NEW ISSUE – Book Entry Only **Rating: S&P "A+/A-1"**
See "RATING"

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) assuming compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 as amended (the "Code"), and (ii) the interest on the Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax and municipal and school district income taxes in Ohio. The interest may be subject to certain federal taxes imposed on certain corporations, including the corporate alternative minimum tax on a portion of that interest. (For a further discussion of the tax aspects of this issue, see "TAX MATTERS").

$13,795,000
STATE OF OHIO
(OHIO HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY
VARIABLE RATE REVENUE BONDS
(ANTIOCH UNIVERSITY 2006 PROJECT)

Dated: Date of Issuance **CUSIP: 67756BRB8** **Due: February 1, 2029**

The Bonds will be issuable as fully registered bonds in Authorized Denominations as provided in the Trust Agreement securing the Bonds. Principal of and premium, if any, on the Bonds will be payable at the Cleveland, Ohio corporate trust office of the trustee, presently U.S. Bank National Association, a national banking association. The Bonds will be issued initially under a book entry system, registered in the name of Cede & Co., as registered bondholder and nominee for The Depository Trust Company ("DTC"). DTC or its agent will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds.

The offering price of the Bonds is 100% of the principal amount thereof. From the date of initial delivery the interest rate on the Bonds will be the Weekly Variable Rate, which will be adjusted weekly by the Remarketing Agent, initially, B.C. Ziegler and Company. The interest rate on the Bonds will continue to be the Weekly Interest Rate unless and until the interest rate on the Bonds is converted to an Other Interest Rate or a Fixed Interest Rate. While the Bonds bear interest at a Weekly Interest Rate, interest is payable on the first Business Day of each month commencing April 3, 2006. See "THE BONDS – Interest Rates".

Holders during a Weekly Rate Period have the right to demand that their Bonds be purchased at par plus accrued interest on any Business Day upon written notice to U.S. Bank National Association, as Tender Agent, not later than the seventh day prior to the purchase date specified in that notice.

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

ANTIOCH UNIVERSITY

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

Principal and purchase price of and premium, if any, and interest on the Bonds are payable solely from revenues and other money assigned, or in which a security interest is granted, by the Trust Agreement, including rental payments received by the Commission under the Lease and from funds drawn by the Trustee under an Irrevocable Direct Pay Letter of Credit (the "Letter of Credit") expiring on February 16, 2011 issued by

NATIONAL CITY BANK

The Bonds are subject to optional, extraordinary optional and mandatory redemption as described herein, including optional redemption required of the University under the Reimbursement Agreement, as defined herein. See "THE BONDS – Redemption Provisions" herein.

THIS COVER PAGE INCLUDES CERTAIN INFORMATION FOR REFERENCE ONLY AND IS NOT A SUMMARY OF MATTERS SET FORTH HEREIN. INVESTORS SHOULD READ THE ENTIRE OFFERING CIRCULAR TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered, subject to prior sale, when, as and if issued by the Commission and accepted by B.C. Ziegler and Company (the "Underwriter"), and subject to, among other things, the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, on certain legal matters. Certain legal matters will be passed upon for the Underwriter by its counsel Thompson Hine LLP, for the Bank by its counsel Charles Spain, Esq., and for the University by its co-counsel, Hawkins Delafield & Wood LLP and Martin, Brown, Hull & Harper, P.L.L. See "LEGAL MATTERS". Delivery of the Bonds to DTC or its agent is expected on or about March 3, 2006 against payment therefor.

ZIEGLER CAPITAL MARKETS GROUP

a division of B.C. Ziegler and Company

This Offering Circular has been prepared in connection with the original offering for the sale of the Bonds. The information contained in this Offering Circular speaks only as of its date.

February 21, 2006

REGARDING THIS OFFERING CIRCULAR

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

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

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

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HIGHER EDUCATIONAL FACILITY
VARIABLE RATE REVENUE BONDS
(ANTIOCH UNIVERSITY 2006 PROJECT)

INTRODUCTION

This Offering Circular, including the cover page, table of contents page and the Appendices, is provided to furnish information in connection with the issuance by the Ohio Higher Educational Facility Commission (the "Commission") of $13,795,000 principal amount of State of Ohio (Ohio Higher Educational Facility Commission) Higher Educational Facility Variable Rate Revenue Bonds (Antioch University 2006 Project) (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement dated as of February 1, 2006 (the "Trust Agreement") between the Commission and U.S. Bank National Association, as Trustee (the "Trustee"). The Bonds will be dated as of the date of issuance, will mature as set forth on the cover page, and will be subject to redemption prior to maturity as described under "THE BONDS – Redemption Provisions".

Capitalized terms used herein shall have the same meanings as given to them under "DEFINITIONS" unless otherwise defined herein or where the context would clearly indicate otherwise.

The proceeds of the sale of the Bonds will be used to provide funds to pay project costs as defined in Section 3377.01 of the Ohio Revised Code, including costs relating to acquiring, constructing, renovating, improving, equipping and furnishing a new building for Antioch University's (the "University") adult non-residential campus in Yellow Springs, Ohio known as "Antioch University McGregor" and other related facilities, including facilities for graduate and adult education, and acquiring the site thereof (the "2006 Project"), to refund a portion of the State of Ohio Higher Educational Facility Variable Rate Demand Revenue Bonds (Pooled Financing 1997 Program) which were previously issued in part to fund University educational facilities consisting of (i) the renovation and remodeling of Spalt Hall and the International Center, (ii) the renovation and remodeling of President and West Dormitories, (iii) the construction of the New Dormitory, and (iv) the renovation of the heating plant including new boilers, all together with the necessary appurtenances thereto (the "1997 Project") and to refund a portion of the State of Ohio Variable Rate Demand Revenue Bonds (Pooled Financing 2000 Program), Series C, which were previously issued in part to fund the acquiring and installing of telephone switch equipment, data and telephone network, computers and related applications, equipment and facilities, mail processor, residence hall, laboratory and classroom furniture and equipment, tractor, passenger van, records archive project, upgrading of lighting systems and transformer, and renovation and improvements of conference rooms, residence halls (including air conditioning), roofs of certain buildings, drives, parking, walkways and landscape and utility systems (the "2000 Project" and together with the 1997 Project and 2006 Project, the "Project"). Pursuant to a Base Lease dated as of February 1, 2006 (the "Base Lease") between the University and the Commission, the University will lease the Project to the Commission. The Project is to be leased back to the University pursuant to a Lease dated as of February 1, 2006 (the "Lease") between the Commission and the University. The University is required to make rental payments under the Lease (the "Rental Payments") in amounts sufficient to pay the principal of and premium, if any, and interest (collectively, the "debt service") on the Bonds, whether at maturity, upon acceleration or upon redemption. In the Lease, the University has agreed to purchase all interests of the Commission in the Project after all of the debt service on the Bonds has been paid. The Commission's rights under the Lease, including the Rental Payments to be made by the University (but excluding Unassigned Rights), will be assigned to the Trustee pursuant to the Assignment of Rights under Lease, dated as of February 1, 2006 (the "Assignment"). The Bonds are secured by the Guaranty Agreement, dated as of February 1, 2006 between the University and the Trustee (the "Guaranty Agreement"), by which the University unconditionally guarantees the payment of the Bonds.

Concurrently with, and as a condition to, the issuance of the Bonds, the University has caused to be delivered to the Trustee an irrevocable direct pay letter of credit (the "Letter of Credit") of National City Bank, a national banking association (the "Bank"). See "THE LETTER OF CREDIT" and *Appendix B*. The Trustee is entitled under the Letter of Credit to draw up to the total of the following amounts (the "Stated Amount"), upon the terms and conditions set forth in the Letter of Credit: (a) the outstanding principal amount of the Bonds (i) to enable the Trustee to pay the principal amount of the Bonds when due at maturity, upon redemption or upon acceleration and (ii) to enable the Tender Agent (initially U.S. Bank National Association) (the "Tender Agent") to pay the principal portion of the purchase price of Bonds tendered to it and not remarketed, plus (b) an amount equal to interest to accrue at 10% (the "Maximum Rate") on the outstanding Bonds for 45 days (i) to enable the Trustee to pay the interest on the Bonds when due and (ii) to enable the Trustee to pay the portion, if any, of the purchase price of Bonds tendered to it and not remarketed equal to the accrued interest on such Bonds.

To provide for the issuance of the Letter of Credit, the University and the Bank have entered into a Reimbursement Agreement dated as of February 1, 2006 (the "Reimbursement Agreement"), pursuant to which the University is obligated to reimburse the Bank for all drawings made under the Letter of Credit.

The Bonds are special obligations of the State of Ohio (the "State") and the debt service on the Bonds will be payable solely from the revenues to be derived by the Commission from its lease of the Project, all as provided in the Lease and the Trust Agreement, including the Rental Payments and certain other amounts, as hereinafter described under "THE BONDS – Sources of Payment and Security" and "THE LETTER OF CREDIT". The Bonds are secured by the Trust Agreement, in which the Commission assigns to the Trustee all of the Commission's rights with respect to the Revenues (including Rental Payments) and the money and investments in the Bond Fund and certain other rights of the Commission under the Lease, as further described under "THE BONDS – Sources of Payment and Security".

The Bonds are being offered primarily on the basis of the financial strength of the Bank and not on the basis of the financial strength of the University or other security.

The Bonds will be purchased by the Trustee, as Tender Agent (a) upon demand by the registered owners thereof (the "Holders"), on the purchase date, as specified herein under "THE BONDS – Optional Tender", and (b) upon (i) the expiration of the Letter of Credit (except after a Conversion Date), (ii) the conversion of the rate of interest that the Bonds bear to an Other Interest Rate or a Fixed Interest Rate or, if the Bonds bear interest in an Other Rate Period, conversion of the Computation Period in accordance with the Trust Agreement, or (iii) replacement of the Letter of Credit with an Alternate Letter of Credit, all as defined herein under "THE BONDS – Mandatory Tender". The initial Letter of Credit expires on February 16, 2011 (the "Stated Expiration Date"). The Trust Agreement provides for the remarketing by the Remarketing Agent, initially B.C. Ziegler and Company (the "Remarketing Agent"), of the Bonds tendered by the Holders thereof. See "THE BONDS – Remarketing of Bonds".

Brief descriptions of the Commission, the University, the Bonds, the Lease, the Letter of Credit, the Reimbursement Agreement, the Trust Agreement, the Guaranty Agreement and the Tax Agreement are included in this Offering Circular. The descriptions herein of the Bonds, the Lease, the Letter of Credit, the Reimbursement Agreement, the Trust Agreement, the Guaranty Agreement, the Tax Agreement and references, excerpts and descriptions of all other documents referred to herein do not purport to be complete statements of the provisions of such documents and are qualified in their entirety by reference to each such document. Reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and remedies of Bondholders. All descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights. Copies of the above described documents are available for inspection during the initial offering period at B.C. Zeigler and Company d/b/a Zeigler Capital Markets Group, One South Wacker Drive, Suite 3080, Chicago, Illinois (the "Underwriter") and thereafter at the corporate trust office of the Trustee.

THE BONDS

General

The Bonds will be issued as fully registered Bonds without coupons in book entry form registered in the name of Cede & Co. as registered bondholder and nominee for The Depository Trust Company ("DTC"). The Bonds will be dated the date of their initial delivery and will bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid as duly provided, from the date of their delivery to the original purchaser thereof. The Bonds will mature on February 1, 2029, subject to optional, mandatory and extraordinary optional redemption prior to maturity as described under "THE BONDS – Redemption Provisions". The Bonds are issuable in denominations of $100,000 or any greater integral multiple of $5,000 prior to conversion to a Fixed Interest Rate and after conversion to a Fixed Interest Rate, the Bonds are issuable in denominations of $5,000 and any greater integral multiple thereof. The Bonds will be authorized and issued by the State acting by and through the Commission under the provisions of the Act and pursuant to a resolution adopted by the Commission. See "THE COMMISSION".

When the Bonds are in book entry form, principal of and any premium on the Bonds will be payable in immediately available funds by the Trustee to the registered owner (DTC or its successor depository or nominee), and interest will be payable on the Interest Payment Date described below in immediately available funds wired by the Trustee to the registered owner as of the Regular Record Date applicable to that Interest Payment Date. The Regular Record Date is (i) with respect to any Bond bearing interest at an Other Rate, the close of business on the seventh day immediately preceding an Interest Payment Date applicable to that Bond, (ii) with respect to any Bond bearing interest at the Weekly Interest Rate, the Business Day immediately preceding an Interest Payment Date applicable to that Bond, and (iii) with respect to any Bond bearing interest at a Fixed Interest Rate, every January 15 and July 15.

When the Bonds are <u>not</u> in book entry form, the principal of the Bonds will be payable at the designated office of the Trustee and interest on the Bonds will be paid by check or draft mailed on the Interest Payment Date described below to the registered owner as of the Regular Record Date. Interest on Bonds bearing interest in an Interest Rate Period other than the Fixed Rate Period will, upon one Business Day's prior written request of the Holder thereof, be paid in immediately available funds by wire transfer or deposit in accordance with instructions provided by such Holder to the Trustee. In the event of a default in the payment of interest on any Bond when due, the Trustee may establish a special record date with respect to that payment of interest when money becomes available for such payment.

The "designated office" of the Trustee will be initially the corporate trust office of the Trustee located in Cleveland, Ohio, and will remain so until a different office is designated by the Trustee and written notice thereof given by the Trustee to the Tender Agent, the Bondholders, the Commission, the University and the Bank. The "designated office" of the Tender Agent will be initially the office of the Tender Agent located in Cleveland, Ohio, and will remain so until a different office is designated by the Tender Agent and written notice thereof is given by the Tender Agent to the Trustee, the Bondholders, the Commission, the University and the Bank.

Any act required to be done by a certain time is to be done as of that time in Ohio.

Interest Rate

The interest rates to be borne by the Bonds are described below. The Bonds will initially bear interest at a Weekly Variable Rate, but that rate may be converted to an Other Interest Rate or to a Fixed Interest Rate, as described below.

Weekly Variable Rate. During any Weekly Rate Period, the Bonds shall bear interest at the rate per year established as follows, computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Commencing on the date of issuance, interest on the Bonds bearing interest at the Weekly Variable Rate will be payable on each Interest Payment Date for the period from the prior Interest Payment Date (or date of initial delivery) through the calendar day preceding the Interest Payment Date. From the date of issuance and delivery of the Bonds to and including the first Interest Adjustment Date, the Bonds shall bear interest at the interest rate established by the Remarketing Agent as the rate that, based upon current transactions in comparable securities in which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions, would be the interest rate necessary to enable the Remarketing Agent to sell the Bonds at a price equal to the principal amount thereof, plus accrued interest thereon. Thereafter, the Remarketing Agent is required to determine the interest rate on the Bonds on such basis on each Interest Adjustment Date (generally, each Wednesday) and such rate shall become effective commencing on Thursday of such week through the following Wednesday. If, for any reason, the Remarketing Agent fails to make or announce such determination on such Interest Adjustment Date or if an Interest Adjustment Date does not occur during any calendar week, the rate to take effect on Thursday of such week will be a rate equal to the previously determined Weekly Variable Rate. In no event shall the interest rate on the Bonds exceed the Maximum Interest Rate.

Other Interest Rate. At the request of the University with the consent of the Bank, the Interest Rate Period may be changed to an Other Rate Period and the interest rate on the Bonds will be converted to an Other Interest Rate. During any Other Rate Period, the Bonds shall bear interest at a rate of interest per year, established as set forth below, computed on the basis of a 360-day year of twelve 30-day months and payable on each Interest Payment Date. The duration of the Other Rate Period shall be six months or consist of integral multiples of six months and shall be determined by the Remarketing Agent on each Interest Adjustment Date, effective on the first day of the next Computation Period. The interest rate on the Bonds determined by the Remarketing Agent is required to be the interest rate that, if borne by the Bonds, would, based upon current transactions in comparable securities in which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions, be the interest rate necessary to enable the Remarketing Agent to sell the Bonds in the secondary market at a price equal to the principal amount thereof plus accrued interest thereon. If, for any reason, the Remarketing Agent fails to make or announce such determination on such Interest Adjustment Date, the interest rate to take effect on the first day of the next Computation Period shall be a rate equal to the previously determined rate. In no event shall the interest rate on the Bonds exceed the Maximum Interest Rate.

During both the Weekly Rate Period and any Other Rate Period, the Remarketing Agent is required to announce the rate so determined by telephonic or electronic notice to the Trustee and the University (confirmed in writing) on each Interest Adjustment Date. Notice of the interest rate so determined is required to be sent by the Trustee upon request to the Commission, any paying agent, the Bank and the Holders. If notice of the interest rate is not sent to all of the Holders of the Bonds, it shall be either (i) sent by the Trustee only to the Holders requesting such notice or (ii) made available to all Holders who telephone the Remarketing Agent and request it. The interest rate on the Bonds so determined is conclusive and binding upon the Holders.

Fixed Interest Rate. At the request of the University with the consent of the Bank (if the Letter of Credit is to remain in effect), the interest rate on the Bonds may be converted to a Fixed Interest Rate until maturity, with interest payable on each Interest Payment Date, and computed on the basis of a 360-day year of twelve 30-day months. The University must provide a written direction to any paying agent, the Trustee, the Bank, the Commission and the Remarketing Agent specifying the date of conversion (which must be an Interest Payment Date not less than 60 days, or such shorter period agreed to by the Trustee, the Remarketing Agent and the University, from the date the University gives such direction and which Interest Payment Date must be the last Interest Payment Date of a Computation Period if the current interest period is an Other Rate Period) and the date the Fixed Interest Rate shall be established (which shall not be fewer than 10 Business Days prior to the date of conversion). Such direction must be accompanied by consent of the Bank, a statement as to whether the Letter of Credit will remain in effect after conversion, written confirmation from the Bank that on or prior to the date of conversion the Stated Amount of the Letter of Credit shall be increased to include 205 days' accrued interest on the Bonds at the Fixed Interest Rate if the Letter of Credit is to remain in effect following conversion, and an opinion of nationally recognized bond counsel stating that the conversion to the Fixed Interest Rate is authorized or permitted by the Trust Agreement and that conversion to the Fixed Interest Rate will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

Following receipt of the University's direction, the Remarketing Agent is required to determine, on the date specified by the University for such determination, the Fixed Interest Rate as the interest rate that, if borne by the Bonds, would, based upon current transactions in comparable securities in which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions, be the interest rate necessary to enable the Remarketing Agent to sell at a price equal to the principal amount thereof plus accrued interest on all the then outstanding Bonds. Such determination by the Remarketing Agent is conclusive and is required to be the Fixed Interest Rate for the Bonds commencing with the Interest Payment Date, which is the date of conversion until maturity. The Commission has the right to deliver replacement Bonds bearing the Fixed Interest Rate with deletion of such terms as are no longer applicable to the Bonds.

