This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Authority will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 5, 2017

NEW ISSUE – BOOK ENTRY ONLY

RATING: S&P Global Ratings: "BBB"
Stable Outlook
See: "RATING" herein

In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest paid to corporate holders of the Bonds may be indirectly subject to alternative minimum tax under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that, under the laws of the Commonwealth of Pennsylvania, interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania. See "TAX MATTERS" herein.

$29,920,000*
NEW WILMINGTON MUNICIPAL AUTHORITY
(Commonwealth of Pennsylvania)
Revenue Bonds
(AICUP Financing Program - Westminster College Project)
Series 2017 PP1

Dated: Date of Delivery **Due: May 1, as shown on inside cover**

The New Wilmington Municipal Authority (the "Authority") will issue its Revenue Bonds (AICUP Financing Program – Westminster College Project) Series 2017 PP1 (the "Bonds") in denominations of $5,000 or any whole multiple thereof. The Bonds will be registered in the name of Cede & Co. as the registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York.

The principal of and premium, if any, on the Bonds will be payable to the registered owner at the designated corporate trust agency office of The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, as trustee (the "Trustee") for the Bonds, or the designated corporate trust office of any successor Trustee. The Bonds will bear interest at the rates shown on the inside cover hereof. Interest on the Bonds will be payable semiannually on May 1 and November 1, commencing May 1, 2017, in each case by the Trustee to the registered owners by check, or by wire transfer at the request of holders of at least $1,000,000 aggregate principal amount of such Bonds.

The Bonds are payable solely from, and are secured by an assignment and a pledge of, payments and other revenues to be received by the Authority under a Loan Agreement dated as of February 1, 2017 between the Authority and Westminster College (the "Borrower"), and from Bond proceeds and other moneys pledged therefor under a Trust Indenture dated as of February 1, 2017 between the Authority and the Trustee pursuant to which the Bonds are issued and secured.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE (AS DEFINED HEREIN) PURSUANT TO WHICH THE BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE FAITH AND CREDIT OR TAXING POWER OF THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

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

The Bonds are offered when, as and if issued by the Authority, subject to prior sale, withdrawal or modification of the offer without any notice and to the approving opinion of Ballard Spahr LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Mansell and Andrews Law, New Castle, Pennsylvania. Certain legal matters will be passed upon for the Borrower by its counsel, Knox McLaughlin Gornall & Sennett, P.C., Erie, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Campbell & Levine, LLC, Pittsburgh, Pennsylvania. It is expected that Bonds in definitive form will be delivered to DTC in New York, New York, on or about February 1, 2017.

George K. Baum & Company

The date of this Official Statement is January __, 2017.

* Preliminary, subject to change.

NEW WILMINGTON MUNICIPAL AUTHORITY
(Commonwealth of Pennsylvania)
REVENUE BONDS
(AICUP FINANCING PROGRAM - WESTMINSTER COLLEGE PROJECT)
SERIES 2017 PP1

MATURITY SCHEDULE

Maturity Date (May 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP†
2020	$525,000				
2021	545,000				
2022	565,000				
2023	595,000				
2024	625,000				
2025	655,000				
2026	685,000				
2027	720,000				
2028	760,000				
2029	795,000				
2030	835,000				
2031	875,000				
2032	920,000				
2047	1,910,000				

$5,340,000* ____% Term Bond, Due May 1, 2037*; Yield ____%; Price ____%; CUSIP: ______ ___†

$13,570,000* ____% Term Bond, Due May 1, 2046*; Yield ____%; Price ____%; CUSIP: ______ ___†

† The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority, the Borrower or the Underwriter, 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 bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. None of the Authority, the Borrower or the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

* Preliminary, subject to change.

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 WITHOUT PRIOR NOTICE.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Borrower, the Program Sponsor or the Underwriter to give any information or to make any representations with respect to the Bonds other than those in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be a sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Except for the information concerning the Authority, the information contained herein is not to be construed as a representation by the Authority. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, or of the Borrower, or in any other matter described herein, since the date hereof or the dates of the information contained herein.

The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices hereto, must be considered in its entirety.

The offering of the Bonds is made only by means of the entire Official Statement. This Official Statement is deemed "final" by the Authority and the Borrower within the meaning of Rule 15c2-12(b) under the Securities Exchange Act of 1934, as amended.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN THE OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

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OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained in this Official Statement, to which reference should be made for a complete statement thereof. The Bonds are offered to potential investors only by means of the entire Official Statement, which includes the cover page and reverse thereof, this Summary, and the Appendices hereto. No person is authorized to detach this Summary from the Official Statement or otherwise use it without the entire Official Statement, including the cover page and reverse thereof, this Summary, and the Appendices hereto.

The Authority

New Wilmington Municipal Authority (the "Authority") was created by the Pennsylvania Municipality Authorities Act, as amended (the "Act") on November 21, 1983 by the Borough of New Wilmington, Lawrence County, Pennsylvania. The Authority is authorized under the Act, among other things, to issue bonds or other obligations to finance projects for "eligible educational institutions" (as defined in the Act).

The Program Sponsor

The financing program pursuant to which the Bonds will be issued is sponsored by the Association of Independent Colleges and Universities of Pennsylvania ("AICUP"), a nonprofit corporation located in Harrisburg, Pennsylvania, currently providing services and programs to 89 institutions of higher education in Pennsylvania. See "THE PROGRAM SPONSOR" herein.

The Borrower

Westminster College (the "Borrower") is a Pennsylvania nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Borrower is located in the Borough of New Wilmington, Lawrence County, Pennsylvania. For more information regarding the Borrower, see APPENDIX A – Information Concerning Westminster College and APPENDIX B, Audited Financial Statements of Westminster College for the Fiscal Years Ended June 30, 2016 and 2015.

The Trustee

The Authority has appointed The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, to serve as the Trustee under the Trust Indenture.

The Project

The proceeds of the sale of the Bonds will be used to finance all or a portion of the costs of refunding the Authority's outstanding Revenue Bonds (Association of Independent Colleges and Universities of Pennsylvania Financing Program), Series 2007 GG4 (the "2007 Bonds"), refunding the Authority's outstanding College Revenue Note, Series of 2011 (Westminster College) (the "2011 Note"), certain capital projects of the Borrower, funding a debt service reserve fund for the Bonds, and payment of costs of issuance of the Bonds (collectively, the "Project"). See "THE PROJECT" herein.

Authorized Denominations; Book-Entry Only

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds, and the Bonds will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Individual purchases of Bonds will be made in book-entry form, in the authorized denomination of $5,000 or any whole multiple thereof. So long as Cede & Co. or any successor nominee of DTC is the registered owner of the Bonds, references herein to the Bondholders, Holders, holders, owners or registered owners shall mean Cede & Co., or such successor nominee, and shall not mean the Beneficial Owners (hereinafter defined) of the Bonds. Principal and interest on the Bonds are payable by the Trustee to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. (See "THE BONDS -- Book Entry Only System" herein).

Security for Bonds

The Bonds are limited obligations of the Authority payable solely from pledged revenues and other moneys held for that purpose under the Trust Indenture. (See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" herein.)

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH THE BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE FAITH AND CREDIT OR TAXING POWER OF THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

Redemption Provisions

The Bonds are subject to optional and mandatory redemption as further described herein. (See "THE BONDS -- Redemption Prior to Maturity" herein.)

OFFICIAL STATEMENT

$29,920,000*
NEW WILMINGTON MUNICIPAL AUTHORITY
(Commonwealth of Pennsylvania)
REVENUE BONDS
(AICUP FINANCING PROGRAM - WESTMINSTER COLLEGE PROJECT)
SERIES 2017 PP1

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, inside cover page, the table of contents page, the Official Statement Summary and the Appendices hereto, is provided to furnish information with respect to the $29,920,000* aggregate principal amount of Revenue Bonds (AICUP Financing Program – Westminster College Project), Series 2017 PP1 (the "Bonds") being issued by the New Wilmington Municipal Authority (the "Authority") under a Trust Indenture, dated as of February 1, 2017 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., a national banking association, Philadelphia, Pennsylvania, as trustee (the "Trustee"). The Bonds will be dated the date of their initial delivery, will mature on the dates set forth on the inside cover page hereof, and will be subject to redemption prior to maturity as described herein under "THE BONDS -- Redemption Prior to Maturity."

The Authority will loan the proceeds of the Bonds to Westminster College, a Pennsylvania nonprofit corporation (the "Borrower") pursuant to a Loan Agreement dated as of February 1, 2017 between the Authority and the Borrower (the "Loan Agreement"). The Borrower is a private institution of higher education located in the Commonwealth of Pennsylvania, which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Additional information respecting the Borrower is set forth in Appendix A to this Official Statement. The Borrower's audited financial statements for the fiscal years ended June 30, 2016 and 2015 are included as in Appendix B to this Official Statement.

The proceeds of the sale of the Bonds will be used to provide funds to finance a project consisting of financing all or a portion of the costs of refunding the Authority's outstanding Revenue Bonds (Association of Independent Colleges and Universities of Pennsylvania Financing Program), Series 2007 GG4 (the "2007 Bonds"), refunding the Authority's outstanding College Revenue Note, Series of 2011 (Westminster College) (the "2011 Note"), certain capital projects of the Borrower (the "Capital Projects"), funding the Debt Service Reserve Fund (as defined hereinafter), and payment of costs of issuance of the Bonds (collectively, the "Project").

The Bonds are limited obligations of the Authority, and the principal thereof and premium, if any, and interest thereon will be payable solely from the revenues and other moneys assigned and pledged under the Indenture to secure such payment, including (i) the loan payments required to be made by the Borrower under the Loan Agreement and (ii) moneys and obligations held by the Trustee in the Debt Service Reserve Fund and certain other funds established under the Indenture. (See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" herein.)

There follow herein brief descriptions of the Authority, the Program Sponsor and the Bonds, together with summaries of the Loan Agreement and the Indenture. The description and summaries of the Loan Agreement, the Indenture and other documents contained herein do not purport to be comprehensive and are qualified in their entirety by reference to such documents, and all references to the Bonds are qualified in their entirety by the definitive form thereof included in the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Indenture. Copies of such documents will be available for

* Preliminary, subject to change.

inspection during the initial offering period at the offices of George K. Baum & Company, the Underwriter, 651 Holiday Drive, Suite 110, Pittsburgh, Pennsylvania 15220, and thereafter will be available for inspection at the corporate trust office of the Trustee in Philadelphia, Pennsylvania or at the designated corporate trust office of any successor Trustee.

THE AUTHORITY

General

The Authority is a body corporate and politic created pursuant to the provisions of the Act on November 21, 1983 by the Borough of New Wilmington, Lawrence County, Pennsylvania. In 1998 the Authority amended its Articles of Incorporation to provide that its existence will continue until February 3, 2048, unless further extended.

The purposes of the Authority, as stated in the Act, include financing certain kinds of projects, including projects for "eligible educational institutions," by making loans; borrowing money, making and issuing negotiable notes, bonds, refunding bonds and other evidences of indebtedness or obligations ("bonds"); securing the payment of the bonds by pledge or deed of trust of revenues and receipts; making arrangements with the purchasers or holders of the bonds or with others in connection with any bonds; and in general providing for the security for the bonds and the rights of the bondholders. The Authority has the power to exercise any and all powers granted under the Act.

Membership

The governing body of the Authority is a board consisting of five (5) members appointed by the Borough. The current membership of the board is listed below:

Member	Office
John Reed	Chairman
Steve Singer	Secretary and Vice Chairman
Dennis Miller	Treasurer
Mark T. Taylor	Assistant Treasurer
Stanton Fleming	Assistant Secretary

The Authority has issued revenue bonds and notes for various projects. Each such issue is payable solely from the revenue derived from the separate project being financed, is separately secured and is separate and independent from the Bonds offered hereby as to sources of payment and security. The Authority has never been and presently is not in default under any of these obligations.

Authority Not Liable on Bonds

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE TRUST INDENTURE PURSUANT TO WHICH SUCH BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED GENERAL OBLIGATIONS OF THE AUTHORITY OR OBLIGATIONS OF THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE FAITH AND CREDIT OR TAXING POWER OF THE BOROUGH OF NEW

WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

The Authority has not prepared or assisted in the preparation of this Official Statement, except the statements with respect to the Authority contained under the captions "THE AUTHORITY" and "LITIGATION," and, except as aforesaid, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Authority disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Bonds.

THE PROGRAM SPONSOR

The Association of Independent Colleges and Universities of Pennsylvania ("AICUP" or the "Program Sponsor") is a nonprofit corporation located in Harrisburg, Pennsylvania. The Program Sponsor sponsors and administers services and programs for its membership, which currently is comprised of 89 institutions of higher education in the Commonwealth. The current members of AICUP are listed on the inside back cover of this Official Statement.

The Program Sponsor is sponsoring this bond financing program (the "Program"), pursuant to which the Bonds and other series of bonds are being issued, in order to provide both an efficient and cost effective source of funding for capital projects of its members or their supporting organizations. In connection with the Program, the Program Sponsor, among other things, will monitor the participation of individual members in the Program. The Program Sponsor will be paid a fee from bond proceeds in connection with the Program activities. Neither the Program Sponsor nor any member of AICUP (other than any AICUP member in its individual capacity as a borrower of proceeds of a particular series of bonds) has any liability for the repayment of any series of bonds, or the loan of bond proceeds to any entity, including the Borrower.

THE BONDS

General

The Bonds will be dated, and will bear interest from, the date of their initial delivery. The Bonds will mature, unless previously called for redemption, on the dates and in the amounts set forth on the inside cover hereof, and will bear interest at the rates set forth on the inside cover hereof. Interest will be payable on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing May 1, 2017. The Bonds will be issued as fully registered Bonds without coupons and will be in the denomination of $5,000 or any whole multiple thereof.

The principal or redemption price of the Bonds will be payable upon presentation and surrender of the Bonds at the designated office of the Trustee and interest on the Bonds will be paid on the applicable Interest Payment Date by check mailed to the owners of Bonds shown as the registered owners on the registration books maintained by the Trustee as registrar at the close of business on the fifteenth (15^{th}) day of the calendar month next preceding such Interest Payment Date. The interest becoming due on the Bonds shall, at the written request of the registered owner of at least $1,000,000 aggregate principal amount of the Bonds received by the Trustee at least two Business Days before the corresponding Regular Record Date, be paid by wire transfer within the continental United States in immediately available funds to the bank account number of the registered owner specified in such request. (See "THE BONDS -- Book Entry Only System" below.)

The Bank of New York Mellon Trust Company, N.A. has been appointed as Trustee under the Indenture and has a corporate trust office in Philadelphia, Pennsylvania. The Trustee shall act as registrar, paying agent and transfer agent for the Bonds.

As used herein, "Business Day" means any day other than a Saturday or Sunday or a day on which banks located in Philadelphia, Pennsylvania, New York, New York, or any other city in which the Payment Office of the Trustee is located, are authorized or required by law or executive order to close or a day on which DTC is closed.

Book Entry Only System

The information in this section has been provided by The Depository Trust Company, New York, New York ("DTC") and is not deemed to be a representation of the Authority, the Underwriter or the Borrower. DTC will act as the initial securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 in the aggregate principal amount of such maturity, and all certificates will be deposited with DTC or pursuant to its instructions.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 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 purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent by the Trustee 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 the Bonds to be redeemed.

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

Payments of principal, redemption price and interest 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 Authority or Trustee, on each 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 Participants and not of DTC, the Trustee, the Authority or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or to such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Authority may determine to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered as described in the Indenture.

For every transfer and exchange of ownership interests in Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

IT IS THE DUTY OF EACH BENEFICIAL OWNER TO MAKE ARRANGEMENTS WITH THE APPLICABLE DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO RECEIVE FROM SUCH PARTICIPANT NOTICES OF PAYMENTS OF PRINCIPAL, PREMIUM (IF ANY) AND INTEREST, AND ALL OTHER PAYMENTS AND COMMUNICATIONS WHICH THE DIRECT PARTICIPANT RECEIVES FROM DTC. NEITHER THE AUTHORITY NOR THE TRUSTEE HAS ANY DIRECT OBLIGATION OR RESPONSIBILITY TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

THE AUTHORITY, THE TRUSTEE AND THE BORROWER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS, (2) CONFIRMATION OF BENEFICIAL OWNERSHIP INTEREST IN THE BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION,

AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE AUTHORITY, THE TRUSTEE, NOR THE BORROWER SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER WITH RESPECT TO (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE BONDS.

So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the Holders, holders, owners or registered owners of such Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Redemption Prior to Maturity

The Bonds will be subject to redemption prior to maturity as follows:

Optional Redemption. The Bonds maturing on or after May 1, 2028 are subject to optional redemption prior to maturity by the Authority, at the direction of the Borrower, on or after May 1, 2027, in whole or in part at any time. Any such redemption shall be made at a redemption price equal to 100% of the stated principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on May 1 of the years 2037* and 2046* are subject to mandatory sinking fund redemption, in part, by lot, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date on May 1 of the years and in the respective principal amounts set forth below:

Bonds Due May 1, 2037*

Year*	Principal Amount*	
2033	$ 965,000	
2034	1,015,000	
2035	1,065,000	
2036	1,120,000	
2037	1,175,000	(final maturity)

* Preliminary, subject to change.

Bonds Due May 1, 2046*

Year*	Principal Amount*	
2038	$1,230,000	
2039	1,295,000	
2040	1,355,000	
2041	1,425,000	
2042	1,495,000	
2043	1,570,000	
2044	1,650,000	
2045	1,730,000	
2046	1,820,000	(final maturity)

In the event that any Bonds are redeemed (other than through mandatory sinking fund redemption pursuant to the Indenture) and are canceled by the Trustee, the Trustee shall cause the Authority to receive a credit against its mandatory sinking fund redemption obligations with respect to the Bonds of the same maturity and bearing the same CUSIP number in the aggregate principal amount of the Bonds so redeemed, such credits to be given in such order of maturity as may be directed in writing by the Borrower. Also, at its option, the Borrower may deliver to the Trustee for cancellation Bonds purchased by the Borrower pursuant to the Indenture. The Bonds so purchased, delivered and canceled shall be credited by the Trustee at 100% of the principal amount thereof against the mandatory sinking fund redemption obligations of the Authority with respect to Bonds of the same maturity in such order of maturity as may be directed in writing by the Borrower.

Special Redemption of 2047 Serial Bond. The Bond maturing May 1, 2047 (the "2047 Serial Bond") is subject to special redemption, in whole or in part on any date from amounts released from the Debt Service Reserve Fund in accordance with the provisions described herein under "THE INDENTURE – Debt Service Reserve Fund." Any such redemption shall be made within 90 days of the date such funds are released and at a redemption price equal to 100% of the stated principal amount of the 2047 Serial Bond to be redeemed, plus accrued interest to the redemption date.

Procedure for and Notice of Redemption

The Trustee is required to cause notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, to be sent by first class mail, not more than 60 days and not less than 30 days prior to the date set for redemption of all or part of such Bonds, to the registered owner of each Bond to be redeemed at such owner's registered address. So long as the Bonds or any portion thereof are held by DTC, the Trustee shall send each notice of redemption of such Bonds to DTC. Failure to mail any such notice or defect in the mailing thereof in respect of any Bond shall not affect the validity of the redemption of any other Bond with respect to which notice is properly given.

If at the time of mailing of notice of any optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of such redemption moneys with the Trustee not later than the opening of business on the redemption date, in which case such notice shall be of no effect unless moneys are so deposited.

If less than all Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected from the maturities designated by the Borrower and within a maturity by lot or any method determined by the Trustee to be fair and reasonable; provided that if any Bond is to be redeemed in part, the principal portion to remain outstanding must be in an authorized denomination. In the case of a partial redemption of Bonds, when Bonds of denominations greater than $5,000 are then Outstanding, each $5,000 unit of face value of principal thereof shall be treated as if it were a separate Bond of the denomination of $5,000.

* Preliminary, subject to change.

THE PROJECT

The proceeds from the sale of the Bonds, together with other available funds, will be used to finance a project for the benefit of the Borrower consisting of refunding the 2007 Bonds, refunding the 2011 Note, paying costs of the Capital Projects, funding the Debt Service Reserve Fund, and payment of costs of issuance of the Bonds. The 2007 Bonds will be redeemed within 90 days after the date of issuance of the Bonds and the 2011 Note is expected to be repaid on or around February 1, 2017.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the Bonds:

Sources of Funds

Par Amount of Bonds	$
Net Original Issue Premium (Discount)	
TOTAL SOURCES OF FUNDS	$

Uses of Funds

Refunding of 2007 Bonds	$
Refunding of 2011 Note	
Deposit to Project Fund	
Deposit to Debt Service Reserve Fund	
Costs of Issuance (1)	
TOTAL USES OF FUNDS	$

(1) Includes amounts to be paid for Authority related fees, Trustee fees, rating agency fees, legal counsel fees, printing costs, Underwriter's discount, Program Sponsor fee, and other fees and expenses.

SECURITY AND SOURCES OF PAYMENT FOR BONDS

General

The Bonds will constitute limited obligations of the Authority payable solely from, and secured by, the revenues and other moneys pledged and assigned by the Indenture to secure that payment. Those revenues and other moneys include the payments required to be made by the Borrower under the Loan Agreement (other than certain fees and indemnification payments required to be made to the Authority); all other moneys receivable by the Authority, or by the Trustee for the account of the Authority, in respect of repayment of the loan of the proceeds of the Bonds; and certain monies and securities in the funds and accounts held by the Trustee under the Indenture (collectively, the "Revenues").

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH THE BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE FAITH AND CREDIT OR TAXING POWER OF THE BOROUGH OF NEW WILMINGTON, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

The Indenture

The Bonds will be issued under and secured by the Indenture. The Indenture provides that all Bonds issued thereunder will be limited obligations of the Authority, payable solely from the sources identified therein, which include (i) payments required to be made by the Borrower under the Loan Agreement (other than certain fees and indemnification payments required to be paid to the Authority or to the Trustee), and (ii) certain moneys and securities held by the Trustee under the Indenture, including those held in the Debt Service Reserve Fund discussed below (but excluding the Rebate Fund). See "THE INDENTURE" below for a summary of certain provisions of the Indenture.

Debt Service Reserve Fund

Concurrently with the issuance of the Bonds, the Trustee will deposit to the Debt Service Reserve Fund established under the Indenture (the "Debt Service Reserve Fund") funds in an amount equal to the Debt Service Reserve Requirement for the Bonds, subject to release of such funds upon the satisfaction of certain conditions set forth in the Indenture.

