COUNTY OF HAMILTON, OHIO
$51,960,000
STUDENT HOUSING REVENUE REFUNDING BONDS
(STRAFTORD HEIGHTS PROJECT - UNIVERSITY OF CINCINNATI, LESSEE), SERIES 2010

Bonds Dated: Date of Delivery
Due: June 1, in the years shown below

The Series 2010 Bonds are being issued by the County of Hamilton, Ohio (the "Issuer") pursuant to a Trust Indenture (the "Indenture") dated as of July 1, 2010 between the County and the Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2010 Bonds will be only issued as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. The Series 2010 Bonds mature on June 1 of the years noted below and will bear interest payable each June 1 and December 1, beginning December 1, 2010 (each a "Payment Date"). The Series 2010 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), as custodian on behalf of the beneficial owners of the Series 2010 Bonds. DTC acts as agent solely for the beneficial owners of the Series 2010 Bonds and not for the Issuer or the Underwriter. See "BOOK ENTRY SYSTEM." The Series 2010 Bonds are subject to redemption as set forth herein.

The Series 2010 Bonds are being issued by the Issuer to make a loan to University Heights Community Urban Redevelopment Corporation, an Ohio non-profit corporation (the "Borrower"), to (i) refund the Issuer's Adjustable Rate Student Housing Revenue Bonds (Stratford Heights Project), Series 2004 (the "Prior Bonds"), including a termination payment for an interest rate hedging agreement related to the Prior Bonds, and (ii) pay costs of issuance of the Series 2010 Bonds. The Prior Bonds were issued to (a) finance the acquisition, construction, equipping and installation of housing facilities (the "Project") located within the City of Cincinnati and known as "Stratford Heights" for the students, faculty and staff of the University of Cincinnati, a state university of the State of Ohio (the "University"); (b) fund a Debt Service reserve fund for the Prior Bonds; (c) fund certain amounts for capitalized interest and capitalized fees on the Prior Bonds; and (d) pay costs of issuance of the Prior Bonds. A portion of the proceeds from the Project is leased to the State of Ohio, through its Department of Administrative Services, to the Borrower pursuant to a Ground Lease, dated as of January 1, 2004 (the "Ground Lease"). The Borrower has leased the entire Project to the University pursuant to a Master Lease Agreement, dated as of July 29, 2010 (the "Lease"), which Lease requires the University to pay base rent ("Base Rent") in amounts and at the times sufficient to pay principal of or interest on the Series 2010 Bonds when due. The Borrower will agree, under an Assignment of Master Lease Agreement and the Assignment of Ground Lease, each dated as of July 29, 2010, to assign to the Trustee all of the Borrower's rights and interests in the Lease, including its right to receive rental payments, and the Ground Lease.

The scheduled payment of principal of and interest on the Series 2010 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2010 Bonds by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)

Maturity Schedule
$12,250,000 Serial Bonds

<table>
<thead>
<tr>
<th>Due</th>
<th>CUSIP</th>
<th>Amount</th>
<th>Rate</th>
<th>Yield</th>
<th>Due</th>
<th>CUSIP</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>407311 A2</td>
<td>$705,000</td>
<td>2.00%</td>
<td>0.78%</td>
<td>2017</td>
<td>407311 A3</td>
<td>$1,150,000</td>
</tr>
<tr>
<td>2012</td>
<td>407311 A6</td>
<td>956,000</td>
<td>2.00%</td>
<td>1.00%</td>
<td>2018</td>
<td>407311 AM</td>
<td>1,200,000</td>
</tr>
<tr>
<td>2013</td>
<td>407311 A4</td>
<td>806,000</td>
<td>3.00%</td>
<td>1.31%</td>
<td>2019</td>
<td>407311 AN</td>
<td>1,200,000</td>
</tr>
<tr>
<td>2014</td>
<td>407311 A2</td>
<td>1,010,000</td>
<td>4.00%</td>
<td>1.88%</td>
<td>2020</td>
<td>407311 AP</td>
<td>1,300,000</td>
</tr>
<tr>
<td>2015</td>
<td>407311 A8</td>
<td>1,050,000</td>
<td>6.00%</td>
<td>2.21%</td>
<td>2021</td>
<td>407311 AQ</td>
<td>786,000</td>
</tr>
<tr>
<td>2016</td>
<td>407311 A5</td>
<td>1,105,000</td>
<td>5.00%</td>
<td>2.63%</td>
<td>2021</td>
<td>407311 AF</td>
<td>600,000</td>
</tr>
</tbody>
</table>

$15,660,000 - 5.000% Term Bonds, Due June 1, 2030, Yield: 4.670%, CUSIP: 407311 AB0
$24,050,000 - 4.750% Term Bonds, Due June 1, 2039, Yield: 4.850%, CUSIP: 407311 AS8

The Series 2010 Bonds are offered when, as and if issued and purchased by the recipients thereof, and subject to the opinion of Pecik, Shaffer & Williams LLP, Bond Counsel to the Issuer, as to the validity and tax-exempt status of the Series 2010 Bonds and the approval of certain other matters for the Issuer. Certain legal matters will be passed upon for the Underwriter by its counsel, Vorys, Sater, Seymour and Pease LLP, for the Borrower by its counsel Barron Pecik Bennie & Schieffer, Cincinnati, Ohio, and for the University by its counsel. It is expected that the Series 2010 Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about July 29, 2010.
CUSIP is a Copyright© 2007 of American Bankers Association. CUSIP data in this Offering Circular are approved by Standard & Poor’s CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2010 Bonds only at the time of issuance of the Series 2010 Bonds, and the Issuer does not make any representation with respect to those numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP Number for a specific maturity may be changed after the issuance of the Series 2010 Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2010 Bonds.