The Trustee is required to give notice by mail to the Holders of the Bonds to be converted not fewer than 30 days prior to the date of conversion to the Fixed Interest Rate. Such notice must state (i) that the interest rate on the Bonds is scheduled to be converted to a Fixed Interest Rate and to what extent a Letter of Credit will be in effect subsequent to conversion, (ii) the effective date of the Fixed Interest Rate, (iii) the date the Fixed Interest Rate is scheduled to be determined, (iv) the minimum Authorized Denomination of the Bonds, (v) that subsequent to such effective date the Holder will no longer have the right to require purchase of Bonds by the Tender Agent as described under "THE BONDS - Optional Tender" and (vi) that all outstanding Bonds not purchased by the Tender Agent prior to the effective date of the Fixed Interest Rate will be purchased by the Tender Agent on the effective date of the Fixed Interest Rate at a purchase price of par plus accrued interest, if any. That notice is required to be given by registered or certified mail to the Holders whose names appear on the Register as of the date preceding the date of the mailing of such notice.

Conversion to Weekly Rate Period or Other Rate Period or to a New Computation Period. Upon receipt by any paying agent, the Trustee, the Bank, the Commission and the Remarketing Agent of a direction from the University (i) specifying the date a Weekly Rate Period or Other Rate Period is to be established or the date the Computation Period is to be changed (which must be an Interest Payment Date at least 60 days, or such shorter period agreed to by the Trustee, the Remarketing Agent and the University, from the date the University gives such direction and which Interest Payment Date must be the last Interest Payment Date of a Computation Period if the current interest period is an Other Rate Period) and (ii) if an Other Rate Period is specified, setting forth the Computation Period for that Other Rate Period, the Remarketing Agent is required to compute the applicable interest rate as described above. Such direction must be accompanied by an opinion of nationally recognized bond counsel stating that such conversion is authorized or permitted by the Trust Agreement and that conversion to a Weekly Rate Period or an Other Rate Period (including an Other Rate Period that follows an Other Rate Period) or change in the Computation Period in accordance with the provisions of the Trust Agreement will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

Upon such direction, the Trustee is required to give notice by mail to the Holders of the Bonds not fewer than 30 days prior to the date of conversion. Such notice must state (i) that the interest period on the Bonds is scheduled to be converted to a Weekly Rate Period or an Other Rate Period or a different Computation Period for an Other Rate Period, (ii) the effective date of such conversion and whether the new period is a Weekly Rate Period or an Other Rate Period (including, in the case of an Other Rate Period, the new Computation Period), (iii) that the effective date of such conversion will be an Interest Payment Date on which interest will be paid at the applicable rate theretofore prevailing, (iv) that thereafter interest will be determined on the basis of the new Weekly Rate Period or Other Rate Period, as applicable, (v) the manner in which the Bonds are subject to optional tender as provided in the Trust Agreement, and (vi) that all outstanding Bonds not purchased by the Tender Agent prior to the effective date of the new Interest Rate Period or the new Computation Period will be purchased by the Tender Agent on the effective date of the new Interest Rate Period or the new Computation Period at a price of par plus accrued interest, if any. Such notice is required to be given by registered or certified mail to the Holders of the Bonds whose names appear on the Register as of the date preceding the date of the mailing of such notice.

The determination of any interest rate by the Remarketing Agent is binding and conclusive upon the Holders of the Bonds, the Commission, the University, the Bank, the Trustee, and the Remarketing Agent.

Book Entry Only System

Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of the Bonds of such series and will not be or be considered to be, and will not have any rights as, Holders of the Bonds under the Trust Agreement.

The following information on the Book-Entry System applicable to the Bonds has been supplied by DTC. The University, the Commission, the Underwriter and the Trustee do not make any representations, warranties or guarantees with respect to the accuracy or completeness of this information and have no responsibility for the accuracy thereof.

DTC will act as Depository for the Bonds. The Bonds will be issued as securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued in the aggregate principal amount and will be deposited with DTC.

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. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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 Participant's 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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 the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. **Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction**. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Bonds except in the event that use of the Book-Entry System for the Bonds purchased by such Book-Entry Interest Owner is discontinued**.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by 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.

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

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

Bond Service Charges on the Bonds will be paid to Cede & Co., or other such nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in 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 Direct or Indirect Participant and not of DTC, the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of Bond Service Charges to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission and the Trustee, as applicable. Disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Depository with respect to the Bonds at any time by giving reasonable notice to the Commission or the Trustee. Also, the Commission may determine that continuation of a securities depository/book-entry relationship is not in the best interests of the Holders of the Bonds. Under such circumstances, in the event that a successor Depository is not obtained, bond certificates are required to be and will be printed and delivered. See "BOOK-ENTRY ONLY SYSTEM - Revision of Book-Entry System; Replacement Bonds" below.

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

The University and the Commission can not and do not give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute to the book entry interest owners payments of debt service on the Bonds made to DTC as the registered owner, or any redemption or other notices, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Offering Circular.

Revision of Book Entry System; Replacement Bonds

The Trust Agreement provides for the issuance and delivery of fully registered Bonds (the "Replacement Bonds") directly to owners of Bonds other than DTC only in the event that DTC determines not to continue to act as securities depository for the Bonds.

If DTC determines not to continue to act as a Depository for the Bonds held in a book entry system, the Commission may attempt to have established a securities depository/book entry system relationship with another Depository in connection with the Bonds. Upon the written request of the University for the removal or replacement of the Depository, and upon 30 days' written notice to the Depository and the Trustee, the Commission may remove or replace the Depository. In either such case, if the Commission does not or is unable to so establish such a relationship with another Depository, the Commission and the Trustee, after the Trustee has made provision for notification of the owners of book entry interests by appropriate notice to the then Depository and the University, shall permit withdrawal of the Bonds from the Depository and shall authenticate and deliver Bond certificates in fully registered form to the assignees of the Depository or its nominee. If the event is not the result of Commission action or inaction (including action at the request of the University), such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing and delivering such replacement Bonds) of the University.

In the event that the Book Entry System is discontinued, the principal, premium, if any, and interest on the Bonds will be payable in the manner described above in the third paragraph under "THE BONDS – General", and the following provisions would apply. Bonds will be exchangeable for fully registered Replacement Bonds of Authorized Denominations in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of such Bonds and bearing interest at the same rate and maturing on the same date or dates. Replacement Bonds will be transferable at the designated office of the Trustee or any Authenticating Agent, as defined in the Trust Agreement, without charge (except any tax, fee, or other governmental charge required to be paid). Exchange or transfer of then redeemable Replacement Bonds is not required to be made (i) during the 10 days preceding the date of a selection of Replacement Bonds to be redeemed or (ii) of a particular Replacement Bond selected for redemption (in whole or part).

Redemption Provisions

The Bonds are callable for redemption in the circumstances and in the manner described below.

Mandatory Sinking Fund Redemption. Prior to conversion to an Other Interest Rate or a Fixed Interest Rate, the Bonds are **not** subject to mandatory sinking fund requirements. Following conversion to an Other Interest Rate or a Fixed Interest Rate, the Bonds are subject to mandatory redemption pursuant to mandatory sinking fund requirements, at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, at the applicable interest rate, to the redemption dates as provided in the Trust Agreement.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption prior to maturity on any date by and at the option of the Commission, at the direction of the University, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date: (i) in whole upon the occurrence of any of the events described in Section 12.2 of the Lease and the exercise by the University of its option to terminate the Lease as provided in that Section and (ii) in part (in any Authorized Denomination) in the event of condemnation of the Project or any part thereof to the extent provided in Section 6.3 of the Lease.

Optional Redemption. During a Weekly Rate Period, the Bonds are subject to redemption, in whole on any date, or in part (in any Authorized Denomination provided that any unredeemed portion of a Bond will be in an Authorized Denomination) on any Interest Payment Date, at the option of the Commission, upon the direction of the University, at a redemption price equal to 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the redemption date.

During an Other Rate Period, provided that no Event of Default under the Trust Agreement shall occur and be continuing, the Bonds are subject to redemption in whole or in part (in any Authorized Denomination provided that any unredeemed portion of a Bond will be in an Authorized Denomination) on the final Interest Payment Date of any Computation Period, at the option of the Commission, upon the direction of the University, at a redemption price equal to 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the redemption date.

Prior to conversion to a Fixed Interest Rate, the University has agreed with the Bank in its Reimbursement Agreement to optionally redeem the Bonds on the dates and in the amounts specified in the Reimbursement Agreement. The University and the Bank may change the optional redemption schedule at any time as provided in the Reimbursement Agreement.

During the Fixed Rate Period, provided no Event of Default under the Trust Agreement shall occur and be continuing, the Bonds are subject to redemption at the option of the Commission, at the direction of the University, in whole on any date or in part (in any Authorized Denomination provided that any unredeemed portion of a Bond will be in an Authorized Denomination) on any Interest Payment Date; provided, however, that the Bonds are not redeemable during the No Call Period shown below (the "No Call Period"), which begins on the first day of the Fixed Rate Period. On and after the Interest Payment Date that ends the No Call Period (or the next Interest Payment Date if the No Call Period does not end on an Interest Payment Date), the Bonds are redeemable at the percentage of their principal amount shown in the Initial Premium column plus interest accrued to the redemption date. The premium shall decline semiannually by the amount shown in the "Semiannual Reduction in Premium" column until the Bonds are redeemable without premium in the year or portion of a year indicated in the "No Premium" column and for any later years or periods in the Fixed Rate Period.

Fixed Rate Period

Equal to or Greater Than	But Less Than	No Call Period	Initial Premium	Semiannual Reduction in Premium	No Premium
9 Years	N/A	5 Years	102%	1/2%	8th Year
7 Years	9 Years	4 Years	101%	1/2%	6th Year
5 Years	7 Years	3 Years	101%	1/2%	5th Year

If the Fixed Rate Period is greater than two years but less than five years, the Bonds are redeemable at 100% of their principal amount in the final year of the Fixed Rate Period and at 100½% of their principal amount during the next-to-last year of the Fixed Rate Period and are nonredeemable before that time. If the Fixed Rate Period is equal to or less than two years, the Bonds are redeemable only in the final year of the Fixed Rate Period at 100% of their principal amount.

If a Letter of Credit is then in effect, the Trustee is not permitted to draw on the Letter of Credit to pay any premium due upon optional redemption. Any premium payable while the Bonds are secured by the Letter of Credit may be paid only from funds held in the Redemption Premium Account of the Bond Fund and only upon the University's delivery to the Trustee an opinion of nationally recognized bankruptcy counsel to the effect that such payment will not constitute voidable preferences under the U.S. Bankruptcy Code in the event a petition in bankruptcy is subsequently filed by or against the University or the Commission. At the election of the University, the Bonds may not be secured by a Letter of Credit during a Fixed Rate Period.

If optional redemption at a redemption price exceeding 100% of the principal amount to be redeemed is to take place on any applicable mandatory sinking fund redemption date, the Bonds, or portions thereof, to be redeemed by optional redemption shall be selected by lot prior to the selection by lot of the Bonds to be redeemed on the same date by operation of the mandatory sinking fund redemption provisions.

Notice of Redemption, Partial Redemption and Payments. Notice of redemption with respect to the Bonds is to be given by the Trustee on behalf of the Commission to the Holder of each Bond being redeemed at least 30 days prior to the redemption date by first-class mail, postage prepaid, addressed to such Holder at the Holder's address as it appears upon the register maintained by the Registrar (the "Register") on the seventh day preceding that mailing. Failure to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond.

When less than the entire unmatured portion of the Bonds is called for redemption at one time, or if fewer than all of the outstanding Bonds of a single maturity are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in Authorized Denominations, is to be made in such manner as determined by the Trustee in accordance with the Trust Agreement; provided that, if less than all of an Outstanding Bond of one maturity in a book entry system is to be called for redemption, the Trustee will give notice to DTC or the nominee of DTC that is the Holder of such Bond, and the selection of the beneficial interests in that Bond to be redeemed will be at the sole discretion of DTC and its participants. If any Bonds are held by the Trustee for the benefit of the Bank, such Bonds will be redeemed first.

The Trustee is required to draw upon the Letter of Credit an amount sufficient to pay the principal amount of the Bonds to be redeemed and any accrued interest thereon.

If any Bonds are not presented for payment at the date fixed for their redemption and the funds for such payment are available therefor, the Holders of such Bonds will thereafter be restricted exclusively to the funds available for that payment for the satisfaction of any claim relating to such Bonds. Any such funds remaining unclaimed for four years after becoming due and payable shall be first applied to the payment of any fees, charges and expenses owing to the Trustee and then shall be paid to the Bank to the extent any money is due it pursuant to the Reimbursement Agreement and finally any remainder will be paid to the University, and the Holders are thereafter entitled to look only to the University for payment from such funds as were received by either the Bank or the University.

Mandatory Tender/Purchase

Mandatory Purchase Upon Expiration of Letter of Credit or Conversion of Interest Rate Period or Replacement of Letter of Credit with an Alternate Letter of Credit. The Bonds are subject to mandatory purchase by the Tender Agent on behalf of the University in whole at a purchase price of 100% of the principal amount thereof (i) on the Interest Payment Date next preceding the expiration date of the Letter of Credit, unless the term of the Letter of Credit has been extended (except after a Conversion Date); (ii) on the Interest Payment Date that is the effective date of a conversion to a different Interest Rate Period or if the Bonds bear interest in an Other Rate Period, upon conversion of the Computation Period; or (iii) on the Interest Payment Date preceding the replacement of the Letter of Credit with an Alternate Letter of Credit provided pursuant to the Trust Agreement. Following a conversion to a Fixed Interest Rate, the Bonds will not be subject to mandatory purchase.

Notice of any mandatory purchase pursuant to the preceding paragraph shall be given by the Trustee by first class mail, postage prepaid, at least 30 days prior to the date fixed for purchase, to each Holder at the address shown on the Register on the seventh business day preceding that mailing. Failure to receive notice by mailing, or any defect in that notice, as to any Bond shall not affect the validity of the proceeding for the purchase of any other Bond.

Notice of any mandatory purchase of Bonds held under a Book-Entry System will be sent by the Trustee only to DTC or its nominee as registered owner. Notice of mandatory purchase to the book-entry interest owners is the responsibility of DTC, Direct Participants and Indirect Participants. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the book-entry interest owners, of any such notice and its content or effect will not affect the validity of any proceedings for the mandatory purchase of the Bonds. See "THE BONDS - Book-Entry Only System" herein.

Upon notice of any mandatory purchase, each Holder must undertake to deliver all Bonds to the Tender Agent at or prior to 9:30 a.m., at the designated office of the Tender Agent, two Business Days prior to the mandatory purchase date. The Remarketing Agent is required to offer for sale and use its best efforts to remarket the Bonds. That remarketing must be carried out in the same manner as described herein under "THE BONDS- Remarketing of Bonds" for optional purchases of Bonds.

IF A HOLDER FAILS TO DELIVER ANY BONDS ON OR PRIOR TO THE APPLICABLE TENDER DATE, SUCH UNTENDERED BONDS SHALL BE DEEMED TO HAVE BEEN PROPERLY TENDERED FOR PURCHASE TO THE TENDER AGENT AND, TO THE EXTENT THAT THERE SHALL BE ON DEPOSIT WITH THE TENDER AGENT AND AVAILABLE THEREFOR AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE THEREOF, SUCH UNTENDERED BONDS SHALL ON SUCH PURCHASE DATE CEASE TO BEAR INTEREST AND NO LONGER SHALL BE CONSIDERED TO BE OUTSTANDING UNDER THE TRUST AGREEMENT.

The Tender Agent is required to hold money drawn by the Trustee under the Letter of Credit or received upon remarketing or otherwise provided for such purchase of any untendered Bonds for a period of seven days, without liability for interest thereon, for the benefit of the former Holder of the Bonds, who shall for such period be restricted exclusively to such money for such claim of whatever nature on his part under the Trust Agreement or on, or with respect to, such Bond. At the end of such seven-day period, the Tender Agent is required to deliver such money to the Trustee, who shall hold that money in accordance with the Trust Agreement.

Optional Tender

During any Weekly Rate Period, any Bonds owned by a Holder will be purchased by the Tender Agent, but only from the sources described below under "THE BONDS - Remarketing of Bonds", on the demand of the Holder thereof (other than the University), on any Business Day at a purchase price equal to 100% of the principal amount thereof plus (if such Business Day is not an Interest Payment Date) accrued interest to the date of purchase, upon delivery to the Tender Agent at its designated office of a demand for purchase properly completed and signed that states (i) the principal amount of such Bonds that will be delivered for purchase, (ii) the date on which such Bonds shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of delivery of such demand for purchase, (iii) that the demand for purchase is an irrevocable request, (iv) that the Holder will undertake to deliver the Bonds to the Tender Agent at or prior to 9:30 a.m., at the designated office of the Tender Agent two Business Days prior to the date on which purchase is demanded and (v) the name of the Holder of such Bonds and the bond number and CUSIP number thereof. By delivering such notice, the Holder irrevocably agrees to deliver such Bonds to the designated office of the Tender Agent at or prior to 9:30 a.m., two Business Days prior to the date specified in the demand for purchase. In the case of a Bond or portion thereof to be purchased prior to an Interest Payment Date and after the Regular Record Date in respect thereof, if the Holder is other than a Depository or its nominee, the Holder shall deliver a due bill, in form satisfactory to the Tender Agent, for interest due on such Interest Payment Date.