If, on the date of any permitted or required payment of the principal of or interest on the Bonds, available moneys in the Bond Fund established under the Indenture are insufficient to make such payment, moneys in the Debt Service Reserve Fund shall be withdrawn and applied to cure the deficiency. The amount of any such withdrawal shall be restored to such Fund in twelve (12) substantially equal monthly deposits from payments required to be made by the Borrower for such purpose under the Loan Agreement.

For further discussion of the Debt Service Reserve Fund, including provisions relating to the release of such Fund, see "THE INDENTURE - Debt Service Reserve Fund" below.

The Loan Agreement

Under the Loan Agreement, the Borrower will be obligated to make loan payments in amounts necessary to provide for the payment as and when due of the principal or redemption price of, and interest on, the Bonds, any amounts that may be required to make up any deficiency that may occur in the Debt Service Reserve Fund or any other funds and accounts established under the Indenture, and to provide for certain other payments required by the Indenture. The Authority will assign the Loan Agreement, including its right to receive loan payments thereunder (other than certain fees, expenses and indemnification payments required to be paid to the Authority or to the Trustee) to the Trustee as security for the Bonds.

The Loan Agreement is the general obligation of the Borrower and the full faith and credit of the Borrower is pledged to secure the payments required thereunder. The Borrower's obligations under the Loan Agreement are secured by a pledge of the Pledged Revenues of the Borrower (as further described under "Pledged Revenues" below). For a summary of certain provisions of the Loan Agreement, see "THE LOAN AGREEMENT" herein.

Pledged Revenues

To secure its obligations under the Loan Agreement, the Borrower will grant to the Trustee (as the assignee of the Authority) a lien on and security interest in its Pledged Revenues (the "Parity Lien"), on a parity with any lien on and security interest in the Pledged Revenues hereafter granted by the Borrower to secure the Borrower's obligations respecting any Parity Indebtedness incurred by or for the benefit of the Borrower (see "Parity Indebtedness" below). The term "Pledged Revenues" is defined under the caption "DEFINITIONS OF CERTAIN TERMS" herein. The existence of such lien and security interest in the Pledged Revenues of the Borrower will not prevent the Borrower from expending, depositing or commingling such funds so long as the Borrower is not in default under the Loan Agreement and any agreements pertaining to any applicable Parity Indebtedness.

To the extent that a security interest can be perfected in the Pledged Revenues of the Borrower by filing of financing statements, such action will be taken. The security interest in the Pledged Revenues of the Borrower may not be enforceable against third parties unless such Pledged Revenues of the Borrower are actually transferred to the

Trustee or are subject to exceptions under the Uniform Commercial Code (the "UCC") as enacted in the Commonwealth of Pennsylvania. Under current law, such security interest may be further limited by the following: (1) statutory liens; (2) rights arising in favor of the United States of America or any agency thereof; (3) present or future prohibitions against assignment contained in any Commonwealth of Pennsylvania or Federal statutes or regulations; (4) constructive trusts, equitable liens or other rights impressed or conferred by any Commonwealth of Pennsylvania or Federal court in the exercise of its equitable jurisdiction; (5) Federal bankruptcy laws; and (6) the filing of appropriate continuation statements pursuant to UCC provisions as from time to time in effect.

Parity Indebtedness

The term "Parity Indebtedness" refers to any indebtedness hereafter issued by or on behalf of the Borrower, that is secured by a lien on and security interest in the Pledged Revenues of the Borrower on a parity with the lien on and security interest in such Pledged Revenues that will be granted by the Borrower to secure its obligations under the Loan Agreement. As of the date of issuance and delivery of the Bonds, the Borrower will have no other outstanding Parity Indebtedness. The agreements entered into by the Borrower to secure its obligations respecting any Parity Indebtedness issued in the future, and all supplements and amendments thereto, are collectively referred to herein as the "Parity Debt Documents."

The Parity Debt Documents may contain various covenants and agreements, solely for the benefit of the holders of the Parity Indebtedness, which will be in effect so long as such Parity Indebtedness remain outstanding. A default by the Borrower in its obligations under any Parity Indebtedness could result in a default under the Indenture that secures the Bonds.

Rate Covenant

Under the Loan Agreement, the Borrower covenants that it will establish, charge and collect tuition, student fees and charges for services provided by the Borrower such that Net Revenues Available for Debt Service (defined under "THE LOAN AGREEMENT" below) will equal or exceed, in each fiscal year, 100% of the Debt Service Requirement for such fiscal year. See "THE LOAN AGREEMENT – Rate Covenant" below.

Liens on Pledged Revenues and Other Properties

Except as described above under "Pledged Revenues," the Borrower has not given or granted a mortgage lien or other security interest or encumbrance upon any property of the Borrower to secure its payment obligations under the Loan Agreement. The Borrower covenants and agrees that it shall not grant any liens on its Pledged Revenues or any of its other property (whether real or personal, and whether owned as of the date of issuance of the Bonds or acquired thereafter) except for Permitted Encumbrances (defined below).

Additional Indebtedness

The Borrower may incur, guaranty or assume additional indebtedness upon compliance with specified requirements and limitations contained in the Loan Agreement. To the extent permitted under the Loan Agreement, such additional indebtedness may be secured by liens on and security interests in property of the Borrower, including a lien on and security interest in the Pledged Revenues on a parity with the lien on and security interest in the Pledged Revenues granted to secure the Bonds and any Parity Indebtedness of the Borrower. See "THE LOAN AGREEMENT – Incurrence of Additional Indebtedness" and " – Security for Indebtedness" herein for a description of the requirements and limitations relating to the incurrence of and security for additional indebtedness which may be incurred by the Borrower.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the summaries of the Loan Agreement and Indenture set forth below. All capitalized terms used herein and not otherwise defined in this Official Statement, shall have the same meanings as set forth in the Indenture or Loan Agreement.

"**Audited Financial Statements**" means financial statements prepared in accordance with GAAP which have been audited and reported on by an independent certified public accountant.

"**Balloon Debt**" means debt 25% or more of the principal amount of which comes or may come due in any one Fiscal Year by maturity, mandatory sinking fund redemption or optional or mandatory tender by the holder thereof.

"**Bond Counsel**" means an attorney-at-law or a firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"**Bond Documents**" means the Loan Agreement, the Indenture, the Bonds and all other documents executed by the Borrower or the Authority in connection therewith, including but not limited to any Continuing Disclosure Agreement entered into by the Borrower.

"**Bondholder**" or **"Holder"** or **"Registered Owner"** or **"Owner"** of Bonds means the registered owner of any Bond.

"**Borrower Facilities**" shall mean the buildings, structures, real estate and any appurtenant facilities, equipment and fixtures currently owned or hereafter acquired by the Borrower, used by the Borrower in connection with its functioning as an institution of higher learning.

"**Borrower Representative**" means the President or any Vice President of the Borrower, or each person at the time designated to act on behalf of the Borrower by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by its Secretary or Assistant Secretary or other such authorized officer.

"**Certificate**" means a certificate or report, in form and substance reasonably satisfactory to the Authority and the Trustee, executed: (a) in the case of an Authority Certificate, by an Authority Representative; (b) in the case of a Borrower Certificate, by a Borrower Representative; and (c) in the case of a Certificate of any other Person, by such Person, if an individual, and otherwise by an officer, partner or other authorized representative of such Person; provided that in no event shall any individual be permitted to execute any Certificate in more than one capacity.

"**Consultant**" shall mean a Person, who shall be Independent, appointed by the Borrower or the Authority, as the case may be, generally recognized as qualified to pass upon the matters under consideration and having a favorable reputation for skill and experience in such matters.

"**Debt Service Requirement,**" with reference to a specified period, shall mean:

a. interest payable on Long-Term Indebtedness during the period, excluding (i) interest funded from the proceeds thereof and (ii) interest on Long-Term Indebtedness to be redeemed during such period through any sinking fund account which would otherwise accrue after the redemption date;

b. amounts required to be paid into any mandatory sinking fund account for Long-Term Indebtedness during the period;

c. amounts required to pay the principal of Long-Term Indebtedness maturing during the period and not to be redeemed prior to maturity through any mandatory sinking fund account; and

d. in the case of Long-Term Indebtedness in the form of a lease capitalized under GAAP, the lease rentals payable during the period;

provided, however, that (i) in the case of Variable Rate Debt, interest shall be calculated, in any projection of Debt Service Requirement for a future period, (A) if the debt has been outstanding for at least 24 months, at 120% of the average interest rate on such debt during the most recent 24-month period, (B) if such debt has been outstanding for at least 12 months but less than 24 months, at the higher of 100% of the average interest rate on such debt for the most recent 12-month period or the rate in effect on the date of calculation, and (C) if such debt has been outstanding for less than 12 months, at a rate equal to 100% of (1) the average Bond Market Association Swap Index for the preceding 24 months, if such debt is tax-exempt debt, and (2) the average rate for one-month LIBOR for the preceding 24 months, if such debt is taxable debt, (ii) in the case of Balloon Debt, such debt shall be assumed to amortize on a level debt service basis over a period of 20 years or the actual remaining term to maturity, whichever is less, unless a binding commitment to refinance such debt upon maturity has been provided by a financial institution rated at least "A2" from Moody's or "A" from S&P, in which case such debt will be assumed to mature in accordance with the terms of such binding commitment, (iii) interest payable shall be reduced by the amount of any interest subsidy which a Federal, state or local government is irrevocably committed to pay for the period in question, and (iv) the Debt Service Requirement on any Long Term Indebtedness in the form of a guaranty of the indebtedness of others shall be deemed equal to (A) 25% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service at least equal to 150% of the annual debt service on its long-term debt in its latest fiscal year, (B) 50% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service at least equal to 125% but less than 150% of the annual debt service on its long-term debt in its latest fiscal year, (C) 75% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service at least equal to 110% but less than 125% of the annual debt service on its long-term debt in its latest fiscal year, and (D) 100% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service below 110% of the annual debt service on its long-term debt in its latest fiscal year or if the Borrower has made a payment on the guaranteed entity's debt during any of the last three Fiscal Years.

"**Debt Service Reserve Requirement**" means $1,910,000*.

"**GAAP**" means generally accepted accounting principles as defined more specifically in the Loan Agreement.

"**Government Obligations**" means (i) U.S. Treasury certificates, notes and bonds (including State and Local Government Series (SLGS)), (ii) direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury, and (iii) obligations issued by the following agencies which are backed by the full faith and credit of the United States of America: U.S. Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration, Federal Financing Bank, General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), and U.S. Department of Housing and Urban Development (project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds).

"**Intercreditor Agreement**" means any intercreditor agreement entered into with respect to the Bonds and any Parity Indebtedness.

"**Loan Payments**" means the amounts required to be paid by the Borrower in repayment of the loan of Bond proceeds pursuant to the Loan Agreement.

"**Long-Term Indebtedness**" shall mean all obligations for the payment of money (including, without limitation, all Bonds), incurred, assumed or guaranteed by the Borrower, whether due and payable in all events, or upon the performance of work, the possession of property as lessee or the rendering of services by others, except:

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* Preliminary, subject to change.

a. Short-Term Indebtedness;

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

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

d. rentals payable in future years under leases not required to be capitalized under GAAP;

e. Non-Recourse Indebtedness (as described under the heading "THE LOAN AGREEMENT – Incurrence of Additional Indebtedness") or any other obligation secured solely by and paid solely from sources other than Pledged Revenues; and

f. Student Loan Guarantees complying with the requirements described under the heading "THE LOAN AGREEMENT – Student Loan Guarantees," except to the extent includable as Long-Term Indebtedness under the provisions thereof.

"**Maximum Annual Debt Service Requirement**" shall mean, with respect to any Long-Term Indebtedness, the maximum Debt Service Requirement for any one Fiscal Year during the remaining life of such Long-Term Indebtedness.

"**Moody's**" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the Borrower.

"**Net Revenues Available for Debt Service**" shall mean, for any period, the sum of (i) unrestricted revenues (operating and nonoperating) less unrestricted expenses (operating and nonoperating), exclusive of unrealized and realized gains and losses on long-term investments, (ii) all interest expense of the Borrower for such period with respect to Long-Term Indebtedness, and (iii) all depreciation expense for such period; provided that no determination of Net Revenues Available for Debt Service shall take into account any disposition of capital assets not in the ordinary course of business to the extent otherwise included in the foregoing calculations of revenue and expenses, any other gains or losses resulting from changes in accounting principles not involving the receipt or expenditure of cash, or any other non-operating, non-cash expenses.

"**Outstanding**" in connection with the Bonds, means, as of the time in question, all Bonds authenticated and delivered under the Indenture, except: (i) bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption at or prior to that time; (ii) bonds paid pursuant to the Indenture; (iii) bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and (iv) bonds in substitution for which other Bonds have been authenticated under the Indenture. In determining whether the owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, Bonds which are held by or on behalf of the Borrower shall be disregarded for the purpose of any such determination unless 100% of the Bonds are so held, in which case all of the Bonds shall be deemed outstanding.

"**Parity Indebtedness**" means any additional indebtedness secured on a parity with the Bonds in accordance with the Loan Agreement.

"**Permitted Encumbrances**" shall mean, with respect to the Pledged Revenues and the Borrower Facilities as of any particular time, (i) liens arising by reason of good faith deposits by the Borrower in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Borrower to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; (ii) liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose as required by law or regulation (A) as a condition to the transaction of any business or the exercise of any privilege or license, or (B) to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, or pension or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for companies participating in such arrangements; (iii) any judgment lien against the Borrower, so long as the finality of such judgment is being contested and execution thereon is stayed and (A) provision for payment of the judgment has been made in accordance with applicable law or by the deposit of cash or investments with a commercial bank or trust company or (B) adequate insurance coverage is available to satisfy such judgment; (iv) such defects, irregularities, encumbrances, utility easements, access and other easements and rights of way, restrictions, exceptions and clouds on title which do not have a material and adverse effect on the interests of the holders of Bonds and do not materially interfere with or impair the operations of the Borrower; (v) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in good faith; (vi) such minor defects and irregularities of title as normally exist with respect to facilities similar in character to the Borrower Facilities and which do not have a material and adverse effect on the value of, or materially impair, the Borrower Facilities affected thereby for the purpose for which they were acquired or are held by the Borrower; (vii) zoning laws and similar restrictions which are not violated by the Borrower Facilities affected thereby; (viii) all right, title and interest of the Commonwealth, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way; (ix) liens on property received by the Borrower through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests or property or income thereon; (x) liens for taxes, special assessments, or other governmental charges not then delinquent or being contested in good faith; (xi) liens and encumbrances permitted as described herein under the heading "THE LOAN AGREEMENT – Security for Indebtedness;" (xii) liens on goods and equipment as normally exist with respect to facilities similar in character to the Borrower Facilities; and (xiii) liens and encumbrances securing indebtedness existing on the date of issuance of the Bonds and identified on an Exhibit attached to the Loan Agreement.

"**Permitted Investments**" means any of the following investments, if and to the extent the same are at the time legal for investment of the funds held under the Indenture:

(i) Government Obligations.

(ii) obligations issued or guaranteed by any of the following agencies (stripped securities are only permitted if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (participation certificates or senior debt obligations), Federal National Mortgage Association (mortgage-backed securities and senior debt obligations), Student Loan Marketing Association (senior debt obligations), Resolution Funding Corp., and Farm Credit System (consolidated system-wide bonds and notes).

(iii) Certificates of deposit issued by commercial banks, savings and loan associations or mutual savings banks which certificates of deposit are secured at all times by collateral consisting of Government Obligations, including those of the Trustee or any of its affiliates. Such collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

(iv) Certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Borrower, savings accounts, bank deposit products, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation.

(v) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "P-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(vi) Obligations of a state, a territory, or a possession of the United States, or any political subdivision of any of the foregoing or of the District of Columbia as described in Section 103(a) of the Code if such obligations are rated by Moody's and S&P in one of the two highest rating categories assigned by such rating agencies.

(vii) Commercial paper rated, at the time of purchase, not less than P-1 by Moody's and A-1 by S&P.

(viii) Any money market mutual fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating at the time of investment by S&P of AAAm-G, AAA-m, or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2, or analogous ratings if such ratings are no longer being used by S&P or Moody's, including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (1) the Trustee or an affiliate of the Trustee receives and retains fees from such funds for services rendered to such funds, (2) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (3) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

(ix) Investment agreements with, or which are guaranteed by, a financial institution which has an unsecured, uninsured and unguaranteed obligation rated, at the time such agreement is entered into, in one of the two highest rating categories by Moody's or Standard & Poor's, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, including any affiliate of the Trustee provided (i) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with the Interest Payment Dates, (ii) moneys invested thereunder may be withdrawn for any purpose required under the Indenture without any penalty, premium or charge upon not more than seven days' 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 financial institution or bank, (iv) the same guaranteed interest rate will be paid on any future deposits permitted to be made under such investment agreement, and (v) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such financial institution.

"**Person**" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or agency, a political subdivision or instrumentality thereof, or any other group or organization of individuals.

"**Pledged Revenues**" shall mean all receipts, revenues, income and other moneys received by or on behalf of the Borrower from the operation, ownership or leasing of all Borrower Facilities, all gifts, grants, bequests, donations and contributions received by the Borrower, and all rights to receive the same whether in the form of accounts, 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 Borrower in connection with the Borrower Facilities; 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 Loan Payments under the Loan Agreement or not subject to pledge, or subsequent to the receipt thereof, so designated or restricted by the Borrower in order to meet the requirements of any challenge grant received by the Borrower, and the income derived therefrom to the extent that it is permanently restricted in or by such designation or restriction or by law.

"**Project Facilities**" means the facilities financed or refinanced with proceeds of the Bonds.

"**Property**" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated.

"**Rating Service**" means Moody's, if Moody's has issued a rating of the Bonds, and S&P, if S&P has issued a rating of the Bonds.

"**Refunding Indebtedness**" means indebtedness issued for the purpose of refunding other Long-Term Indebtedness.

"**Short-Term Indebtedness**" shall mean all obligations of the Borrower for the repayment of borrowed money having a final maturity of less than one year from the date incurred, excluding the current portion of any Long-Term Indebtedness.

"**S&P**" or "**Standard & Poor's**" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, its successors and assigns, and, if such rating agency shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the Borrower.

"**Student Loan Guarantees**" shall mean any guarantees by the Borrower of the primary obligations of students enrolled at the Borrower to repay loans made to them, or any guarantee by the Borrower of obligations incurred by other parties to finance loans to or for the benefit of such students.

"**Total Operating Revenues**" means the aggregate of all unrestricted operating revenues of the Borrower less applicable deductions from unrestricted operating revenues (but before deduction of operating expenses) as determined in accordance with GAAP.

"**Trust Estate**" means the Loan Agreement, the Loan Payments, the Funds (except the Rebate Fund) and Accounts created under the Indenture, Revenues (as defined in the Indenture, and which include certain investment income), and the other right, title and interest assigned, transferred and pledged or intended so to be to the Trustee under the Indenture.

"**Variable Rate Debt**" shall mean indebtedness which bears interest at a variable, adjustable, or floating rate.

THE LOAN AGREEMENT

The following description of certain provisions of the Loan Agreement is only a brief outline of some of the provisions thereof and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Loan Agreement, a copy of which is on file at the corporate trust office of the Trustee in Philadelphia, Pennsylvania, for a complete statement of these provisions and other provisions which are not summarized in this Official Statement.

General

The Loan Agreement provides for the financing by the Authority of the Project and a loan of the proceeds of the Bonds from the Authority to the Borrower. Under the Loan Agreement, the Authority, at the request of the Borrower, will obtain funds necessary to finance the Project through the issuance and sale of the Bonds and concurrently therewith, a portion of the proceeds shall be deposited in the Project Fund and applied to the costs of the Capital Projects. The Borrower agrees to repay the loan in installments corresponding to the principal or redemption price of and interest on the Bonds.

Loan Payments

To provide funds to pay the principal or redemption price of and interest on the Bonds when due, the Borrower will make loan payments to the Trustee corresponding, as to amounts, to the principal or redemption price of and interest on the Bonds, such payments to be made at least ten days before the corresponding dates for payments on the Bonds. The Borrower will also make payments to the Trustee in the amounts and on the dates necessary to restore any withdrawal from the Debt Service Reserve Fund in accordance with the terms of the Indenture, and will pay the administrative fees and expenses of the Authority and the Trustee as provided in the Loan Agreement. The Borrower shall also be entitled to credits against the loan payments as and to the extent provided in the Indenture.

Pledge of Revenues

As security for the Borrower's obligation to make payments required under the Loan Agreement and to make all other payments due and perform all other obligations under the Loan Agreement, the Borrower pledges, assigns and grants to the Trustee, as assignee of the Authority, a lien on and a security interest in its Pledged Revenues, on a parity with the liens and security interests hereafter granted to secure any Parity Indebtedness. (See

"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Indebtedness.") The existence of such pledge and security interest will not prevent the expenditure, deposit or commingling of the Pledged Revenues by the Borrower so long as all required payments under the Loan Agreement are made when due. Subject to the terms of any Intercreditor Agreement entered into in connection with the issuance of additional Parity Indebtedness, if any required payment is not made when due or an Event of Default shall have occurred under the Loan Agreement, any Pledged Revenues which are then on hand and not yet commingled with other funds of the Borrower, and any such Pledged Revenues thereafter received, shall not be commingled or deposited but shall immediately be paid over to the Trustee.

Maintenance of Existence

The Borrower shall do all things necessary to preserve and keep in full force and effect its existence as a not-for-profit corporation under the laws of the Commonwealth and shall not (i) dissolve or otherwise sell, transfer or dispose of all, or substantially all, of its assets or (ii) consolidate with or merge into any other entity; provided that, subject to certain provisions of the Loan Agreement relating to the tax-exempt status of the Borrower and the Bonds, the preceding restrictions shall not apply to a transaction to which the Authority consents in writing if the transferee or the surviving or resulting entity, if other than the Borrower, by written instrument satisfactory to the Authority and the Trustee, irrevocably and unconditionally assumes and agrees to perform and observe the agreements and obligations of the Borrower under the Loan Agreement and the provisions of the Loan Agreement described below under the heading "Assignment" are satisfied.

The Borrower covenants that it will maintain the necessary accreditation to enable it to maintain its authority to operate as an institution of higher education in the Commonwealth of Pennsylvania.