No dealer, broker, sales representative or other person has been authorized by the Issuer or RBC Capital Markets Corporation (the "Underwriter") to give any information or to make any representations with respect to the Series 2010 Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any other person described herein since the date hereof.

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

IT HAS BEEN THE PRACTICE OF THE UNDERWRITER TO MAINTAIN A SECONDARY MARKET IN MUNICIPAL SECURITIES THAT IT SELLS. THE UNDERWRITER PRESENTLY INTENDS TO ENGAGE IN SECONDARY MARKET TRADING OF THE SERIES 2010 BONDS, SUBJECT TO APPLICABLE SECURITIES LAWS. THE UNDERWRITER, HOWEVER, IS NOT OBLIGATED TO ENGAGE IN SECONDARY TRADING OR TO REPURCHASE ANY OF THE SERIES 2010 BONDS AT THE REQUEST OF THE OWNERS THEREOF. NO ASSURANCE CAN BE GIVEN THAT A SECONDARY MARKET FOR THE SERIES 2010 BONDS WILL BE AVAILABLE AND NO ASSURANCE CAN BE GIVEN THAT THE INITIAL OFFERING PRICES FOR THE SERIES 2010 BONDS WILL CONTINUE FOR ANY PERIOD OF TIME.

THE SERIES 2010 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. A PURCHASER HAS NO RIGHT TO REQUIRE SUCH REGISTRATION. IN ADDITION, THESE SECURITIES MAY BE SUBJECT TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF VARIOUS STATES, AND MAY NOT BE TRANSFERRED IN VIOLATION OF SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2010 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2010 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NO STATE NOR ANY STATE OR FEDERAL AGENCY HAS PASSED UPON THE MERITS OF THESE SERIES 2010 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.
Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM" or the "Bond Insurer") makes no representation regarding the Series 2010 Bonds or the advisability of investing in the Series 2010 Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Offering Circular or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and "APPENDIX D-Specimen Municipal Bond Insurance Policy."
ISSUER
COUNTY OF HAMILTON, OHIO

BORROWER
UNIVERSITY HEIGHTS COMMUNITY URBAN REDEVELOPMENT CORPORATION

TRUSTEE
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
CINCINNATI, OHIO

BOND COUNSEL
PECK, SHAFFER & WILLIAMS LLP,
CINCINNATI, OHIO

UNDERWRITER
RBC CAPITAL MARKETS CORPORATION,
CINCINNATI, OHIO
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INTRODUCTION

The purpose of this Offering Circular, including the cover page and the attached appendices, is to set forth certain information in connection with the sale by the County of Hamilton, Ohio (the “Issuer”) of its Student Housing Revenue Refunding Bonds (Stratford Heights Project - University of Cincinnati, Lessee), Series 2010 (the “Series 2010 Bonds”) in the aggregate principal amount of $51,960,000.

The Series 2010 Bonds are being issued under a Trust Indenture dated as of July 1, 2010 (the “Indenture”) between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), to provide funds to make a loan (the “Loan”) to University Heights Community Urban Redevelopment Corporation, an Ohio non-profit corporation (the “Borrower”), pursuant to a Loan Agreement dated as of July 1, 2010 (the “Loan Agreement”) between the Issuer and the Borrower. The proceeds of the Loan will be used to (i) refund the Issuer’s Adjustable Rate Student Housing Revenue Bonds (Stratford Heights Project), Series 2004 (the “Prior Bonds”), including a termination payment for an interest rate hedging agreement related to the Prior Bonds, and (ii) pay costs of issuance of the Series 2010 Bonds. The Prior Bonds were issued to (a) finance the acquisition, construction, equipping and installation of housing facilities (the “Project”) located within the City of Cincinnati and known as “Stratford Heights” for the students, faculty and staff of the University of Cincinnati, a state university of the State of Ohio (the “University”); (b) fund a Debt Service reserve fund for the Prior Bonds; (c) fund certain amounts for capitalized interest and capitalized fees on the Prior Bonds; and (d) pay costs of issuance of the Prior Bonds.

The Borrower will agree to repay the Loan by making loan payments (the “Loan Payments”) in amounts that, together with other moneys in the Bond Fund available therefore, will equal the amount of Debt Service on the Series 2010 Bonds required to be paid on the applicable due date. To evidence and to secure its obligation to make Loan Payments, the Borrower will deliver a promissory note (the “Note”) to the Trustee pursuant to the Loan Agreement.

A portion of the site on which the Project is located is leased from the State of Ohio, through its Department of Administrative Services, to the Borrower pursuant to a Ground Lease, dated as of January 1, 2004 (the “Ground Lease”). The Borrower has leased the entire Project to the University, pursuant to the Lease. The base rent due under the Lease will be an amount equal to the principal of and/or interest on the Series 2010 Bonds then due on each Lease Payment Date. A “Lease Payment Date” is each date for payment by the Borrower of a loan payment under the Loan Agreement corresponding to the Debt Service schedules for the Series 2010 Bonds. The Borrower will agree, under the Assignment of Master Lease Agreement (the “Lease Assignment”) and the Assignment of Ground Lease (the “Ground Lease Assignment”), each dated as of July 29, 2010, to assign to the Trustee all of the Borrower’s rights, but not its obligations, in and to the Lease, including the right to receive Base Rent, and the Ground Lease.

ACCORDANCE WITH THE INDENTURE AND (II) LEASE PAYMENTS DUE UNDER THE LEASE THAT HAVE BEEN ASSIGNED TO THE TRUSTEE.

Included in this Offering Circular is information concerning the Issuer, the Borrower, the Project, the University and the sources of payment for the Series 2010 Bonds, together with summaries of the terms of the Series 2010 Bonds and certain provisions of the Indenture, the Loan Agreement, the Lease, the Ground Lease and certain documents related thereto. All references herein to agreements or documents are qualified in their entirety by references to the definitive forms thereof, copies of which are available for inspection at the designated corporate trust office of the Trustee at 525 Vine Street, Suite 900, Cincinnati, Ohio 45202.