During any Other Rate Period, any Bonds owned by a Holder will be purchased by the Tender Agent, but only from the sources described in "THE BONDS- Remarketing of Bonds" on the demand of the Holder thereof (other than the University), on any Tender Date at a purchase price equal to 100% of the principal amount thereof (plus accrued interest to the Tender Date if such Tender Date is not an Interest Payment Date), upon delivery to the Tender Agent at its designated office not later than 4:00 p.m., on or before the tenth Business Day prior to such Tender Date of a demand for purchase properly completed and signed that states (i) the principal amount of such Bonds that will be delivered for purchase, (ii) that the demand for purchase is an irrevocable request, (iii) that the Holder will undertake to deliver the Bonds to the Tender Agent at or prior to 9:30 a.m., at the designated office of the Tender Agent, two Business Days prior to such Tender Date and (iv) the name of the Holder of such Bonds and the bond number and CUSIP number thereof. By delivering such notice the Holder irrevocably agrees to deliver such Bonds to the designated office of the Tender Agent at or prior to 9:30 a.m., at the designated office of the Tender Agent, two Business Days prior to such Tender Date.

The Tender Agent will determine, in its sole discretion, whether a Bond that has been tendered for purchase conforms in all respects to the description thereof set forth in the demand for purchase.

IF THE HOLDER MAKING SUCH ELECTION TO TENDER BONDS SHALL FAIL TO DELIVER SUCH BONDS DESCRIBED IN SUCH TENDER NOTICE TO THE TENDER AGENT ON OR BEFORE THE APPLICABLE TENDER DATE, THE UNTENDERED BONDS SHALL BE DEEMED TO HAVE BEEN PROPERLY TENDERED FOR PURCHASE AND, TO THE EXTENT THAT THERE SHALL BE ON DEPOSIT WITH THE TENDER AGENT AND AVAILABLE THEREFOR AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE THEREOF, SUCH UNTENDERED BONDS SHALL ON SUCH PURCHASE DATE CEASE TO BEAR INTEREST AND NO LONGER SHALL BE CONSIDERED TO BE OUTSTANDING UNDER THE TRUST AGREEMENT.

The Tender Agent is required to hold money drawn by the Trustee under the Letter of Credit or received upon remarketing or otherwise provided for such purchase of any untendered Bonds for a period of seven days, without liability or interest thereon, for the benefit of the former Holder of the Bond, who shall for such period be restricted exclusively to such money for such claim of whatever nature on his part under the Trust Agreement or on, or with respect to, such Bond. At the end of such seven-day period, the Tender Agent will deliver such money to the Trustee, who shall hold that money in accordance with the Trust Agreement.

Remarketing of Bonds

Upon receipt of notice from the Tender Agent of its receipt of a demand for purchase of any Bond (or authorized portion) as described in "THE BONDS - Optional Tender", the Remarketing Agent shall offer for sale and use its best efforts to sell such Bond (other than to the University or the Commission) at a purchase price equal to 100% of the principal amount thereof plus accrued interest thereon. The Remarketing Agent shall direct any person to whom a Bond is remarketed pursuant to this paragraph to deliver the purchase price therefor in immediately available funds to the Tender Agent at its Cleveland, Ohio office on or before 9:30 a.m., on the settlement date (which must be a Business Day) arranged by the Remarketing Agent and agreed to by the person purchasing such Bond (or authorized portion thereof).

On the Business Day a Bond (or authorized portion) is to be purchased pursuant to a tender, the Tender Agent shall, to the extent those funds are available, purchase such Bond (or authorized portion) from the Holder at a purchase price equal to the principal amount thereof (plus accrued interest, if any, to the date of purchase if such date is not an Interest Payment Date) (i) first from any money available from the proceeds of remarketing such Bond, other than a remarketing to the Commission, the University or any guarantor of the Bonds (other than the Bank) or any guarantor of the University's obligations to reimburse the Bank or any "insider" of any of them as that term is defined in Section 101(30) of the U.S. Bankruptcy Code or (ii) second from money representing a drawing by the Trustee under the Letter of Credit and (iii) third from any other sources available for such purchase, whether from the University or otherwise.

Any Bond purchased by the Tender Agent and remarketed by the Remarketing Agent from the date notice of a mandatory purchase upon establishment of a Fixed Interest Rate is given by the Trustee through the effective date of the Fixed Interest Rate shall not be remarketed except to a buyer who agrees at the time of such purchase either (i) to accept the Fixed Interest Rate when the Fixed Interest Rate becomes effective, with notice having been given as to whether and to what extent a Letter of Credit will be in effect during the Fixed Rate Period or (ii) to require purchase of the Bonds by the Tender Agent pursuant to the optional tender provisions described above under "THE BONDS-Optional Tender" on the effective date of the Fixed Interest Rate. Any Bond purchased by the Tender Agent and remarketed by the Remarketing Agent from the date notice of a conversion to an Other Rate Period or new Computation Period is given by the Trustee through the effective date of the Other Rate Period or new Computation Period shall not be remarketed except to a buyer who agrees at the time of such purchase to accept the new interest rate when the Other Rate Period or new Computation Period becomes effective. Any Bond purchased by the Tender Agent and remarketed by the Remarketing Agent from the date of notice of the expiration of the Letter of Credit is given shall not be remarketed except to a buyer who has been informed that the Bonds will no longer be secured by a Letter of Credit and, if applicable, that any former rating on the Bonds has been reduced or withdrawn.

The Bonds do not provide for a tender option and remarketing during a Fixed Rate Period, and in the case of an Other Rate Period, an optional tender will only be made effective on the first day of any Computation Period. At the election of the University, the Bonds may not be secured by a Letter of Credit during a Fixed Rate Period. Generally, there shall be no remarketing of Bonds if the Trustee shall have notified the Remarketing Agent that there has occurred and is continuing a default or an Event of Default under the Trust Agreement.

Sources of Payment and Security

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

In order to secure the payment of the debt service on the Bonds and the performance of the obligations contained in the Trust Agreement and the Bonds, the Commission will assign to the Trustee all its right, title and interest in and to (i) the Revenues, (ii) the Lease, except for the Unassigned Rights, (iii) the proceeds of the Bonds and the Guaranty Agreement and any other real or personal property conveyed, mortgaged, pledged, assigned or transferred by the Commission or by any one on its behalf, and (iv) all money and investments in the Bond Fund including money received by the Trustee from draws under the Letter of Credit.

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

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

The Project has been and is being specifically constructed and equipped for the benefit of the University for use in its educational programs, and may be subject to practical restrictions that may limit the use thereof by others. Therefore, in the event of a default, the Trustee's ability to lease the Project to third parties would be limited. The rentals, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the lease or other disposition of the Project would be sufficient to allow payment in full of the Bonds. Also, as noted in "THE LEASE – Events of Default", the Commission has the right, upon default under the Lease to sublease the Project. The Lease covers only a portion of the campus of the University, and the University's buildings are generally special-use buildings, so that it may be difficult for the Commission to obtain rentals on subleasing adequate to pay the debt service on the Bonds. In the event of a default by the Bank under the Letter of Credit, no insurance proceeds from the Federal Deposit Insurance Corporation or any other governmental agency, instrumentality or authority would be available to pay bondholders.

The University is subject to the same competitive pressures that affect other private institutes, colleges and universities. Changing demographics and demand may mean a smaller pool of University-bound persons from which to draw entering classes. Greater competition for students together with rising tuition may mean that the University will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified administrators and faculty may mean higher expenditures for salaries and administrative costs. Each of these factors can have an impact on the revenues of the University.

The Bonds are being offered primarily on the basis of the financial strength of the Bank and not on the basis of the financial strength of the University or other security.

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

THE UNIVERSITY

The University provides programs of study leading to Bachelors, Masters and Doctorate degrees. The University is a multi-campus university system. The original college, Antioch College in Yellow Springs, Ohio, was founded in 1852 as a College of Liberal Arts and Sciences. Antioch University has evolved into a national multi-campus university serving more than 4,000 students with campuses in California, New Hampshire, Ohio and Washington. A more extensive description of the University is set forth in *Appendix A* attached hereto.

THE COMMISSION

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

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

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

The Commission consists of nine members including the Chancellor of the Ohio Board of Regents or a designee of the Chancellor, an *ex officio* member. The other eight members are appointed to overlapping eight-year terms by the Governor with the advice and consent of the State Senate. The Chairman is designated by the

Governor, and the other officers, including the Vice Chairman, the Secretary and the Assistant Secretary are elected by the members from their own number. The members of the Commission receive no compensation for their services but are entitled to reimbursement for their actual and necessary expenses. The Commission's office is located in Columbus, Ohio. The Commission does not have any employees. The Ohio Board of Regents provides staffing assistance to the Commission when necessary.

THE PROJECT

The Bonds are being issued to provide funds to pay "project costs" as defined in Section 3377.01 of the Revised Code, including costs relating to acquiring, constructing, renovating, improving, equipping and furnishing a new building for the University's adult non-residential campus in Yellow Springs, Ohio known as "Antioch University McGregor" and other related facilities, including facilities for graduate and adult education, and acquiring the site thereof (the "2006 Project"), to refund a portion of the State of Ohio Higher Educational Facility Variable Rate Demand Revenue Bonds (Pooled Financing 1997 Program) which were previously issued in part to fund University educational facilities consisting of (i) the renovation and remodeling of Spalt Hall and the International Center, (ii) the renovation and remodeling of President and West Dormitories, (iii) the construction of the New Dormitory, and (iv) the renovation of the heating plant including new boilers, all together with the necessary appurtenances thereto (the "1997 Project") and to refund a portion of the State of Ohio Variable Rate Demand Revenue Bonds (Pooled Financing 2000 Program), Series C, which were previously issued in part to fund the acquiring and installing of telephone switch equipment, data and telephone network, computers and related applications, equipment and facilities, mail processor, residence hall, laboratory and classroom furniture and equipment, tractor, passenger van, records archive project, upgrading of lighting systems and transformer, and renovation and improvements of conference rooms, residence halls (including air conditioning), roofs of certain buildings, drives, parking, walkways and landscape and utility systems (the "2000 Project" and together with the 1997 Project and 2006 Project, the "Project"), and for such other uses as are permitted by the Act and the Lease.

SOURCES AND USES OF FUNDS

The proceeds expected to be received from the sale of the Bonds (exclusive of accrued interest) and their expected application is as follows:

Sources of Funds

Principal Amount of Bonds	$ 13,795,000.00

Uses of Funds

Deposit to Improvement Fund (1)	$ 11,281,065.86
Deposit to 1997 Bond Account for refunding of the 1997 Bonds	292,701.37
Deposit to 2000 Bond Account for refunding of the 2000 Bonds	1,468,553.42
Underwriter's Discount and Issuance Expenses (2)	752,679.35
Total Uses	$ 13,795,000.00

(1) Includes costs of the 2006 Project and any capitalized interest.
(2) Includes printing, legal and Trustee fees, initial Letter of Credit fees and other costs.

DOCUMENT DESCRIPTIONS

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

DEFINITIONS

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

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

"Alternate Letter of Credit" means an irrevocable direct pay letter of credit issued by a commercial bank, the terms of which shall in all material respects be the same as the letter of credit delivered contemporaneously with the original delivery of the Bonds (except as to expiration date) and which is otherwise in accordance with the requirements of Section 3.6 of the Lease.

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

"Authenticating Agent" means the Trustee and the Registrar and any other bank, trust company or Person designated as an Authenticating Agent for the Bonds by or in accordance with Section 6.13 of the Trust Agreement, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

"Authorized Denominations" means \$100,000 and any greater integral multiple of \$5,000 prior to conversion to a Fixed Interest Rate and after conversion to a Fixed Interest Rate means \$5,000 and any greater integral multiple thereof.

"Bank" means National City Bank, in its capacity as issuer of the Letter of Credit, or the issuer of an Alternate Letter of Credit.

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

"Bond Counsel" means any attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds acceptable to the Commission.

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

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

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

"Bond Pledge Agreement" means the Bond Pledge Agreement dated as of even date with the Trust Agreement, among the Bank, the University and the Trustee, pursuant to which the University has pledged to the Bank Pledged Bonds that the Trustee will hold for the benefit of the Bank.

"Bond Purchase Agreement" means as to the Bonds, the Bond Purchase Agreement entered into by and among the Commission, the University and the Original Purchaser, providing for the purchase of the Bonds.

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

"Bonds" or **"Bond"** means the $13,795,000 State of Ohio (Ohio Higher Educational Facility Commission) Higher Educational Facility Variable Rate Revenue Bonds (Antioch University 2006 Project) issued by the Commission pursuant to the Trust Agreement, including any portion thereof or any beneficial interest therein, as applicable.

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

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the city or cities in which (A) the office of the Bank at which documentation for payment under the Letter of Credit is to be presented or (B) the principal offices of the Trustee, the paying agent or the Remarketing Agent are located, are authorized by law or executive order to close or (iii) a day on which the Depository is closed.

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

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

"Computation Period" means during any Other Rate Period, the six month period or integral multiples thereof elected pursuant to the Trust Agreement during which the interest rate will not be subject to adjustment.

"Conversion Date" means the date that is the effective date of the Fixed Interest Rate.

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

"Defeasance Account" means the Defeasance Account in the Bond Fund created under the Trust Agreement.

"Defeasance Obligations" means

(a) Noncallable Direct Obligations; or

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

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

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

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

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

(a) Direct Obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Executive" means the Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission.

"Fixed Interest Rate" means the fixed nonfloating annual interest rate on the Bonds established in accordance with the Trust Agreement.

"Fixed Rate Period" means, as to the Bonds, the Fixed Rate Period as provided for in the Trust Agreement.

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

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

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

"Interest Adjustment Date" means (i) during any Weekly Rate Period, (a) Wednesday of each calendar week effective Thursday through the Wednesday of the next calendar week or (b) any other date on which an adjustment of the interest rate on the Bonds is required, in the judgment of the Remarketing Agent, in order to permit the Remarketing Agent to remarket the Bonds at par and (ii) in connection with any Other Rate Period, the twelfth Business Day prior to the beginning of the Computation Period.

"Interest Payment Date" means, (i) as to the Bonds during a Weekly Rate Period or Other Rate Period, the first Business Day of each month commencing April 3, 2006, and (ii) as to the Bonds during a Fixed Rate Period, each February 1 and August 1, or the next succeeding Business Day if such day is not a Business Day.

"Interest Rate Period" means either the Weekly Rate Period, Other Rate Period or Fixed Rate Period.

"Issuance Date" means the date of initial delivery of the Bonds by the Commission to the Original Purchaser in exchange for the purchase price of the Bonds.

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

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

"Letter of Credit" means the irrevocable direct-pay letter of credit issued by the Bank and delivered to the Trustee on the date of delivery of the Bonds substantially in the form attached to the Reimbursement Agreement, or any Alternate Letter of Credit.

"Letter of Credit Account" means the Letter of Credit Account created within the Bond Fund pursuant to the Trust Agreement.

"LOC Draw Account" means the LOC Draw Account created under the Trust Agreement.

"Maximum Rate" or **"Maximum Interest Rate"** means, prior to the Conversion Date 10% per year and upon and after the Conversion Date, the Fixed Interest Rate.

"1997 Bond Account" means the 1997 Bond Account created within the Escrow Fund pursuant to Section 5.01 of the Trust Agreement.

"1997 Bonds" means the State of Ohio Higher Educational Facility Variable Rate Demand Revenue Bonds (Pooled Financing 1997 Program).

"1997 Lease" means the Lease dated as of June 1, 1997 between the Commission and the University, as amended, relating to the issuance of the 1997 Bonds.

"1997 Project" means the "Project," as defined in the 1997 Lease, being the portion of the Project financed with the 1997 Bonds, generally consisting of (i) the renovation and remodeling of Spalt Hall and the International Center, (ii) the renovation and remodeling of President and West Dormitories, (iii) the construction of the New Dormitory, and (iv) the renovation of the heating plant including new boilers, all together with the necessary appurtenances thereto.

"1997 Trust Agreement" means the Trust Indenture dated as of June 1, 1997 between the Commission and the Trustee, as trustee (the **"1997 Trustee"**).

"Original Purchaser" means, as to the Bonds, B.C. Ziegler and Company.

"Other Interest Rate" means the interest rate on the Bonds that is not a Weekly Variable Rate or a Fixed Rate established in accordance with the Trust Agreement.

"Other Rate Period" means, as to the Bonds, any interest rate period other than a Weekly Rate Period or a Fixed Rate Period, as provided for in the Trust Agreement.

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

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

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

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

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

"Permitted Encumbrances" means, as to any Lease and as of any particular time,

(a) the Base Lease, the Lease and any sublease of the Project authorized by the Lease;

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

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

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

(e) purchase money mortgages, purchase money security interests and other liens or interests to the extent permitted by the Lease or the Reimbursement Agreement;

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

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

(h) the 1997 Lease and the 2000 Lease, including Base Leases identified in such leases and any other lien, mortgage, security interest or other encumbrance identified in Exhibit F to the Lease or otherwise permitted by the Lease and the Trust Agreement.

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

"Pledged Bonds" means Pledged Bonds as defined in the Trust Agreement.

"Principal Maturity Date" means February 1, 2029.

"Project" means collectively, the 1997 Project, the 2000 Project and the 2006 Project.

"Project Facilities" means, as to any Lease, the educational facilities generally identified in Exhibit A of that Lease, including any additions, improvements, modifications, substitutions and renewals thereof, and further includes any other facilities designated in writing by the University to be part of the Project Facilities as are permitted by the Act and the Lease.

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

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

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

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

"Record Date" or **"Regular Record Date"** means(i) with respect to any Bond bearing interest at an Other Rate, the close of business on the seventh day immediately preceding an Interest Payment Date applicable to that Bond, (ii) with respect to any Bond bearing interest at the Weekly Interest Rate, the Business Day immediately preceding an Interest Payment Date applicable to that Bond, and (iii) with respect to any Bond bearing interest at a Fixed Interest Rate, every July 15 and January 15.

"Redemption Premium Account" means the Redemption Premium Account created under the Trust Agreement.

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

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

"Reimbursement Agreement" means the Reimbursement Agreement, dated as of the same date as this Trust Agreement, between the Bank and the University, as amended or supplemented from time to time. "Reimbursement Agreement" shall also mean the reimbursement or similar agreement relating to an Alternate Letter of Credit, entered into between the University and the provider of such Alternate Letter of Credit.