Compliance with Laws; Commencement and Continuation of Operations at Project Facilities; No Sale, Removal or Demolition of Project Facilities

The Borrower will acquire, construct, install, operate and maintain the Project Facilities in such manner as to comply with the Act and all applicable requirements of federal, state and local laws and the regulations, rules and orders of any federal, state or local agency, board, commission or court having jurisdiction over the Project Facilities or the operation thereof, including without limitation applicable zoning, planning, building and environmental laws, regulations, rules and orders; provided that the Borrower shall be deemed in compliance with this covenant so long as it is contesting in good faith any such requirement by appropriate legal proceedings. The Borrower will not sell, assign or otherwise dispose of (whether in one transaction or in a series of transactions) its interest in the Project Facilities or any material portion thereof (other than as described above under the heading "Maintenance of Existence" and other than leases permitted as described below under the heading "Lease by Borrower") or undertake or permit the demolition or removal of the Project Facilities or any material portion thereof without the prior written consent of the Authority; provided that the Borrower shall be permitted to sell, transfer, assign or otherwise dispose of or remove any portion of the Project Facilities which is retired or replaced in the ordinary course of business.

Lease by Borrower

The Borrower may, subject to certain provisions of the Loan Agreement, including provisions relating to the tax-exempt status of the Borrower and the Bonds, lease the Project Facilities, in whole or in part, to one or more other Persons, provided that: (a) no such lease shall relieve the Borrower from its obligations under the Loan Agreement; (b) in connection with any such lease the Borrower shall retain such rights and interests as will permit it to comply with its obligations under the Loan Agreement; (c) no such lease shall impair materially the accomplishment of the purposes of the Act to be accomplished by operation of the Project Facilities as herein provided; (d) any such lease shall require the lessee to operate the Project Facilities as a "project" under the Act as long as the Bonds are outstanding; (e) in the case of a lease to a new lessee or an assignment of an existing lease to a new lessee of substantially all of the Project Facilities, such new lessee shall have been approved by the Authority (such approval not to be unreasonably withheld); and (f) the lessees under any such leases, including any leases in force on the date of issuance of the Bonds, shall be subject to certain terms and conditions of the Loan Agreement relating to the tax-exempt status of the Borrower and the Bonds.

Financial Statements

The Borrower shall cause its Annual Financial Statements for each Fiscal Year to be audited by an Independent Certified Public Accountant. A copy of such financial statements and the Independent Certified Public Accountant's report thereon shall be provided to the Authority and the Trustee within 60 days after release of such audited financial statements by the Borrower's Board of Trustees. The Trustee shall have no duty to examine or review such financial statements, shall not be considered to have notice of the contents of such statements or of a default or Event of Default under the Loan Agreement or under any other document based on such content and shall have no duty to verify the accuracy of such statements.

Taxes, Other Governmental Charges and Utility Charges

The Borrower shall pay, or cause to be paid before the same become delinquent, all taxes, assessments, whether general or special, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project Facilities, including any equipment or related property installed or bought by the Borrower therein or thereon, and all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project Facilities. With respect to special assessments or other governmental charges that lawfully may be paid in installments over a period of years, the Borrower shall be obligated to pay only such installments as are required to be paid during the term of the Loan Agreement. The Borrower may, at its expense, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Authority or the Trustee shall notify the Borrower that, in the opinion of counsel selected by the Authority or the Trustee, by nonpayment of any such items the Project Facilities or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The Borrower shall also comply at its own cost and expense with all notices received from public authorities with respect to the Capital Projects.

Insurance

The Borrower covenants and agrees that it will continuously maintain insurance on its properties and against such risks (including casualty, accident and worker's compensation) including coverage from a captive insurance company or a consortium, in such amounts and with such deductibles, as are consistent with customary coverage, as from time to time in effect, in connection with the operation of properties of type and size comparable to properties as maintained by entities similar to the Borrower; provided, that property and casualty coverage shall at all times be maintained in an amount at least equal to the outstanding principal amount of the Bonds.

The Borrower may self-insure solely for professional liability, employee health insurance, workers compensation insurance, unemployment insurance, commercial general liability insurance, automobile insurance, student health and accident insurance, directors and officers insurance, travel insurance, broadcasters liability insurance, publishers liability insurance, and excess liability insurance, so long as the Borrower's self-insurance plan provides (except in the case of unemployment insurance) for (i) the establishment by the Borrower of a separate segregated self-insurance fund funded in an amount confirmed as to sufficiency through the annual auditing process by an independent auditor or an insurance consultant or nationally recognized independent actuarial consultant employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program. If the Borrower elects to self-insure for professional liability, the Borrower shall within 150 days after the end of each Fiscal Year cause an independent insurance consultant or nationally recognized independent actuarial consultant to submit a report to the Trustee to the effect that such self-insurance plan maintains adequate reserves and has been adequately funded. For purposes of this provision, "independent insurance consultant" means a firm of insurance agents, brokers or consultants with experience and expertise in assessing the property and casualty and liability risks of the Borrower.

Damage to or Condemnation of Project Facilities

In the event of damage, destruction or condemnation of part or all of the Project Facilities, the Borrower will either (i) restore the Project Facilities or (ii) if permitted by the terms of the Bonds, direct the Authority to call the Bonds for optional redemption pursuant to the Indenture. Damage to, destruction of or condemnation of all or a portion of the Project Facilities shall not terminate the Loan Agreement or cause any abatement of or reduction in the payments to be made by the Borrower under the Loan Agreement.

Rate Covenant

The Borrower covenants that it will establish, charge and collect tuition, student fees and charges for services provided by the Borrower such that Net Revenues Available for Debt Service will equal or exceed, in each Fiscal Year, 100% of the Debt Service Requirement for such Fiscal Year.

If, in any Fiscal Year, the Borrower fails to meet the foregoing covenant, it shall immediately retain a Consultant to make a report and recommendation with respect to such tuition, student fees and other charges, and with regard to operations of the Borrower. The Borrower further covenants that upon receipt of such report and recommendation from the Consultant, the Borrower shall cause copies thereof to be filed with the Trustee, and the Borrower shall within 60 days of the receipt of such report and recommendation describe in writing to the Trustee what action, if any, the Borrower intends to take upon the report and recommendation of the Consultant. So long as the Borrower takes the foregoing steps with respect to a Consultant's report, the failure to meet the rate covenant set forth above will not be deemed to constitute an Event of Default unless the Borrower's cash and cash equivalents (including cash held in a debt service fund but not cash held in a debt service reserve fund) and investments, as shown on the audited financial statements for such Fiscal Year, are less than 150% of the total Long-Term Indebtedness outstanding at the end of such Fiscal Year.

Incurrence of Additional Indebtedness

The Borrower covenants that it will not incur or assume additional Long-Term Indebtedness unless there is no Event of Default under the Loan Agreement or under the Indenture that has occurred and is continuing, and the Borrower delivers to the Trustee prior to such incurrence either (i) a Borrower Certificate in form acceptable to the Trustee demonstrating that, for each of the two most recent Fiscal Years for which Audited Financial Statements are available, the sum of Net Revenues Available for Debt Service plus, in the case of Long-Term Indebtedness which is being incurred to finance the acquisition or construction of additional student residence facilities or other revenue producing facilities, an amount in each such Fiscal Year equal to the additional annual revenues in the form of room and board or other charges associated with such new facilities which are projected to be received following completion of such acquisition or construction, equals or exceeds 125% of the Maximum Annual Debt Service Requirement for all Long-Term Indebtedness outstanding during such Fiscal Years and for the Long-Term Indebtedness proposed to be incurred, or (ii) a Borrower Certificate in form acceptable to the Trustee (A) demonstrating that for each of the two most recent Fiscal Years for which Audited Financial Statements are available, Net Revenues Available for Debt Service equaled or exceeded 115% of the Maximum Annual Debt Service Requirement for all Long-Term Indebtedness outstanding during such Fiscal Years and (B) demonstrating that for each of the first two full Fiscal years following the incurrence of such Long-Term Indebtedness, Net Revenues Available for Debt Service are projected to equal or exceed 100% of the Maximum Annual Debt Service Requirement for all Long-Term Indebtedness expected to be outstanding during such Fiscal Years.

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

<u>Refunding Indebtedness</u>. Refunding Indebtedness may be incurred without limitation provided that, except in the case of Refunding Indebtedness incurred to refund Variable Rate Debt, prior to such incurrence, the Borrower shall deliver to the Trustee a Borrower Certificate demonstrating that the Maximum Annual Debt Service Requirements immediately following the incurrence of such Refunding Indebtedness is not more than 110% of the Maximum Annual Debt Service Requirements immediately prior to the incurrence of such Refunding Indebtedness.

<u>Short-Term Indebtedness</u>. The Borrower may, from time to time, incur or assume Short-Term Indebtedness in the ordinary course of business in any amount up to 20% of Total Operating Revenues for the preceding Fiscal Year, less any Short-Term Indebtedness then outstanding; provided, however, that no Short-Term Indebtedness shall be outstanding for a period of at least 15 consecutive calendar days in each Fiscal Year.

Student Loan Guarantees. The Borrower may incur indebtedness in the form of Student Loan Guarantees as described below under the heading "Student Loan Guarantees."

Non-Recourse Indebtedness. The Borrower may, from time to time, incur debt which is (i) incurred to finance additional capital projects; and (ii) is nonrecourse debt secured solely by a lien on and security interest in the property financed by such debt and/or the revenues therefrom.

Purchase Money Financings. The Borrower may, from time to time, incur debt without complying with the debt incurring tests described above if such debt (i) is issued to finance the acquisition of machinery or equipment; (ii) is unsecured or secured solely by a purchase money security interest in the acquired machinery or equipment; and (iii) is in a principal amount which, when added to the total amount of indebtedness incurred pursuant to this paragraph and outstanding immediately after the incurrence of the new debt, is less than or equal to 15% of the Total Operating Revenues for the then most recent Fiscal Year.

Security for Indebtedness

Any Long-Term Indebtedness or Short-Term Indebtedness hereafter incurred or assumed as described above under the caption "Incurrence of Additional Indebtedness" may be secured only as follows:

(i) In the case of Parity Indebtedness: (a) by a lien on and security interest in the Pledged Revenues ranking on a parity with the lien and security interest granted under the Loan Agreement as confirmed by the execution and delivery by the holder of such debt or a trustee acting on behalf of such holder of a joinder or other agreement by which such lender or holder shall be bound by the terms of the Intercreditor Agreement; or (b) by a lien or mortgage on and/or security interest in Borrower Facilities, provided that, if the Borrower grants a mortgage on or security interest in any part of the Borrower Facilities, the Borrower shall grant to the Trustee a mortgage of equal priority on and/or security interest in the same property to secure the Loan Agreement.

(ii) In the case of nonrecourse debt, solely by a lien on and/or security interest in the property financed with such debt and/or the revenues therefrom.

(iii) In the case of purchase money financings, solely by a purchase money security interest in machinery or equipment financed with such debt.

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

(v) In the case of other Long-Term Indebtedness:

(A) by a lien, on and security interest in any property or interest in tangible property, real, personal, or mixed, other than the Borrower Facilities or the Pledged Revenues; or

(B) by a purchase money security interest in any real property, fixtures, machinery and equipment made part of the Borrower Facilities and revenues therefrom; or

(C) by a lien on and security interest in the Pledged Revenues subordinate to the lien and security interest granted under the Loan Agreement; provided, however, that no such permitted indebtedness shall be secured by the moneys and investments held by the Trustee in any Funds created under the Indenture.

(vi) Any Short-Term Indebtedness incurred pursuant to the Loan Agreement may be secured solely:

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

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

(C) by a lien on and security interest in the Pledged Revenues ranking on a parity with or subordinate to that granted under the Loan Agreement; provided, however, that (i) no such permitted indebtedness shall be secured by the moneys and investments in any Funds held by the Trustee under the Indenture; and (ii) if such lien and security interest shall rank on a parity with that granted under the Loan Agreement, the holder or a trustee acting on behalf of such holder shall have confirmed such parity lien and security interest by the execution and delivery of a joinder or other agreement by which such holder or trustee shall be bound by the terms of the Intercreditor Agreement.

Student Loan Guarantees

The Borrower may incur obligations in the form of Student Loan Guarantees which meet the following criteria upon compliance with the following requirements:

(i) The loans to students shall be made pursuant to a program, whether governmental or privately sponsored, for the purpose of providing aid to students for tuition, room and/or board, or other expenses associated with the attendance by the student at the Borrower's institution and which program shall require that the Borrower execute its Student Loan Guarantee.

(ii) In the case of a program which is fully funded, no part of the obligations guaranteed by the Borrower shall constitute Long-Term Indebtedness of the Borrower. A program shall be deemed to be "fully-funded" if the assets of the program are at least equal to its liabilities, without regard to the guarantee by the Borrower. In determining the assets of the program, full effect must be given to estimated anticipated losses on student repayments to the extent not insured and due provision shall have been made to cover any shortfall between the principal amount of the obligations and the proceeds thereof (i.e., "nonasset bonds"). The plan may be made fully-funded by deposits, bank letters of credit or other credit support facilities provided by the Borrower or others.

(iii) To the extent that a program is not fully funded as provided above, the amount by which the liabilities exceed the assets shall be determined and such amount shall constitute Long-Term Indebtedness of the Borrower for all purposes of the Loan Agreement and the proportionate part of the debt service requirements on such obligations represented by such deficiency shall be deemed to be part of the Debt Service Requirement. A program which at its commencement is not fully funded may nonetheless be demonstrated to have become fully funded at a later date at which time there shall cease to be any Long-Term Indebtedness attributable to such Student Loan Guarantees so long as it continues to be fully-funded.

(iv) The fully funded status of a program or the extent to which a program is not fully funded shall be determined by a Certificate of the Pennsylvania Higher Education Assistance Authority or other issuing governmental authority if such Certificate be obtainable, or in the alternative, shall be certified to by a Consultant, which may be the Certified Public Accountant regularly retained by the Borrower, which Certificate in any case shall set forth in full the basis of its determination.

(v) If a Consultant's Certificate or Certificate of the issuing agency is not available, as provided above, the extent to which the principal amount of the Student Loan Guarantees shall be considered Long-Term Indebtedness shall be determined by multiplying the principal amount of such Student Loan Guarantees by the average default ratio, during the three Fiscal Years preceding such Student Loan Guarantees, for university students participating in United States Government guaranteed student loans programs.

(vi) The guarantee by the Borrower may be secured only by a lien or pledge upon Pledged Revenues subordinate and junior to the pledge of Pledged Revenues under the Loan Agreement.

No Liens or Encumbrances

The Borrower covenants and agrees that it will not grant any liens on the Pledged Revenues or the Borrower Facilities (whether real or personal, and whether owned as of the date of the Loan Agreement or acquired thereafter) except for Permitted Encumbrances.

Disposition of Assets

The Borrower covenants and agrees that it will not sell, transfer or otherwise dispose of any Property (other than transfers of current assets or investments in payment for property, goods or services, or as an investment of funds) except as follows:

(i) The Borrower may transfer property constituting a portion of the Borrower Facilities having a net book value of not more than 5% of the Borrower's total unrestricted net assets shown on its most recent audited financial statements, provided that the Trustee receives a Borrower Certificate which states the Borrower's intended use of the proceeds of such transfer and that such transfer will not adversely affect the ability of the Borrower to meet its payment obligations under the Loan Agreement; or

(ii) If no Event of Default under the Loan Agreement shall have occurred and be continuing, the Borrower may, with or without consideration:

(A) transfer easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Borrower Facilities, or release existing easements, licenses, rights of way and other rights or privileges, all upon such terms and conditions as the Borrower shall determine; or

(B) transfer any property which has been replaced in the ordinary course of operations; or

(C) transfer tangible or intangible personal property, fixtures, or equipment from the Borrower Facilities in the ordinary course of business; or

(D) transfer real estate at any one time or during any Fiscal Year having a net book value alone or in the aggregate not in excess of 10% of the Borrower's net property, plant, and equipment as so determined; or

(E) transfer any property at any one time or during any Fiscal Year having a net book value alone or in the aggregate in excess of the amounts set forth in (i) and (ii)(D) above or not in the ordinary course of business, if the Borrower shall file with the Trustee a Certificate showing that the Borrower's total unrestricted net assets immediately after such transfer shall not be less than 90% of such total unrestricted net assets before such transfer, and stating that such transfer will not adversely affect the ability of the Borrower to meet its payment obligations under the Loan Agreement.

Tax Covenants of Borrower and Authority

The Borrower covenants in the Loan Agreement that it will at all times do and perform all acts and things necessary or desirable and within its reasonable control in order to assure that interest paid on the Bonds shall be excludable from the gross income of the Holders thereof for federal income tax purposes and that it shall not take or omit to take, or permit to be taken on its behalf, any actions which, if taken or omitted, would adversely affect the excludability from the gross income of the Holders of interest paid on the Bonds for federal income tax purposes.

The Authority and the Borrower mutually covenant for the benefit of the Holders of the Bonds that they will not use the proceeds of the Bonds, any moneys derived, directly or indirectly, from the use or investment thereof or any other moneys on deposit in any fund or account maintained in respect of the Bonds in a manner which would cause such Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or would otherwise violate the provisions of the Indenture relating to arbitrage.

The Borrower has covenanted that it will comply with various requirements of the Code pertaining to the excludability of interest on the Bonds from gross income of Holders thereof for federal income tax purposes, including, without limitation, that:

(a) It will take whatever actions are necessary for it to continue to be organized and operated in a manner which will preserve and maintain its status as an organization which is described in Section 501(c)(3) of the Code, exempt from federal income taxes under Section 501(a) of the Code and not a private foundation under Section 509(a) of the Code (or corresponding provisions of prior law), and it will not perform any acts nor enter into any agreements which would cause any revocation or adverse modification of such federal income tax status; and

(b) The Borrower will make such payments to the Trustee as are required of it under the Indenture in connection with the requirements of Section 148 of the Code concerning arbitrage bonds including Section 148(f), which requires generally rebate payments to the United States of arbitrage profits, and to pay the costs and expenses of any Financial Consultant engaged in accordance with the Indenture to assist in calculating the amount of such rebate payments, if any.

Environmental Matters

The Borrower covenants to comply in all material respects with all applicable federal, state and local laws, ordinances, rules and regulations pertaining to the environment (collectively, "Environmental Laws"), including, without limitation, those regulating hazardous or toxic wastes and substances (as such phrases may be defined in any Environmental Law), and to give prompt written notice to the Trustee and the Authority of any material violation or alleged material violation of any Environmental Law with respect to the Borrower's property. The Borrower will indemnify and defend the Authority and the Trustee and their respective directors, officers, employees and agents (the "Indemnified Parties"), and hold the Indemnified Parties harmless from, any loss, liability, damage, claim, fine, penalty, action or cause of action, including, without limitation, out-of-pocket and incidental expenses and court costs and reasonable attorney's fees and expenses and the allocated costs of in-house counsel and legal staff, consultants' fees and any clean-up or remediation costs, arising from any violation or alleged violation by the Borrower of any Environmental Law with respect to the Borrower's property.

Borrower's Use of the Project Facilities

The Borrower will use the Project Facilities only in furtherance of the lawful purposes of the Borrower.

The Borrower further agrees that it will use the Project Facilities for secular instruction and will not use any of the Project Facilities as a facility used primarily in connection with any part of a program of a school or department of divinity for any religious denomination for the training of ministers, priests, rabbis or other similar persons in the field of religion or in a manner which would violate the First Amendment to the Constitution of the United States of America, including the decisions of the United States Supreme Court interpreting the same, or any comparable provisions of the Constitution of the Commonwealth, including the decisions of the Supreme Court of the Commonwealth interpreting the same. Notwithstanding the termination of the Loan Agreement, the Borrower agrees that it will continue to comply with the restriction stated in the preceding sentence on the sectarian use of the Project Facilities. To the extent required by law, the Borrower will permit the Authority to inspect the Project Facilities solely in order to determine whether the Borrower has complied with the provisions of this paragraph and such right of inspection shall survive the termination of the Loan Agreement.

The Borrower further agrees that it will not use the Project Facilities, or permit the Project Facilities to be used, in such manner as would result in the loss of any exemption from federal income taxation to which interest on the Bonds would otherwise be entitled.

Events of Default

Each of the following shall constitute an Event of Default under the Loan Agreement:

(a) if the Borrower fails to make any payments required under the Loan Agreement with respect to the principal or redemption price of and interest on the Bonds, or the replenishment of the Debt Service Reserve Fund in the event of a deficiency in such Fund, when the same shall become due and payable thereunder; or

(b) if the Borrower fails to make any other payment or deposit required under the Loan Agreement within thirty (30) days of the due date thereof; or

(c) if the Borrower fails to perform any of its other covenants, conditions or provisions under the Loan Agreement and such failure continues for thirty (30) days after the Authority or the Trustee gives the Borrower written notice thereof; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Borrower shall commence such performance within such thirty (30) day period and shall diligently and continuously prosecute the same to completion; or

(d) if the Borrower admits in writing its inability to pay its debts generally as they become due, or proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Borrower or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangements of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Borrower and if such is not vacated, dismissed or stayed on appeal within sixty (60) days; or

(e) if for any reason any of the Bonds shall be declared due and payable by acceleration in accordance with the terms of the Indenture; or

(f) if the Borrower shall default in the payment of any indebtedness (other than amounts due under the Loan Agreement) with a principal amount in excess of $1,000,000, and any period of grace with respect thereto shall have expired; or

(g) the occurrence of any default with respect to Parity Indebtedness subject to the Intercreditor Agreement as a result of which such Parity Indebtedness is declared immediately due and payable.

Remedies

If acceleration of the principal amount of the Bonds has been declared pursuant to the Indenture, the Trustee shall declare all loan payments to be immediately due and payable, whereupon the same shall become immediately due and payable. In addition, if an Event of Default under the Loan Agreement has occurred and is continuing, the Authority (or the Trustee as its assignee) may, at its option, in addition to its other rights and remedies as may be provided in the Loan Agreement or may exist at the time at law or in equity, exercise any one or more of the following remedies:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its duties under the Act or the Loan Agreement; or

(b) by action or suit in equity require the Borrower to account as if it were the trustee of an express trust for the Authority; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or

(d) upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate, with such powers as the court making such appointment shall confer; or

(e) upon notice to the Borrower, accelerate the due dates of all sums due or to become due under the Loan Agreement.

In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in Loan Agreement concerning Events of Default and remedies, it shall not be necessary to give any notice, other than such notice as may be therein expressly required. Such rights and remedies as are given the Authority thereunder shall also extend to the Trustee. For so long as any Bonds remain Outstanding under the Indenture, and except with respect to the Borrower's obligations in respect of the Authority's rights to notices, payments of fees and expenses and indemnification rights and the Borrower's obligations to comply with the Act, the Trustee, as the assignee of the Authority, shall have the sole right to exercise rights and remedies against the Borrower upon the occurrence of any Event of Default under the Loan Agreement, and the exercise by the Trustee of such rights and remedies shall be subject to all applicable provisions of the Indenture, the Loan Agreement and the Act. To the extent necessary or appropriate and requested by the Trustee, the Authority shall cooperate with the Trustee in connection with the exercise by the Trustee of such rights and remedies against the Borrower.