As used in this Offering Circular, "Debt Service" means principal of, and interest and any premium on, the obligations referred to, "State" or "Ohio" means the State of Ohio. "Ohio Revised Code" or "Revised Code" means the Ohio Revised Code, as amended from time to time.

THE ISSUER

The Series 2010 Bonds are authorized and issued by the Issuer pursuant to the authority of Article VIII, Section 16 of the Ohio Constitution and statutes of the State of Ohio, particularly Section 133.51 of the Ohio Revised Code, as amended (the "Act"), and pursuant to resolutions adopted by the Board of County Commissioners of the Issuer on July 14, 2010 (the "Bond Resolution").

The Issuer has determined that the refunding of the Prior Bonds and the refinancing of the Project enhances, fosters, aids, provides and promotes housing within the jurisdiction of the Issuer and the State of Ohio.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS

The Series 2010 Bonds are limited obligations of the Issuer, and are secured by a pledge of and lien on (i) the pledged revenues under the Indenture (the "Pledged Revenues"), including, without limitation, all loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) all money and investments in the Funds and Accounts established under the Indenture (except for the Rebate Fund), (iii) the Loan Agreement, except for the Unassigned Issuer’s Rights described in the Loan Agreement, (iv) the Ground Lease, (v) the Lease and (vi) all other real or personal property from time to time conveyed, pledged, assigned or transferred to the Trustee as additional security under this Indenture which property the Trustee is hereby authorized to receive.

On June 22, 2010, the University adopted a resolution approving the Lease. The term of the Lease terminates on the final stated maturity date of the Series 2010 Bonds, unless extended by the University, as long as payment in full of all Debt Service has been made. The Base Rent under the Lease will be in an amount equal to the principal of and/or interest then due on the Series 2010 Bonds on each Payment Date and is due 3 business days before each Payment Date under the Indenture. The obligation of the University to pay the Base Rent under the Lease will be absolute and unconditional, and will not be subject to any setoff, defense, counterclaim or recoupment for any reason whatsoever.

The University’s obligations to make payments under the Lease are on a parity with the University’s other general unsecured obligations. See "THE BORROWER, THE UNIVERSITY, AND THE PROJECT – The University." The University is obligated to make payments under the Lease only from its General Receipts. The General Receipts of the University are defined as all moneys received by the University, except: (i) moneys raised by state appropriations and taxation, (ii) any grants, gifts, donations and pledges and receipts therefrom which under restrictions imposed in the grant or promise thereof or as a condition of the receipt thereof are not available for payment of Debt Service on
the University’s general receipts obligations, and (iii) any special fee charged pursuant to Section 154.21(D) of the Ohio Revised Code and receipts therefrom.

The University’s obligation to make payments under the Lease is subordinate to the University’s obligation to pay Debt Service on the University’s General Receipts Bonds and General Receipts Bond Anticipation Notes. See “THE BORROWER, THE UNIVERSITY, AND THE PROJECT – The University” for additional information on the University’s Debt Service obligations on its General Receipts Bonds and General Receipts Bond Anticipation Notes and certain other obligations. The University’s General Receipts are not being pledged to secure payments due under the Lease.

The University makes various representations, warranties and covenants designed to ensure that interest on the Series 2010 Bonds will be and remain excludable from the gross income of holders for federal income tax purposes. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS.”

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2010 Bonds, Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (the “Bond Insurer”) will issue its Municipal Bond Insurance Policy for the Series 2010 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2010 Bonds when due as set forth in the form of the Policy included as Appendix D to this Offering Circular.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp. (Formerly Known as Financial Security Assurance Inc.)

The Bond Insurer is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or the Bond Insurer is liable for the obligations of the Bond Insurer.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA (“Dexia”). In connection with such acquisition, Holdings’ financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the “SEC”) on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

The Bond Insurer’s financial strength is rated “AAA” (negative outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “Aa3” (negative outlook) by Moody’s Investors Service, Inc. (“Moody’s”). On February 24, 2010, Fitch, Inc. (“Fitch”), at the request of AGL, withdrew its “AA” (Negative Outlook) insurer financial strength rating of the Bond Insurer at the then current rating level. Each rating of the Bond Insurer should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the
applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of the Bond Insurer in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by the Bond Insurer. The Bond Insurer does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings

On May 17, 2010, S&P published a Research Update in which it affirmed its “AAA” counterparty credit and financial strength ratings on the Bond Insurer. At the same time, S&P continued its negative outlook on the Bond Insurer. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P’s comments.

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the “AA” (Negative Outlook) insurer financial strength rating of the Bond Insurer at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch’s comments.

On December 18, 2009, Moody’s issued a press release stating that it had affirmed the “Aa3” insurance financial strength rating of the Bond Insurer, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody’s comments.

There can be no assurance as to any further ratings action that Moody’s or S&P may take with respect to the Bond Insurer.

For more information regarding the Bond Insurer’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010, and AGL’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by AGL with the SEC on May 10, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”).

Capitalization of the Bond Insurer

At March 31, 2010, the Bond Insurer’s consolidated policyholders’ surplus and contingency reserves were approximately $2,220,015,145 and its total net unearned premium reserve was approximately $2,228,912,193 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to the Bond Insurer are incorporated by reference into this Offering Circular and shall be deemed to be a part hereof:

(i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010); and

(ii) The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (which was filed by AGL with the SEC on May 10, 2010).
All information relating to the Bond Insurer included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Series 2010 Bonds shall be deemed incorporated by reference into this Offering Circular and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at http://www.sec.gov, at AGL’s website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding the Bond Insurer included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Offering Circular, except as so modified or superseded.