"Remarketing Agent" means initially B.C. Ziegler and Company, or any successor Remarketing Agent meeting the qualifications set forth in the Trust Agreement and designated from time to time to act as Remarketing Agent pursuant to the Trust Agreement.

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

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

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

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

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

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

"State" means the State of Ohio.

"Stated Amount" means the Stated Amount of the Letter of Credit as provided in the Reimbursement Agreement, which may be reduced and reinstated from time to time as provided in the Reimbursement Agreement, or by the terms of the Letter of Credit.

"Stated Expiration Date" means the expiration date stated in the Letter of Credit, initially February 16, 2011.

"Supplemental Credit Facility" means a credit facility, lease or arrangement in addition to the Letter of Credit, including, without limitation, a bond insurance policy, collateral arrangement, surety bond, standby placement lease or similar arrangement the purpose of which is to enhance the credit of the Bonds in order to obtain or maintain a rating on the Bonds.

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

"Tender Agent" mean, initially U.S. Bank National Association, and any successor Tender Agent as determined or designated under or pursuant to the Trust Agreement.

"Tender Date" means the first day of any Computation Period during an Other Rate Period.

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

"Trust Agreement" means the Trust Agreement dated as of February 1, 2006, securing the Bonds, between the Commission and the Trustee, as amended or supplemented from time to time.

"Trustee" means the Trustee under the Trust Agreement, originally U.S. Bank National Association.

"2000 Bond Account" means the 2000 Bond Account created with the Escrow Fund pursuant to Section 5.01 of the Trust Agreement.

"2000 Bonds" means the State of Ohio Higher Educational Facility Variable Rate Demand Revenue Bonds (Pooled Financing 2000 Program) Series C.

"2000 Lease" means the Lease dated as of June 1, 2000 between the Commission and the University, relating to the issuance of the 2000 Bonds.

"2000 Project" means the "Project," as defined in the 2000 Lease, being the portion of the Project financed with the proceeds of the 2000 Bonds, generally consisting of acquiring and installing telephone switch equipment, data and telephone network, computers and related applications, equipment and facilities, mail processor, residence hall, laboratory and classroom furniture and equipment, tractor, passenger van, records archive project, upgrading of lighting systems and transformer, and renovation and improvements of conference room, residence halls (including air conditioning), roofs of certain buildings, drives, parking, walkways and landscape and utility systems.

"2000 Trust Agreement" means the Trust Indenture dated as of June 1, 2000 between the Commission and the Trustee, as trustee (the **"2000 Trustee"**).

"2006 Project" means the Project Facilities and the Project Site, including, as applicable, the interests of the Commission in and to the Project, and constituting a "project" as defined by the Act.

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

"Underwriter" means B.C. Ziegler and Company.

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

"University Account" means the University Account created within the Bond Fund pursuant to the Trust Agreement.

"Weekly Rate Period" means, as to the Bonds, the period from and including the Issuance Date to the date preceding the first day of an Other Rate Period or the Fixed Rate Period, whichever comes first, and any other Weekly Rate Period provided for in the Trust Agreement.

"Weekly Variable Rate" means a floating weekly interest rate on the Bonds established and adjusted in accordance with the Trust Agreement.

THE LETTER OF CREDIT

The following describes certain provisions of the Letter of Credit. Reference is made to the Letter of Credit for detailed provisions thereof. See also Appendix B regarding the Bank.

The Letter of Credit will be held by the Trustee. The Letter of Credit is an irrevocable obligation of the Bank to pay the Trustee up to the total of the following amounts (the "Stated Amount"), upon the terms and conditions set forth in the Letter of Credit: (a) the outstanding principal amount of the Bonds (i) to enable the Trustee to pay the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) to enable the Tender Agent to pay the principal portion of the purchase price of Bonds tendered to it and not remarketed, plus (b) an amount equal to interest to accrue at 10% per year (the "Maximum Rate") on the outstanding Bonds for 45 days (i) to enable the Trustee to pay the interest on the Bonds when due and (ii) to enable the Tender Agent to pay the portion, if any, of the purchase price of Bonds tendered to it and not remarketed equal to the accrued interest on such Bonds. THE LETTER OF CREDIT DOES NOT SECURE THE PAYMENT OF ANY REDEMPTION PREMIUM ON THE BONDS.

Pursuant to the Trust Agreement, the Trustee is required to draw upon the Letter of Credit in the following circumstances:

(a) to make timely payment of the principal of and interest on the Bonds;

(b) to make timely payment of the redemption price of such Bonds called for redemption; and

(c) to make timely payment of the purchase price of such Bonds required to be purchased by the Tender Agent, as the result of a mandatory purchase or an optional tender, to the extent remarketing proceeds are not available for such purpose, pursuant to the provisions of the Trust Agreement.

The Letter of Credit will expire upon the earliest to occur of the following (the "Termination Date"): (i) the honoring by the Bank of the final draw thereunder; (ii) receipt by the Bank of certification by the Trustee that no Bonds remain outstanding under the Trust Agreement; (iii) receipt by the Bank of notice from the Trustee of the acceptance and receipt by the Trustee of an effective Alternate Letter of Credit meeting the requirements of the Indenture; (iv) the 15^{th} day succeeding a Conversion Date if the University has elected not to otherwise provide for a Letter of Credit subsequent to conversion to a Fixed Interest Rate and the Bank has consented to such conversion; or (v) the close of business on the Stated Expiration Date.

The Stated Amount of the Letter of Credit and the amounts available to be drawn to pay principal of the Bonds or to pay the principal portion of the purchase price for any Bonds will be reduced automatically without notice by amounts drawn under the Letter of Credit for the payment of principal when due on the Bonds or to pay the principal portion of the purchase price of any Bonds. The Stated Amount of the Letter of Credit will be reinstated with respect to a drawing for the principal portion of the purchase price of Bonds upon the receipt by the Bank from the Trustee of remarketing proceeds (other than from draws on the Letter of Credit) deposited in the Bond Fund pursuant to a remarketing of the Bonds for the sole purpose of reimbursing the Bank or upon certification that the Trustee or Tender Agent is holding said amount of money or Pledged Bonds are delivered to the Trustee for the benefit of the Bank. The Stated Amount and the amounts available to be drawn for the payment of interest will be reduced automatically, without notice, by the amount of any such payment of interest. The amount reduced will be reinstated in an amount sufficient to provide interest coverage equal to 110 days at the Maximum Rate for the then outstanding principal amount of the Bonds, unless the Bank sends written notice to the Trustee stating that the Stated Amount will not be reinstated in respect of such interest.

Alternate Letter of Credit

The Trust Agreement provides that, except as prohibited, restricted, limited or conditioned by the provisions of the Reimbursement Agreement, the University at its option may cause to be delivered to the Trustee, as a replacement for the initial Letter of Credit, an Alternate Letter of Credit.

The University may, at any time, but in no event later than 45 days prior to the Interest Payment Date preceding the date on which the Letter of Credit by its terms will expire, at its option (i) provide for an extension of the expiration date of the Letter of Credit or (ii) provide for the delivery to the Trustee of an Alternate Letter of Credit, to be effective on an Interest Payment Date, which has terms which are the same in all materials respects (except as to expiration date) as the existing Letter of Credit. The extension of a Letter of Credit or an Alternate Letter of Credit must have an expiration date of not earlier than 364 days from the current expiration date of the Letter of Credit then in effect (or maturity) and expire at least 15 days after an Interest Payment Date. As a condition to the issuance of an Alternate Letter of Credit, the Trustee must receive an opinion of counsel to the issuer of the Alternate Letter of Credit that the Alternate Letter of Credit is legal, valid and binding, an opinion of nationally recognized bond counsel stating that the issuance of the Alternate Letter of Credit in accordance with the provisions of the Trust Agreement will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes and written confirmation from a rating service, if the Bonds are then rated, that the proposed substitution of the Alternate Letter of Credit will not reduce or cause the withdrawal of the then current rating on the Bonds.

The Bank does not control, either directly or indirectly through one or more intermediaries, the University. "Control" for this purpose has the meaning given to such term in Section 2(a)(9) of the Investment Company Act of 1940, as amended and interpreted by the Securities and Exchange Commission.

THE UNIVERSITY IS NOT OBLIGATED TO MAINTAIN THE LETTER OF CREDIT OR AN ALTERNATE LETTER OF CREDIT AFTER FEBRUARY 16, 2011. ALL BONDS, HOWEVER, WILL BE SUBJECT TO MANDATORY PURCHASE ON THE INTEREST PAYMENT DATE NEXT PRECEDING THE EXPIRATION DATE OF THE LETTER OF CREDIT (EXCEPT AFTER A CONVERSION TO A FIXED INTEREST RATE).

THE REIMBURSEMENT AGREEMENT

The following describes certain provisions of the Reimbursement Agreement between the University and the Bank pursuant to which the Letter of Credit is issued. Reference is made to the Reimbursement Agreement for the detailed provisions thereof.

Issuance of Letter of Credit and Reimbursement Agreement

Under the Reimbursement Agreement, the Bank will agree to issue the Letter of Credit to the Trustee concurrently with the issuance and delivery of the Bonds. The issuance of the Letter of Credit is subject to the satisfaction of certain conditions set forth in the Reimbursement Agreement, including the receipt by the Bank of various certifications or documents from the University, the Commission and the Trustee and the delivery of certain legal documents.

Pursuant to the terms of the Reimbursement Agreement, the University will agree to pay to the Bank, on or before the date of any drawing under the Letter of Credit, all amounts that are drawn under the Letter of Credit with respect to the Bonds, together with interest, if any, on such amounts at the rate specified in the Reimbursement Agreement.

Fees and Expenses

Under the Reimbursement Agreement, the University will agree to pay to the Bank an issuance fee, certain annual fees that are fixed or based on the Stated Amount, including any amounts that are reinstatable on such date, certain draw fees, fees upon transfer of the Letter of Credit, and charges and expenses in connection the Reimbursement Agreement.

Certain Covenants of the University

The University, subject to specific provisions in the Reimbursement Agreement, will covenant in the Reimbursement Agreement, among other things, to (a) preserve and maintain its existence as an Ohio nonprofit corporation duly qualified to transact business in the State of Ohio, (b) comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of any government authority, (c) at all reasonable times, permit the Bank or any agents or representatives thereof to examine and make copies of and abstracts from the financial books and records and to visit the properties of the University, (d) keep proper books or record and account, in which full and correct entries shall be made, (e) (i) furnish to the Bank notice of an event of default or potential event of default under the Reimbursement Agreement, (ii) furnish to the Bank financial statements, (f) maintain all fixed assets and equipment in good working order and condition, (g) give the Bank prompt written notice whenever certain litigation or proceedings are brought against the University and (h) the University shall keep the Bank informed and provide pertinent information regarding the progress of the University's current and future capital projects. In addition, the Reimbursement Agreement provides that the University will covenant not to (a) enter into or consent to any amendment of the transaction documents without the prior written consent of the Bank, (b) request a disbursement from the project fund if an event of default shall have occurred and be continuing, (c) suffer or permit its fixed charge coverage ration to be less than a prescribed amount, (d) suffer of permit its total bank debt to be greater than a prescribed amount or (e) suffer or permit liens or other encumbrances upon the property referred to as the University's McGregor Campus, other than those in favor of the Bank or any permitted encumbrances. **No assurance can be given as to the ability of the University to comply with such covenants. Failure to so comply could, at the option of the Bank, result in acceleration of the Bonds**. See "**THE TRUST AGREEMENT – Acceleration**".

Optional Redemption of Bonds

The University will agree in the Reimbursement Agreement to cause the Bonds to be redeemed annually at the times and in the amounts set forth in its Reimbursement Agreement. See "THE BONDS – Optional Redemption".

Events of Default and Remedies

The Reimbursement Agreement specifies numerous Events of Default, including the following:

(a) the University shall fail to pay when due the commitment fee or the amount of any draw under the Letter of Credit and such amount shall remain unpaid for five days after the University's receipt of written notice from Bank; or

(b) the University shall fail to pay when due any other amount, cost, expense or tax specified in the Reimbursement Agreement, and such amount shall remain unpaid for five days after the University's receipt of written notice from the Bank; or

(c) any representation or warranty made by the University pursuant to the Reimbursement Agreement or in any certificate, financial or other statement furnished by the University pursuant to the Reimbursement Agreement shall prove to have been incorrect in any material respect when made and would result in a material adverse change in the financial position of the University, or the University shall fail to perform or observe any term, covenant or agreement contained in the Reimbursement Agreement and such adverse change or failure to perform shall remain in effect for a period of thirty days after the University's receipt of written notice from the Bank; or

(d) the University shall fail to perform or observe any other term, covenant or agreement contained in the Reimbursement Agreement, or in the Letter of Credit or the Bond Pledge Agreement (collectively, the "Letter of Credit Documents") and any such failure which can be remedied shall remain unremedied for 30 days after written notice thereof shall have been given to the University by the Bank; provided, however, such cure period may be extended for a reasonable period of time (up to 60 additional days) if the University has commenced and is diligently pursuing a cure; or

(e) final uninsured judgment for the payment of money shall be rendered against the University, in excess of a specified amount, and such judgment shall remain unpaid or undischarged for a period of ninety consecutive days during which execution shall not be effectively stayed;

(f) the University shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by it under the federal bankruptcy laws, as now or hereafter in effect; (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property. The declaration of an event of default under this subsection and the exercise of remedies upon any such declaration shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding such declaration of exercise during the pendency of or immediately following any bankruptcy, liquidation, or reorganization proceedings;

(g) the occurrence of an "event of default" or an "event of default" under the Bonds, the Trust Agreement, the Lease, the Bond Purchase Agreement, the Remarketing Agreement or the Letter of Credit Documents, subject to any applicable cure or grace periods contained therein;

(h) the occurrence of an "event of default" by the University under any other document or instrument for funded indebtedness which has not been cured as provided for therein.

Upon the occurrence and continuation of any Event of Default described above, the Bank may, in its sole discretion, but shall not be obligated to (i) by notice to the University and the Trustee, declare a default under the Reimbursement Agreement and direct the Trustee to accelerate payment of the Bonds and (ii) pursue any other remedy permitted to the Bank under the Reimbursement Agreement, the Letter of Credit Documents or the Bonds, the Trust Agreement, the Lease, the Bond Purchase Agreement, the Remarketing Agreement or otherwise.

Upon the occurrence of an Event of Default under any Reimbursement Agreement, the Bank may implement any remedies available to it under the Bond Documents and the Reimbursement Agreement, including without limitation directing the acceleration of the Bonds. Thus, if there is an Event of Default under the Reimbursement Agreement, the Bank may cause the Bonds to be paid prior to maturity.

The University's obligations under the Reimbursement Agreement are not secured by any security agreements or mortgages on property of the University. However, any mortgage or security agreements which may in the future secure the University's obligations under the Reimbursement Agreement will be for the sole benefit and security of the Bank and will not be for the benefit or security of the Trustee or the Holders.

Amendment

The Reimbursement Agreement may be amended by the University and the Bank without the consent of the Commission or the Trustee.

THE LEASE

The following describes certain provisions of the Lease. Reference is made to the Lease for the detailed provisions thereof.

Term of Lease

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

Commencement and Completion of the Project

The University agrees to undertake and to continue with due diligence the renovation, remodeling, equipping and improvement of the Project Facilities on the Project Site and to complete the Project as promptly as is feasible in all material respects in accordance with all legal requirements. The University has agreed to supply any funds required for completion of the Project that are not available from the proceeds of the Bonds. Any such payments by the University will not affect or serve to reduce the Rental Payments to be made by it under the Lease.

Rentals

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

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

In any event, the amount of the Rental Payments made under the Lease must be sufficient to pay the total amount of the debt service on the Bonds as and when due, whether at stated maturity, by redemption or upon acceleration. The Lease serves the purpose of securing the debt service on the Bonds, while satisfying the requirements of the Act pursuant to which Bonds are issued. The University shall be entitled to a credit against the Rental Payments next required to be paid (and such Rental Payment shall be deemed to have been made) for deposit in the Bond Fund with respect to the Bonds on any date equal to the amount drawn and received by the Trustee under the Letter of Credit for the payment of the corresponding payment of Bond Service Charges to the extent that the balance then in the Bond Fund and available for that purpose is in excess of the amount required (1) for payment of Bonds theretofore matured or called for redemption, (2) for payment of past due interest in all cases where such Bonds have not been presented for payment, and (3) to be deposited in the Bond Fund for use for other than payment of the principal of, premium, if any, and interest on the Bonds (whether at maturity or by redemption) on the next succeeding Interest Payment Date.

Absolute Obligation to Pay Rental Payments

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

Prepayment Under the Lease

The University is given options in the Lease to prepay the amounts payable thereunder. Such prepayment options correspond to the optional redemption provisions of the Bonds. The University is obligated under the Lease to prepay the amounts payable thereunder in full upon the occurrence of certain events. See "THE BONDS – Redemption Provisions".

Maintenance of Tuition, Fees and Charges

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

Maintenance and Insurance

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

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

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

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

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

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

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

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

Annual Financial Statements

The University agrees to have an annual audit of its financial statements made by an independent certified public accountant and to provide that audit report to the Commission, the Trustee and the Underwriter within 150 days after the end of each fiscal year.

Merger, Consolidation or Transfer of Assets

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

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

Indemnification of the Commission

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

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

University's Options to Terminate Lease

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

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

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

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

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

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

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

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

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

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

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

Assignment and Subleasing

The Lease may be assigned in whole or in part, and the Project may be subleased in whole or in part, by the University without the necessity of obtaining the consent of the Commission, the Bank or the Trustee, provided that certain conditions are met, including (i) no such assignment (other than assignments pursuant to the consolidation, merger, sale or other transfer as described in "THE LEASE -- Merger, Consolidation or Transfer of Assets") will relieve the University from primary liability for any of its obligations under the Lease and the University will continue to remain primarily liable for the payment of Rental Payments and Additional Payments, (ii) any such assignment or sublease will retain for the University such rights as will permit it to perform its obligations under the Lease, (iii) the assignee or sublessee from the University assumes the obligations of the University to the extent of the interest assigned or subleased, (iv) the University furnishes a copy of such assignment, sublease or grant of use to the Commission, the Bank and the Trustee, and (v) any such assignment or sublease shall be subject to the terms of the Lease and will not materially impair fulfillment of the purposes of the Act in providing educational facilities or adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Events of Default

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

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

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

(c) The University fails to observe or perform any other covenant, agreement or obligation under the Lease, and that failure continues for a period of 60 days after written notice of the failure is given by registered or certified mail to the University by the Commission, the Bank or the Trustee requesting that it be remedied. The Commission, the Bank (if the Letter of Credit is in effect) and the Trustee may agree in writing to an extension of that 60-day period prior to its expiration, provided that if the University proceeds to take curative action that, if begun and prosecuted with due diligence, cannot be completed reasonably within the 60-day period, that period will be increased without a written extension to any extent that will be necessary to enable the University to complete the curative action diligently.