Amendments

The Authority and the Borrower may enter into any amendments and supplements to the Loan Agreement without the consent of Bondholders, but with prior notice to the Trustee, for the following purposes:

(a) To cure any ambiguity, inconsistency, defect or omission in the Loan Agreement or in any amendment thereto;

(b) To modify, eliminate or add to the provisions of the Loan Agreement to such extent as shall be necessary to obtain, maintain or improve a rating of the Bonds;

(c) To add covenants of the Borrower or surrender rights or powers of the Borrower;

(d) To make such additions, deletions or modifications as may be necessary in the case of any Bonds to assure compliance with Section 148(f) of the Code relating to the required rebate of certain investment earnings to the United States government or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds; or

(e) In connection with any other change in the Loan Agreement if in the judgment of the Trustee in reliance on an opinion of Counsel (which may be Bond Counsel), the proposed change does not materially adversely affect the rights of the Holders of any Bonds.

Except for amendments, changes or modifications as provided in clauses (a) through (e) above, neither the Authority nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement or waive any obligation or duty of the Borrower under the Loan Agreement without the written consent of the holders of not less than a majority in aggregate principal amount of the Outstanding Bonds affected thereby; provided, however, that no such waiver, amendment, change or modification shall permit termination or cancellation of the Loan Agreement or any reduction of the amounts payable under the Loan Agreement with respect to debt service on the Bonds or change the date when such payments are due without the consent of the Holders of all the Bonds then Outstanding who are adversely affected thereby.

Assignment

The Borrower will not assign the Loan Agreement or any interest of the Borrower therein, either in whole or in part, without the prior written consent of the Authority and the Trustee, which consent shall be given if the following conditions are fulfilled: (i) the assignee assumes in writing all of the obligations of the Borrower under the Loan Agreement; (ii) in the opinion of Borrower's counsel, neither the validity nor the enforceability of the Loan Agreement will be adversely affected by such assignment; (iii) the Project shall continue in the opinion of Bond Counsel to be a "project" as such term is defined in the Act after such assignment; and (iv) such assignment will not, in the opinion of Bond Counsel, have an adverse effect on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

THE INDENTURE

The following description of certain provisions of the Indenture is only a brief outline of some of the provisions thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Indenture, a copy of which is on file at the corporate trust office of the Trustee in Philadelphia, Pennsylvania, for a complete statement of these provisions and other provisions which are not summarized in this Official Statement.

Pledge of Trust Estate

In order to secure the payment of the principal of, premium, if any, on and interest on the Bonds and the performance of the Authority's covenants in respect of the Bonds, the Authority assigns and pledges to the Trustee pursuant to the Indenture:

(a) all right, title and interest (but not the obligations) of the Authority under and pursuant to the terms of the Loan Agreement, all Loan Payments and all other payments, revenues and receipts receivable by the Authority thereunder (except for the "Unassigned Rights" as defined in the Loan Agreement); and

(b) all of the right, title and interest of the Authority in and to all Funds (other than the Rebate Fund) and accounts established under the Indenture and all moneys and investments now or hereafter held therein and all present and future Revenues (as defined in the Indenture).

Project Fund

A Project Fund will be established and maintained with the Trustee under the Indenture. Proceeds of the Bonds will be deposited in the Project Fund and disbursed to pay costs of the Capital Projects in accordance with provisions set forth in the Loan Agreement.

Bond Fund

A Bond Fund will be established and maintained with the Trustee under the Indenture. Moneys in the Bond Fund will be used to pay (i) the principal or redemption price of Bonds as they mature or become due, upon redemption or acceleration, or otherwise upon surrender thereof, and (ii) the interest on Bonds as it becomes payable whether at maturity, upon redemption or acceleration or otherwise.

Debt Service Reserve Fund

General Provisions. A Debt Service Reserve Fund will be established with the Trustee for the sole benefit and security of the holders of the Bonds and moneys or Permitted Investments shall be deposited therein as provided in the Indenture. An amount equal to the Debt Service Reserve Fund Requirement will be deposited into the Debt Service Reserve Fund upon the issuance of the Bonds. The moneys in the Debt Service Reserve Fund and any investments held as a part of such Fund shall be held in trust separate and apart from all other funds or deposits and, except as otherwise provided in the Indenture, shall be applied by the Trustee solely to the payment of the principal of and interest on the Bonds until and unless such funds are released as described below.

Any moneys from time to time on deposit in the Debt Service Reserve Fund shall be applied as follows:

(i) on the date of each permitted or required payment from the Bond Fund to pay principal of or interest on the Bonds by reason of stated maturity or earlier redemption or declaration of acceleration, moneys in the Debt Service Reserve Fund shall be applied by the Trustee to make up the difference between (A) the amount necessary to pay principal and/or interest due on such Bonds, and (B) the amount then on deposit in the Bond Fund allocable to the payment of principal and/or interest on the Bonds;

(ii) any amount in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement on any valuation date shall be transferred to the Bond Fund for application as a credit against the Corporation's payments under the Loan Agreement next becoming due; and

(iii) during the last twelve months preceding the final maturity of the Bonds, any moneys then held in the Debt Service Reserve Fund shall be credited against the Borrower's payments otherwise payable under the Loan Agreement in respect of principal of and interest on the Bonds, and shall be transferred to the Bond Fund for the payment of the principal of and interest on such Bonds; provided, however, that no such credit shall be given and no such transfer shall be made if and to the extent that, immediately prior to such crediting and transfer, there has then occurred and is continuing an Event of Default under the Indenture.

The amount of any withdrawal from the Debt Service Reserve Fund for the purpose of clause (i) above shall be restored in no more than twelve (12) equal, consecutive, monthly installments, each payable on the last business day of each month, commencing with the month next following the month in which the withdrawal is made. The amount of any deficiency in the Debt Service Reserve Fund due to a decline in the market value of the investments therein shall be restored in three equal, consecutive monthly installments payable on the first day of the month, commencing with the month following the month during which the valuation showing such deficiency is made.

Release of Debt Service Reserve Fund. All funds on deposit in the Debt Service Reserve Fund will be released and such Fund will be closed upon delivery by the Borrower to the Trustee and the Authority of: (i) a Borrower Certificate demonstrating that the Borrower has been in compliance with the rate covenant set forth in the Loan Agreement for each of the two most recent fiscal years, and (ii) evidence that the Bonds have received a rating of at least "BBB+" from S&P. In such event, all amounts released from the Debt Service Reserve Fund will be applied to the special redemption of the 2047 Serial Bond (see "THE BONDS – Redemption Prior to Maturity – Special Redemption of 2047 Serial Bond") unless the Borrower delivers to the Trustee and the Authority (i) a Borrower Certificate specifying an alternate application of such funds and (ii) an opinion of Bond Counsel to the effect that such application would not cause the interest on the Bonds to be included in the gross income of the Holders for federal income tax purposes, in which event such funds will be transferred to the Borrower.

Investments

Any moneys held as a part of the Funds established under the Indenture shall be invested by the Trustee in Permitted Investments as provided in the Indenture. Any such investments shall mature or be subject to redemption by the holder at not less than the principal amount thereof, and all deposits in time accounts shall be subject to withdrawal without penalty, not later than the date when the amounts will foreseeably be needed for purposes of the Indenture.

Events of Default and Remedies

The Indenture provides that each of the following shall be an "Event of Default":

(a) Failure to pay the principal or redemption price of any Bond when due and payable, whether at the stated maturity thereof, by redemption, by acceleration or otherwise;

(b) Failure to pay any interest on any Bond when due and payable;

(c) Failure by the Authority to comply with the provisions of the Act relating to the Bonds or the Project or to perform or observe any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or the Bonds, which failure shall have continued for a period of 60 days after written notice has been given by registered or certified mail to the Authority and the Borrower as provided in the Indenture, 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 Outstanding; or

(d) The occurrence and continuance of an "Event of Default" as defined in the Loan Agreement (see "THE LOAN AGREEMENT -- "Events of Default" herein).

The Indenture provides that if an Event of Default occurs, the Trustee may and shall upon the written request of the Owners of 25% in principal amount of all Bonds then outstanding (100% in principal amount of all Bonds then outstanding in the case of an Event of Default described in clause (c) above), declare the principal of all Bonds then outstanding to be immediately due and payable and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable to the Owners. Upon any declaration of acceleration under the Indenture, the Trustee shall immediately exercise such rights as it may have as the assignee of the Loan Agreement to declare all payments under the Loan Agreement to be due and payable immediately.

Within five (5) calendar days of the occurrence of any such acceleration, the Trustee shall notify, by first class mail, postage prepaid, the owners of all Bonds then outstanding of the occurrence of such acceleration, the date through which interest has accrued and the time and place of payment.

In addition, upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of principal or redemption price of and interest on the Bonds.

The provisions described above are subject to the condition that if, after the principal of all Bonds has been so declared to be due and payable, all arrears of interest on the Bonds are paid or caused to be paid by the Authority, and the Authority performs all other things in respect to which it may have been in default under the Indenture and pays the reasonable charges and expenses of the Trustee and of the Owners of the Bonds, including reasonable attorneys' fees, then Owners of a majority in principal amount of the Bonds then outstanding, by notice to the Authority and to the Trustee, may annul such declaration and its consequences.

The Owners of a majority in principal of the Bonds then Outstanding will have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, except that such direction may not (i) be in conflict with the provisions of law and of the Indenture, (ii) unduly prejudice the rights of minority Owners or (iii) involve the Trustee in personal liability against which indemnity would not be satisfactory.

No Bondholder shall have any right to pursue any remedy under the Indenture or the Loan Agreement unless:

(a) The Trustee shall have been given written notice of an Event of Default;

(b) The Holders of at least 25% in principal amount of all Bonds then Outstanding shall have requested the Trustee, in writing, to exercise the powers granted in the Indenture or to pursue such remedy in its or their name or names;

(c) The Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities; and

(d) The Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the foregoing provisions or any other provision of the Indenture, the obligation of the Authority shall be absolute and unconditional to pay or cause to be paid, but solely from the Revenues and other funds pledged under the Indenture, the principal or redemption price of and interest on, the Bonds to the respective

Holders thereof on the respective due dates thereof, and nothing in the Indenture shall affect or impair the right of action, which is absolute and unconditional, of such holders to enforce such payment.

Modifications and Amendments

The Indenture provides that it may be amended or supplemented at any time without notice to or the consent of any of the Owners of the Bonds, by a supplemental indenture consented to by the Borrower, authorized by the Authority and filed with the Trustee for any one or more of the following purposes:

(a) To add additional covenants of the Authority or to surrender any right or power conferred upon the Authority in the Indenture;

(b) For any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision of the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision in the Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture and which shall not adversely affect the interests of the holders of the Bonds, including the appointment and duties of a bond registrar or authenticating agent;

(c) To modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939 or under any similar Federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as from time to time amended;

(d) To modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to obtain, maintain or improve a rating of the Bonds;

(e) To grant to or confer or impose upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(f) To permit the Bonds to be converted to, or from, certificateless securities or securities represented by a master certificate held in trust, ownership of which, in either case, is evidenced by book entries on the books of the Securities Depository, for any period of time;

(g) To permit the appointment of a co-trustee under the Indenture;

(h) To authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different authorized denominations, redemption of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

(i) To modify, alter, supplement or amend the Indenture to comply with changes in the Code affecting the status of interest on the Bonds as excluded from gross income for Federal income tax purposes or the obligations of the Authority or the Borrower in respect of Section 148 of the Code;

(j) To permit the issuance of additional bonds under the Indenture, provided that in connection with the issuance of any such additional bonds, the requirements contained in the Loan Agreement with respect to the incurrence by the Borrower of additional Parity Indebtedness are satisfied.

(k) To modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Owners of the Bonds.

The Indenture may be amended from time to time, except with respect to (i) the principal or interest payable upon any of the Bonds, (ii) the Interest Payment Dates, the dates of maturity or the redemption provisions of any of the Bonds, and (iii) the provisions relating to amendments of the Indenture and the Loan Agreement, in each case by a supplemental indenture consented to by the Borrower and approved by the Owners of at least a majority in aggregate principal amount of the Bonds then outstanding which would be affected by the action proposed to be taken. The Indenture may be amended with respect to the matters enumerated in clauses (i) through (iii) of the immediately preceding sentence with the unanimous consent of all Owners and the Borrower.

Discharge of Indenture

When interest on, and principal or redemption price (as the case may be) of, all Bonds issued under the Indenture have been paid, or there shall have been deposited with the Trustee (i) cash in an amount sufficient to pay in full the principal or redemption price of and interest on the Bonds, and all other sums payable under the Indenture by the Authority, (ii) "defeasance obligations" (as defined below), the principal of and interest on which, when due, will provide sufficient moneys without reinvestment to pay in full the principal or redemption price of and interest on the Bonds, as well as all other sums payable under the Indenture by the Authority, or (iii) any combination of the foregoing, then upon receipt by the Trustee of (a) all of its necessary and proper fees, compensation and expenses, (b) an opinion of Bond Counsel that all conditions precedent to the defeasance of the lien of the Indenture have been complied with, (c) unless the Bonds will be paid in full within 90 days of the date of deposit of any defeasance obligations, a verification report in form and substance satisfactory to the Trustee from an independent certified public accountant or a nationally recognized firm with experience in preparing verification reports to the effect that the cash and defeasance obligations delivered will be sufficient to provide for the payment of the Bonds as aforesaid, and (d) other assurances from the Authority that the Trustee may deem necessary or appropriate, the right, title and interest of the Trustee in the Loan Agreement and the Trust Estate shall thereupon cease and the Trustee, on demand of the Authority, shall release the Loan Agreement and the Trust Estate from the lien and security interest created by the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority or the Borrower and shall turn over to the Borrower or to such Person as may be entitled to receive the same, as it shall be directed in writing by the Borrower all balances remaining in any funds (other than the Rebate Fund) under the Indenture and the Trustee's right, title and interest to and under the Loan Agreement. For the purposes of this paragraph, "defeasance obligations" shall mean the following, but only to the extent they are Permitted Investments at the time of delivery to the Trustee: (1) Government Obligations; and (2) pre-refunded debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that such debt obligations are rated at least "AA" by S&P or at least "Aa" by Moody's.

The foregoing requirements may also be met with respect to any portion of the Bonds, as designated by the Borrower, by depositing with the Trustee cash, defeasance obligations, or any combination thereof sufficient to pay or provide for the payment of such Bonds, as described in the preceding paragraph. Upon such deposit, the Bonds for which such deposit has been made shall no longer be deemed Outstanding under the Indenture.

The Trustee

The obligations and duties of the Trustee are described in the Indenture and, except upon an Event of Default, the Trustee has undertaken only those obligations and duties which are expressly set out in the Indenture. If any Event of Default of which the Trustee has been notified or is deemed to have notice under the Indenture has occurred and is continuing, the Trustee is obligated to exercise such of the rights and remedies vested in it by the Indenture and to use the same degree of care in its exercise as a prudent person would exercise or use in the circumstances in the conduct of his own affairs; provided that if in the opinion of the Trustee such action may tend to involve expense or liability, it will not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

The Indenture expressly provides that the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

Under the terms of the Indenture, the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the terms of the Indenture, the Trustee shall not be deemed to have notice of an Event of Default, other than the failure to pay principal of or interest on the Bonds when due, unless the Trustee has been notified in writing of such events by the Borrower, the Authority or the holders of at least 25% in aggregate principal amount of the Bonds then Outstanding. In the absence of delivery of such notices satisfying these requirements, the Trustee may assume conclusively that there is no such default. The summary of the Trustee's rights, duties, obligations and immunities contained herein is not intended to be a complete summary, and reference must be made to the Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

The Trustee may resign and be discharged by written resignation filed with the Authority (and a copy to the Borrower) not less than 30 days prior to the date the resignation is to take effect. Such resignation will take effect only upon the appointment of, and acceptance of such appointment by, a successor trustee. In addition, the Trustee may be removed at any time by an instrument appointing a successor to the Trustee so removed, executed (i) by the Authority at the direction of the Holders of a majority in principal amount of the Bonds then Outstanding, or (ii) so long as no Event of Default has occurred and is continuing, by the Authority or by the Borrower with the written consent of the Authority

Any successor trustee must be a national banking association or a state bank with trust powers or a bank and trust company having capital and surplus of at least $50,000,000, if there is one able and willing to accept the trust on reasonable and customary terms.

Limitation of Rights; No Personal Recourse.

With the exception of rights conferred expressly in the Indenture, nothing expressed or implied is intended or shall be construed to give to any person other than the parties thereto, the Borrower and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to the Indenture or any covenants, agreements, conditions and provisions contained therein.

The Indenture does not pledge the general credit of the Authority or the general credit or the taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof. The liability of the Authority shall be limited to and payable solely from the sources described herein under "SECURITY AND SOURCES OF PAYMENT FOR BONDS".

No recourse shall be had for any claim based on the Indenture or the Bonds, including but not limited to the payment of the principal or redemption price of, or interest on, the Bonds, against the Authority or any member, officer, agent or employee, past, present or future, of the Authority or of any successor body, as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise. The obligations and liabilities of the Authority arising under the Indenture shall be payable solely from the Revenues. The Program Sponsor shall have no liability under the Indenture, under the Bonds or under the Loan Agreement.

BONDHOLDERS' RISKS

General

The Bonds are limited obligations of the Authority and are payable solely from payments made pursuant to the Loan Agreement and from certain funds held by the Trustee under the Indenture. No representation or assurance can be given that the Borrower will generate sufficient revenues to meet the Borrower's payment obligations under the Loan Agreement. Future legislation, regulatory actions, economic conditions, changes in the number of students in attendance at the Borrower, or other factors could adversely affect the Borrower's ability to generate such revenues. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any such factors will have an adverse impact on the revenues of the Borrower.

Covenant to Maintain Tax-Exempt Status of the Bonds

The tax-exempt status of the Bonds is based on the continued compliance by the Authority and the Borrower with certain covenants contained in the Indenture, the Loan Agreement and the other documents executed by the Authority, the Borrower and the Trustee. These covenants relate generally to restrictions on use of facilities financed with proceeds of the Bonds, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds. Failure by the Authority and/or the Borrower to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

Enforceability of Remedies

The remedies available to Bondholders upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial action, which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the Bankruptcy Code, the remedies specified in the Indenture and the Loan Agreement may not be readily available or may be limited. A court may decide not to order specific performance.

The various legal opinions to be delivered concurrently with the original delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

State and Federal Legislation

Legislation has been proposed in the past, and may be proposed again in the future, to eliminate the tax-exempt status of bonds issued to finance educational facilities or to limit the use of tax-exempt bonds, or to prevent certain holders of the tax-exempt bonds from realizing the full benefit of the tax exemption of interest on such bonds. Any such limitation could reduce the ability of the Borrower to finance its future capital needs. The effect on the Borrower of proposed laws and regulations and of future changes in federal and state laws and policies cannot be fully or accurately determined at this time.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operations of the Borrower to an extent that cannot be determined at this time:

(1) Loss of accreditation for the Borrower or key academic programs.

(2) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

(3) Litigation resulting in required payments by the Borrower which exceed insurance coverages.

(4) Increased costs and decreased availability of public liability or other types of insurance.

(5) Changes in the demand for higher education in general or for programs offered by the Borrower in particular.

(6) Cost and availability of energy.

(7) High interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.

(8) A decrease in student loan funds or other aid that permits many students the opportunity to pursue higher education.

(9) An increase in the costs of health care benefits, retirement plans, or other benefit packages offered by the Borrower to its employees.

(10) Withdrawal of any current exemptions from local real estate taxes, business privilege taxes and similar impositions.

(11) Losses in investments held by the Borrower.

(12) Reduced future Borrower net tuition revenue as a result of a need to increase tuition discounting to attract students.

(13) Increased competition from other institutions of higher learning which may offer similar academic programs or may recruit similar students, and that may result in reduced enrollments and reduced Borrower revenues.

(14) Reduced ability to attract future capital campaign contributions, that may limit future projects and/or the ability to address deferred maintenance and/or reduced ability to attract future annual fund contributions that may negatively impact the ability to afford annual operating expenses and which may negatively affect operating performance.

(15) Reduced availability of qualified faculty to teach the programs offered by the Borrower.

(16) An inability to retain students, resulting in enrollment losses and reduced revenues.

(17) Future deficits as a result of increased future expenses and/or reduced revenues.

(18) Any failure to successfully implement future new programs, negatively affecting operating performance.

NO PERSONAL RECOURSE

No covenant or agreement contained in the Indenture, the Bonds or the Loan Agreement shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Borrower, the Authority or the Program Sponsor in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Borrower, the Authority or the Program Sponsor past, present or future, or their successors or assigns, as such, either directly or through the Borrower, the Authority or the Program Sponsor, or any successor corporations, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

LITIGATION

As of the date hereof, there is no litigation of any nature pending or, to the Authority's knowledge, as to the Authority, or the Borrower's knowledge, threatened against the Authority or the Borrower to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the application of the proceeds thereof as herein described, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, the pledge or application of any monies or security for the Bonds or the existence or powers of the Authority.

As of the date hereof, to the knowledge of the Borrower, there is no litigation pending or threatened against the Borrower wherein an unfavorable decision would adversely affect the ability of the Borrower to carry out its obligations under the Indenture or the Loan Agreement, or would have a material adverse impact on the financial position or operations of the Borrower.

CONTINUING DISCLOSURE

On or before the date of issuance of the Bonds, the Borrower will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with The Bank of New York Mellon Trust Company, N.A. (the "Dissemination Agent"), in substantially the form set forth in Appendix C hereto, for the benefit of the holders of the Bonds, pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The provisions of the Continuing Disclosure Agreement will be for the benefit of the beneficial owners of the Bonds and each beneficial owner will be a beneficiary of the provisions of the Continuing Disclosure Agreement with the right to enforce such provisions directly against the Borrower. However, breach of the provisions of the Continuing Disclosure Agreement will not be considered an Event of Default under the Indenture or the Loan Agreement and none of the rights and remedies provided under the Indenture or the Loan Agreement upon an Event of Default (other than specific performance) will be available to the beneficial owners in the event of such breach. Unless otherwise required by law, no beneficial owner is entitled to damages for the Borrower's noncompliance with its obligations under the Continuing Disclosure Agreement.

