Agreement dated _______________ between Franciscan University of Steubenville (the "Obligated Party") and U.S. Bank National Association, (the "Dissemination Agent"), the undersigned as a representative of Franciscan University of Steubenville, does hereby certify that the enclosed Annual Financial Information [*and Operating Data*] for the fiscal year-end _______________, of the Franciscan University of Steubenville, complies with the requirements of this Continuing Disclosure Agreement.

FRANCISCAN UNIVERSITY OF STEUBENVILLE

By: ________________________________
Name:
Title:

Enclosure

EXHIBIT B

REPORT OF FILING

State of Ohio (Ohio Higher Educational Facility Commission) Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project)

[Date]

[U.S. Bank National Association, as Dissemination Agent]
[Attention]
[Address]

Re: Re: Compliance Certificate for Annual Financial Information [*and Operating Data*]

Dear _______________:

Pursuant to the Continuing Disclosure Agreement dated _______________ between Franciscan University of Steubenville (the "Obligated Party") and U.S. Bank National Association, (the "Dissemination Agent"), the undersigned as a representative of Franciscan University of Steubenville, does hereby certify that the enclosed Annual Financial Information [*and Operating Data*] for the fiscal year-end _______________, of the Franciscan University of Steubenville, complies with the requirements of this Continuing Disclosure Agreement and was submitted directly to the MSRB on ___________ (date).

FRANCISCAN UNIVERSITY OF STEUBENVILLE

By: ________________________________
Name:
Title:

Enclosure

EXHIBIT C

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Ohio Higher Educational Facility Commission
Name of Bond Issue:	$__________State of Ohio Higher Educational Facility Revenue Bonds (Franciscan University of Steubenville 2016 Project)
CUSIP:	
Date of Issuance:	December __, 2016

NOTICE IS HEREBY GIVEN that Franciscan University of Steubenville has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of December 1, 2016.

Dated:____________________________

cc: Franciscan University of Steubenville
Ohio Higher Educational Facility Commission

EXHIBIT D

FORM OF ACCEPTANCE OF DISSEMINATION AGENT'S DUTIES

__________________________ hereby accepts and assumes all of the duties and obligations as Dissemination Agent under that certain Continuing Disclosure Agreement, dated as of December 1, 2016, by and between Franciscan University and U.S. Bank National Association respecting the Ohio Higher Educational Facility Commission Bonds (Franciscan University of Steubenville Project) Series 2016.

[NAME OF SUCCESSOR
DISSEMINATION AGENT]

By:____
Authorized Officer

Dated: ________________________

cc: Ohio Higher Educational Facility Commission
Franciscan University of Steubenville

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FRANCISCAN UNIVERSITY OF STEUBENVILLE

An Equal Opportunity University