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

(e) The University fails to make any payment due under a lease or lease agreement entered into between the University and the Commission in connection with any issue of State of Ohio higher educational facility bonds issued to finance or refinance a project at the University, provided that such failure constitutes an event of default under such lease or lease agreement.

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

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

Remedies on Default

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

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

(b) The Trustee may enter and take possession of the Project without terminating the Lease, complete the Project Facilities if not then completed, sublease the Project or any part thereof for the account of the University, receive all rents, income and other sums with respect to the Project, and hold the University liable for the difference between the rent and other amounts payable by such subleasing and the Rental Payments, Additional Payments and such other amounts payable by the University under the Lease.

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

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

Amendments of the Lease

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

THE TRUST AGREEMENT

The following describes certain provisions of the Trust Agreement. Reference is made to the Trust Agreement for the detailed provisions thereof.

Security

In order to secure the payment of the debt service on the Bonds and the performance of the obligations contained in the Trust Agreement and the Bonds, the Commission will assign to the Trustee for the benefit of the Holders any and all of its right, title and interest in and to (i) the Revenues, (ii) the Lease, except Unassigned Rights, (iii) the proceeds of the Bonds, the Guaranty Agreement and any other property or agreements that may be given to the Commission as security for the Bonds, (iv) the Letter of Credit Account within the Bond Fund and (v) the Purchase Fund.

Use of Bond Proceeds

The proceeds of the sale of the Bonds will be deposited by the Trustee as follows: to the Issuance Expenses Fund, the amount certified by the Commission to the Trustee to pay issuance expenses relating to the Bonds; to the 1997 Bond Account of the Escrow Fund, the amount necessary to pay the redemption price of the 1997 Bonds attributable to the University on April 3, 2006; to the 2000 Bond Account of the Escrow Fund, the amount necessary to pay the redemption price of the 2000 Bonds attributable to the University on April 3, 2006; and to the Improvement Fund, the balance. The respective deposits into the Escrow Fund assume that the bonds to be refunded with such deposits will bear interest at the maximum rate of interest that may be borne by such bonds to the April 3, 2006 redemption date.

Bond Fund

The Bond Fund (and accounts therein for which provision is made in the Trust Agreement or the Lease) and the money and Eligible Investments therein will be used to pay the debt service on the Bonds; provided that no part thereof shall be used to redeem any Bonds prior to maturity, except as may be provided otherwise in the Lease or the Trust Agreement. All amounts drawn under the Letter of Credit for Bond Service Charges are required to be deposited directly into an account in the Bond Fund designated the "Letter of Credit Account," all amounts deposited to pay premium on the Bonds are required to be deposited directly into an account in the Bond Fund designated the "Redemption Premium Account" and all payments into the Bond Fund (other than from draws on the Letter of Credit) are to be deposited directly into the account in the Bond Fund designated the "University Account." All amounts deposited to pay and discharge the Bonds are required to be deposited into an account in the Bond Fund designated the "Defeasance Account."

All amounts drawn under the Letter of Credit to pay the purchase price of tendered bonds are required to be deposited in the "LOC Draw for Purchase Account" of the Purchase Fund.

Any amounts that are to be applied to the payment of Bond Service Charges on the Bonds, including accrued interest received in connection with the sale of the Bonds and all Revenues and all money received upon drawings for such purpose made under the Letter of Credit, will be deposited in the Bond Fund created by the Trust Agreement and maintained with the Trustee. Money in the Bond Fund is to be used for the payment of Bond Service Charges on the Bonds by first applying amounts held therein pursuant to draws by the Trustee on the Letter of Credit, to the extent there is a Letter of Credit in effect, and secondly by applying any other amounts available therein.

Amounts remaining in the Bond Fund after all outstanding Bonds are deemed paid and discharged are to be paid to the Bank and the University after the payment of various fees, reimbursements and charges have been made in accordance with the Trust Agreement.

Improvement Fund and Issuance Expenses Fund

Bond proceeds will be deposited into the Improvement Fund and the Issuance Expenses Fund maintained by the Trustee as provided in the Trust Agreement. The money in the Improvement Fund and in the Issuance Expenses Fund will be disbursed by the Trustee upon requisition from the Commission or from the University in accordance with the Lease to reimburse or pay the University, or any person designated by the University, for any of the following:

(a) Costs incurred directly or indirectly for or in connection with the acquisition and leasing of the Project, survey fees, recording fees and costs related to any of the work deemed desirable in order to perfect or protect the interests of the Commission, the Trustee and the University in the Project;

(b) Costs incurred directly or indirectly for or in connection with the acquisition, construction, remodeling, improvement, equipping or furnishing of the Project, including but not limited to those costs incurred for preliminary planning and studies, architectural, accounting, consulting, financial, legal, engineering, supervisory and other services, site preparation, utilities, labor, materials and acquisition and installation of personal property;

(c) Premiums attributable to any bond insurance or to any surety bonds, initial expenses relating to any letter of credit or liquidity facility, and insurance to be taken out and maintained during construction of the Project;

(d) Taxes, assessments and other charges in respect of the Project that may become payable during the construction of the Project;

(e) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project Facilities;

(f) Any other incidental and necessary costs, expenses, fees and charges relating to the acquisition, construction, installation, leasing, improvement or equipping of the Project;

(g) Interest on the Bonds during the construction of the Project;

(h) Any other costs incurred in connection with the Project or the Bonds or as otherwise permitted to be paid from the proceeds of the Bonds under the Act or the Code; and

(i) Payments made to the Rebate Fund;

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

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

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

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

Escrow Funds

Escrow Fund – 1997 Bond Account. The 1997 Bond Account of the Escrow Fund and the money and Eligible Investments therein shall, except as otherwise provided in the Trust Agreement, be used solely and exclusively for, and are irrevocably committed to, the reimbursement of the issuer of the letter of credit securing the 1997 Bonds for the payment of the principal amount of, and the redemption premium and interest on, the 1997 Bonds attributable to the University, on April 3, 2006.

Money and Eligible Investments in the 1997 Bond Account of the Escrow Fund shall, and the Trustee agrees such money and Eligible Investments will, be used solely for the purposes as described above and the deposit of such money and Eligible Investments in the 1997 Bond Account of the Escrow Fund shall be irrevocable. Subject to the foregoing requirements for the use of the 1997 Bond Account of the Escrow Fund and the money and Eligible Investments therein and except as otherwise provided in the Trust Agreement, the Trustee shall have full and complete control and authority over and with respect to the Escrow Fund and money and Eligible Investments therein, and the Commission or the University shall not exercise any control or authority over and with respect to the Escrow Fund and the money and Eligible Investments therein.

Principal, interest and any premium due and payable on the 1997 Bonds attributable to the University on the redemption date shall be payable on presentation and surrender of the 1997 Bonds attributable to the University in accordance with the 1997 Trust Agreement.

The payment of the holders of the 1997 Bonds attributable to the University on the redemption date shall be made with proceeds of a draw on the letter of credit securing the 1997 Bonds, and funds on deposit in the 1997 Bond Account of the Escrow Fund shall be used to reimburse the issuer of that letter of credit for such draw. After payment to the holders of the 1997 Bonds attributable to the University of the principal of and any redemption premium and interest on the 1997 Bonds attributable to the University, and the reimbursement of the issuer of the letter of credit securing the 1997 Bonds for such payment, the Trustee shall transfer all remaining money and Eligible Investments in the 1997 Bond Account of the Escrow Fund to the Improvement Fund.

Escrow Fund – 2000 Bond Account. The 2000 Bond Account of the Escrow Fund and the money and Eligible Investments therein shall, except as otherwise provided in the Trust Agreement, be used solely and exclusively for, and are irrevocably committed to, the reimbursement of the issuer of the letter of credit securing the 2000 Bonds for the payment of the principal amount of, and the redemption premium and interest on, the 2000 Bonds attributable to the University, on April 3, 2006.

Money and Eligible Investments in the 2000 Bond Account of the Escrow Fund shall, and the Trustee agrees such money and Eligible Investments will, be used solely for the purposes as described above and the deposit of such money and Eligible Investments in the 2000 Bond Account of the Escrow Fund shall be irrevocable. Subject to the foregoing requirements for the use of the 2000 Bond Account of the Escrow Fund and the money and Eligible Investments therein and except as otherwise provided in the Trust Agreement, the Trustee shall have full and complete control and authority over and with respect to the Escrow Fund and money and Eligible Investments therein, and the Commission or the University shall not exercise any control or authority over and with respect to the Escrow Fund and the money and Eligible Investments therein.

Principal, interest and any premium due and payable on the 2000 Bonds attributable to the University on the redemption date shall be payable on presentation and surrender of the 2000 Bonds attributable to the University in accordance with the 2000 Trust Agreement.

The payment of the holders of the 2000 Bonds attributable to the University on the redemption date shall be made with proceeds of a draw on the letter of credit securing the 2000 Bonds, and funds on deposit in the 2000 Bond Account of the Escrow Fund shall be used to reimburse the issuer of that letter of credit for such draw. After payment to the holders of the 2000 Bonds attributable to the University of the principal of and any redemption premium and interest on the 2000 Bonds attributable to the University, and the reimbursement of the issuer of the letter of credit securing the 2000 Bonds for such payment, the Trustee shall transfer all remaining money and Eligible Investments in the 2000 Bond Account of the Escrow Fund to the Improvement Fund.

Rebate Funds

The Rebate Fund is established by the Trust Agreement. The provisions relating to rebate under the Code are set forth in the Tax Agreement.

The amounts on deposit in the Rebate Fund will not be part of the Revenues assigned under the Trust Agreement to the Trustee.

Investment of Funds

Money held in the Improvement Fund, the Issuance Expenses Fund, the Rebate Fund or the Bond Fund (except money in the Letter of Credit Account, Redemption Premium Account and Defeasance Account), will, at the direction of the University, be invested or reinvested by the Trustee in Eligible Investments. Money derived from a draw on the Letter of Credit or from remarketing of the Bonds that is deposited in the Purchase Fund and in the Letter of Credit Account, Redemption Premium Account and Defeasance Account within the Bond Fund will not be invested.

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

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

Assignment and Security

In the Trust Agreement, the Commission will assign to the Trustee its right, title and interest in and to the Special Funds and the Purchase Fund and all of the Commission's rights and remedies under the Lease (excluding the rights of the Commission with respect to certain expenses, reimbursement and indemnity provisions). The Commission will also grant a security interest to the Trustee in the Revenues (other than the Letter of Credit Account within the Bond Fund).

Defeasance

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

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

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

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

for the payment of all Bond Service Charges on those Bonds at their maturity or redemption dates, as the case may be, or if default in such payment has occurred on such date, then to the date of the tender of such payment; provided that with respect to the Bonds that are not in a Fixed Rate Period, such money represents or such obligations were acquired with money derived from drawings made, to the extent permitted, under the Letter of Credit, so long as the Letter of Credit is in effect or with other money as to which the Trustee has received an opinion of counsel in a form acceptable to the Trustee to the effect that the payment of Bond Service Charges with such money will not constitute a transfer that is voidable as a preference payment under the federal Bankruptcy Code. If such Bonds bear interest in any Interest Rate Period, with the exception of a Fixed Interest Rate, the Bonds are assumed to bear interest at the Maximum Interest Rate. If any of those Bonds are to be redeemed prior to their maturity thereof, notice of such redemption must have been duly given or irrevocable provision satisfactory to the Trustee must have been duly made for the giving of such notice.

Events of Default

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

(a) Nonpayment of interest on any Bond when it becomes due and payable;

(b) Nonpayment of the principal of or premium on any bond when it becomes due and payable; whether at stated maturity, by redemption, by acceleration or otherwise;

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

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

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

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

(g) Nonpayment of amounts due to the Holder of any Bond who has delivered such Bond to the Tender Agent for purchase pursuant to the Trust Agreement after such payment has become due and payable;

(h) Receipt by the Trustee of a written notice from the Bank that an Event of Default has occurred and is continuing under the Reimbursement Agreement and directing the Trustee to accelerate the maturity of the Bonds;

(i) Failure by the Bank to honor a proper drawing under the Letter of Credit; or

(j) The occurrence of certain acts of insolvency or liquidation relating to the Bank.

Acceleration

If an Event of Default under the Trust Agreement occurs as described under paragraphs (c), (d), (e) or (f) above, the Trustee shall, upon the written direction of the Bank, declare the principal of all Bonds then outstanding (if not then due and payable), together with interest accrued thereon, to be due and payable immediately. Upon the occurrence of an Event of Default described under paragraphs (a), (b), (g), (h), (i), or (j) above, the Trustee, without the consent of the Bank, is required to declare the principal of all Bonds then outstanding (if not then due and payable), together with interest accrued thereon, to be due and payable immediately. Pursuant to such declaration, interest on the Bonds shall cease to accrue.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Trust Agreement (after an opportunity for hearing by the Commission and the University),

(a) all amounts payable under the Trust Agreement (except the principal of and interest on Bonds that have not reached their stated maturity dates, but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or any paying agents, and

(b) all existing Events of Default under the Trust Agreement have been cured,

then, and in every case, the Trustee is required to waive the particular Event of Default and its consequences and shall rescind and annul the declaration of acceleration; provided that if the Letter of Credit was drawn upon as a result of such declaration, the Trustee shall not waive the Event of Default unless the Trustee has received written notice that the amount of the Letter of Credit has been fully reinstated.

Other Remedies

In addition, upon the occurrence and continuance of an Event of Default under the Trust Agreement and with or without an acceleration as described above, the Trustee may, with the Consent of the Bank, pursue any available remedy to enforce the payment of Bond Service Charges on the Bonds or the observance and performance of any other covenant, agreement or obligation under the Trust Agreement, the Lease, the Guaranty or any other instrument providing security, directly or indirectly, for the Bonds. If requested to do so by the Bank or the Holders of at least in aggregate principal amount of the Bonds outstanding and if indemnified as provided in the Trust Agreement, the Trustee is required to exercise such of the rights and powers conferred upon it under the Trust Agreement as the Trustee.

Right of Holders and Bank to Direct Proceedings

The Bank or Holders of at least a majority in aggregate principal amount of Bonds then outstanding have the right at any time, by an instrument or instruments in writing signed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement or any other proceedings under the Trust Agreement, provided that such direction will not be other than in accordance with the provisions of law and the Trust Agreement, that the Bank has no such rights with respect to the enforcement of remedies against the Bank, that the Trustee will be indemnified to its satisfaction and that the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction. Notwithstanding the foregoing, so long as no Event of Default described in clause (i) or (j) under "THE TRUST AGREEMENT – Events of Default" has occurred and is continuing, the Bank will have the exclusive right to give any such directions to the Trustee.

Rights and Remedies of Holders

Neither the Bank nor any Holder of any Bond will have any right to institute any suit, action or proceeding for the enforcement of the Trust Agreement or for the execution of any trust under the Trust Agreement or any remedy under the Trust Agreement, unless (i) an Event of Default has occurred and is continuing of which the

Trustee has been notified or of which it is deemed to have notice, (ii) the Holders of not less than 25% in aggregate principal amount of the Bonds then outstanding or the Bank have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the powers provided in the Trust Agreement or to institute such action, suit or proceeding and have offered to the Trustee indemnity as provided for in the Trust Agreement, and (iii) the Trustee thereafter has failed or refused to exercise its powers under the Trust Agreement or to institute such action, suit or proceeding in its own name.

Waivers of Events of Default

Except as hereinafter described, at any time, in its discretion, the Trustee, but only with the express written consent of the Bank, other than in the case of an Event of Default described in paragraphs (i) or (j) under "THE TRUST AGREEMENT – Events of Default", may waive any Event of Default under the Trust Agreement and its consequences and may rescind and annul any declaration of maturity of principal of the Bonds. The Trustee is required to do so upon the written request of the Holders of either (i) at least a majority in aggregate principal amount of all Bonds then outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or (ii) at least 25% in aggregate principal amount of all Bonds then outstanding, in the case of any other Event of Default. Such written request will take priority over other actions requested or authorized by the Holders.

There will not be so waived, however, any Event of Default described in paragraphs (a), (b) or (g) under "THE TRUST AGREEMENT – Events of Default", or any declaration of acceleration in connection with any Event of Default rescinded or annulled (or that Event of Default waived), unless at the time of that waiver or rescission and annulment payments of the amounts provided in the Trust Agreement for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Commission, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. If the Letter of Credit was drawn upon as a result of such declaration of acceleration, the Trustee shall not so waive the Event of Default unless the Trustee has received notice from the Bank that the Letter of Credit has been reinstated in full. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Applications of Money Received Pursuant to Right of Action Taken

All money received by the Trustee representing a drawing made upon the Letter of Credit will be applied by the Trustee only to the payment of principal of or interest on or purchase price of the Bonds. All money received by the Trustee or a receiver from remedial action taken will be applied to the payment of the costs and expenses of the proceedings resulting in the collection of such money, and the balance of such money will be deposited in the Bond Fund and applied to the payment of Bond Service Charges on the Bonds in the manner and in the order of priority set forth in the Trust Agreement.