The Borrower has made similar undertakings in the past (the "Prior Continuing Disclosure Undertakings") in connection with other series of bonds previously issued for the benefit of the Borrower. While the Borrower made annual filings of financial and operating information in accordance with the Rule and the Prior Continuing Disclosure Undertakings, in some instances the filings were made between 9 and 34 days after the filing deadline and the Borrower did not timely file notices in regard to such late filings. In addition, in 2015 the Borrower failed to file a notice of a change in the rating of the bond insurer insuring the 2007 Bonds. All such notices were subsequently filed by the Borrower.

TAX MATTERS

General

In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Authority and the Borrower and continuing compliance by the Authority and the Borrower with the requirements of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. Bond Counsel expresses no opinion regarding other Federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Certain of the Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For Federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

Certain of the Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

Bond Counsel is also of the opinion that, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Ballard Spahr LLP, Philadelphia, Pennsylvania, Bond Counsel. A signed copy of their opinion, dated and premised on facts existing and law in effect as of the date of original issuance and delivery of the Bonds, will be delivered to the Trustee at the time of such original issuance, and a copy of that opinion will be printed on or attached to the Bonds.

Certain legal matters will be passed upon for the Authority by its counsel, Mansell and Andrews Law, New Castle, Pennsylvania. Certain legal matters will be passed upon for the Borrower by its counsel, Knox McLaughlin Gornall & Sennett, P.C., Erie, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Campbell & Levine, LLC, Pittsburgh, Pennsylvania.

CERTAIN RELATIONSHIPS

A shareholder, officer and director of the law firm of Knox McLaughlin Gornall & Sennett, P.C., counsel to the Borrower in connection with the issuance of the Bonds, is a member of the Board of Trustees of the Borrower. He did not participate in the passage of the resolutions adopted by the Board of Trustees of the Borrower to approve the issuance of the Bonds and the Borrower's obligations respecting the Bonds.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The financial statements of the Borrower as of and for the fiscal years ended June 30, 2016 and June 30, 2015 are included in Appendix B hereto and have been audited by Schneider Downs & Co., Inc., as stated in their report appearing therein.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (the "Rating Service"), has assigned its municipal bond rating of "BBB" to the Bonds with a Stable Outlook, based on the creditworthiness of the Borrower.

Certain information and materials not included in this Official Statement was furnished to the Rating Service. Generally, such Rating Service bases its ratings on information and materials so furnished and on investigations, studies and assumptions by such Rating Service. The rating and outlook assigned to the Bonds reflects only the views of such Rating Service at the time such rating was issued, and an explanation of the significance of such rating and outlook may be obtained only from such Rating Service. Such rating and outlook is not a recommendation to buy, sell or hold the Bonds. There is no assurance that any such rating or outlook will continue for any given period of time or that it will not be lowered or the rating withdrawn entirely by such Rating Service if, in its judgment, circumstances so warrant. Any such downward revision of such rating or outlook or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LEGALITY FOR INVESTMENT

Under the Act, the Bonds are designated securities in which all officers of the Commonwealth and its political subdivisions, municipal officers and administrative departments, boards and commissions of the Commonwealth, all banks, bankers, savings banks, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever who are authorized to invest in bonds or other obligations of the Commonwealth, may properly and legally invest any funds, including capital belonging to them or within their control. The Act also provides that the Bonds are securities which may properly and legally be deposited with, and received by, any state or municipal officer or agency of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is authorized by law.

UNDERWRITING

The Bonds are being purchased by George K. Baum & Company (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $__________ (which includes an original issue discount of $________). The purchase contract by and among the Underwriter, the Authority and the Borrower (the "Purchase Contract") provides that the Underwriter will purchase all of the Bonds, if any Bonds are purchased, and contains the agreement of the Borrower to indemnify the Underwriter and the Authority against losses, claims, damages and liabilities to third parties arising out of any materially incorrect or incomplete statements of information contained in this Official Statement pertaining to the Borrower or the Project.

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.

OTHER MATTERS

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement. The Appendices are integral parts of this Official Statement and should be read in their entirety together with the other sections of this Official Statement.

The foregoing references to and summaries or descriptions of provisions of the Bonds, the Loan Agreement and the Indenture, 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 Loan Agreement and the Indenture may be obtained from the Underwriter as set forth herein under "INTRODUCTORY STATEMENT."

The information set forth in this Official Statement, and in the Appendices hereto, should not be construed as representing all of the conditions affecting the Authority, the Borrower, or the Bonds.

Statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of facts. All projections, estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the financial condition and results of operations of the Borrower include, among other things, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Borrower. Such forward-looking statements speak only as of the date of this Official Statement. The Borrower disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Borrower's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The distribution of this Official Statement has been duly authorized by the Authority and the Borrower. The Authority has not assisted in the preparation of this Official Statement, except for the statements pertaining to the Authority under the captions "THE AUTHORITY" and "LITIGATION" herein and, except as aforesaid, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

NEW WILMINGTON MUNICIPAL
AUTHORITY

By: ______________________________
Chairman

APPENDIX A

INFORMATION CONCERNING WESTMINSTER COLLEGE

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WESTMINSTER COLLEGE

Introduction

Westminster College (the “College” or “Westminster”) is a private, co-educational liberal arts college, founded in 1852 in New Wilmington, Pennsylvania, by members of the Presbyterian Church. The College is one of the earliest co-educational colleges in the United States. Its first catalog, remarkably for 1853, also expressed non-discriminatory policies that inform the welcoming atmosphere that still characterizes the college today: “No person will be refused admission on account of Color, Caste, or Sex,” and: “We will sacredly respect the rights of conscience, and . . . every student. . . shall enjoy full liberty of conscience as to place and mode of public worship.” Today, students come from many backgrounds and religious traditions, and freedom of thought and expression are at the heart of their intellectual engagement with faculty and each other. Throughout its history, the College has similarly sought to maintain a tradition of general education that creates thoughtful and moral lives, and at the same time provide a foundation in courses of study that lead to productive and satisfying careers. Westminster's strong tradition of excellent liberal arts education remains the foundation for its innovative, multi-pronged educational programs. The College has been recognized nationally for its outstanding graduation rates, civic engagement, undergraduate research in all fields, and women in science, technology, engineering, and mathematics (STEM).

Mission

The mission of Westminster is to help men and women develop competencies, commitments and characteristics which have distinguished human beings at their best. The liberal arts tradition is the foundation of the curriculum continually designed to serve this mission in a rapidly changing world.

The College sees the well-educated person as one whose skills are complemented by ever-developing values and ideals identified in the Judeo-Christian tradition. Westminster's quest for excellence is a recognition that stewardship of life mandates the maximum possible development of each person's capabilities.

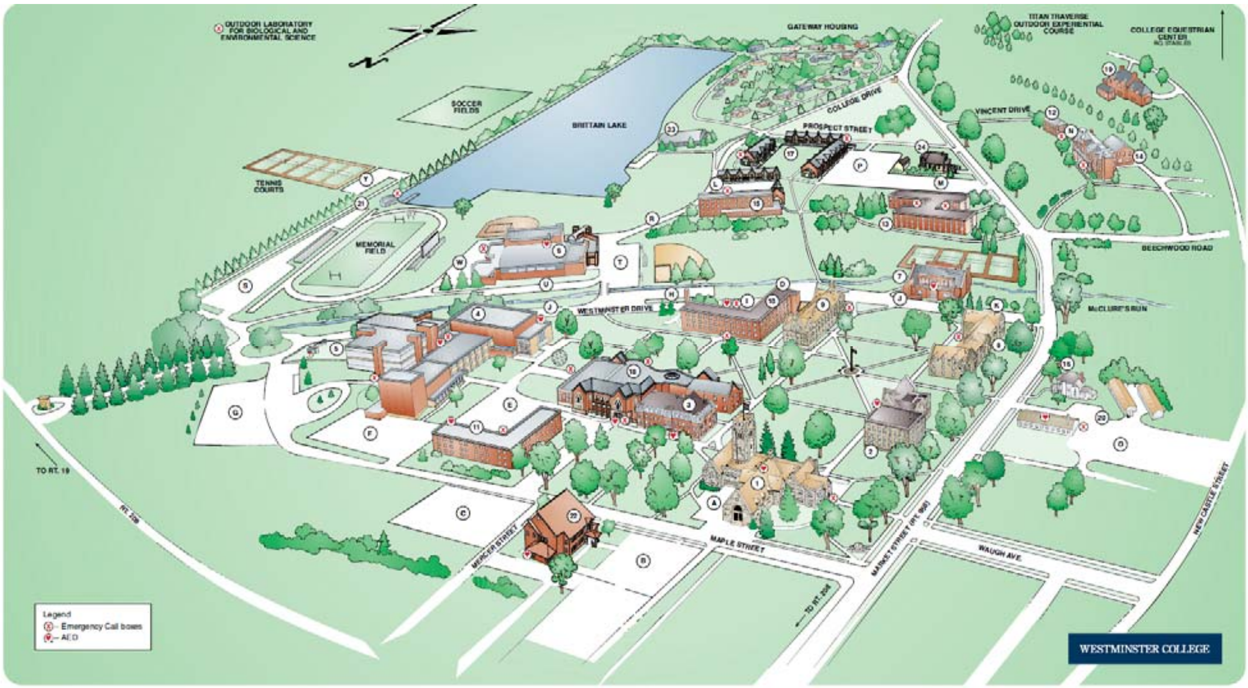
Outcomes
1. to reason logically and evaluate critically
2. to communicate effectively
3. to think creatively, and appreciate aesthetic expressions
4. to demonstrate intellectual curiosity
5. to acquire knowledge of self, society, human cultures, the natural world, and human relationships to God
6. to apply knowledge to contemporary issues
7. to demonstrate moral and ethical commitments to neighbor, society, and the natural world
8. to demonstrate commitment to lifelong learning and the acquisition of skills for careers and responsible service as world citizens.

Location & Facilities

The College is located in New Wilmington, Pennsylvania, a small scenic borough located 60 miles north of Pittsburgh. Today, the campus consists of approximately 300 acres of land and 24 major buildings. The Ralph McGill Memorial Library houses more than 280,000 volumes and 850 periodicals and newspapers. The campus includes a 46-acre natural sciences study area; Brittain Lake, a 15-acre lake used for recreation and study; and the College Woods, a 40-acre forest that is also used for recreation and study. The College's academic buildings include the Old Main Memorial (built in 1929 and renovated in 2005), Thompson-Clarke Hall (built in 1895 and renovated in 2000), Ralph McGill Memorial Library (built in 1938 with an addition added in 1966, renovated in 2012), James Patterson Hall (built in 1966 and renovated in 2012; in addition to housing classrooms and academic department offices, Patterson Hall also includes a 1,700-seat auditorium, a 300-seat theater, and an art gallery), and the Hoyt Science Resources Center (built in two phases: 1974 and 1985).

The College's athletic facilities include Memorial Field House and Natatorium and the Old 77 Field House, Burry Stadium, and athletic fields for baseball, soccer, and softball.

The College has ten residence halls that range in age from the recently constructed Berlin Village townhouses (built in 2013) to Hillside Hall, which was built in 1885.



The projects listed below were funded with $44.2 million of donated funds and $6.5 million of debt.

Project	**Year**	**Amount**
Memorial Field House Additions	1999-2001	$3,400,000
Thompson-Clarke Hall Renovation	2000	$3,000,000
Track & Field Improvements	2001	$500,000
Andrew J. McKelvey Campus Center Construction	2003	$14,400,000
Marjorie A. Walker Recreation Center Renovation	2003	$300,000
Orr Auditorium Renovation	2004	$1,700,000
Old Main Renovation	2005	$3,100,000
Berlin Village Construction	2006	$3,200,000
Thompson House Renovation	2006	$600,000
Wiley House Acquisition and Renovation	2006	$400,000
McGill Memorial Library Renovation	2008	$6,000,000
Patterson Hall Renovation	2013	$5,200,000
Berlin Village – Phase II Construction	2013	$3,000,000
Dining Hall Renovation	2013	$2,400,000
Media Art Center Renovation	2014	$1,100,000
Shaw Hall Renovation	2016	$1,100,000
Hoyt Science Center Renovation	2016	$1,300,000
TOTAL		**$50,700,000**

Institutional Recognition

The College is ranked and/or recognized by the following:

- Westminster was ranked the 47th best liberal arts college in the nation in 2016 by ***Washington Monthly***.

- Westminster placed as the 119th "Best National Liberal Arts College" in the nation, according to the 2016 edition of ***U.S. News & World Report's*** "Best Colleges" rankings.

- Westminster was named one of the top 20 small colleges in the nation to offer the "best deal" for STEM degrees in 2016, according to ***Great College Deals***.

- ***USA Today*** reports that Westminster was ranked #7 in the nation in 2015 offering the "Best Value for the Money."

- According to the ***Best Colleges Online Index***, Westminster ranked number 13 in the nation in 2015 for being one of the "most technologically advanced small colleges."

- In a 2015 study of 1,184 colleges and universities across the nation by the ***Educate to Career Index***, Westminster climbed the ranks to number 30, stationed in the top 2.5% in the nation.

- The ***New York Times' Upshot*** ranking positioned Westminster at number 12 in the nation in 2015 for "doing the most for low-income students."

- Westminster was ranked 248th out of 1,061 colleges and 96th out of 305 colleges in the Northeast Region in the ***Wall Street Journal/Times' Higher Education*** College rankings for 2016. Westminster also was ranked in the top 20% of schools for student engagement.

Accreditations & Approvals

The College is accredited or approved by the following organizations:

- Accredited by the Middle States Commission on Higher Education (charter member)

- Teacher preparation programs are approved by the Department of Education of the Commonwealth of Pennsylvania

- The program in chemistry is accredited by the American Chemical Society

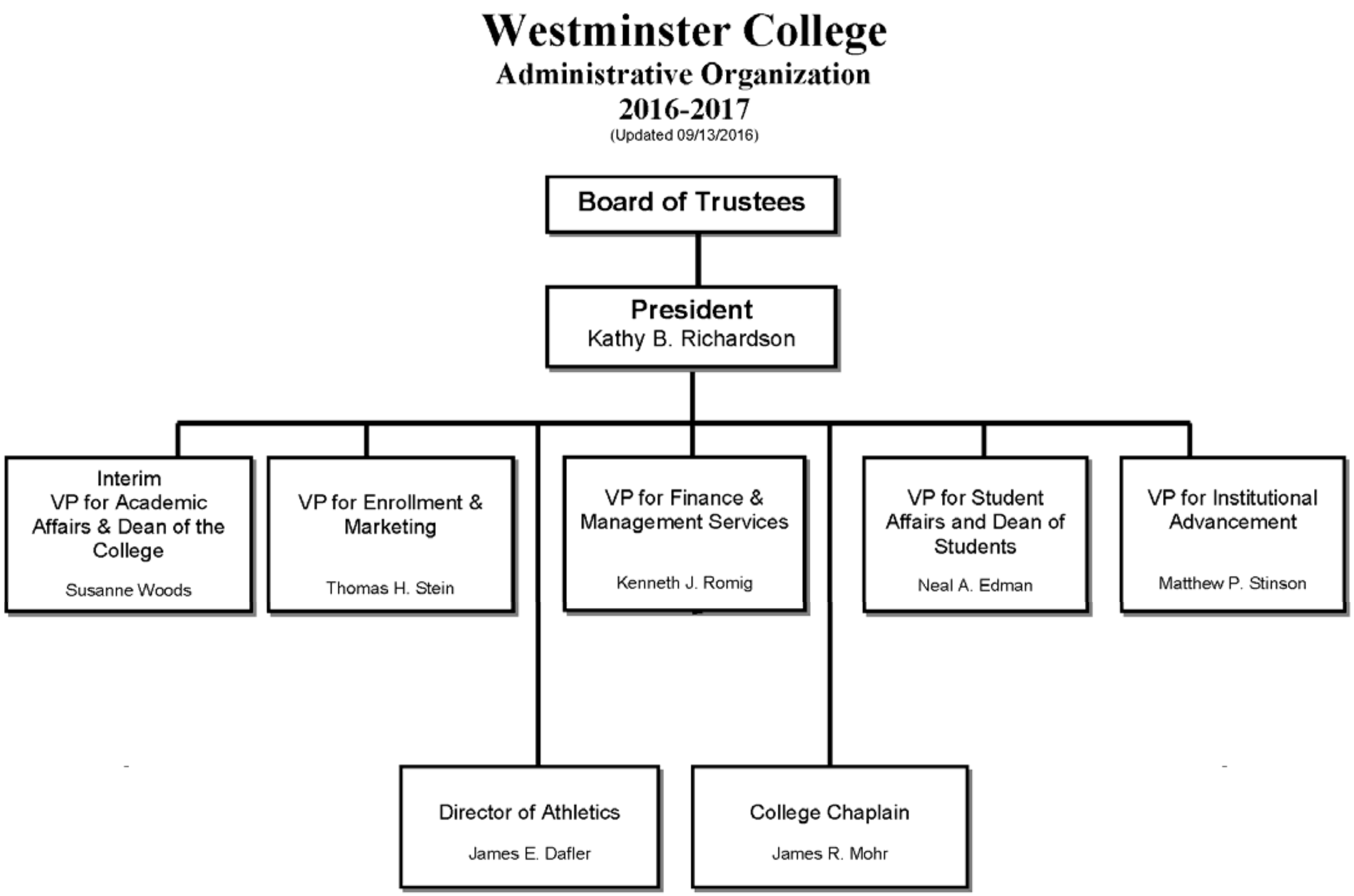
- Accredited institutional member of the National Association of Schools of Music

Memberships

Westminster College is a member of a number of state and local associations, including the following organizations:

- American Council on Education
- National Association of Independent Colleges and Universities
- Association of Independent Colleges and Universities of Pennsylvania
- Association of Presbyterian Colleges and Universities
- Council of Independent Colleges
- National College Athletic Association - Division III

Organizational Chart



Board of Trustees

Westminster is organized under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation. The unpaid Board of Trustees (the "Board") has 27 active members, excluding non-voting emeritus members, with a limit of 40 active members. Members are elected by the Board to a four-year term, with one-fourth elected annually. Members can serve two consecutive terms. The Board meets three times each year. The Board includes an Executive Committee whose members are elected annually; the Chair of the Board serves as the Chair of the Committee. The president is an ex-officio member.

Other standing committees include the Governance Committee, the Finance, Audit and Compliance Committee and the Investment Committee. The Board has also established the following committees: the Church Relations and Spiritual Life Committee, the Educational Policy Committee, the Student Experience Committee, the Institutional Advancement Committee, the Enrollment Management Committee, and Athletic Advisory Committee. The Chair of the Board and the President are ex-officio members of each committee.

The current members of the Board are listed below:

Senior Administration

Dr. Kathy Brittain Richardson, *President.* Dr. Kathy Brittain Richardson became Westminster College's 15th president on July 1, 2016. Before coming to Westminster College, Dr. Richardson was provost and professor of communication at Berry College, Mt. Berry, Georgia. She served as the chief academic officer, which included responsibility for working with six deans to coordinate management of the four academic schools and division of nursing and providing oversight to some 250 faculty and academic staff.

Previous administrative responsibilities included oversight of academic advising and the registrar's office, library, institutional research, enrollment management, faculty research and sponsored programs, academic technology, honors, international programs, and the offices of first-year experience and academic support. Dr. Richardson is also an accomplished academic and impactful teacher, receiving many accolades including top faculty teaching, scholarship and leadership awards.

A highly regarded scholar, Dr. Richardson co-authored *Media Ethics: Cases and Moral Reasoning*, which was published in its 10th Edition in September 2016, and *Applied Public Relations: Cases in Stakeholder Management*, now in its 3rd edition. Richardson has been editor of *Journalism and Communication Monographs* and was co-editor of the *National Forensic Journal*. She is a member of the editorial board of *Mass Communication & Society* and the *Journal of Media Ethics*. Dr. Richardson has published journal articles and book chapters in media ethics, product promotion, visual imagery, communication pedagogy and student-press regulation. In 2014, she was recognized as the Alumna Scholar of the Year by the Grady College of Journalism and Mass Communication of the University of Georgia.

Dr. Richardson is an active member of the Association for Education in Journalism and Mass Communication and has served as head of the Mass Communication and Society Division. In 2012, she received the Professor of the Year award from the Small Programs Division of AEJMC.

Dr. Richardson earned a Bachelor of Arts in Communication and Religion/Philosophy, *summa cum laude*, from Shorter College, a master's degree in journalism and a doctorate in mass communication from the Grady College of Journalism and Mass Communication at the University of Georgia. She completed additional graduate coursework in communication at the University of Oklahoma.

Dr. Richardson has served as an off-site reviewer for a number of institutions for the Southern Association of Colleges and Schools Commission on Colleges. She was a member of the onsite review teams for Flagler College, Milligan College, Southern Nazarene University, Charleston Southern University, and the University of Mary Hardin-Baylor.

Dr. Susanne Woods, *Interim Vice President for Academic Affairs and Dean of the College.* Dr. Susanne Woods is serving as Interim Vice President for Academic Affairs and Dean of the College during 2016-2017 to allow President Richardson time to select her own VPAA. Dr. Woods is Provost and Professor of English Emerita of Wheaton College in Massachusetts, and has served as Vice President of Academic Affairs at Franklin & Marshall College and Associate Dean of the Faculty at Brown University.

Dr. Woods was on the faculty of Brown University for twenty years, becoming a full professor before entering administration. She holds degrees in political science and English from U.C.L.A. and a Ph.D. in English and Comparative Literature from Columbia University in the City of New York, and has published books and articles on early modern English poetry, early women writers, and the poet John Milton. She continues as an active scholar and also serves as a Senior Advisor to the Council of Independent Colleges.

Dr. Woods has overseen five-year updates to Middle States for Franklin & Marshall College and to the New England Association of Schools and Colleges (NEASC) for Wheaton College in Massachusetts. In addition, she has served on NEASC re-accreditation teams for Tufts University, the College of Holy Cross, the Ecole Hoteliere de Lausanne, and was chair of the re-accreditation review of Colby Sawyer College in New Hampshire. She has also given presentations on behalf of NEASC to institutions with upcoming reviews.

Dr. Thomas Stein, *Vice President for Enrollment and Marketing.* Dr. Stein joined Westminster College in January of 2014 where he currently serves as the Vice President for Enrollment and Marketing. His 38 years of higher education experience includes enrollment management and marketing with extensive knowledge in admissions, financial aid leveraging, online and print advertising, branding and supervision of student affairs. Dr. Stein has been successful with enhancing enrollment operations at private comprehensive universities and private liberal arts colleges. He has served as the chief enrollment officer at five institutions in four states where he met or exceeded enrollment objectives each year. Dr. Stein has been involved nationally and regionally with NACAC, College Board, various ACAC's serving as a delegate, speaker, presenter, and officer. He has served as a SACS accreditation team member. His educational background includes a Ph.D. from the University of Toledo in Higher Education Administration and Leadership, Masters in Science from the University of Dayton, and Bachelor of Arts from Ohio Northern University in art education.