The Bond Insurer makes no representation regarding the Series 2010 Bonds or the advisability of investing in the Series 2010 Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Offering Circular or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer supplied by the Bond Insurer and presented under the heading “BOND INSURANCE.”

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Series 2010 Bonds when all or some becomes due, any owner of the Series 2010 Bonds will have a claim under the Policy for those payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity in accordance with a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Series 2010 Bonds by the Issuer which is recovered by the Issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the Issuer unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2010 Bonds are payable solely from the moneys received in accordance with the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Series 2010 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2010 Bonds or the marketability (liquidity) for the Series 2010 Bonds.
The long-term ratings on the Series 2010 Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Series 2010 Bonds insured by the Bond Insurer will not be subject to downgrade and that event could adversely affect the market price of the Series 2010 Bonds or the marketability (liquidity) for the Series 2010 Bonds. See “RATINGS” herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Issuer, the Borrower, the University or the Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Series 2010 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “BOND INSURANCE” for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

THE SERIES 2010 BONDS

General Description

The Series 2010 Bonds will be dated their date of delivery and will bear interest at the rates and will mature, subject to the right of redemption described below, in the amounts and on the dates set forth on the cover page of this Offering Circular. Interest will be payable on each June 1 and December 1, commencing December 1, 2010 until maturity or prior redemption. The Series 2010 Bonds will be issued in fully registered form for use in a book entry system, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). For a discussion of the book entry system, see “BOOK ENTRY SYSTEM” herein.

Mandatory Sinking Fund Redemption

The Series 2010 Bonds maturing June 1, 2030 are subject to mandatory sinking fund redemption on June 1 in the years set forth below at a redemption price of 100% of the principal amount of such Series 2010 Bonds called for redemption, plus interest accrued to the date fixed for redemption, but without premium:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount Subject to Mandatory Redemption</th>
<th>Year</th>
<th>Principal Amount Subject to Mandatory Redemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$1,420,000</td>
<td>2027</td>
<td>$1,810,000</td>
</tr>
<tr>
<td>2023</td>
<td>1,490,000</td>
<td>2028</td>
<td>1,905,000</td>
</tr>
<tr>
<td>2024</td>
<td>1,565,000</td>
<td>2029</td>
<td>2,000,000</td>
</tr>
<tr>
<td>2025</td>
<td>1,645,000</td>
<td>2030*</td>
<td>2,100,000</td>
</tr>
<tr>
<td>2026</td>
<td>1,725,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Final maturity.
The Series 2010 Bonds maturing June 1, 2039 are subject to mandatory sinking fund redemption on June 1 in the years set forth below at a redemption price of 100% of the principal amount of such Series 2010 Bonds called for redemption, plus interest accrued to the date fixed for redemption, but without premium:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount Subject to Mandatory Redemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2031</td>
<td>$2,205,000</td>
</tr>
<tr>
<td>2032</td>
<td>2,310,000</td>
</tr>
<tr>
<td>2033</td>
<td>2,420,000</td>
</tr>
<tr>
<td>2034</td>
<td>2,530,000</td>
</tr>
<tr>
<td>2035</td>
<td>2,650,000</td>
</tr>
<tr>
<td>2036</td>
<td>Principal Amount Subject to Mandatory Redemption</td>
</tr>
<tr>
<td></td>
<td>$2,780,000</td>
</tr>
<tr>
<td>2037</td>
<td>2,910,000</td>
</tr>
<tr>
<td>2038</td>
<td>3,050,000</td>
</tr>
<tr>
<td>2039*</td>
<td>3,195,000</td>
</tr>
</tbody>
</table>

*Final maturity.

**Mandatory Redemption Upon a Determination of Taxability**

The Series 2010 Bonds are subject to mandatory redemption by the Issuer, at a redemption price of 100% of the principal amount redeemed plus accrued interest to the redemption date, on the earliest practical date selected by the Trustee after consultation with the Borrower, but in no event later than the earlier of (i) 90 days following the Trustee’s notification of a ruling or technical advice by the Internal Revenue Service in which the Borrower and the University has participated or a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds selected by the Trustee or a holder and approved by the Borrower to the effect that interest on any of the Series 2010 Bonds, which was formerly excludable from gross income for federal income tax purposes, is included in gross income for federal income tax purposes; or (ii) 5 business days after the rendering of a final and non-appealable decision, judgment, decree or other order by any court of competent jurisdiction in the United States to the effect that interest on any of the Series 2010 Bonds, which was formerly excludable from gross income for federal income tax purposes, is included in gross income for federal income tax purposes.

**Optional Redemption**

The Series 2010 Bonds maturing on or after June 1, 2021 are subject to redemption prior to their respective dates of maturity on or after June 1, 2020 at the option of the Issuer, upon the direction of the Borrower, at a redemption price of 100% plus interest accrued to the redemption date.

**Extraordinary Optional Redemption**

The Series 2010 Bonds are also subject to optional redemption without premium prior to maturity by the Issuer, at the direction of the Borrower, at any time in whole or in part, (i) upon the material damage, destruction or condemnation of the Project, (ii) if all or a significant part, of the Project shall have been taken under the exercise of the power of eminent domain or (iii) as a result of any changes in the Constitution of the State of Ohio, the Constitution of the United State of America, or state or federal laws or as a result of legislative or administrative action or by final decree, judgment or order of any court or administrative body entered after the contest thereof by the Issuer or the Borrower in good faith, the Loan Agreement has become void or unenforceable or impossible to perform in accordance with the intent and purpose of the Loan Agreement.
Partial Redemption of Series 2010 Bonds

If fewer than all of the Series 2010 Bonds are to be redeemed, the selection of Series 2010 Bonds to be redeemed, or portions thereof in amounts of $5,000 or any integral multiple thereof, shall be made in such manner as determined by the Borrower. In the case of a partial redemption by lot when Series 2010 Bonds of denominations greater than $5,000 are then outstanding, each $5,000 unit face value of principal thereof shall be treated as though it were a separate Series 2010 Bond of the denomination of $5,000. If it is determined that one or more, but not all of the $5,000 units of face value represented by a Series 2010 Bond are to be called for redemption, then upon notice of redemption of a $5,000 unit or units, the holder of that Series 2010 Bond shall surrender the Series 2010 Bond to the Trustee (i) for payment of the redemption price of the $5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (ii) for issuance of a new Series 2010 Bond or Series 2010 Bonds of any authorized denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturity on the same date as, the Series 2010 Bond surrendered.