Supplemental Trust Agreements

The Commission and the Trustee may, with the consent of the Bank, enter into supplemental trust agreements not inconsistent with the Trust Agreement in the opinion of the Commission and the Trustee, without the prior consent of or notice to any of the Holders (although Holders will be sent copies of the supplemental trust agreements), for any one or more of the following purposes:

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

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

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

(d) to accept additional security and instruments and documents of further assurance with respect to the Project;

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

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

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

(h) to specify further the duties and responsibilities of and to define further the relationship among the Trustee, the Registrar, and any authenticating agents or paying agents, and the Remarketing Agent;

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

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

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

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

(m) to evidence the appointment of a new Remarketing Agent or Tender Agent;

(n) to accept a Supplemental Credit Facility as provided in Section 8.08 of the Trust Agreement;

(o) to provide for an Alternate Letter of Credit; and

(p) to permit any other amendment that, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Holders.

The Trustee may also accept, without the consent of or notice to any of the Holders, an Alternate Letter of Credit or any amendments to the Letter of Credit necessary to continue the effectiveness of the Letter of Credit as originally intended or which in the judgment of the Trustee are not to the prejudice of the Holders.

Exclusive of supplemental trust agreements for the purposes stated above, the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding and the Bank will be required to approve any trust agreement supplementing the Trust Agreement, provided that no supplemental trust agreement may permit: (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond, or the rate of interest or premium on any Bond, (iii) a reduction in the amount or extension of the time of payment of any mandatory sinking fund requirements, (iv) a decrease in amounts to be paid, or an extension of any time for payments under the Letter of Credit or a change in timing for draws on the Letter of Credit required by the Trust Agreement, or (v) the creation of a privilege or priority of any Bond over any other bond, any series of Bonds over any other series of Bonds, or a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement, without the consent of the Holders of all of the Bonds then outstanding. In addition, the University must consent to any supplemental trust agreements.

Discharge of Lien

The lien of the Trust Agreement will be discharged if the Commission will pay or cause to be paid and discharged all the outstanding Bonds, or there will otherwise be paid to the Holders of the outstanding Bonds all Bond Service Charges due or to become due thereon, and provisions will also be made for paying all other amounts payable under the Trust Agreement by the Commission, and under the Trust Agreement and the Lease by the University.

Any Bond will be deemed to be paid and discharged for all purposes of the Trust Agreement when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Trust Agreement) will have been made or caused to be made with funds available therefor on deposit in the Bond Fund in accordance with the terms thereof.

All or any part of the outstanding Bonds will be deemed to have been paid and discharged within the meaning of the Trust Agreement if (a) the Trustee and any paying agent will have received and hold in trust and irrevocably committed for such payment, sufficient money, or (b) the Trustee will hold in trust, irrevocably committed for such payment, Defeasance Obligations verified or certified by an independent firm described in "THE TRUST AGREEMENT – Defeasance" to be of such maturities or redemption dates and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount hereof or the interest earnings therefrom, be sufficient together with money referred to in (a) above, for the payment of all Bond Service Charges on the Bonds, at their maturities or redemption dates, as the case may be, or if default in such payment will have occurred on such date, then to the date of the tender of such payment, provided that with respect to Bonds that are not in a Fixed Rate Period such money represents or such obligations were acquired with money derived from drawings under the Letter of Credit, or with money as to which the Trustee has received an opinion of counsel in a form acceptable to the Trustee to the effect that the payment of Bond Service Charges from such money will not institute a transfer that is voidable as a preference payment under the federal Bankruptcy Code. If the Bonds bear interest at any rate other than the Fixed Interest Rate, the Bonds shall be deemed to be paid and discharged only if the amount held by the Trustee under 9(a) or (b) above shall be sufficient to provide for the Maximum Rate on the bonds to the earlier of the first tender or redemption date, and the tender or redemption of the Bonds so discharged shall occur on the first such tender or redemption date; provided that if any Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been duly given or irrevocable provision satisfactory to the Trustee will have been duly made for the giving of such notice. Any money so held by the Trustee may be invested by the Trustee, but only in Defeasance Obligations, the maturities or redemption dates of which, at the option of the holder, will be not later than the date or dates at which said money will be required for the aforesaid purposes.

The Trustee

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

The Trustee, prior to the occurrence of an Event of Default under the Trust Agreement, and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement. In case an Event of Default under the Trust Agreement has occurred and is continuing, the Trustee will exercise the rights and powers vested in it by the Trust Agreement and will take such actions as it is instructed to take and indemnified against by the Bank and the Holders and if there is no instruction, such action as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trust Agreement provides that the Trustee is entitled to act upon opinions of counsel and will not be responsible for any loss or damage resulting from reliance thereon in good faith. In addition, the Trust Agreement provides that the Trustee is entitled to rely on certain other instruments, and it will not be liable for any action reasonably taken or omitted to be taken by it in good faith or be responsible other than for its own negligence or willful misconduct. The Trust Agreement provides for removal of the Trustee and the appointment of a successor trustee under certain circumstances.

Remarketing Agent

B.C. Ziegler and Company has been appointed Remarketing Agent under the Trust Agreement. The principal office of the Remarketing Agent is One South Wacker Drive, Suite 3080, Chicago, Illinois 60603. The Remarketing Agent will perform such of the duties of the Remarketing Agent as are set forth in the Trust Agreement and the Remarketing Agreement. The Remarketing Agent may be removed at any time by the University. The Remarketing Agent may resign at any time by giving 30 days notice to the Commission, the University, the Trustee and the Bank.

The Trust Agreement provides that the Remarketing Agent shall establish the applicable interest rate payable on the Bonds by determining the minimum rate, on the basis of prevailing market conditions, necessary to enable it to remarket such Bonds at a price equal to the principal amount of such Bonds in a secondary market transaction on the first day of the relevant Interest Rate Period.

In the event the Commission shall fail to appoint a successor Remarketing Agent upon resignation or removal, the Trustee will either appoint a Remarketing Agent or itself as Remarketing Agent, provided the Trustee, acting in its individual capacity shall neither be required to sell the Bonds nor establish the interest rate on the Bonds.

Extent of Commission's Covenants – No Personal Liability

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

THE GUARANTY AGREEMENT

The following describes certain provisions of the Guaranty Agreement. Reference is made to the Guaranty Agreement for the detailed provisions thereof.

In the Guaranty Agreement entered into by the University and the Trustee, the University, as further evidence of its obligation to pay debt service on the Bonds, unconditionally guarantees to the Trustee for the benefit of the Holders of the Bonds (a) the full and prompt payment of the principal of and any premium on any Bond when and as the same becomes due, whether at the stated maturity, by acceleration, by call for redemption or otherwise, (b) the full and prompt payment of any interest on any Bond when and as the same becomes due, (c) the full and prompt payment of all Letter of Credit reimbursement obligations to reimburse the Bank for amounts drawn under the Letter of Credit and the principal and accrued interest on Pledged Bonds as provided in the Trust Agreement, and (d) the full and prompt payment of all expenses and charges paid or incurred in enforcing the Guaranty Agreement.

The Trustee shall proceed against the University under the Guaranty Agreement if requested by the Holders of at least 25% in aggregate principal amount of the Bonds outstanding or the Bank. No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind that the University has or may have against the State, the Commission, the Bank, the Remarketing Agent, the Trustee, or any Holder will be available to the University against the Trustee.

THE TAX AGREEMENT

The following describes certain provisions of the Tax Agreement. Reference is made to the Tax Agreement for the detailed provisions thereof.

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

The University represents in the Tax Agreement that it has taken and caused to be taken and covenants that it will take and cause to be taken all actions that may be required of it, alone or in conjunction with the Commission, for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. The University represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect those exclusions under the provisions of the Code. Unless the University receives and provides to the Commission and the Trustee a written opinion of Bond Counsel that such action will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, the University will not take any action or fail to take any action the result of which if it had occurred prior to or at the time of issuance of the Bonds, or at any time thereafter, would be to cause the Bonds not to be considered qualified 501(c)(3) bonds under Section 145 of the Code or to cause application of Section 150(b)(3) or (5) of the Code.

Rebate Fund

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

ENFORCEABILITY OF REMEDIES

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

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

UNDERWRITING

Subject to the terms and conditions set forth in the Bond Purchase Agreement relating to Bonds between the Underwriter, the Commission, the Bank and the University, the Underwriter has agreed to purchase the Bonds at an aggregate price equal to $13,705,000 representing the par amount of the Bond less the underwriting discount of $90,000. The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will purchase all Bonds, if any are purchased. The University and the Bank have agreed to indemnify the Underwriter and the Commission against certain civil liabilities, including liabilities under federal securities laws. The Bonds will be offered to the public initially at the offering prices set forth on the cover page of this Offering Circular. Such offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

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

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

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds, and any profit made on their sale, exchange or other dispositions are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax and municipal and school district income taxes in Ohio. An opinion to those effects will be included in the legal opinion. Bond Counsel will express no opinion regarding other tax consequences regarding the Bonds.

The opinions on federal tax matters will be based on and will assume the accuracy of certain representations and certifications and compliance with certain covenants of the Commission and the University to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the certifications and representations made by the University and the Commission.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and remain excluded from gross income for federal income tax purposes, some of which, including provisions for potential payments by the issuer to the federal government, require future or continued compliance after issuance in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes and to be subject to federal income taxation retroactively to the date of their issuance. The University and the Commission have covenanted in the Trust Agreement and the Lease and other transcript documents to take actions required of them for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Under Code provisions applicable only to certain corporations, a portion of the excess of adjusted current earnings (which includes interest on all tax-exempt bonds, including the Bonds) over other alternative minimum taxable income is included in alternative minimum taxable income that may be subject to the corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes can have certain adverse federal income tax consequences on items of income, deductions or credits for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations and individuals otherwise eligible for the earned income credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel expresses no opinion regarding such consequences. Owners of the Bonds should consult their own tax advisers as to those circumstances.

The discussion of tax matters in this Offering Circular applies only in the case of purchasers of the Bonds at their original issuance and at the respective prices indicated on the cover. It does not address any other tax consequences, such as, among others, the consequence of the existence of any market discount to subsequent purchasers of the Bonds.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon (See "TAX MATTERS") are subject to the legal opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel. The legal opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of that original delivery and the text of the opinion will be printed on the Bonds.

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

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

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

Certain legal matters in connection with the Bond Documents will be passed upon for the Underwriter by its counsel, Thompson Hine LLP and for the University by its co-counsel, Hawkins Delafield & Wood LLP and Martin, Brown, Hull & Harper, P.L.L. Certain legal matters in connection with the Letter of Credit and the Bank will be passed upon by its counsel, Charles Spain, Esq.

Certain of the law firms representing parties in this transaction have provided and may be providing legal services to other parties in this transaction for matters unrelated to the issuance of the Bonds.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a certificate (described under "ABSENCE OF MATERIAL LITIGATION") relating to litigation will be delivered by the Commission, and a certificate relating to litigation will be delivered by the Bank and the University when the Bonds are delivered by the Commission to the Underwriter. The Bank and the University at that time will each also provide to the Underwriter a certificate relating to the accuracy and completeness of the Offering Circular.

RATING

Standard & Poor's Rating Services, a division of The McGraw Hill Companies ("S&P") is expected to assign its rating of "A+/A-1" to the Bonds with the understanding that concurrently with the delivery of the Bonds the Bank will issue the Letter of Credit. A rating reflects only the view of the Rating Service and an explanation of the significance of the rating may only be obtained from that Rating Service.

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

CONCLUDING STATEMENT

The foregoing references to descriptions of provisions of the Bonds, the Bond Documents, the Letter of Credit, the Reimbursement Agreement and all references to other materials not stated to be quoted in full are only brief descriptions of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Copies of the Bond Documents, the Letter of Credit and the Reimbursement Agreement are available during the initial offering period for inspection at the office of B.C. Ziegler and Company, and thereafter at the designated corporate trust office of the Trustee.

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APPENDIX A

CERTAIN INFORMATION REGARDING ANTIOCH UNIVERSITY

General Description

Antioch University (the "University"), an Ohio nonprofit corporation, is a private coeducational institution of higher education founded and incorporated as a nonprofit corporation is 1852. The traditional purpose of a liberal arts education has been to prepare young people for a lifetime of learning. The University offers degrees from baccalaureate through doctorate in flexible programs on six campuses throughout the United States.

The University is a multi-campus university that is unified through shared educational and cultural values and consistent business practices. All degree programs strive to balance the academic and experiential by giving students opportunities to test theory against practice. Inspired by and evolved from Antioch College, which was founded in 1852, the University emphasizes students' education and engagement in the real world and their responsibility for what they learn. Over 80% of the more than 4,000 students enrolled at the University are older than 25. More than 70% are enrolled in master's and doctoral programs. The University's campuses in Yellow Springs, Ohio (housing both Antioch College and Antioch McGregor); Keene, New Hampshire; Los Angeles and Santa Barbara, California; and Seattle, Washington are united and animated by the exhortation of Horace Mann, Antioch College's founding president, "Be ashamed to die until you have won some victory for humanity."

The University expanded beyond its original undergraduate campus in southern Ohio in 1964 to begin educating older, diverse Americans with a variety of unmet needs.

More than 4,000 students currently study at the six campuses of the University: Antioch College at Yellow Springs, Ohio; the Antioch New England Graduate School at Keene, New Hampshire; Antioch Seattle at Seattle, Washington; Antioch Southern California at Los Angeles and Santa Barbara, California; and Antioch McGregor at Yellow Springs. The University's administrative offices are in Yellow Springs, and it is there that the Chancellor and staff provide University-wide planning, fiscal review and accountability for all operations, and advice to the Board of Trustees on University-wide policies.

The University's opening enrollment for academic year 2005-06 was 4,024 students, of which 713 were full-time undergraduate students and 1,927 were full-time graduate students and 1,384 were part-time undergraduate or graduate students.

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

Campuses of the University

The following are brief descriptions of each of the six campuses of the University and the University-wide Ph.D. program.

Antioch College

Antioch College was founded in 1852 and is the original campus of the University. This campus includes approximately 30 buildings on an approximately 1200-acre campus (including a 1000-acre nature preserve) in Yellow Springs, Ohio. The small residential undergraduate campus in Yellow Springs, Ohio is the source not only of the University's name but also of its values and its pedagogy. "Antioch is more important in the 2000s," Loren Pope wrote in *Colleges That Change Lives,* "than it was in the 1900s."

<u>Degrees and Programs</u>:
Bachelor of Arts and Bachelor of Science

Antioch McGregor

Antioch McGregor, founded in 1988, is the newest component of the University, shares the College's Yellow Springs campus and is named after Antioch College's president from 1948 to 1954, Douglas McGregor, who pioneered the concept of participative management and wrote the classic business text, *The Human Side of Enterprise*. Antioch McGregor currently shares the Yellow Springs campus with Antioch College. McGregor takes special pride in its teacher education programs, which account for more than half the school's enrollment and are considered models for the State of Ohio. In addition to serving the area, McGregor has developed an array of distance-learning programs.

Degrees and Programs:
Bachelor of Arts Completion Program
Master of Arts
- Management
- Community College Management
- Individualized Liberal and Professional Studies
- Conflict Resolution

Master of Education
- Educational Leadership
- Teacher Licensure
- Postgraduate
- Principal Licensure

The 2006 Project will be a new home for Antioch McGregor to be known as Campus West and is expected to raise Antioch McGregor's competitive standing in the higher education community. The new facility, located at the intersection of Dayton Yellow Springs Road and Enon Road in Yellow Springs, Ohio is just a few minutes from the current location of Antioch College. The new 60,000 square foot building will be two- and three-stories tall, complete with a central three-story library and reading room. The new facility will anchor Yellow Spring's Business & Education Park, a new economic development project that will accommodate office and business incubators. Campus West is a response to the growing enrollment at Antioch McGregor. Having recorded an average growth rate of 10 percent each year for the past several years, McGregor has outgrown its physical facilities on the current campus.

Antioch New England Graduate School

Antioch New England Graduate School, founded in 1963, is the oldest of the University's adult campuses and is devoted entirely to graduate studies. It was the first campus of the University to offer doctoral degrees. This campus consists of a single building of approximately 90,000 square feet on an approximately 6-acre campus in Keene, New Hampshire. Antioch New England is deeply rooted in northern New England, though by no means restricted to it. Many of its programs emphasize educating, counseling and otherwise serving rural and small-town populations and conserving the rural environment.

Degrees and Programs:
Master of Arts
- Counseling Psychology
- Dance/Movement Therapy
- Marriage and Family Therapy
- Substance Abuse Counseling

Master of Education
- Administration and Supervision
- Elementary/Early Childhood Education
- Experienced Educators
- Waldorf Teacher Training

Master of Science
- Environmental Studies
- Resource Management and Administration
- Management

Master of Human Services Administration
Doctoral Programs
- Psy.D. in Clinical Psychology
- Ph.D. in Environmental Studies

Antioch Seattle

Although each University campus honors and promotes diversity, Antioch Seattle, founded in 1975, is exceptionally active in identifying the needs of minority communities and designing programs to meet them. This campus consists of a single building of approximately 65,000 square feet in Seattle, Washington. Its first doctoral program, a Psy.D. in Clinical Psychology, began in fall 2004. The program stresses multicultural perspectives and is the first such program in the nation to offer a concentration in Art Therapy.

Antioch Seattle is also unusual among graduate schools in having instituted a core curriculum for students pursuing Master's degrees in four quite different fields. Under the aegis of the Center for Creative Change, each student must undertake a project in real-world leadership and change and follow it up with a reflective practicum seminar.

Degrees and Programs:

- Bachelor of Arts Completion in Liberal Studies
- Bachelor of Arts in Liberal Studies with Teacher Preparation
- Master of Arts in Psychology
  - Integrated Studies
  - Child, Couple and Family Therapy (CCFT)
  - Mental Health Counseling (MHC)
  - Art Therapy with CCFT
  - Art Therapy with MHC
- Art Therapy Post-Master's Certificate
- Master of Arts in Education
- Master of Arts in Education with Teacher Preparation
- Graduate Teacher Preparation
- Master of Arts in Environment and Community
- Master of Arts in Organizational Psychology
- Master of Arts in Whole Systems Design
- Master of Science in Management
- Psy.D. in Clinical Psychology

Antioch Los Angeles

Antioch Los Angeles was founded in 1972. Programs enabling adults to complete their undergraduate degrees are a mainstay of the Los Angeles campus, but these returning students no longer represent a majority of the students at that campus. This campus consists of approximately 45,000 square feet of leased space in Culver City, California. Master's programs in Psychology are the most heavily enrolled in both the Los Angeles and Santa Barbara campuses, which are independent but cooperate closely, share much of their curricula and enjoy reciprocity. Whatever course of study they pursue, students at Antioch Los Angeles enjoy the intimacy and interchange of small classes and usually undertake a service-learning project that engages them in the community.