Matthew Stinson, ***Vice President for Institutional Advancement.*** Mr. Stinson joined Westminster College in June 2015 as the Vice President for Institutional Advancement. Mr. Stinson graduated from Mount Union College in Alliance, OH (1994) majoring in Computer Science with Honors. He attained his MBA from Jones International University (2005) with a focus on Entrepreneurship graduating Summa Cum Laude. He completed intensive training at William and Mary College National Planned Giving Institute (2005).

Early in his career Mr. Stinson spent eight years in various executive leadership roles at multiple computer technology start-up companies. His first experience with technology entrepreneurship resulted in an acquisition by Platinum Technology. Months later, Platinum Technology was acquired by Computer Associates for over $3 billion, the largest global software company acquisition in history at the time.

He returned to his alma mater in 2009 as Director of University Advancement. He led strategic fundraising team efforts resulting in an 18-month $25M cash campaign for the construction of a new Health Sciences facility and a renovated and expanded Performing Arts Center. The campaign leveraged a $13M estate gift and came immediately following an $85M comprehensive campaign that finished a year early exceeding the $80M goal.

Kenneth Romig, ***Vice President for Finance and Management Services.*** Mr. Romig has been Vice President for Finance and Management Services at Westminster College since May 2004. From 1999 to 2004, Mr. Romig was a Senior Vice President – Finance for Sky Bank, the largest subsidiary of Sky Financial Group, Inc. From 1989 to 1999, Mr. Romig was the Controller and later the Chief Financial Officer of First Western Bancorp, Inc. which was a $2.2 billion bank holding company that was headquartered in New Castle, Pennsylvania. Mr. Romig worked in the audit division of Arthur Andersen & Co. from 1985 to 1989. Mr. Romig earned a B.A. in Business Administration with a Concentration in Accounting from Westminster College in 1985. Mr. Romig is a Certified Public Accountant.

Dr. Neal Edman, ***Vice President for Student Affairs and Dean of Students.*** Dr. Edman has been with Westminster College since 1988. He served as Associate Dean of Students for seven years. In 1996 he was appointed Acting Dean of Student Affairs. The following year he was appointed Dean of Student Affairs. In 2009 he was appointed Vice President for Student Affairs and Dean of Students. From 1980 to 1984 he was employed by the Department of Residence Life at the University of Wisconsin - Oshkosh, first as Residence Director and for the remaining three years as Assistant Director of Residence Life. While pursuing his doctorate (1984 to 1988), Dr. Edman served as Assistant to the Director of the MBA Program at Indiana University, Bloomington, and later as a computer applications consultant for the Kent State University Health Center. In addition to holding an Ed.D. in Higher Education Administration from Indiana University, Bloomington (1998), Dr. Edman earned an M.S. in College Student Personnel Services from Indiana University, Bloomington (1980), and a B.A. in Communications Studies from SUNY - Oswego (1977).

Curriculum

Westminster College offers the following Majors, Minors, and Programs.

Majors

- Accounting
- Biochemistry
- Biology
- Broadcasting and Media Production
- Business Administration
- Chemistry
- Child and Family Studies*
- Communication Studies
- Computer Information Systems
- Computer Science
- Criminal Justice Studies
- Digital Journalism*
- Education
- Engineering Physics*
- English
- Environmental Science
- Financial Economics
- Fine Art
- History
- Human Resources Management
- International Business
- International Studies
- Marketing*
- Materials Science*
- Mathematics
- Molecular Biology
- Music
- Music Education
- Music Performance
- Neuroscience
- Nursing* (starting Fall 2017)
- Philosophy
- Physics
- Political Science
- Psychology
- Public Relations
- Religion
- Sociology
- Spanish
- Sports Management*
- Theatre

Pre-Professional Programs

- Dentistry
- Engineering
- Environmental Science
- Law
- Medicine
- Occupational Therapy
- Physical Therapy
- Physician Assistant
- Veterinary Medicine

Minors

- Accounting
- Astronomy
- Biology
- Broadcasting and Media Production
- Chemistry
- Childhood Development
- Communication Studies
- Computer Science
- Criminal Justice Studies
- Cultural Studies
- Economics
- Education
- English
- Environmental Studies
- Film Studies
- Fine Art
- French
- History
- Human Resources
- International Studies
- Legal Studies
- Marketing
- Mathematics
- Molecular Biology
- Music
- Peace Studies
- Philosophy
- Physics
- Political Science
- Psychology

* *Recently added programs.*

- Public Relations
- Religion
- Social Media
- Sociology
- Spanish
- Theatre
- Writing
- Special Education and Reading Specialist K-12 Graduate Program
- School Counselor (Elementary/Secondary) Graduate Program
- School Principal K-12 Graduate Program
- School Superintendent Graduate Program

Master in Education Programs

- Education Graduate Program

Faculty & Staff

As of fall 2016, the College had 91 full-time and 55 part-time faculty for a grand total of 146 faculty members. The student / faculty ratio is 10 to 1. Ninety-three percent of the full-time faculty hold a Doctorate or other terminal degree.

Enrollment

The following table shows the enrollment at the College for the years indicated.

	Fall 2012	**Fall 2013**	**Fall 2014**	**Fall 2015**	**Fall 2016**
Undergraduate					
Full-time	1,370	1,253	1,119	1,100	1,152
Part-time	10	15	12	4	11
Total	1,380	1,268	1,131	1,104	1,163
Graduate	39	42	153	177	83
Non-Traditional	43	39	31	28	17
Total Students	1,462	1,349	1,315	1,309	1,263
Total FTE Students	1,422	1,308	1,235	1,211	1,208

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

	Fall 2012	**Fall 2013**	**Fall 2014**	**Fall 2015**	**Fall 2016**
Applications	3,938	3,432	2,633	2,424	2,868
Acceptances	2,238	2,489	1,990	1,703	1,888
Selectivity Rate	56.8%	72.5%	75.6%	70.3%	65.8%
Matriculations	330	317	292	318	378
Matriculation Rate	14.7%	12.7%	14.7%	18.7%	20.0%

The following table shows the number of applications, acceptances, and deposits received from entering freshmen for Fall 2016 (as of January 4, 2016) and Fall 2017 (as of January 4, 2017).

	Fall 2016	**Fall 2017**
Applications	1,937	2,176
Acceptances	1,211	1,292
Deposits	19	30

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

	Fall 2012	**Fall 2013**	**Fall 2014**	**Fall 2015**	**Fall 2016**
SAT	1069	1036	1048	1055	1038
ACT	23	23	23	24	23

The following table shows the six-year graduation rates for undergraduates for the cohort years indicated.

	2006 Cohort	**2007 Cohort**	**2008 Cohort**	**2009 Cohort**	**2010 Cohort**
6-Year Graduation Rate	79%	74%	78%	76%	73%

The following table shows the retention rates for undergraduates for the cohort years indicated.

	2011 Cohort	**2012 Cohort**	**2013 Cohort**	**2014 Cohort**	**2015 Cohort**
Retention Rate	80%	85%	81%	82%	85%

Tuition, Fees, Room, & Board

The following table shows tuition, fees, room, and board rates for the academic years indicated.

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Tuition & Fees	$31,510	$32,445	$33,410	$34,105	$35,210
Room & Board	$9,570	$9,860	$10,160	$10,370	$10,690
Total	$41,080	$42,305	$43,570	$44,475	$45,900
% Increase	4.0%	3.0%	3.0%	2.1%	3.2%

Note: Fees shown above for 2016-2017 do not include one-time fees for new student orientation ($170) and lifetime transcripts ($50).

Student Financial Aid

The College provides financial assistance to students based on the student's academic ability and financial need. During fiscal year 2016, approximately 97% of the student body qualified for some form of financial aid and more than $33 million was awarded for student aid from all sources, including income from College endowed funds, direct gifts and grants, as well as federal and state programs. To recognize and encourage high school students who have excelled in their pre-college studies, Westminster College offers merit scholarships which are awarded whether or not a student has financial need. A student must be in good academic standing in order to receive College funded financial aid.

Peer Comparison – Tuition, Fees, Room, & Board

The following table lists the 2016-2017 tuition, fees, room, and board for the colleges and universities that, in the view of the administration of the College, primarily compete with the College for qualified students.

Institution	Tuition & Fees	Room & Board	Total
Washington & Jefferson College	$44,900	$11,854	$56,754
Allegheny College	$44,250	$11,170	$55,420
Duquesne University	$35,062	$11,760	$46,822
Mercyhurst University	$34,480	$11,624	$46,104
Westminster College	**$35,210**	**$10,690**	**$45,900**
Saint Vincent College	$33,814	$11,105	$44,919
Gannon University	$30,042	$11,990	$42,032
Thiel College	$29,740	$11,700	$41,440
Waynesburg University	$22,800	$9,490	$32,290
Grove City College	$16,630	$9,062	$25,692

Note: collegeboard.org

Fund-Raising Activities

The College's most recent campaign, "Ever Higher: The Campaign for Westminster College", raised a total of $52 million. The campaign ran from 2010 through 2015 and had an original goal of $40 million. Prior campaigns, "Shared Vision" (1998-2007) and "A Heritage for the Future" (1989-1997), each raised a total of $35 million.

The table below shows the annual giving as well as overall giving for the years indicated.

Fiscal Year	Annual Giving	Overall Giving
2005	$1.212 Million	$4.260 Million
2006	$1.365 Million	$5.083 Million
2007	$1.906 Million	$5.812 Million
2008	$1.428 Million	$5.689 Million
2009	$1.647 Million	$3.482 Million
2010	$1.438 Million	$4.193 Million
2011	$2.806 Million	$5.292 Million
2012	$1.606 Million	$7.264 Million
2013	$1.816 Million	$9.488 Million
2014	$1.676 Million	$5.009 Million
2015	$1.898 Million	$5.919 Million
2016	$1.510 Million	$4.911 Million

Financial Matters

The following summaries of financial matters should be read in conjunction with the 2016 and 2015 financial statements of the College, related notes, and independent auditors' report included as Appendix B to this Official Statement. The financial statements for the past five fiscal years have been audited by Schneider Downs & Co., Inc. In the opinion of College management, there has been no material adverse change in the financial condition of the College since June 30, 2016, the date of the last audited financial statements.

Westminster College
Consolidated Statements of Financial Position
For Years Ended June 30, 2012-2016

	2012	2013	2014	2015	2016
ASSETS					
Cash and cash equivalents	$ 12,665,227	$ 11,415,846	$ 11,498,469	$ 9,098,282	$ 6,087,643
Debt service fund cash	-	1,301,944	1,301,958	1,302,018	1,303,465
Notes, accounts receivable and loans, net	1,741,676	2,240,463	2,273,109	2,452,401	2,439,008
Notes, accounts receivable and loans to officers	53,066	177,822	53,468	145,794	27,645
Contributions receivable	1,884,279	977,851	1,073,541	691,263	514,671
Investments	88,325,566	101,996,176	115,208,578	115,597,076	110,199,405
Inventories	462,437	484,969	476,415	515,252	516,662
Prepaid expenses, deferred charges, and other	772,231	1,036,520	1,063,304	1,303,185	1,301,748
Land, buildings, and equipment, net	76,851,148	75,024,095	74,565,889	72,140,815	70,643,338
TOTAL ASSETS	$ 182,755,630	$ 194,655,686	$ 207,514,731	$ 203,246,086	$ 193,033,585
LIABILITIES					
Accounts payable and accrued liabilities	$ 1,321,873	$ 2,183,809	$ 2,354,674	$ 2,498,352	$ 2,054,858
Deferred revenue	2,837,471	2,519,214	2,640,974	2,550,631	2,262,651
Postretirement benefit obligation	6,902,837	6,626,284	7,031,588	7,424,476	7,516,166
Bonds payable	18,385,000	17,895,000	17,385,000	16,855,000	15,680,000
Capital leases	-	23,124	397,155	300,261	254,064
Annuities payable	417,352	367,843	363,178	245,553	262,334
Deposits held in custody for others	337,001	363,337	388,715	422,303	434,313
Government loan funds	2,272,925	2,242,513	2,225,103	2,210,076	2,200,805
TOTAL LIABILITIES	$ 32,474,459	$ 32,221,124	$ 32,786,387	$ 32,506,652	$ 30,665,191
NET ASSETS					
Unrestricted	$ 67,295,723	$ 71,369,892	$ 70,820,230	$ 67,431,136	$ 64,112,977
Temporarily Restricted	34,184,078	35,423,380	45,745,125	41,418,605	34,278,513
Permanently Restricted	48,801,370	55,641,290	58,162,989	61,889,693	63,976,904
TOTAL NET ASSETS	$ 150,281,171	$ 162,434,562	$ 174,728,344	$ 170,739,434	$ 162,368,394
TOTAL LIABILITIES AND NET ASSETS	$ 182,755,630	$ 194,655,686	$ 207,514,731	$ 203,246,086	$ 193,033,585

Westminster College
Consolidated Statements of Activities
For Years Ended June 30, 2012-2016

	2012	2013	2014	2015	2016
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT					
Education and general, net	$ 20,686,858	$ 19,528,192	$ 18,554,946	$ 16,828,136	$ 16,210,775
Auxiliary enterprises	11,597,532	10,850,610	10,120,572	9,515,733	9,906,074
Private gifts and grants	1,626,397	1,756,096	1,498,882	2,383,910	2,424,176
Investment income	3,930,336	3,913,044	4,658,317	5,118,520	5,556,882
Other investment income	51,712	14,227	2,497	40,405	11,252
Other	717,337	835,151	805,377	768,686	879,032
Government grants and contracts	637,724	604,146	560,562	522,493	536,263
Net assets released from restriction	208,137	5,143,102	719,290	1,055,238	1,166,435
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	39,456,033	42,644,568	36,920,443	36,233,121	36,690,889
UNRESTRICTED EXPENSES AND OTHER DEDUCTIONS					
Education and general					
Instruction	13,674,099	13,917,436	13,735,809	13,939,837	13,569,901
Academic support	5,511,230	5,133,141	5,267,654	4,911,518	5,024,852
Student services	7,724,641	7,939,693	7,893,234	7,767,386	8,353,404
Management and general	3,256,222	3,451,515	3,094,737	3,307,654	3,167,915
Fundraising	1,548,903	1,638,560	1,449,927	1,366,650	1,760,883
Auxiliary services	7,472,850	7,766,240	7,202,143	7,012,132	6,853,684
TOTAL OPERATING EXPENSES	39,187,945	39,846,585	38,643,504	38,305,177	38,730,639
INCOME (LOSS) FROM OPERATIONS	268,088	2,797,983	(1,723,061)	(2,072,056)	(2,039,750)
UNRESTRICTED NON-OPERATING INCOME (LOSS)					
Net realized / unrealized gains (losses) on investments, net	(1,349,061)	1,081,309	1,706,486	(537,645)	(1,163,478)
Loss on asset disposal	(7,516)	(7,896)	(2,574)	(307,944)	(33,589)
Changes in unrecognized post retirement benefit plan costs	(326,018)	202,773	(530,513)	(471,449)	(81,342)
TOTAL NON-OPERATING INCOME (LOSS)	(1,682,595)	1,276,186	1,173,399	(1,317,038)	(1,278,409)
CHANGES IN UNRESTRICTED NET ASSETS	(1,414,507)	4,074,169	(549,662)	(3,389,094)	(3,318,159)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	(4,533,633)	1,239,302	10,321,745	(4,326,520)	(7,140,092)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	4,518,829	6,839,920	2,521,699	3,726,704	2,087,211
NET ASSETS, BEGINNING	151,710,482	150,281,171	162,434,562	174,728,344	170,739,434
NET ASSETS, ENDING	$ 150,281,171	$ 162,434,562	$ 174,728,344	$ 170,739,434	$ 162,368,394

Investment Policy

The College follows a fairly conservative investment philosophy in the management of its endowment. The investment guidelines that are determined by the College's Board are as follows:

	High	Low
Equity Investments	65%	40%
Fixed Income Investments	20%	5%
Non-Traditional Investments	50%	5%
Cash & Equivalents	10%	0%

The College uses a 5% endowment spending rule based on a three-year average of quarter-end endowment values for its restricted endowments and a 7% endowment spending rule based on a three-year average of quarter-end endowment values for its unrestricted endowments.

Litigation

The College, 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 College, 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 College.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF WESTMINSTER COLLEGE FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

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WESTMINSTER COLLEGE
New Wilmington, Pennsylvania

Financial Statements
and
Supplemental Financial Information
For the years ended June 30, 2016 and 2015

and Independent Auditors' Report Thereon

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C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Westminster College
New Wilmington, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Westminster College (the College), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 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.

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Emphasis of Matter
As discussed in Note 7 to the financial statements, the College did not meet a certain debt covenant requirement for the year ended June 30, 2016 as required by the bond documents. Our opinion is not modified with respect to this matter.

Other Matters
Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
October 27, 2016

WESTMINSTER COLLEGE

STATEMENTS OF FINANCIAL POSITION

	June 30 2016	June 30 2015
ASSETS		
Cash and cash equivalents	$ 6,087,643	$ 9,098,282
Debt service fund cash	1,303,465	1,302,018
Notes, accounts receivable and loans, net of allowances approximating $268,000 and $265,900, respectively	2,439,008	2,452,401
Notes, accounts receivable and loans to officers and employees	27,645	145,794
Contributions receivable (Note 2)	514,671	691,263
Investments (Note 3)	110,199,405	115,597,076
Inventories	516,662	515,252
Prepaid expenses, deferred charges and miscellaneous expenses	1,301,748	1,303,185
Land, buildings and equipment, net (Note 4)	70,643,338	72,140,815
Total Assets	$193,033,585	$ 203,246,086
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	$ 2,054,858	$ 2,498,352
Deferred revenue	2,262,651	2,550,631
Postretirement benefit obligation (Note 6)	7,516,166	7,424,476
Bonds payable (Note 7)	15,680,000	16,855,000
Capital leases	254,064	300,261
Annuities payable	262,334	245,553
Deposits held in custody for others	434,313	422,303
Government loan funds	2,200,805	2,210,076
Total Liabilities	30,665,191	32,506,652
Net assets (Notes 1 and 8)		
Unrestricted	64,112,977	67,431,136
Temporarily restricted	34,278,513	41,418,605
Permanently restricted	63,976,904	61,889,693
Total Net Assets	162,368,394	170,739,434
Total Liabilities And Net Assets	$193,033,585	$ 203,246,086

See accompanying notes to financial statements.

WESTMINSTER COLLEGE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT								
Educational and general, net (Note 10)	$ 16,210,775	-	-	$ 16,210,775	$ 16,828,136	-	-	$ 16,828,136
Auxiliary enterprises	9,906,074	-	-	9,906,074	9,515,733	-	-	9,515,733
Private gifts and grants	2,424,176	$ 378,752	$ 2,076,033	4,878,961	2,383,910	$ 196,368	$ 3,016,204	5,596,482
Investment income	5,556,882	15,116	-	5,571,998	5,118,520	13,109	-	5,131,629
Other investment income	11,252	-	-	11,252	40,405	1,657	-	42,062
Other	879,032	7,355	10,385	896,772	768,686	11,347	22,910	802,943
Government grants and contracts	536,263	380,947	-	917,210	522,493	205,129	-	727,622
	35,524,454	782,170	2,086,418	38,393,042	35,177,883	427,610	3,039,114	38,644,607
Net assets released from restriction (Note 9)	1,166,435	(1,517,002)	350,567	-	1,055,238	(1,852,075)	796,837	-
Total Revenues, Gains And Other Support	36,690,889	(734,832)	2,436,985	38,393,042	36,233,121	(1,424,465)	3,835,951	38,644,607
EXPENSES								
Education and general:								
Instruction	13,569,901	-	-	13,569,901	13,939,837	-	-	13,939,837
Academic support	5,024,852	-	-	5,024,852	4,911,518	-	-	4,911,518
Student services	8,353,404	-	-	8,353,404	7,767,386	-	-	7,767,386
Management and general	3,167,915	-	-	3,167,915	3,307,654	-	-	3,307,654
Fundraising	1,760,883	-	-	1,760,883	1,366,650	-	-	1,366,650
Auxiliary services	6,853,684	-	-	6,853,684	7,012,132	-	-	7,012,132
Total Expenses	38,730,639	-	-	38,730,639	38,305,177	-	-	38,305,177
Changes In Net Assets Before Changes In Other Activities	(2,039,750)	(734,832)	2,436,985	(337,597)	(2,072,056)	(1,424,465)	3,835,951	339,430
OTHER ACTIVITIES								
Net realized and unrealized losses on investments, net of amounts designated to investment income	(1,163,478)	(6,405,260)	(349,774)	(7,918,512)	(537,645)	(2,902,055)	(109,247)	(3,548,947)
Loss on asset disposal	(33,589)	-	-	(33,589)	(307,944)	-	-	(307,944)
Changes in unrecognized post retirement benefit plan costs	(81,342)	-	-	(81,342)	(471,449)	-	-	(471,449)
Total Other Activities	(1,278,409)	(6,405,260)	(349,774)	(8,033,443)	(1,317,038)	(2,902,055)	(109,247)	(4,328,340)
Total Changes In Net Assets	(3,318,159)	(7,140,092)	2,087,211	(8,371,040)	(3,389,094)	(4,326,520)	3,726,704	(3,988,910)
NET ASSETS								
Beginning of year	67,431,136	41,418,605	61,889,693	170,739,434	70,820,230	45,745,125	58,162,989	174,728,344
End of year	$ 64,112,977	$ 34,278,513	$ 63,976,904	$ 162,368,394	$ 67,431,136	$ 41,418,605	$ 61,889,693	$ 170,739,434

See accompanying notes to financial statements.