Notice of Redemption

Except in the case of mandatory sinking fund redemption, Series 2010 Bonds shall be redeemed only by written notice from the Issuer to the Trustee, given at the direction of the Borrower and the University, or by written notice from the Borrower to the Trustee on behalf of the Issuer. Unless waived in writing by any holder of Series 2010 Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice to the holder of each Series 2010 Bond to be redeemed not less than 30 days nor more than 45 days prior to the date fixed for redemption.

ADDITIONAL BONDS

At the request of the Borrower and the University, the Issuer may issue additional bonds under the Indenture ("Additional Bonds") from time to time for any purpose permitted by the Act.

Any Additional Bonds will be on a parity with the Series 2010 Bonds and any Additional Bonds theretofore or thereafter issued and outstanding as to the assignment to the Trustee of the Issuer’s right, title and interest in the Pledged Revenues to provide for payment of Debt Service on the Series 2010 Bonds, except with respect to the Policy, which Policy will only benefit the holders of Series 2010 Bonds, except that nothing will prevent payment of Debt Service on, or the purchase price of, any series of Additional Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the 2010 Bonds and any one or more series of Additional Bonds, or (ii) not being secured or protected from sources or by property or instruments applicable to the Series 2010 Bonds or one or more series of Additional Bonds.

Before the Bond Trustee may authenticate and deliver any Additional Bonds, the Trustee must receive the items specified in the Indenture, including without limitation, written approval from the University.

TRANSFER OR EXCHANGE OF BONDS

The Series 2010 Bonds may be transferred or exchanged by holders of the Series 2010 Bonds at the designated corporate trust office of the Trustee. In all cases in which Series 2010 Bonds are exchanged or transferred, the Issuer will execute, and the Trustee will authenticate and deliver, Series 2010 Bonds in accordance with the provisions of the Indenture. The exchange or transfer will be made without charge, except that the Issuer and the Trustee may make a charge for every exchange or transfer
of Series 2010 Bonds sufficient to reimburse them for any tax or excise required to be paid with respect to the exchange or transfer. The charge must be paid before a new Series 2010 Bond is delivered.

All Series 2010 Bonds issued upon any transfer or exchange of Series 2010 Bonds will be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under the Indenture, as the Series 2010 Bonds surrendered upon transfer or exchange. Neither the Issuer nor the Trustee will be required to make any exchange or transfer of a Series 2010 Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Series 2010 Bonds and ending at the close of business on the day of such mailing or to transfer or exchange any Series 2010 Bonds selected for redemption, in whole or in part.

If any Series 2010 Bond is mutilated, lost, wrongfully taken or destroyed, then, in the absence of written notice to the Issuer or the Trustee that a lost, wrongfully taken or destroyed Series 2010 Bond has been acquired by a bona fide purchaser, the Issuer will execute, and the Trustee will authenticate and deliver, a new Series 2010 Bond of like date, maturity and denomination and of the same series as the Series 2010 Bond mutilated, lost, wrongfully taken or destroyed; provided, that (i) in the case of any mutilated Series 2010 Bond, the mutilated Series 2010 Bond first must be surrendered to the Trustee, and (ii) in the case of any lost, wrongfully taken or destroyed Series 2010 Bond, there first must be furnished to the Trustee and the Trustee evidence of the loss, wrongful taking or destruction, together with indemnity satisfactory to them.

The Series 2010 Bonds initially will be registered in the name of Cede & Co., as nominee of DTC, and held by DTC on behalf of the beneficial owners of the Series 2010 Bonds. DTC will, by book entry, record beneficial ownership and transfers of the Series 2010 Bonds in its custody and will forward all notices and payments received in respect of any Series 2010 Bonds held by it to the beneficial owners of the Series 2010 Bonds as shown on its books of account. DTC acts as agent solely for its Participants and not for the beneficial owners of the Series 2010 Bonds, the Issuer, or the Underwriter. See “BOOK ENTRY SYSTEM” below.

BOOK ENTRY SYSTEM

The information in this section concerning DTC and DTC’s book-entry only system has been obtained from DTC and neither the Issuer nor the Borrower takes any responsibility for the completeness or accuracy thereof. The Issuer cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (each as hereinafter defined) (a) payments of interest, principal, or premium, if any, with respect to the Series 2010 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2010 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Series 2010 Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Offering Circular. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. DTC will act as securities depository for the Series 2010 Bonds. The Series 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010 Bond certificate will be issued for the Series 2010 Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

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

3. Purchases of Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2010 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010 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 Series 2010 Bonds, except in the event that use of the book-entry system for the Series 2010 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2010 Bond documents. For example, Beneficial Owners of Series 2010 Bonds may wish to ascertain that the nominee holding the Series 2010 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.
6. Redemption notices shall be sent to DTC. If less than all of the Series 2010 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2010 Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Series 2010 Bonds purchased or tendered, through its Participant, to the Trustee, and shall affect delivery of such Series 2010 Bonds by causing the Direct Participant to transfer the Participant’s interest in the Series 2010 Bonds, on DTC’s records, to the Trustee. The requirement for physical delivery of Series 2010 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2010 Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Series 2010 Bonds to the Trustee’s DTC account.