Degrees and Programs:

- Bachelor of Arts in Liberal Studies
- Master of Arts
  - Education and Teacher Credentialing
  - Organizational Management
  - Psychology
  - Clinical Psychology
- Master of Fine Arts in Creative Writing

Antioch Santa Barbara

Antioch Santa Barbara was founded in 1977. Programs enabling adults to complete their undergraduate degrees are a mainstay of the Santa Barbara campus, but these returning students no longer represent a majority of the students at that campus. This campus consists of approximately 12,000 square feet of leased space in Santa Barbara, California. Master's programs in Psychology are the most heavily enrolled at both the Santa Barbara and the Los Angeles campuses, which are independent but cooperate closely, share much of their curricula and enjoy reciprocity. Whatever course of study they pursue, students at Antioch Santa Barbara enjoy the intimacy and interchange of small classes and usually undertake a service-learning project that engages them in the community.

Degrees and Programs:
Bachelor of Arts in Liberal Studies
Master of Arts
- Education and Teacher Credentialing
- Organizational Management
- Psychology
- Clinical Psychology
- Psy.D. in Clinical Psychology

University-Wide Ph.D. Program

In 2002, the University established its first University-wide program, a Ph.D. in Leadership and Change. A handful of doctoral programs in the United States study leadership, but Antioch University, in keeping with its historical emphasis on experiential learning and applied knowledge, is expanding leadership studies to include the practice of leadership and effecting social change.

In addition to undertaking a challenging interdisciplinary course of study, much of it on-line, students must demonstrate their competency by completing a major project in organizational leadership and change and a rigorous research-based dissertation. One member of the program's initial cohort, a college dean, developed a partnership between her school and a South African university; another formulated a code of ethics for a major financial institution where she is a senior manager.

The structure of the program is as innovative as its curriculum. In a major advance in cooperation and synergy among the University's campuses, faculty and student cohorts convene in residencies at each campus in succession, while every campus contributes resources. McGregor, for instance, is providing the program with financial and expertise and Antioch New England with its superb research library.

Governing Structure

The University is governed by a Board of Trustees (the "Board"), which sets the financial budget for each fiscal year, selects the President and Chancellor of the University, decides on the basic policies of the University, and monitors overall operations of the University. The Board elects each trustee to serve for a three-year term, which generally is renewable for three additional three-year terms. The Board is composed of not less than 15 nor more than 40 (including the President of the Antioch College Alumni Association as an *ex officio* trustee) elected trustees plus the Chancellor of the University as a non-voting *ex officio* trustee and the President of the Antioch College Alumni Association as *ex officio* trustee.

The full Board meets a minimum of three times a year. The presence of a majority of the trustees is required for a quorum at any meeting of the Board. All but a select few actions of the Board require the affirmative vote of a majority of the trustees present at a meeting at which a quorum is present.

The following table lists the members of the Board and each trustee's principal business or professional affiliation and the year in which each trustee's current term expires. The standing committees of the Board include the Academic Affairs, Communications, Compensation; Development, Executive, Finance, Investment, Physical Facilities and Trusteeship Committees. Members of the Executive Committee, marked by an asterisk, meet more frequently, and the Executive Committee has the power to make most decisions for the Board. The Chancellor is an *ex officio* non-voting member of the Executive Committee.

BOARD OF TRUSTEES

Administration

The University's daily administration, management, and policy implementation is conducted by the Chancellor and Vice Chancellor of the University, as well as the President of each of Antioch College, Antioch McGregor, Antioch New England, Antioch Seattle and Antioch Southern California. The Chancellor is appointed by and serves at the pleasure of the Board. The following briefly describes the principal officers of the University.

TULLISSE A. MURDOCK, Acting President of the Corporation and Acting Chancellor of the University and Vice President of the Corporation and President of Antioch University Seattle. Dr. Murdock became President of Antioch Seattle in July 1997. Before taking that position, Dr. Murdock served as assistant dean of the College of Arts and Sciences and as an administrator and faculty member at Western Wyoming College and then moved to Seattle University where she served for eight years as associate provost for academic planning and programs. Dr. Murdock has been actively involved in promoting diversity in the curriculum and faculty at Antioch University. She has served as the president of the Seattle Coalition for Educational Equity, an organization of educational institutions committed to increasing the number of students of color graduating from higher education institutions and served eight years on the American Council on Education Office of Women in Higher Education's National Executive Board, receiving numerous awards and recognition for her work in women's leadership.

DON P. TECKLENBURG, Assistant Treasurer, Vice Chancellor and Chief Financial Officer of the University. Mr. Tecklenburg is a C.P.A. and has been in higher education for 24 years. A graduate of Brown University (A.B. Chemistry), Wilmington College (B.A. Accounting) and The Colgate Darden School of Business Administration (M.B.A.), Mr. Tecklenburg has served as the Director of Financial Services at Wilmington College and as an Associate Professor of Management from 1982-2001. From 2002-2004, he served as the Chief Financial Officer of Chatfield College and was a Professor of Business Administration and served as chair of that department. Mr. Tecklenburg came to Antioch University as the University Controller in December 2004 and assumed the role of Vice Chancellor and Chief Financial Officer in January 2005. Prior to entering academe, he was the Business Manager for the Cincinnati Reds.

BARBARA GELLMAN-DANLEY, Vice President of the University and President of Antioch McGregor. Dr. Danley was appointed President of Antioch University McGregor effective May 1, 1999. From 1994 to 1999, Dr. Danley served as Vice President for Educational Technology at Monroe Community College in Rochester, New York. She served as Vice President for Institutional Advancement at Monroe from 1991 to 1995. Previously, Dr. Danley served as Associate Executive Vice Chancellor for Educational Outreach with the Oklahoma State Regents for Higher Education and Coordinator of Telecommunications Services of the Oklahoma Network of Continuing Higher Education Outreach, also with the Oklahoma State Regents for Higher Education. Dr. Danley was named IT Executive of the Year in 1998, an award sponsored by Informix Software, Rochester ITEC, the *Rochester Business Journal* and TSR Consulting.

LUCY ANN GEISELMAN, Vice President of the University and President of Antioch University Southern California. Dr. Geiselman was appointed President of Antioch University Southern California effective September 1, 2003. Previously, Dr. Geiselman served as Professor and Special Assistant to the Dean, College of Education and prior to that as Dean of the College of Extended Learning at San Francisco State University. Before coming to San Francisco State University, Dr. Geiselman was president and chief operating officer at Panetta Institute for Public Policy (Monterey). She was also the vice-president for university advancement at California State University at Monterey. Other appointments include president of Mount Vernon College in Washington, D.C.; vice-president California Institute of the Arts (Valencia); vice-president of institutional advancement at Eisenhower Medical Center (Beverly Hills and Palm Springs). She is a member of the Public Health Institute's board of directors (Berkeley) and also serves on the board for the Center for Development and Population Activities (D.C.). She has also served as president of the University of Chicago Alumni Association of the Bay Area.

NEAL KING, Interim Vice President of the University and Interim President of Antioch New England Graduate School. Dr. King was appointed Interim President of Antioch New England Graduate School, effective May 1, 2005. He has served as Antioch New England Graduate School's first Dean of Faculty and Academic Affairs since August 2004. Dr. King was the founding director for an innovative new PsyD Program at John F. Kennedy University in Northern California. Both in this role and later as Associate Dean of the then new Arizona School of Professional Psychology in Phoenix, Dr. King continued to work closely with Antioch New England Graduate School's psychology faculty in the National Council of Schools and Programs of Professional Psychology. Dr. King has held previous positions as provost in a small undergraduate art and design college in Colorado, as founding president of the California campus of the University of Sarasota, as counselor in a K-12 International School in London, as director of a bi-national cultural center in Laos, and as a faculty member in English in a regional lycee in Algeria, as well as serving as a member of the adjunct faculty in the state university system in California and a high school counselor and English teacher in the San Francisco Bay Area.

STEVEN W. LAWRY, Vice President of the University and President of Antioch College. Dr. Lawry was appointed President of Antioch College in January 2006. Previously, Dr. Lawry was the director of the Office of Management Services at the Ford Foundation. In that capacity, he was responsible for the program budget and worked with approximately eighty program officers and field directors throughout the world. He was previously head of the Ford Foundation's office in Namibia and was in charge of its Middle East and North Africa programs based in Cairo. He also has worked with USAID, the United Nations, and as a Peace Corps volunteer in Botswana. Dr. Lawry holds a Ph.D. in Environmental Studies from the University of Wisconsin-Madison and developed the African Land Tenure Center, focusing on applied research and policy, at the University of Wisconsin from 1988-92. His professional focus has been on the environment, human rights issues, governance, peace, poverty alleviation, and the development of strong and independent civil societies.

Accreditation

The University is a member of the Association of American Universities, and is fully accredited by the North Central Association of Colleges and Schools, Commission on Institutions of Higher Education (NCACS). In 2003, NCACS granted a 10-year extension based on the institution's self-study with a 2006 focused visit on assessment and resources. The focused visit report has been issued and the NCACS committee will finish its review in April.

Faculty and Employees

The University has a full-time faculty of 216. The University's full-time faculty is augmented by over 760 part-time faculty members and graduate assistants who teach courses. 55% of the University's faculty is female. The University maintains a student to faculty ratio of approximately 15 to 1. Only Antioch College grants tenure and 57% of the Antioch College faculty of 47 have tenure.

The University believes that its faculty compensation program is competitive, allowing the University to attract and retain persons with outstanding qualifications. Over the past three years, compensation increases have been at an annualized rate of approximately 3%.

As of December 31, 2005, the University had 378 full-time and 737 part-time employees (excluding faculty mentioned above and including part-time student employees). The only unionized employees are 14 clerical employees at Antioch University McGregor with a contract expiring in 2008 and 64 clerical, production and maintenance, and security employees at Antioch College with a contract expiring in 2006. There have been no major labor issues for over 20 years.

Pension Plans

The University has a defined contribution retirement plan for eligible faculty and non-faculty personnel managed by Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). Contributions to this plan by the University were $3,264,679 in Fiscal Year 2005 ($3,051,771 in Fiscal Year 2004). Participants may also contribute at their option to TIAA-CREF through individual retirement annuity contracts.

The University also maintains separate, self-administered, noncontributory pension plans for certain individuals, who were faculty employees at June 30, 1970 or non-faculty personnel at June 30, 1973. Substantially all benefits previously earned under these plans are paid directly by the University and amounted to approximately $64,660 in Fiscal Year 2005 ($68,525 in Fiscal Year 2004). The unfunded, actuarially determined liability utilizing an average interest assumption of 7.5 percent for benefits earned under these plans was approximately $392,882 at June 30, 2005 ($429,000 at June 30, 2004) and is included in accrued liabilities in the accompanying statements of financial position. The net periodic pension benefit cost included as income in the statement of activities amounted to $35,637 in Fiscal Year 2005 ($30,422 in Fiscal Year 2004).

Medical Benefits

In addition to the University's defined contribution retirement plan, the University has three defined benefit postretirement plans covering most salaried employees. One plan provides medical benefits, another provides prescription drug benefits, and the third provides life insurance benefits. The postretirement health care and prescription drug plans are contributory, with retiree contributions adjusted annually, and contain other cost-sharing features such as deductibles and coinsurance. The accounting for the health care and prescription drug plans anticipates future cost-sharing changes to the written plan that are consistent with the University's expressed intent to increase the retiree contribution rate annually for the expected general inflation rate for that year. The University's policy is to pay the cost of retirees' postretirement health care and drug benefit claims as incurred and to pay the premiums to the life insurance plan for participants on an annual basis.

Insurance

The University maintains comprehensive insurance coverage on its assets. Buildings, other real property and equipment are insured on a replacement value basis with a $10,000 deductible. For the October 31, 2005-06 policy year, the University is insured for an aggregate amount of approximately $11 million. Business interruption insurance is carried that protects the University against loss of income from closure caused by insured events.

The University maintains insurance coverage for personal injury and property damage under a comprehensive general liability policy with a $0 self insured retention, and loss limits of $10 million per occurrence. It also carries umbrella policies that increase these coverages substantially. The University considers these policies to be comparable to those carried by similar universities and businesses.

Enrollment

The following table of full-year unduplicated headcount sets forth the enrollment for the University for the past five academic years:

Academic Year	Antioch College	McGregor	New England	Seattle	Southern California*	University Ph.D	Total Enrollment
2000-01	682	628	910	816	885	0	3,921
2001-02	652	644	960	877	1,026	0	4,159
2002-03	868	703	1,117	1,324	1,314	38	5,364
2003-04	827	715	1,127	1,291	1,344	64	5,368
2004-05	738	737	1,141	1,318	1,344	85	5,363

The following table, based on fall-term registration, sets forth the full-time equivalent enrollment for the University for the past five academic years:

Academic Year	Antioch College	McGregor	New England	Seattle	Southern California*	University Ph.D	Total FTE Enrollment
2000-01	630	404	781	657	666	0	3,137
2001-02	660	415	765	580	675	0	3,095
2002-03	719	624	832	725	780	38	3,718
2003-04	713	721	846	675	770	64	3,789
2004-05	711	635	869	764	795	85	3,859
2005-06	510	750	941	660	692	91	3,644

* Combined Antioch Los Angeles and Antioch Santa Barbara.

The following tables summarize applications and admissions data for the preceding three academic years for each campus and for the University-wide Ph.D. program:

Antioch College

Academic Year	Applications Received	Applications Accepted	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2002-03	592	417	70%	191	46%
2003-04	592	402	68	186	46
2004-05	567	343	60	121	35

Antioch McGregor

Academic Year	Applications Received	Applications Accepted	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2002-03	353	285	81%	273	96%
2003-04	363	309	85	296	96
2004-05	375	318	85	304	96

Antioch New England Graduate School

Academic Year	Applications Received	Applications Accepted	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2002-03	528	331	63%	321	97%
2003-04	481	305	63	262	86
2004-05	440	277	63	240	87

Antioch Seattle

Academic Year	Applications Received	Applications Accepted	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2002-03	817	576	71%	321	55%
2003-04	773	523	68	477	91
2004-05	821	500	61	473	95

Antioch Los Angeles

Academic Year	Applications Received	Applications Accepted	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2002-03	563	438	78%	401	92%
2003-04	588	452	77	412	91
2004-05	576	431	74	393	91

Antioch Santa Barbara

Academic Year	Applications Received	Applications Accepted	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2002-03	277	235	85%	175	74%
2003-04	292	243	83	194	80
2004-05	264	211	80	168	80

University Ph.D.

Academic Year	Applications Received	Applications Accepted	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2002-03	51	33	65%	27	82%
2003-04	48	34	71	26	76
2004-05	57	32	56	27	84

The University projects that total unduplicated headcount undergraduate enrollment for the full year for the next five years will be in the current range of approximately 1,750 to 2,000 students (total head count of full-time and part-time students) and between 1,250 and 1,400 full-time equivalent students for the fall term. The University projects that total unduplicated headcount graduate enrollment for the full year for the next five years will be in the current range of approximately 3,800 to 4,250 students (total head count of full-time and part-time students) and between 2,450 and 2,800 full-time equivalent students. The University believes that these figures are based on realistic assumptions concerning future enrollment.

Room and Board

The only campus with students in residence is Antioch College. As the college curriculum contains a cooperative learning component, not all students reside on campus at the same time. The dorm census for fall 2006 was 222. Room and Board produces revenue in excess of $2,000,000 per year which is a significant income stream for Antioch College; nevertheless, on a University-wide basis, room and board accounts for less than 3% of total revenue.

Financial Aid

Financial aid for students is given in the forms of scholarships, grants, gifts, loans, and work-study employment. The number of full-time undergraduate students receiving need-based financial aid for the 2004-05 academic year was 2,784, which is 52% of the full-time undergraduates. The average financial aid including employment and loans was $3,700. Total aid to undergraduates for the 2004-05 academic year was approximately $10 million comprised of Federal and State grants, loan, work study, Institutional discounting, and Institutional Endowed scholarships.

There is no assurance that the current level of federal, state or the University's financial assistance will be maintained at comparable levels in future years. Any change in the availability of financial aid from these sources could inhibit the University's ability to attract students from all socioeconomic groups. The University has increased its own budgetary commitment to student aid in order to compensate for actual and expected reductions in federal and state student aid programs during each of the past five years, and expects that it will continue to do so for the foreseeable future.

Revenues

The following table sets forth the total revenue of each campus of the University for each of the last five Fiscal Years.

Total Revenue

Fiscal Year	Antioch College	McGregor	New England	Seattle	Southern California	University Ph.D
2000-01	$16,861,770	$5,168,849	$10,911,322	$9,455,210	$10,335,014	$0
2001-02	17,859,971	5,224,296	11,265,521	9,729,973	11,562,817	221,172
2002-03	17,515.890	6,315,364	11,923,734	10,753,675	12,515.035	687,523
2003-04	17,417,288	6,751,687	12,745,436	12,444,847	13,616,702	1,063,414
2004-05	18,964,238	7,152,228	13,822,768	13,961,781	14,719,592	1,340,470

The following table sets forth the percentage of revenues resulting from net tuition and fees for each campus of the University for each of the last five Fiscal Years.

Fiscal Year	Antioch College	McGregor	New England	Seattle	Southern California	University Ph.D
2000-01	53.8%	94.7%	80.7%	90.7%	93.0%	-
2001-02	53.7	96.1	80.7	90.6	93.2	42.6%
2002-03	50.6	97.2	80.7	86.4	90.4	89.8
2003-04	46.8	86.7	82.0	82.2	90.9	94.0
2004-05	41.6	98.5	78.6	84.4	90.9	98.9

Certain Financial Information

The University's financial accounts are maintained according to generally accepted accounting principles and traditional concepts employed among institutions of higher education. Independent auditors have audited the University's financial statements for over 30 years.

The financial information included in the Financial Position and History of Operations tables below is derived from the University's audited financial statements for those Fiscal Years.