WESTMINSTER COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (8,371,040)	$ (3,988,910)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	2,642,392	2,622,330
Prepaid health insurance claims	10,348	(78,561)
Unrecognized postretirement benefit plan costs	81,342	471,449
Loss on asset disposal, net	33,589	307,944
Unrealized loss on long-term investments, net	4,743,500	1,778,439
Realized loss on long-term investments, net	3,175,012	1,770,508
Contributions restricted for long-term investment	(2,369,044)	(3,592,640)
Changes in assets and liabilities:		
Notes, accounts receivable and loans	13,393	(179,292)
Inventories	(1,410)	(38,837)
Notes, accounts receivable and loans to officers and employees	118,149	(92,326)
Contributions receivable	176,592	382,278
Prepaid expenses, deferred charges and miscellaneous expenses	(28,286)	(205,755)
Accounts payable and accrued liabilities	(454,994)	121,578
Conditional environmental remediation obligation	11,500	22,100
Deferred revenue	(287,980)	(90,343)
Deposits held in custody for others	12,010	33,588
Net Cash Used In Operating Activities	(494,927)	(756,450)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in debt service fund cash, net	(1,447)	(60)
Purchases of land, buildings and equipment	(1,114,477)	(518,969)
Net change in surrender value of life insurance policies	29,723	(34,126)
Proceeds from sale of investments	16,301,649	14,221,794
Purchase of investments	(18,822,490)	(18,145,470)
Net Cash Used In Investing Activities	(3,607,042)	(4,476,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for:		
Investment in endowment	2,086,568	3,375,416
Investment in land, buildings and equipment	282,476	217,224
Investment income on annuities payable	66,964	(59,613)
Payments on bonds payable	(1,175,000)	(530,000)
Payments on capital lease obligations	(110,224)	(96,894)
Borrowings in government loan funds	347,795	394,780
Payments from government loan funds	(357,066)	(409,807)
Payments on annuities payable	(50,183)	(58,012)
Net Cash Provided By Financing Activities	1,091,330	2,833,094
Net Decrease In Cash And Cash Equivalents	(3,010,639)	(2,400,187)
CASH AND CASH EQUIVALENTS		
Beginning of year	9,098,282	11,498,469
End of year	$ 6,087,643	$ 9,098,282
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 757,295	$ 780,454

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

During 2016, the College entered into a capital lease to finance the purchase of equipment approximating $64,900.

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Westminster College (College) is a private not-for-profit educational institution.

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

a. Basis of Accounting - The financial statements of the College are prepared using the accrual method of accounting in accordance with generally accepted accounting principles generally accepted in the United States of America.

b. Net Assets - The College classifies and reports net assets, revenues (including gifts and pledges) and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

   Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

   Temporarily Restricted Net Assets - Net assets for which donor-imposed time or purpose restrictions have not yet been met.

   Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the College and only certain income be made available for program operations in accordance with donor restrictions. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes. They also include gifts that have been donor-stipulated where the investment income may be used to provide loans to students and capital gains on trust funds.

   Revenues from sources other than contributions and certain grants are reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Contributions with donor-imposed restrictions that are met in the same year as received or earned are reported as unrestricted revenues. At times, the College receives donor-imposed restricted contributions whereby the donor stipulates that the specific purpose will be made known to the College at a later date. The College initially records these contributions as temporarily restricted net assets and later reclassifies through net assets released from restriction on the statements of activities and changes in net assets. In addition, at times, the College may receive notice from a donor that the donor wishes to change a restricted purpose. The College reclassifies these funds accordingly. During 2016 and 2015, temporarily restricted net assets reclassified to permanently restricted net assets were $350,567 and $796,837, respectively, as a result of donor indicated changes.

   Commonwealth of Pennsylvania law permits the College to allocate to income each year a portion of permanent endowment net realized gains under an endowment spending policy, limited to 7% of the trailing three-year average of the market value of the endowment assets. Since endowment net realized and unrealized gains may eventually be spent by the College, endowment net realized and unrealized gains are recorded in the financial statements as temporarily restricted net assets until transferred to unrestricted net assets (See Note 14.)

c. Expenses - The financial statements present expenses in accordance with the overall mission of the College displayed within their functional classifications.

d. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the administration to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Cash Equivalents - Cash equivalents include all highly liquid investments with original maturities of less than one year. The College maintains, at various financial institutions, cash that may exceed federally insured amounts at times.

f. Debt Service Fund Cash - The College's debt service fund includes cash and cash equivalents set aside to meet the debt service obligations as required by its College Revenue Bonds Series 2007 (2007 Bonds).

g. Student Receivables - Student receivables, recorded as a component of notes, accounts receivable and loans, are reported at their outstanding principal adjusted for any charge-offs and net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on the College's historical experience, adverse situations that may affect the borrower's ability to repay, and current economic conditions. The student receivable balances approximated $541,500 and $632,900 as of June 30, 2016 and 2015, respectively, and management has recorded an allowance of approximately $268,100 and $265,900 as of June 30, 2016 and 2015, respectively.

h. Contributions Receivable - Contributions, including unconditional promises to give, are recognized in the period received. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

i. Investments - Debt and equity securities with readily determinable market values are recorded at fair value with both realized and unrealized gains and losses reported in the statements of activities and changes in net assets. Due to the level of risk associated with certain investment securities, changes in values of investment securities will 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.

   Alternative investments, which are not readily marketable, are carried at Net Asset Value (NAV) as provided by the investment managers. NAV is assessed by administration to approximate fair value. The College reviews and evaluates the values and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Due to the level of risk associated with certain investment securities, changes in values of investment securities will 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. Such investments are, by their nature, generally considered to be long-term investments and are not intended to be liquidated on a short-term basis.

j. Inventories - Inventories are priced at the lower of cost or market value on the first-in, first-out method (FIFO).

k. Land, Buildings and Equipment - Land, buildings and equipment are stated at cost, less accumulated depreciation, computed on a straight-line basis over estimated useful lives as follows:

	Estimated Useful Lives
Buildings	30-100 years
Land improvements	15-30 years
Equipment	3-15 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in land, buildings and equipment categorized as construction-in-progress is not depreciated until placed in service. Repairs, maintenance and minor replacement of existing facilities are charged to expense as incurred.

The College reviews the carrying amount of land, buildings 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. There were no impairment losses recorded for the years ended June 30, 2016 and 2015.

l. Collections - The College owns a number of pieces of art and historic treasures, none of which are recorded in the financial statements. These items have been given to the College over a number of years, are generally displayed in various locations around campus and are insured.

m. Deferred Revenue - Deferred revenue primarily represents amounts for tuition and food service facilities received in advance of the periods to which they relate.

n. Government Loan Funds - The College administers several federally funded loan programs for the benefit of its students. This liability represents the amount that must be returned to the federal government upon termination of the program.

o. Income Tax - The College is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The College accounts for income taxes under the Income Taxes topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This topic prescribes a recognition threshold and measurement principles for financial statements disclosure of tax positions taken or expected to be taken on a tax return. The College has assessed the tax positions it has taken or expects to take in its tax returns, and no liability has been recorded for uncertain tax positions; further, the College has no unrecognized tax benefits. The College is no longer subject to examination of its tax returns for years before 2013.

p. Conditional Asset Retirement Obligations - The College accounts for conditional asset retirement obligations in accordance with the provisions of FASB ASC Topic 410, Asset Retirement and Environmental Obligations, which requires an entity to recognize a liability for the fair value of a conditional asset obligation if the fair value of the liability can be estimated. (See Note 11.)

q. Fair Value Measurement - The following methods and assumptions were used to determine the fair value of each class of financial instruments for which it is practical to estimate that value in accordance with the provisions of the FASB ASC Topic 860, Fair Value Measurements and Disclosures:

Cash and Cash Equivalents and Pledge Receivable - The carrying amount approximates fair value due to the short maturity of these instruments.

Long-Term Debt - The fair value of long-term debt was determined using current yield curves for bonds with similar characteristics.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with FASB ASC Topic 860, Fair Value Measurements and Disclosures, the College classified its investments into a hierarchical disclosure framework as follows:

Level 1 - Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 - Securities not traded on an active market but for which observable market inputs for similar assets in active markets are readily available or Level 1 securities where there is a contractual restriction as of the reporting date.

Level 3 - Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The College uses appropriate valuation techniques based on the best available inputs to measure the fair values of its assets and liabilities. When available, the College measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

r. 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 of which the financial statements were available to be issued.

s. Recent Accounting Pronouncements - In April 2015, the FASB issued Accounting Standards Update (ASU) 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03). The guidance requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the debt liability. The recognition and measurement for debt issuance costs arc not affected and will continue to be recognized over the life of the debt instrument. The guidance is effective for fiscal years beginning after December 15, 2015 and interim periods therein. The guidance is to be applied retrospectively, with early application permitted. The College is currently evaluating the impact this standard will have on its financial statements.

In May 2015, the FASB issued ASU 2015-07 Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This ASU 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. The ASU 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. This ASU is effective for nonpublic entities for fiscal years beginning after December 15, 2015. A reporting entity should apply amendments retrospectively to all periods presented. Early application is permitted. The College has adopted this ASU in its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842). The amendments in ASU 2016-02 create Topic 842 Leases and supersede the leases requirements in Topic 840 Leases. Topic 842 specifies the accounting for leases. ASU 2016-02 affects every organization that leases assets (Lessee). The lessee will be required to recognize on its balance sheet a right-of-use asset and a lease liability for all leases in which the lease term exceeds one year. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Early application is permitted for all organizations. The College is currently assessing the impact this ASU will have on its financial statements.

In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities and issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This new ASU 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.

- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 Organization is currently evaluating the impact this standard will have on its financial statements.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give at June 30, along with the expected maturity of gifts, are as follows:

Contribution Expected In	2016	2015
Less than one year	$ 228,293	$ 319,075
One to five years	322,112	405,585
More than five years	-	11,000
	550,405	735,660
Less - Discount	35,734	44,397
Present value of contributions receivable	$ 514,671	$ 691,263

These unconditional promises to give are generally restricted in nature. The discounts on those amounts are computed using a discount rate of 3%. Amortization of the discounts is included in contribution revenue.

The administration of the College has performed an analysis as to the collectability to these pledges and concluded that the risk of not collecting individual pledges is insignificant to the financial statements taken as a whole; therefore, no provision for uncollectible pledges has been recorded.

At June 30, 2016, the College has received “indications to give” amounting to approximately $35.6 million (unaudited). These indications consist primarily of bequest intentions and life insurance policies, which are generally restricted for specific purposes. None of these “indications to give” have been recorded in the College’s financial statements.

NOTE 3 - INVESTMENTS

The cost and market value of the College's endowment and annuity fund investments at June 30 are as follows:

	2016		2015	
	Cost	Market	Cost	Market
Endowment and similar funds:				
Short-term investments	$ 1,539,568	$ 1,539,568	$ 521,282	$ 521,282
Fixed income	7,348,543	7,479,874	9,614,595	9,622,615
Commingled funds	17,979,446	19,491,202	17,819,227	18,734,799
Equities	68,604,389	81,619,875	68,226,047	86,633,924
	95,471,946	110,130,519	96,181,151	115,512,620
Annuity and life income trust funds:				
Short-term investments	21,330	21,330	35,416	35,416
Fixed income	48,320	47,556	49,842	49,040
	69,650	68,886	85,258	84,456
	$ 95,541,596	$ 110,199,405	$ 96,266,409	$ 115,597,076

The College uses two investment managers to manage its endowment funds. In addition, the investment balance includes the College's portion of trust assets managed by others. The market value of trust assets managed by others is $7,725,631 and $8,193,199 at June 30, 2016 and 2015, respectively.

The College endowment and annuity funds had income yields for the years ended June 30 as follows:

	2016	2015
Interest and dividends	1.48%	0.15%

Net market depreciation realized and unrealized, as a percentage of average cost of investments held, was 8.92% and 0.42% for the years ended June 30, 2016 and 2015, respectively.

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment, at cost, at June 30 are as follows:

	2016	2015
Land	$ 302,700	$ 302,700
Land improvements	5,467,773	5,467,773
Buildings	84,786,582	84,701,052
Equipment	11,550,256	11,423,118
	102,107,311	101,894,643
Less - Accumulated depreciation	32,730,539	30,659,374
	69,376,772	71,235,269
Construction in progress	1,266,566	905,546
	$ 70,643,338	$ 72,140,815

NOTE 5 - PENSION PLANS

The College's employees are eligible participants in the Westminster College Defined Contribution Retirement Plan (Plan), which is a contributory plan. Maximum employee contributions are determined on an individual basis as established by law. The College provides a 7.5% employer match for those participants who contribute 5% or more. The total expense to the College was approximately $824,300 and $829,000 for the years ended June 30, 2016 and 2015, respectively.

The College also sponsors deferred compensation plans in accordance with Sections 457(b) and 457(f) of the IRC. Benefits are payable under these plans equal to the fair value of the underlying investments. Amounts payable under these plans and the related fair value of assets held by the College are approximately $418,600 and $356,400 as of June 30, 2016 and 2015, respectively. Amounts are included as components of accounts payable and accrued expenses and prepaid expenses, deferred charges and miscellaneous expenses in the accompanying statements of financial position.

NOTE 6 - POSTRETIREMENT BENEFIT OBLIGATION

The College provides, upon retirement, group health and life insurance benefits to certain full-time employees hired before July 1, 1996. Health insurance is provided through a fully insured plan and group life insurance through a term plan. Insurance premiums are paid monthly as billed by the insurance provider, and there is no pre-funding.

Provisions of the health insurance plan require that retirees participating in the health insurance plan pay 50% or 100% of the health insurance premium cost, depending upon years of service. Eligible active employees who participate in the health insurance plan contribute 30% of the health issuance premium cost. The group health plan pays health-related expenses of covered procedures and items. The group life insurance plan provides a death benefit of $3,000 to beneficiaries of retirees with 15 years or more of service. Eligible retirees pay no portion of the premium cost for the life insurance.

A reconciliation of the accumulated postretirement benefit obligation at June 30 is a follows:

	2016	2015
Accrued postretirement benefit obligation as of July 1	$ 7,424,476	$ 7,031,588
Net periodic postretirement benefit cost for the year	305,630	219,412
Net contributions (e.g., benefit payments) made during the year	(295,282)	(297,973)
	7,434,824	6,953,027
Changes in unrecognized postretirement benefit plan costs	81,342	471,449
Accrued postretirement benefit obligation at June 30	$ 7,516,166	$ 7,424,476

The discount rate used in determining the accrued postretirement benefit obligation was 3.50% and 4.30% at June 30, 2016 and 2015, respectively.

NOTE 6 - POSTRETIREMENT BENEFIT OBLIGATION (Continued)

The components of the net periodic postretirement benefit cost for the years ended June 30 are as follows:

	2016	2015
Service cost - benefits earned during the year	$ 16,139	$ 32,556
Interest cost on projected benefits	311,715	284,750
Amortization of prior service cost	(22,224)	(85,714)
Amortization of gain	-	(12,180)
Net periodic postretirement benefit cost	$ 305,630	$ 219,412

The discount rate used in determining the net periodic postretirement benefit cost was 4.30% and 4.15% for the years ended June 30, 2016 and 2015, respectively.

The following benefits, which reflect expected future service, are expected to be paid:

Year Ending June 30	Amount
2017	$ 304,483
2018	321,573
2019	337,443
2020	348,715
2021	358,782
2022-2026	1,938,145

The status of the health and life insurance benefit obligations reconciled with the College's financial statements at June 30 is as follows:

	2016	2015
Retirees	$ 4,460,794	$ 4,491,100
Fully eligible active plan participants	2,740,523	2,589,847
Other active plan participants	314,849	343,529
Accumulated postretirement benefit obligation	$ 7,516,166	$ 7,424,476

The cost sensitivity to a 1% increase in the healthcare cost trend rates for the year ended June 30, 2016 would result in a $1,007,166 increase in the accumulated postretirement benefit obligation valuation as of June 30, 2016 and would also result in a $46,883 increase in the aggregate net periodic postretirement benefit.

Trends in the per capita claim cost were assumed to start at 7% and grade down to 4.5% on a linear basis through the year 2025. The trend is then expected to remain at that level into the future.

NOTE 7 - BONDS PAYABLE

On June 27, 2007, New Wilmington Municipal Authority (Authority) issued $17,090,000 aggregate principal of its 2007 Bonds on behalf of the College. The proceeds of the 2007 Bonds were used by the College to repay the 1998 College Revenue Bonds and outstanding notes payable, fund a debt service reserve, pay the costs of issuance and finance certain capital projects. The 2007 Bonds bear interest at rates ranging from 4.00% to 4.75%. Principal payments are required on May 1 of each year. The 2007 Bonds are fully insured. In 2016 and 2015, principal payments were $445,000 and $420,000, respectively. Deferred financing costs approximating $298,600 are included as a component of prepaid expenses, deferred charges and miscellaneous expenses in the accompanying statements of financial position and are being amortized over the life of the bond agreement.

The bond documents require that the College establish, charge and collect tuition, student fees and charges for services such that net revenue available for debt service will equal or exceed 110% of the debt service requirement for the year. For the year ended June 30, 2016, the College's net revenue available for debt service was 95% of the debt service requirement for the fiscal year, which is below the stipulated requirement. The College is currently negotiating resolution of this matter with the bond insurer and expects to receive a waiver of the bond covenant violation.

Scheduled principal repayments on the 2007 Bonds for the fiscal years ending June 30 are as follows:

Year Ending June 30	2007 Bonds Amount
2017	$ 460,000
2018	480,000
2019	505,000
2020	525,000
2021	555,000
Thereafter	11,295,000
	$ 13,820,000

On April 28, 2011, the Authority issued $3,000,000 aggregate principal of its Westminster College Revenue Note, Series of 2011 (2011 Note) on behalf of the College. The proceeds of the 2011 Note were used by the College to partially fund the construction of a student housing project and to pay the costs of issuance. As collateral on the Note, the College has granted Authority a lien on and a security interest in its pledged revenues sufficient to cover any default amounts. The 2011 Note bears interest at a variable rate based on 30-day LIBOR (0.45% at June 30, 2016). Principal and interest payments are required semiannually with the final payment due on May 1, 2021. Deferred financing costs approximating $13,900 are included in the accompanying statement of financial position and are being amortized over the life of the bond agreement.

NOTE 7 - BONDS PAYABLE (Continued)

Scheduled principal repayments are as follows:

Year Ending June 30	2011 Note Amount
2017	$ 130,000
2018	130,000
2019	150,000
2020	600,000
2021	700,000
Thereafter	150,000
	$ 1,860,000

NOTE 8 - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted assets at June 30 consist of capital gains and gifts, which are available for the following purposes or in future periods:

	2016	2015
Net investment income, restricted	$ 28,631,161	$ 34,894,562
Available for specific purpose	2,086,979	2,086,979
Purchase of land, buildings and equipment	241,449	284,040
Contributions receivable	414,670	547,286
Annuity and life income funds	402,850	456,031
Life insurance policies	86,810	116,531
Restricted for academic support	660,365	1,256,117
Restricted for student services	25,651	27,461
Restricted for fundraising	44,930	39,127
Restricted for scholarship	82,789	63,597
Restricted for auxiliary services	9,870	3,320
Restricted for management and general	46,961	27,505
	32,734,485	39,802,556
Term endowment	1,544,028	1,616,049
	$ 34,278,513	$ 41,418,605

NOTE 8 - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES (Continued)

Permanently restricted assets are assets restricted to investment for perpetuity, the income from which is expendable to support the following:

	2016	2015
Scholarships	$ 43,198,595	$ 42,061,183
Instruction	7,548,941	7,427,781
Academic support	3,296,460	2,337,943
Student services	840,554	853,409
Management and general	50,000	50,000
Auxiliary services	589,241	589,241
Student loans	266,524	266,524
Any program of the institution	8,186,589	8,303,612
	$ 63,976,904	$ 61,889,693

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTION

During the years ended June 30, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes, by occurrence of other events specified by donors, or the passage of time. The details are as follows:

	2016	2015
Purpose restrictions accomplished:		
Instructional activities	$ 114,500	$ 581,564
Academic support activities	241,049	406,984
Student service activities	11,675	104,284
Fundraising activities	1,995	696,857
Management and general activities	602,267	5,380
Scholarship	332,410	77,750
Auxiliary activities	18,369	20,610
	1,322,265	1,893,429
Net assets released for land, buildings and equipment, net	194,737	(151,370)
	1,517,002	1,742,059
Time restrictions expired:		
Matured annuities	-	110,016
Temporarily restricted net assets released from restrictions	1,517,002	1,852,075
Permanently restricted net asset changes (See Note 1)	(350,567)	(796,837)
	$ 1,166,435	$ 1,055,238

NOTE 10 - EDUCATIONAL AND GENERAL NET REVENUE

Educational and general net revenue as of June 30 consists of the following:

	2016	2015
Educational and general gross revenue	$ 37,968,319	$ 37,327,934
Less:		
Unfunded scholarships	(18,274,927)	(17,310,688)
Funded scholarships and grants	(3,482,617)	(3,189,110)
	$ 16,210,775	$ 16,828,136

NOTE 11 - CONDITIONAL ASSET RETIREMENT OBLIGATIONS

FASB ASC Topic 410, Asset Retirement and Environmental Obligations, requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be estimated.

The College is planning on making substantial renovations to certain buildings on campus during the next decade, which will necessitate the abatement of some amounts of asbestos-containing materials. The College has established a conditional asset retirement obligation of $823,600 and $812,100 (included in accrued liabilities and capitalized) as of June 30, 2016 and 2015, respectively, based on the current estimate of the scope of the asbestos abatement that will be required during the remaining planned renovations. The actual costs for the abatement could vary from this estimate.

The College has asbestos-containing materials in certain other buildings on campus. The College does not have any plans to renovate or demolish these buildings, except as discussed above, which may necessitate the abatement of the asbestos-containing materials.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The College has natural gas supply contracts that are in effect through December 2018. The College fixes the price per dekatherm (Dth) of its purchase commitment for certain periods.

Amounts received and expended by the College under various federal and state programs are subject to adjustment based upon review by the granting agencies. The College does not anticipate that adjustments, if any, arising from such reviews will have a material effect on the financial statements.

NOTE 13 - LEASES

The Company leases certain equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included as land, buildings, and equipment and was approximately $558,000 and $494,000 at June 30, 2016 and 2015, respectively. Accumulated amortization of the leased equipment at June 30, 2016 and June 30, 2015 was approximately $194,300 and $122,800, respectively. Amortization of assets under capital leases is included in depreciation expense.

NOTE 13 - LEASES (Continued)

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2016 are as follows:

Year Ending June 30		Amount
2017	$	114,046
2018		113,252
2019		12,974
2020		13,147
		253,419
Less: Amount representing interest		(12,390)
Present value of net minimum lease payments		241,029
Amortization of issuance costs		(279)
Long-term capital lease obligations	$	240,750

The College also has operating leases for vehicles and office equipment. The future lease payments are as follows:

Year Ending June 30		Amount
2017	$	181,747
2018		149,273
2019		128,502
2020		72,375
2021		57,513
	$	589,410

Lease expense approximated $172,100 and $177,700 for the years ended June 30, 2016 and 2015, respectively.