10. DTC may discontinue providing its services as depository with respect to the Series 2010 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2010 Bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2010 Bond certificates will be printed and delivered to DTC.

THE TAX REGULATORY AGREEMENT

The Issuer, the Borrower, the University and the Trustee have entered into the Tax Regulatory Agreement pursuant to which they have agreed, represented and covenanted regarding certain requirements essential to maintaining the status of the interest on the Series 2010 Bonds as excludable from gross income for federal income tax purposes.
ESTIMATED SOURCES AND USES OF FUNDS

All of the proceeds of the Series 2010 Bonds will be used to refund the Prior Bonds and pay the costs of issuing the Series 2010 Bonds. The following table describes the sources and uses of funds for the Project:

Sources:

- Series 2010 Bonds ........................................... $51,960,000.00
- Other Funds on Deposit ................................... 999,722.12
- Net Original Issue Premium ............................... 755,912.25

Total Sources ................................................................ $53,715,634.37

Uses of Funds:

- Deposit to Purchase Prior Bonds ......................... $49,825,699.77
- Swap Termination ........................................... 2,454,300.00
- Costs of Issuance* .......................................... 1,435,634.60

Total Uses ................................................................ $53,715,634.37

* Includes bond insurance premium, underwriter’s discount and fee, bond counsel fee, underwriter’s counsel fee, rating agency fees and other costs of issuance

PLAN OF REFUNDING

A portion of the proceeds from the Series 2010 Bonds will be used to refinance the Prior Bonds, which are letter of credit supported variable rate bonds and are currently outstanding in the aggregate principal amount of $49,805,000. On the day before the issuance of the Series 2010 Bonds, the holder of the Prior Bonds will tender the Prior Bonds to Citizens Bank of Pennsylvania, the letter of credit bank providing support for the Prior Bonds (the “Letter of Credit Bank”). On the date of issuance of the Series 2010 Bonds, $48,825,977.65 of the proceeds of the Series 2010 Bonds along with $999,722.12 held by the trustee for the Prior Bonds (collectively, the “Defeasance Amount”) will be deposited with or transferred to The Bank of New York Mellon Trust Company, N.A., as trustee for the Prior Bonds, to reimburse the Letter of Credit Bank and to purchase the Prior Bonds for cancellation. Upon the purchase for cancellation of the Prior Bonds, the Prior Bonds will be paid and discharged. The balance of the proceeds from the Series 2010 Bonds will be used for the termination payment for the interest rate hedging agreement associated with the Prior Bonds and to pay costs of issuance on the Series 2010 Bonds.

THE BORROWER, THE UNIVERSITY, AND THE PROJECT

The information under this heading has been provided solely by the Borrower and the University and is believed to be reliable, but has not been independently verified by the Issuer or the Underwriter. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer or the Underwriter.

The Borrower

The Borrower, University Heights Community Urban Redevelopment Corporation, is a non-profit corporation incorporated under the laws of the State of Ohio in December 2000. On December 21, 2001, the Borrower received a determination letter from the Internal Revenue Service recognizing it as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the
"Code"). The Borrower is managed and administered by a Board of Trustees, with one trustee appointed by the University entitled to five votes, two trustees appointed by the Greek Affairs Counsel each entitled to one vote, and two trustees appointed by the Heights Community Counsel each entitled to one vote. The financial statements of the University for the fiscal year ended June 30, 2010 will reflect this control over the Borrower.

The University

One of the nation’s largest institutions of higher learning, the University of Cincinnati was founded in 1819 with the first charter granted by the State in 1870. The University’s Uptown campus is located on a 202-acre tract in the residential Clifton area of the City, approximately 2 miles north of downtown Cincinnati. Its physical plant includes 81 principal structures on the Uptown campus, a portion of which is leased from the City of Cincinnati under a long-term lease. The acreage and buildings housing the college of Applied Science (which is located at the site of the former Edgecliff College, approximately 2 miles from the Uptown campus) are included in the Uptown campus numbers. The University has two satellite branches operating out of 11 principal structures on separate campuses totaling 223 acres. The University also has several smaller sites that are not a part of the campuses listed above, including the Hazelwood Botanical Preserve, Cincinnati and Mitchel Observatories, the Campus Services Building, the Campus Receiving Building, the Center Hill Complex, the Genome Research Institute Complex, One Seton Square, Turner Center, the Project and the Central Utility Plant. They represent a total of 40 principal buildings located on 147 acres. Total replacement cost of all its real and personal property (excluding land costs) was estimated by the University’s insurers to be in excess of $3.6 billion as of July 2009.

The University, formerly city owned, became a state university on July 1, 1977. The University is composed of 13 colleges and two schools. Its total enrollment in the Fall Quarter of 2009 was 39,667 students. The University has approximately 2,539 full-time faculty members, and its total faculty numbered 4,484 for the Fall Quarter of 2009. The University has been designated in long-range planning by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the State. As of June 30, 2009, the market value of the endowment fund of the University exceeded $832 million.