Financial Position

	Fiscal Year				
	2005	**2004**	**2003**	**2002**	**2001**
Assets					
Cash and cash equivalents	$9,229,101	$4,155,225	$3,813,141	$2,344,446	$1,713,885
Accounts receivable, less allowance for doubtful accounts	7,624,609	6,144,744	7,825,396	7,106,514	7,152,409
Grants receivable	297,962	258,192	235,512	354,628	122,052
Prepaid expenses	1,645,333	1,153,294	1,086,748	942,449	1,089,221
Loans to students, less allowance for uncollectible loans	5,347,887	5,276,302	4,914,390	4,728,349	4,660,982
Contributions receivable, less allowance for uncollectible items	7,449,821	7,849,534	8,782,115	8,012,290	8,146,568
Investments	35,537,630	34,951,177	30,778,413	32,775,748	24,291,249
Land, buildings, and equipment – net	27,852,488	28,784,801	29,017,766	29,235,964	30,171,627
Total assets	$94,984,831	$88,573,269	$86,453,481	$85,500,388	$77,347,993
Liabilities					
Accounts payable	$1,435,263	$1,541,563	1,482,595	1,195,587	902,614
Accrued benefit liabilities	3,502,506	3,538,873	3,340,608	3,600,782	2,926,606
Other accrued liabilities	2,259,937	2,249,463	2,254,832	1,986,335	2,746,542
Deferred revenue	11,333,315	10,061,093	9,610,700	8,481,091	6,866,640
Notes and bonds payable	13,618,552	14,363,855	15,232,743	16,105,596	17,115,900
Annuities payable	1,855,670	2,044,317	2,075,313	2,017,220	2,032,493
Deposits held for others	950,370	794,413	673,653	681,798	779,660
Advances from government for student loans	4,827,683	4,729,376	4,645,503	4,597,376	4,578,820
Total liabilities	$39,783,296	$39,322,953	$39,315,947	$38,665,785	$37,949,275
Net assets					
Unrestricted	12,511,322	9,396,393	6,079,192	7,772,817	11,079,587
Temporarily restricted	12,474,230	10,046,825	12,315,678	10,793,370	10,429,319
Permanently restricted	30,215,983	29,807,098	28,742,664	28,268,416	17,889,812
Total net assets	55,201,535	49,250,316	47,137,534	46,834,603	39,398,718
Total liabilities and net assets	$94,984,831	$88,573,269	$86,453,481	$85,500,388	$77,347,993

History of Operations

	Fiscal Year				
	2005	2004	2003	2002	2001
Revenues, gains and other support					
Tuition and fees	$59,494,638	$56,504,715	$52,339,789	$47,394,128	$43,946,537
Less student aid	(6,197,694)	(7,503,534)	(5,701,407)	(4,253,169)	(3,392,569)
	53,296,944	49,001,181	$46,638,382	43,140,959	40,553,968
Contributions	9,642,751	5,962,854	6,574,266	16,035,472	6,003,734
Contracts and other exchange transactions	6,156,619	6,024,940	4,926,258	4,370,662	3,988,819
Investment income on life income and annuity agreements	76,728	94,562	100,402	112,216	191,351
Investment income on endowments	585,790	473,919	586,050	648,179	541,437
Other investment income	416,578	120,514	141,648	184,932	307,875
Net realized gains (losses) on endowments	1,441,669	876,708	(2,433,109)	(649,478)	(241,100)
Net realized gains (losses) on other investments	(183,518)	531	(8,128)	(20,663)	60,666
Sales and service of auxiliary enterprises	3,607,992	3,871,733	3,774,241	3,672,379	3,400,471
Other income	1,643,073	1,529,498	1,277,772	1,046,152	1,231,092
Total revenues, gains and other support	$76,684,626	$67,956,440	$61,577,782	$68,540,810	$56,038,313
Expenses and losses					
Educational and general:					
Instruction	29,974,931	27,794,929	25,475,975	23,654,752	22,618,821
Research	16,209	6,989	3,038	-	8,600
Public service	4,258,410	4,111,227	3,777,346	3,599,399	3,326,217
Academic support	5,811,861	5,314,624	4,406,197	4,055,756	4,193,282
Student services	8,424,675	7,550,276	7,072,801	6,500,859	6,273,366
Institutional support	16,792,857	15,073,408	13,874,757	14,226,105	13,525,387
Scholarships and fellowships	2,534,514	2,963,277	2,904,510	3,078,912	2,974,727
Total educational and general expenses	67,813,457	62,814,730	57,514,624	55,115,783	52,920,400
Auxiliary enterprises	4,052,720	3,936,006	4,583,131	4,342,031	4,369,307
Total expenses	$71,866,177	$66,750,736	$62,097,755	$59,457,814	$57,289,707
Actuarial change on annuity obligations	(198,507)	(94,116)	(65,678)	(118,256)	(42,042)
Payments to life income beneficiaries	245,320	239,824	242,013	242,094	247,518
Bad debt expense	-	2,113,314	273	-	-
Total expenses and losses	$71,912,990	$69,009,758	$62,274,363	$59,581,652	$57,495,183
Revenues, gains and other support less expenses and losses	4,771,636	(1,053,318)	(696,581)	8,959,158	(1,456,870)
Net unrealized gains (losses) on investments	1,179,583	3,166,100	999,512	(1,523,273)	528,904
(Decrease) increase in net assets	5,951,219	2,112,782	302,931	7,435,885	(927,966)
Net assets at beginning of year	49,250,316	47,137,534	46,834,603	39,398,718	40,326,684
Net assets at end of year	$55,201,535	$49,250,316	$47,137,534	$46,834,603	$39,398,718

The University's operating budget is maintained on a modified cash basis. Estimates for Fiscal Year 2006 include an increase in revenues from gross tuition and fees of approximately 3% over the prior year and result in a budgeted increase in unrestricted net assets in excess of $1,000,000.

Management Discussion and Analysis

The University continues to grow with additional tuition and fees, gifts, and grants. Though the University is tuition driven, it is mindful of budgeted enrollment shortfalls, as occurred in Fall 2005. Budgets have been adjusted such that all academic units are projected to run a surplus, and the University currently expects an unrestricted net surplus in excess of $1 million for Fiscal Year 2006. This will be the third year in a row with an unrestricted net surplus. In addition to successful unrestricted operations, temporarily restricted and endowment funds have increased. Since 2000, the endowment corpus has had a 71% increase and temporarily restricted net assets are up 31%. During this period, long-term debt has decreased by 23%, or almost $4 million and cash has increased by nearly a factor of 4.

Beginning with the Fall of 2005, Antioch College launched a new curricular delivery system. Antioch College has evolved an approach intended to empower students with broad-based knowledge, the ability to think creatively and make effective contributions to society. This approach includes interdisciplinary, theme-focused, team-taught modes of study that provide academic rigor and liberal arts integrated education. This academic experience is combined with work experience in host communities where students have the opportunity to work in a job related to their professional goals while residing near other Antioch College students and under the supervision of a professor living in the same community.

Litigation Affecting the University

There are currently several claims pending or threatened against the University with respect to the normal course of the University's operations. Management of the University believes that except as set forth below, there is no pending or threatened litigation that would materially and adversely affect the University or its financial condition.

The University is a defendant in a suit filed by a former student of Antioch Southern California who alleges that while receiving psychological counseling at the University's counseling center she suffered damages by virtue of negligent treatment, and that her counselor engaged in inappropriate conduct, including a sexual relationship. Causes of actions include negligence, medical malpractice, intentional infliction of emotional distress, battery, sexual battery, sexual conduct by a psychotherapist with a patient, breach of fiduciary duty, fraud, constructive fraud and sexual harassment. The University's insurance carrier has advised the University that a majority of the plaintiff's complaint seeks damages for injuries which fall outside of insurance coverage and as a result any judgment with respect to such charges would be the responsibility of the University. The University intends to vigorously defend the charges on the merits; however, no assurance can be given that that University will prevail and in the event it does not prevail, that any judgment would not have a material adverse effect on the financial condition of the University.

Gifts, Grants and Bequests

The University annually solicits gifts and bequests for both current operating purposes and other needs. In addition, the University receives various grants from private foundations and from agencies of the federal government. The following table sets forth the total amount of gift and grant support received by the University for the last five Fiscal Years:

Fiscal Year	Total Annual Support (Unrestricted Cash Gifts)	Restricted for Endowment and Other	Total Cash Gifts
2001	$2,895,961	$3,107,773	$6,003,734
2002	2,657,267	13,378,205	16,035,472
2003	2,196.021	4,378,245	6,574,266
2004	2,974,323	2,988,531	5,962,854
2005	2,087,111	7,555,640	9,642.751

There can be no assurance that the amount of gifts, grants and bequests received by the University will remain stable or increase in the future. Future economic and other conditions, and actions by the federal government, including changes in regulations affecting the tax treatment of such contributions, may affect the level of giving in the future.

Endowment

The University endowment includes funds that are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested and that only the income be utilized, either for donor-specified purposes or for general University purpose.

The year-end balances of the University endowment, shown at market value, for the past five Fiscal Years are shown in the table below.

The following table summarizes the endowment market value and total return, which includes dividends, interest, and realized and unrealized gains for the past five years.

At June 30	Restricted Endowment	Unrestricted Endowment	Total Endowment	Total Annual Return
2001	$13,276,338	$6,071,284	$19,342,622	2.58%
2002	22,599,925	5,611,191	28,211,116	(4.35)
2003	21,124,990	5,215,396	26,340,386	(2.39)
2004	24,325,563	5,911,308	30,236,871	17.25
2005	25,737,363	6,214,671	31,952,034	10.11

Distributions of the University's endowment assets are governed by University spending policies and a budgeting process that determine the amounts to be distributed for various uses and which result in total distributions from the endowment in any year being 5% of a rolling twelve-quarter average market value of the endowment.

Outstanding Indebtedness

The following table sets forth the total outstanding indebtedness of the University as of January 31, 2006.

	Maturity	Outstanding Principal Amount
New Hampshire Health and Education Facilities Authority Adjustable Rate Demand Refunding Revenue Bonds, Antioch University Issue, Series 2004	2024	$4,175,000.00
Adjustable Rate Mortgage Loan	2008	359,832.19
Washington State Housing Finance Commission Variable Rate Demand Nonprofit Revenue Bonds, (Antioch University Project), Series 2005	2027	6,635,000.00
1997 Series State of Ohio Higher Education Facility Revenue Bonds	2008	355,000.00*
2000 Series C State of Ohio Higher Education Facility Revenue Bonds	2020	1,455,000.00*
Total		$12,979,832.19

* To be refunded with the proceeds of the Bonds.

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APPENDIX B

CERTAIN INFORMATION REGARDING NATIONAL CITY BANK

The following information has been obtained from National City Bank. The Commission, the Underwriter and the University make no representations as to the accuracy or completeness of such information.

National City Bank (the "Bank") is a national banking association organized under the laws of the United States. The Bank is engaged in general commercial banking and trust business.

All of the Bank's capital stock is owned by National City Corporation, a bank holding company organized under the laws of Delaware. The Letter of Credit is an obligation of the Bank and not of National City Corporation.

Certain financial statements of the Bank are set forth on the following pages. The Bank will provide without charge to each person to whom this Offering Circular is delivered, upon written request of any such person, a copy of National City Corporation's most recent Annual Report on Form 10-K, as well as any subsequent and available quarterly reports on Form 10-Q filed with the Securities and Exchange Commission. Written requests should be delivered to National City Corporation, National City Center, 1900 East Ninth Street, Cleveland, Ohio 44114, Attention: Treasurer.

REPORT OF CONDITION

NATIONAL CITY BANK

(Including Domestic and Foreign Subsidiaries)

At the close of business on September 30, 2005

ASSETS

		(In Thousands)
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin		$2,558,612
Interest-bearing balances		201,594
Securities:		
Held-to-maturity securities		0
Available-for-sale securities		3,430,433
Federal funds sold and securities purchased under agreement to resell:		
Federal funds sold in domestic offices		388,425
Securities purchased under agreements to resell		334,699
Loans and lease financing receivables:		
Loans and leases held for sale		112,882
Loans and leases, net of unearned income	$57,664,090	
Less: Allowance for loan and lease losses	628,950	
Loans and leases, net of unearned income and allowance		**57,035,140**
Assets held in trading accounts		508,061
Premises and fixed assets (including capitalized leases)		490,026
Other real estate owned		10,510
Investments in unconsolidated subsidiaries and associated companies		92
Customers' liability to this bank on acceptances outstanding		23,469
Intangible assets		2,344,236
Other assets		3,747,613
TOTAL ASSETS		**$71,185,792**

LIABILITIES

Deposits:		
In domestic offices		**$33,284,969**
Non-interest bearing	$9,380,615	
Interest-bearing	23,904,354	
In foreign offices, Edge and Agreement subsidiaries, and IBFs		**4,595,131**
Interest-bearing	4,595,131	
Federal funds purchased and securities sold under agreements to repurchase :		
Federal funds purchased in domestic offices		706,029
Securities sold under agreements to repurchase		2,089,011
Trading Liabilities		11,058
Other borrowed money		19,648,894
Bank's liability on acceptances executed and outstanding		23,469
Subordinated notes and debentures		1,639,270
Other liabilities		2,109,994
TOTAL LIABILITIES		**64,107,825**
Minority interest in consolidated subsidiaries		150,309

EQUITY CAPITAL

Common Stock	7,311
Surplus	3,374,695
Retained earnings	3,537,988
Accumulated other comprehensive income	7,664
TOTAL EQUITY CAPITAL	**6,927,658**
TOTAL LIABILITIES AND EQUITY CAPITAL	**$71,185,792**

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION
OF SQUIRE, SANDERS & DEMPSEY L.L.P.

March _, 2006

To: Ohio Higher Educational Facility Commission
Columbus, Ohio

B.C. Ziegler and Company
New Albany, Ohio

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by the Ohio Higher Educational Facility Commission (the "Commission") of $13,795,000 Higher Educational Facility Variable Rate Revenue Bonds (Antioch University 2006 Project) dated their date of issuance and delivery (the "Bonds") of the State of Ohio (the "State"). The Bonds are being issued for the purpose of providing funds to pay "project costs" of "educational facilities," as those terms are defined in Section 3377.01 of the Revised Code, including costs relating to acquiring, constructing, renovating, improving, equipping and furnishing a new building for Antioch University's (the "University") adult non-residential campus in Yellow Springs, Ohio known as "Antioch University McGregor" and other related facilities, including facilities for graduate and adult education, and acquiring the site thereof, and refunding a portion of each of State of Ohio Higher Educational Facility Variable Rate Demand Revenue Bonds (Pooled Financing 1997 Program) (the "1997 Bonds") and State of Ohio Variable Rate Demand Revenue Bonds (Pooled Financing 2000 Program) Series C (the "2000 Bonds") which were previously issued in part to fund University educational facilities consisting of, with respect to the 1997 Bonds, (i) the renovation and remodeling of Spalt Hall and the International Center, (ii) the renovation and remodeling of President and West Dormitories, (iii) the construction of the New Dormitory, and (iv) the renovation of the heating plant including new boilers, all together with the necessary appurtenances thereto and, with respect to the 2000 Bonds, acquiring and installing telephone switch equipment, data and telephone network, computers and related applications, equipment and facilities, mail processor, residence hall, laboratory and classroom furniture and equipment, tractor, passenger van, records archive project, upgrading of lighting systems and transformer, and renovation and improvements of conference room, residence halls (including air conditioning), roofs of certain buildings, drives, parking, walkways and landscape and utility systems, and for such other uses as are permitted by the Act and the Lease (collectively, the "Project"), including costs incidental thereto and the costs of financing and refinancing thereof, and to pay certain issuance costs related to the Bonds. The Bonds are issued and secured by the Trust Agreement (the "Trust Agreement") between the Commission and U.S. Bank National Association, Cleveland, Ohio, as trustee (the "Trustee"). The Project has been leased by the University, as lessor, to the Commission, as lessee, under the Base Lease ("Base Lease") and has been leased back to the University under the Lease (the "Lease") between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease (the "Assignment"), the Commission has assigned to the Trustee for the benefit of the holders of the Bonds substantially all of its rights under the Lease, including the Rental Payments to be made by the University. The documents in the Transcript examined include signed counterparts of the Base Lease, the Lease, the Assignment and the Trust Agreement, each dated as of February 1, 2006. We have also examined a conformed copy of a signed and authenticated Bond of the first maturity.

Based on this examination, we are of the opinion that under existing law:

1. The Bonds, the Base Lease, the Lease, the Assignment and the Trust Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by the application of general principles of equity.

2. The Bonds constitute special obligations of the State, and the principal of and interest and any premium on the Bonds (collectively, "debt service") are payable solely from the revenues and other money pledged and assigned by the Trust Agreement and the Assignment to secure that payment, including the payments required to be made by the University under the Lease. The Bonds and the payment of debt service are not secured by an

obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a debt, or pledge of the faith and credit, of the State or the Commission.

3. The interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The Bonds are "qualified 501(c)(3) bonds" as defined in Section 145(a) of the Code. The interest on the Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal and school district income taxes in Ohio.

In giving the foregoing opinion with respect to the treatment of interest on the Bonds and the status of the Bonds under the tax laws, we have assumed and relied upon compliance with the covenants of the University and the Commission, and the accuracy, which we have not independently verified, of the representations and certifications of the University and the Commission contained in the Transcript. The accuracy of certain of those representations and certifications, and compliance by the University and the Commission with certain of those covenants, may be necessary for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Bonds could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance.

Under the Code, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax, and interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

In rendering this opinion, we have relied upon opinions, certifications and representations of fact, contained in the Transcript, which we have not independently verified, and we have assumed the due authorization, signing and delivery by, and the binding effect upon and the enforceability against, the Trustee of the Trust Agreement. We have also relied upon the opinions of, Martin Browne Hull & Harper, P.L.L. and Hawkins Delafield & Wood LLP, counsel for the University, contained in the Transcript, as to all matters concerning the University, including the due authorization, signing and delivery by, and the binding effect upon the enforceability against, the University of the Base Lease, the Lease and the Guaranty, matters of title to the Project and the status of the University as a 501(c)(3) organization within the meaning of the Code.

We express no opinion concerning the Letter of Credit identified in the Transcript delivered in connection with the issuance of the Bonds.

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