NOTE 14 - ENDOWMENT

The College's endowment consists of various investment funds established for support of the College's mission. Its endowment includes donor-restricted endowment funds, and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141). Act 141 is a total return policy that allows a nonprofit entity to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. However, the long-term preservation of the real value of the assets must be taken into consideration when the Board elects a spending rate. On an annual basis, the Board of Trustees must elect, in writing, a spending rate of between 2% and 7%. For the years ended June 30, 2016 and 2015, the College utilized a 5% spending rate on restricted endowment assets and a 7% spending rate on unrestricted endowment assets, based on a three-year moving average of historical end-of-quarter endowment market values. The last quarter used to determine the transfer for the fiscal year ended June 30, 2016 was the quarter ended December 31, 2014.

NOTE 14 - ENDOWMENT (Continued)

The College classifies as permanently restricted net assets the original value of gifts donated to the endowment and the original value of subsequent gifts to the endowment. The undistributed amounts earned are included in unrestricted net assets. In accordance with Act 141, the College has adopted a written investment policy, of which a section specifically relates to the endowment. The College considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund
2. Preserving the spending power of the assets
3. Obtaining maximum investment return with reasonable risk and operational consideration
4. Complying with applicable laws

Endowment funds are composed of the following net assets as of June 30, 2016 and 2015, respectively:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2016	$ 13,529,146	$ 32,665,017	$ 63,710,380	$ 109,904,543
June 30, 2015	$ 14,688,720	$ 39,053,620	$ 61,623,168	$ 115,365,508

The following represents the change in endowment funds by net asset type for the years ended June 30:

	2016			
	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets				
Beginning of year	$ 14,688,720	$ 39,053,620	$ 61,623,168	$ 115,365,508
Investment return:				
Investment income	421,243	984,350	-	1,405,593
Realized depreciation, net	(641,253)	(3,670,580)	(373,205)	(4,685,038)
Unrealized appreciation, net	104,572	579,709	23,430	707,711
	14,573,282	36,947,099	61,273,393	112,793,774
Contributions & other income	150	15,341	2,086,420	2,101,911
Net assets released to satisfy spending policy	(1,044,286)	(4,297,423)	-	(5,341,709)
	13,529,146	32,665,017	63,359,813	109,553,976
Transfers	-	-	350,567	350,567
End of year	$ 13,529,146	$ 32,665,017	$ 63,710,380	$ 109,904,543

NOTE 14 - ENDOWMENT (Continued)

	2015			
	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets				
Beginning of year	$ 14,862,829	$ 42,065,691	$ 57,896,465	$ 114,824,985
Investment return:				
Investment income	468,595	1,045,130	-	1,513,725
Realized appreciation, net	230,703	1,332,150	42,175	1,605,028
Unrealized depreciation, net	(232,538)	(1,425,328)	(151,423)	(1,809,289)
	15,329,589	43,017,643	57,787,217	116,134,449
Contributions & other income	336,302	-	3,039,114	3,375,416
Net assets released to satisfy spending policy	(1,017,171)	(3,844,884)	-	(4,862,055)
	14,648,720	39,172,759	60,826,331	114,647,810
Transfers	40,000	(119,139)	796,837	717,698
End of year	$ 14,688,720	$ 39,053,620	$ 61,623,168	$ 115,365,508

Return Objectives and Risk Parameters - The College has adopted investment and spending policies for endowment assets that attempt to provide a reasonable stream of funding to programs supported by its endowment while seeking to enhance the purchasing power of the endowment assets through long-term growth. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that achieves its objective to attain a total return (yield plus capital appreciation) adequate to at least preserve the fund's value in real (i.e., inflation-adjusted) terms while providing a dependable source of income for the College for current operations.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the College 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 College targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment managers, at the discretion of the Board of Trustees, are given guidelines as to the percentage range that can be committed to a particular investment category.

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141, the College transferred 7% of the Board-designated unrestricted endowment and 5% of the restricted endowment based on a three-year moving average of historical end-of-quarter endowment market values, to unrestricted net assets, for use in current and future operations in 2016 and 2015. In 2016 and 2015, the spendable return totaled $5,341,709 and $4,862,055, respectively. Certain assets within the endowment are not subject to the spending policy due to donor imposed restrictions. As of June 30, 2016 and 2015, approximately $2,220,000 and $2,260,000, respectively, of permanently restricted assets were excluded from the spendable return calculation. The College believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity.

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The College's financial instruments consist primarily of cash and cash equivalents, accounts receivable, pledges receivable, investments, accounts payable and notes payable, and bonds payable.

The carrying amount of cash and cash equivalents, accounts receivable, pledges receivable, and accounts payable approximates their fair value due to the short-term nature of such instruments.

The valuation of the College's investments at June 30, according to the fair value hierarchy is summarized as follows:

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Short-term investments	$ 1,560,898	-	-	$ 1,560,898
Equities	40,340,821	-	-	40,340,821
Fixed income	2,472,753	-	-	2,472,753
Total investments in the fair value hierarchy	$ 44,374,472	-	-	44,374,472
Assets measured at NAV (a)				65,824,933
Total fair value of assets				$ 110,199,405
Liabilities:				
Annuities payable	-	$ (262,334)	-	$ (262,334)

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Short-term investments	$ 556,698	-	-	$ 556,698
Equities	40,109,275	-	-	40,109,275
Fixed income	2,559,913	-	-	2,559,913
Total investments in the fair value hierarchy	$ 43,225,886	-	-	43,225,886
Assets measured at NAV (a)				72,371,190
Total fair value of assets				$ 115,597,076
Liabilities:				
Annuities payable	-	$ (245,553)	-	$ (245,553)

(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 this table are intended to permit reconciliation of the fair value hierarchy to the total investments in the financial statements.

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The fair value of the College's bonds payable, utilizing estimated yield curves to approximate market conditions, is $16,075,518 and $17,350,451 at June 30, 2016 and 2015, respectively.

For certain assets measured at NAV, the asset manager offers multi-fund pools that are commonly referred to as fund of funds, or commingled funds. Each underlying fund used by the asset manager is required to annually present audited financial statements. For the most part, these funds invest in marketable securities that trade in well-established and highly liquid markets (stocks, bonds, futures, options, etc.). In order to limit potential problems from pricing securities in their portfolios, most funds utilize independent fund administrators who obtain position prices from independent pricing services.

Some of the assets measured at NAV include investments in limited partnerships, which require significant judgment due to the absence of quoted market prices, an inherent lack of liquidity, and heavy reliance of unobservable inputs. The funds that 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 to estimate 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 or 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.

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

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equities (a)	$ 41,279,054	-	Monthly - Quarterly	5 - 95 Days
Fixed income (b)	5,054,677	-	Daily - Monthly	2 - 5 Days
Other investments (c)	19,491,202	$ 7,267,072	Daily - Semi-Annually	1 - 95 Days
	$ 65,824,933	$ 7,267,072		

(a) The equity strategy focuses on active asset allocation across a broad spectrum of equity categories and the careful selection of talented managers within these categories. Using a multi-manager approach, the equity strategies allocate assets to managers (or in the case of an outsourcing portfolio, funds of fund managers).

(b) The fixed-income strategies employ an active and dynamic investment style that seeks to combine various skilled managers and qualitative and quantitative fixed-income strategies to produce a portfolio with a desired risk/return characteristic. Varied and complementary strategies, styles and techniques are taken into account during the manager selection process.

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Other investments include primarily commodities and hedge strategies. The commodities strategy focuses on allocating assets across a broad spectrum of commodity-oriented categories, through the use of derivatives or otherwise, including, but not limited to, futures, options on futures and forward contracts on agricultural goods, metals, minerals, energy products and foreign currencies. The commodities strategy involves investing directly or indirectly in swap transactions, as well as investing directly in commodities futures or options on commodities futures. In general, the hedge strategies focus on allocating assets across a broad spectrum of investment strategies, including equities, fixed income, commodities, interest rates and currencies. Hedge strategies vary widely in terms of investment approach, instruments used, and sensitivity to one of two broad strategy groups: discretionary strategies and relative value strategies. The hedge strategies team creates portfolios of funds that invest across these strategies using a discretionary or relative value approach or a combination thereof. The objective of a portfolio employing a hedge strategy is to generate attractive, risk-adjusted returns with low correlation to broad markets over a full market cycle.

APPENDIX C

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 February _, 2017, by and between WESTMINSTER COLLEGE, a Pennsylvania nonprofit corporation (the "***Borrower***"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (the "***Dissemination Agent***"), in connection with the issuance by the New Wilmington Municipal Authority (the "***Issuer***") of its $__________ Revenue Bonds (AICUP Financing Program – Westminster College Project) Series 2017 PP1 (the "***Bonds***"). The Bonds are being issued pursuant to the terms of a Trust Indenture dated as of February 1, 2017 (the "***Indenture***") between the Issuer and The Bank of New York Mellon Trust Company, N.A., 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 Indenture, 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 Borrower 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.

"***Commonwealth***" shall mean the Commonwealth of Pennsylvania.

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

"***Dissemination Agent***" shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with its predecessor Dissemination Agent a written acceptance of such designation. During any period in which the Borrower is performing the duties of Dissemination Agent hereunder as permitted by Section 7 hereof, all references to "Dissemination Agent" shall be deemed to refer to the Borrower.

"***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 February __, 2017, the date of issuance and delivery of the Bonds.

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

"***Loan Agreement***" shall mean the Loan Agreement, dated as of February 1, 2017, between the Borrower and the Issuer.

"***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 Borrower. The Borrower 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 Borrower, and that the Issuer 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 January __, 2017

"***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 Borrower shall deliver, or shall provide to the Dissemination Agent and shall cause the Dissemination Agent to deliver, to each Repository not later than 60 days after the date on which the Borrower's Board of Trustees shall have approved the Borrower's audited financial statements for the preceding fiscal year, commencing with the fiscal year ending June 30, 2017, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement; provided, that, in no event will the Borrower's audited financial statements be published by the Borrower later than nine (9) months following the end of the related fiscal year. 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 Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report, if submitted in accordance with the provisions of Section 4. If the fiscal year of the Borrower changes, the Borrower 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 Borrower and delivers the Annual Report to the Repository, the Dissemination Agent shall file a report with the Issuer and, if the Dissemination Agent is not the Trustee, with the Trustee (with a copy to the Borrower) 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 Borrower delivers the Annual Report directly to the Repository, it shall provide a report to the same effect to the Issuer, the Dissemination Agent and, if the Dissemination Agent is not the Trustee, to the Trustee.

(c) If the Borrower 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 Issuer and the Borrower) in substantially the form attached as Exhibit A attached hereto.

SECTION 4. Content of Annual Reports.

The Annual Reports shall contain or include by reference the following:

(a) The audited financial statements of the Borrower for the prior fiscal year prepared in accordance with Generally Accepted Accounting Principles. 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 Borrower may change the accounting principles used for preparation of the audited financial statements so long as the Borrower 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 Borrower for the prior fiscal year of the same type as included in Appendix A to the Official Statement under the headings "Enrollment" and "Tuition, Fees, Room and Board".

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 Borrower 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 Borrower shall clearly identify each such other document so included by reference. In the event the Borrower'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 Borrower's Annual Report.

SECTION 5. <u>Reporting of Significant Events</u>.

(a) Pursuant to the provisions of this Section 5, the Borrower 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 Borrower;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; 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 Borrower obtains knowledge of the occurrence of a Listed Event, the Borrower shall promptly prepare a notice describing the Listed Event and notify the Dissemination Agent, if any, and the Issuer in writing, and either report or instruct the Dissemination Agent to report, the occurrence to the Repository, or to the MSRB. Promptly upon receipt of such notice, the Dissemination Agent shall file it with the Repository, or with the MSRB, as instructed in writing by the Borrower, with a copy to the Issuer and, if the Dissemination Agent is not the Trustee, with the Trustee.

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

SECTION 7. Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A. 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 Borrower pursuant to this Disclosure Agreement. The Borrower may, from time to time, 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 Issuer and the existing Dissemination Agent of a Form of Acceptance of Dissemination Agent's Duties substantially in the form attached hereto as Exhibit B. The Borrower shall be responsible for all fees and associated expenses of the Dissemination Agent. In addition, the Borrower may, from time to time, upon written notice to the Issuer and the Dissemination Agent, assume the responsibilities and duties of the Dissemination Agent hereunder. Notwithstanding any contrary provision hereof, during any period in which the Borrower is performing the duties of Dissemination Agent hereunder, all references to "Dissemination Agent" shall be deemed to refer to the Borrower.

SECTION 8. The Issuer. The Issuer shall not have any responsibility or liability in connection with the Borrower'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 Borrower covenants and agrees to indemnify and save the Issuer, 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 Borrower 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 Borrower 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 Issuer 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 Borrower), 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 Indenture for amendments to the Indenture 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 Borrower shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under 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. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Borrower to comply with any provision of this Disclosure Agreement, the Issuer 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 Borrower to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower 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 X of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture 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 negligent or willful misconduct was the primary cause of any loss to the Borrower. The Dissemination Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the Borrower. 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 Borrower 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 Borrower 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 Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. <u>Notices</u>. 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 Borrower:

Westminster College
319 South Market Street
New Wilmington, PA 16172
Attention: Kenneth Romig
Vice President for Finance and Management Services
Telecopier Number: 724-946-7156

To the Dissemination Agent:

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
1735 Market Street, 9th Floor AIM No. 193-0950
Philadelphia, PA 19103
Attention: Noreen Wichert
Telecopier Number: 215-553-6915/6919

To the Issuer:

New Wilmington Municipal Authority
134 High Street
New Wilmington, PA 16142
Telecopier Number: 724-946-8841

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 Borrower, the Dissemination Agent, the Issuer, 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.

WESTMINSTER COLLEGE

By:____
Title: Vice President for Finance and Management Services

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

By:____
Title: Authorized Signatory

This execution page is part of the Continuing Disclosure Agreement dated as of February __, 2017 between Westminster College and The Bank of New York Mellon Trust Company, N.A., respecting the New Wilmington Municipal Authority Revenue Bonds (AICUP Financing Program – Westminster College Project) Series 2017 PP1.

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	New Wilmington Municipal Authority
Name of Bond Issue:	$__________ New Wilmington Municipal Authority Revenue Bonds (AICUP Financing Program – Westminster College Project) Series 2017 PP1
CUSIP:	
Date of Issuance:	February __, 2017

NOTICE IS HEREBY GIVEN that Westminster College has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of February __, 2017.

Dated: ___________________________

cc: Westminster College
New Wilmington Municipal Authority

EXHIBIT B

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 February __, 2017, by and between Westminster College and The Bank of New York Mellon Trust Company, N.A. respecting the New Wilmington Municipal Revenue Bonds (AICUP Financing Program – Westminster College Project) Series 2017 PP1.

[NAME OF SUCCESSOR
DISSEMINATION AGENT]

By:____
Authorized Officer

Dated: ________________________

cc: New Wilmington Municipal Authority
Westminster College

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[PROPOSED FORM OF OPINION OF BOND COUNSEL]

_______________, 2017

New Wilmington Municipal Authority
134 High Street
New Wilmington, PA 16142

The Bank of New York Mellon Trust Company,
N.A., as Trustee
1735 Market Street – 9th Floor
Philadelphia, PA 19103

George K. Baum & Company
651 Holiday Drive, Suite 110
Pittsburgh, PA 15220

Re: $__________ New Wilmington Municipal Authority Revenue Bonds
(AICUP Financing Program – Westminster College Project), Series 2017 PP1

Ladies and Gentlemen:

We have acted as Bond Counsel to the New Wilmington Municipal Authority (the "Issuer") in connection with the issuance of $__________ aggregate principal amount of its Revenue Bonds (AICUP Financing Program – Westminster College Project), Series 2017 PP1 (the "Bonds"). The Bonds are issued under and pursuant to the provisions of the Pennsylvania Municipality Authorities Act, PA.C.S.A. §5601 *et seq.*, as amended (the "Act") and a Trust Indenture (the "Indenture"), dated as of February 1, 2017 between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Bonds are being issued pursuant to a financing program sponsored by the Association of Independent Colleges and Universities of Pennsylvania to provide funds to be loaned to Westminster College (the "College") to finance certain costs of a project (the "Project") consisting of: (i) the current refunding of the Issuer's Revenue Bonds (Association of Independent Colleges and Universities of Pennsylvania Financing Program - Westminster College Project) Series 2007 GG4, the proceeds of which were used to refund certain bonds previously issued for the benefit of the College and to finance renovations to certain facilities located on the College's campus, and the Issuer's Westminster College Revenue Note, Series of 2011, the proceeds of which were used to finance the construction of a student residence hall; (ii) the design, renovation, construction, equipping and furnishing of science facilities and student residence halls and additional miscellaneous capital expenditures on the College's campus including, without limitation, site and related infrastructure improvements; (iii) the funding of a debt service reserve fund for the Bonds; and (iv) the payment of the costs of issuing the Bonds.

The Issuer and the College have entered into a Loan Agreement dated as of February 1, 2017 (the "Loan Agreement") providing for the loan of the proceeds of the Bonds to the College to pay certain costs of the Project. Under the Loan Agreement the College is unconditionally obligated to make loan payments in the amounts and at the times necessary to pay, when due, the principal or redemption price of and interest on the Bonds. The Issuer has assigned certain of its interests under the Loan Agreement, including its right to receive payments thereunder in respect of the Bonds, to the Trustee for the benefit of the holders of the Bonds.

The College has represented in the Loan Agreement that it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), is not a "private foundation" within the meaning of Section 509(a) of the Code, and is exempt from federal income tax under Section 501(a) of the Code. The College has covenanted that it will maintain its status as a 501(c)(3) organization under the Code and will take whatever actions are necessary to continue to be organized and operated in a manner which will preserve and maintain its status as an organization which is described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (except as to unrelated business income).

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to remain excludable from the gross income of the owners of the Bonds for federal income tax purposes. The Issuer and the College have covenanted to comply with such requirements. Noncompliance with such requirements may cause the interest on the Bonds to be includible in the gross income of the owners of the Bonds for federal income tax purposes, retroactive to the date of issue of the Bonds or as of some later date. Under the Loan Agreement, the College has covenanted that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103(a) of the Code. For the purposes of the opinions set forth below, we have assumed that the Issuer and the College will comply with the covenants set forth in the Loan Agreement relating to the tax-exempt status of the Bonds.

An officer of the Issuer responsible for issuing the Bonds and an authorized officer of the College have each executed a certificate stating the reasonable expectations of the Issuer and the College on the date of issue of the Bonds as to future events that are material for the purposes of Section 148 of the Code pertaining to arbitrage bonds. Also, the Issuer has caused or will cause to be filed with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Bonds.

In our capacity as Bond Counsel we have examined such documents, records of the Issuer and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Indenture, the Loan Agreement and the other documents listed in the Closing Index in respect of the Bonds filed with the Trustee. We also have examined an executed Bond and assume that all other Bonds have been similarly executed and have been authenticated by the Trustee.

Based on the foregoing, it is our opinion that:

1. The Issuer is a body corporate and politic validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority under the Act to undertake the financing of the Project, to execute, deliver and perform its obligations under the Loan Agreement and the Indenture, and to issue and sell the Bonds.

2. The Loan Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. The issuance and sale of the Bonds have been duly authorized by the Issuer and, on the assumption as to execution and authentication stated above, such Bonds have been duly executed and delivered by the Issuer and authenticated by the Trustee, and are legal, valid and binding limited obligations of the Issuer entitled to the benefit and security of the Indenture, except as the rights created thereunder and enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

4. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania, and interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

5. Assuming the accuracy of the certifications of the Issuer and the College and their continuing compliance with the requirements of the Code, interest on the Bonds [(including original issue discount on certain of the Bonds)] is excludable from gross income for purposes of federal income taxation under existing laws as enacted and construed on the date hereof. Interest on the Bonds is not an item of specific tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to corporate federal alternative minimum tax because of its inclusion in the adjusted current earnings of the corporate holder. We express no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

[Certain Bonds were offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss.]

We have not been engaged to express and do not express any opinion herein with respect to the adequacy of the security for the Bonds or the sources of payment for the Bonds or with respect to the accuracy or completeness of any offering document or other information pertaining to the offering for sale of the Bonds or as to any other matter not set forth herein.

We call your attention to the fact that the Bonds are limited obligations of the Issuer payable only out of payments to be made by the College pursuant to the Loan Agreement and certain other moneys available therefor, and that the Bonds do not pledge the credit or taxing power of the Borough of New Wilmington, the Commonwealth of Pennsylvania or any political subdivision thereof. The Issuer has no taxing power.

Very truly yours,

THE ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES OF PENNSYLVANIA*

Albright College
Allegheny College
Alvernia College
Arcadia University
Bryn Athyn College of the New Church
Bryn Mawr College
Bucknell University
Cabrini College
Cairn University
Carlow University
Carnegie Mellon University
Cedar Crest College
Chatham University
Chestnut Hill College
The Commonwealth Medical College
Delaware Valley University
DeSales University
Dickinson College
Drexel University
Duquesne University
Eastern University
Elizabethtown College
Franklin & Marshall College
Gannon University
Geneva College
Gettysburg College
Gratz College
Grove City College
Gwynedd-Mercy College
Harcum College
Harrisburg University of Science and Technology
Haverford College
Holy Family University
Immaculata University
Johnson College
Juniata College
Keystone College
King's College
LaRoche College
LaSalle University
Lackawanna College
Lafayette College
Lake Erie College of Osteopathic Medicine
Lancaster Bible College
Lebanon Valley College
Lehigh University
Lycoming College
Manor College
Marywood University
Mercyhurst University
Messiah College
Misericordia University
Moore College of Art & Design
Moravian College
Mount Aloysius College
Muhlenberg College
Neumann University
Peirce College
Pennsylvania College of Art & Design
Pennsylvania College of Health Sciences
Pennsylvania Institute of Technology
Philadelphia College of Osteopathic Medicine
Philadelphia University
Point Park University
Robert Morris University
Rosemont College
Saint Francis University
Saint Joseph's University
Saint Vincent College
Seton Hill University
Summit University of Pennsylvania
Susquehanna University
Swarthmore College
Thiel College
University of Pennsylvania
University of the Sciences
The University of Scranton
The University of the Arts
Ursinus College
Villanova University
Washington & Jefferson College
Waynesburg University
Westminster College
Widener University
Wilkes University
Wilmington University
Wilson College
The Wistar Institute
York College of Pennsylvania

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* Neither AICUP nor any AICUP member (other than any AICUP member in its individual capacity as the Borrower of proceeds of a particular Series of Bonds) has any liability for the repayment of any Series of Bonds, or the loan of Bond proceeds to the Borrower.

WESTMINSTER COLLEGE

BIND UP THE TESTIMONY AND SEAL THE LAW

1852

NEW WILMINGTON, PA