The University carries out its rigorous scholarship and research mission while maintaining a deep commitment to accessible education. Over 39,000 students pursue success in hundreds of academic programs in the sciences, arts, humanities, and professional disciplines. The University’s programs are highly regarded. Programs that are ranked in the Top 10 by U.S. News and World Report include: Cooperative Education (4th), Criminal Justice (3rd), College of Medicine Pediatrics (3rd), Paleontology (7th), Interior Design (3rd), Industrial Design (3rd), Opera/Voice (3rd), Musical Conducting (5th), Music (6th), Music Composition (9th), Orchestra/Symphony (9th) and Accounting (10th). The Architecture and Interior Design programs are ranked No. 1 by the Almanac of Architecture and Design. Research funding has grown rapidly and exceeds $300 million, including affiliates. The University has strong research relationships with other institutions and with industry, including Cincinnati Children’s Hospital Medical Center, the Health Alliance of Greater Cincinnati, Procter & Gamble, General Electric, Wright Patterson Air Force Base, and others. New National Science Foundation rankings were published in March 2009. The University is currently ranked 18th among public institutions for federal research expenditures, up from a ranking of 28th in November 2007, and 36th out of all universities for federally financed research and development expenditures; up from a ranking of 50th in November 2007. In addition, the University is ranked 23rd out of public universities for all research and development expenditures, up from a ranking of 40th in November 2007.
University Debt Amortization and Future Financings

The University’s obligation to make payments under the Lease is subordinate to the University’s obligation to pay Debt Service on the University’s General Receipts Obligations and on parity with the University’s other general unsecured obligations. Under the University’s trust indenture, pursuant to which it issues its General Receipts Obligations, the University may issue additional General Receipts Obligations provided that, among other things, the General Receipts for the most recently completed Fiscal Year are at least one and one-half times the maximum annual Debt Service on all General Receipts Obligations outstanding and to be outstanding after the issuance of the General Receipts Obligations then under consideration. The General Receipts of the University for the year ending June 30, 2009, were $494,904,000. Maximum annual Debt Service on all General Receipts Obligations (including the Series 2010D Notes and the Series 2010E Notes, all as described below) is $87,859,023.18 in fiscal year 2017. Coverage of maximum Debt Service on all General Receipts Obligations for the fiscal year 2017 would be 5.63 times (based on General Receipts of $494,904,000).

In addition to the Project, the University has $96,605,000 of capital lease obligations which have been issued as certificates of participation, a $41,850,000 obligation with respect to the financing of two projects for the King Highland Community Urban Redevelopment Corporation (“King Highland”). See “Other Indebtedness” herein. While the University’s lease obligations are payable from the University’s General Receipts, they are not secured by the General Receipts and the certificate holder’s, the Borrower’s and King Highland’s claim on the General Receipts is subordinate to that of holders of both the University’s general receipts bonds or general receipts bond anticipation notes. Coverage of maximum annual Debt Service for all General Receipts Obligations and the University’s certificates of participation and lease obligations with respect to the Borrower and King Highland for the fiscal year 2015 would be approximately 4.82 times (based on General Receipts of $494,904,000). There is no limit, statutory or otherwise, on the amount of unsecured indebtedness, which would be on parity with the University’s obligations under the Lease that the University can incur.

Principal payments for General Receipts Obligations, Certificates of Participation and Capital Leases (including the Lease) over the next five fiscal years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>$38,905,000</td>
</tr>
<tr>
<td>FY2012</td>
<td>$41,115,000</td>
</tr>
<tr>
<td>FY2013</td>
<td>$44,690,000</td>
</tr>
<tr>
<td>FY2014</td>
<td>$47,795,000</td>
</tr>
<tr>
<td>FY2015</td>
<td>$50,920,000</td>
</tr>
</tbody>
</table>

On July 21, 2010, the University issued $19,610,000 of its Series 2010D Notes and $10,490,000 of its Series 2010E Notes to retire its Series 2009B Notes. The University has $23,900,000 of Series 2010A Notes, $19,610,000 of Series 2010D Notes, $10,490,000 of Series 2010E Notes and $25,000,000 of Series 2009D Notes currently outstanding. The Series 2010A Notes mature on May 12, 2011. The Series 2010D Notes maturing on December 16, 2010 is comprised of “Interim Debt”. The $10,490,000 of Series 2010E Notes mature July 21, 2011. The Series 2009D Notes mature December 16, 2010 and include $5,000,000 of “Interim Debt”.

Interim Debt is a short-term financing tool which permits the University to construct projects in advance of the receipt of State capital appropriations. Under the Board of Regents’ system of formula capital allocations to each campus, it is possible to forecast future biennial allocations of capital from the State. This permits the University to finance and commence work locally and pay off the local interim financing with State capital appropriations as they are received.
Since 1997, when the interim debt program began, the University’s Board of Trustees has authorized a total of $269,635,980 of Interim Debt obligations. The University has issued $129,637,463 of Interim Debt; changed the purpose of $1,670,000 of Interim Debt to other projects; retired $105,257,538 of the Interim Debt at maturity; and anticipates issuing an additional $37,195,081 of Interim Debt. The University has decided, for timing and other reasons, not to issue the balance of $101,133,436 of the Interim Debt. Interim Debt currently outstanding is for the CARE/MSB Rehabilitation/Eden Quad project (issued within the Series 2010D Notes), and for Basic Renovations (issued within the Series 2009D Notes).

As of September 30, 2009, the University has unexpended State appropriations totaling $49,500,000 available for expenditures. The following projects/initiatives have received a majority of the funding:

• Barrett Cancer Center/Vontz 330 Lab Renovation
• Kehoe 223-240 Lab Renovation
• Medical Sciences Building Rehabilitation
• Raymond Walters College Expansion
• Rieveschl 500 Level Teaching Labs
• Basic Renovations (Uptown Campus, Clermont College, Raymond Walters College)
• Instructional Equipment (Uptown Campus, Clermont College, Raymond Walters College)

Since October 29, 1992, the University has issued $651,870,000 of its General Receipts Obligations to refund various series of its General Receipts Bonds. On March 16, 2010, the University authorized $250,000,000 of additional general receipts refunding obligations; the issuance of Series 2010A Notes used $23,900,000 of this authorization and the issuance of Series 2010B Bonds in July 2010 will use an additional $2,120,000 of authorization. The University intends to issue all or a portion of the general receipts refunding obligations when market conditions are such that it is economically advantageous to the University to refund certain of its outstanding General Receipts Bonds.

On July 17, 2007, the Board of Trustees approved amending and restating the General Receipts Obligations authority for the early phases of CARE/MSB Rehabilitation/Eden Quad projects, from an amount not to exceed $169,300,000 to an amount not to exceed $410,000,000. This new authorization provides the debt authority necessary to complete the planned future phases of the MSB Rehabilitation portion of the total project. Debt is planned to be issued over a decade long period to correspond with the project construction schedule. The University has issued the following debt series for this project to date: $40,000,000 of its Series 2004A Bonds, $39,280,000 of its Series 2008C Bonds (refunded the Series 2004B Bonds), $14,000,000 of its Series 2010B Bonds, $19,610,000 of its Series 2010D Notes, $59,400,000 of the Series 2007G Bonds and $55,405,000 within Series 2010C Bonds. A total of $17,285,021 of Interim Debt has been issued and retired with the receipt of state capital appropriations. There is a total of $165,019,979 debt authority remaining for the project. The authorization was renewed on March 16, 2010.

On September 23, 2008, the Board of Trustees authorized its General Receipts Obligations for the following amount and project: $3,500,000 for Kettering North Wing Demolition and Site Restoration. This authorization was renewed by the Board of Trustees on March 16, 2010. General Receipts Obligations were issued for the project within Series 2010B and Series 2010C Bonds.

On September 22, 2009, the Board of Trustees authorized its General Receipts Obligations for the following amounts and projects: $5,900,000 for Sander Classroom Renovations and $4,700,000 for Procter Hall Façade Replacement. The authorizations were renewed by the Board of Trustees on March
16, 2010. General Receipts Obligations were issued for the Procter Hall Façade Replacement project within Series 2010C Bonds.

On March 16, 2010, the Board of Trustees authorized its General Receipts Obligations for the following amounts and projects: $10,000,000 for Jefferson Avenue Sports Complex, $24,600,000 for Morgens Hall Renovations/Scioto Hall Decommissioning, $12,900,000 for Rieveschl Lab Renovations Phases 3 and 4, $3,250,000 for Roof Replacement Phase II and $11,500,000 for Utility Energy Savings Projects Phase II. Series 2009D Notes issued on December 16, 2009 includes interim funding in the amount of $20,000,000 for the Jefferson Avenue Sport Complex and a portion of the Utility Energy Savings Projects. General Receipts Obligations were issued for the Morgens Hall Renovation/Scioto Hall Decommissioning, a portion of the Utility Energy Savings Projects Phase II and Roof Replacement Phase II projects within Series 2010B and Series 2010C Bonds.

The University is continuously reevaluating the capital needs of its various campuses and is contemplating the issuance of General Receipts Notes or Bonds to finance various capital improvements and construction projects. Because the plans for these projects have not yet been finalized, the respective schedules and the portions of the respective projects to be financed by the issuance of debt have not yet been determined.

Other Indebtedness

The University, as of June 1, 2010, had (i) $6,345,428 of financing obligations outstanding for equipment located in various departments, (ii) a capital lease obligation of $4,530,000 for the University’s Edwards Center, (iii) a capital lease obligation of $55,985,000 to finance the costs of the University’s University Center project and (iv) a capital lease obligation of $36,090,000 to finance the costs of the Jefferson Avenue Residential Complex (“Jefferson Avenue”). The obligations issued for equipment are unsecured except for an interest in the equipment. In addition to the Project, the University has capital lease obligations in connection with the financing of two buildings (One Stetson Square $32,120,000 and the Turner Center $9,730,000) which are owned by King Highland Community Urban Redevelopment Corporation (“King Highland”) and are occupied in substantial part by the University. These financings were facilitated by the issuance of economic development revenue bonds by the Issuer (the “King Highland Bonds”). The leases for the University Center, the Edwards Center and Jefferson Avenue constitute unconditional obligations of the University to make lease payments which pay principal and interest on certain certificates of participation issued by The Bank of New York Mellon Trust Company, N.A., as trustee (collectively, the “Certificates of Participation”), through the final maturity of such Certificates of Participation to the extent of the University’s General Receipts. The leases for One Stetson Square, the Turner Center and the Project also constitute unconditional obligations to make lease payments which pay the principal and interest on the King Highland Bonds and the Series 2010 Bonds. The University has not pledged its General Receipts to the payment of these leases nor has the University pledged its General Receipts to the payment of the Certificates of Participation, and holders of the University’s General Receipts Obligations have a prior and superior claim to the General Receipts than does King Highland, the Borrower and the trustee for the holders of such Certificates of Participation.

Financial Information

The University’s financial statements for its fiscal years ending June 30, 2008 and 2009 have been prepared by the University and audited by the University’s independent auditors. The following Statement of Revenues, Expenses and Changes in Net Assets for the Fiscal Year Ended June 30, 2009 and June 30, 2008 and the Statement of Net Assets as of June 30, 2009 and June 30, 2008 were extracted from the Financial Statements of the University. The Financial Statements for fiscal year 2008-2009 are available by contacting the University at: Office of the Controller, University of Cincinnati, PO Box 210637, Cincinnati, Ohio 45221-0637. The financial statements for years 2008 and 2009 also are
available on the University's internet website at http://www.uc.edu/af/finserv/controller_home.html. While information is presented with respect to the University Foundation, the University Foundation is not obligated or liable with respect to any of the University's General Receipts Obligations or with respect to the Lease.
# University of Cincinnati

## Statement of Revenues, Expenses and Changes in Net Assets

For the Years Ended June 30, 2009 and 2008

*(in thousands)*

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>University</th>
<th>University Related</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student tuition and fees, net of scholarship allowance of $35,459 for FY09 and $34,222 for FY08 and bond debt expense of $1,347 for FY09 and $1,287 for FY08</td>
<td>279,812</td>
<td>272,918</td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>140,696</td>
<td>148,273</td>
</tr>
<tr>
<td>State and local grants and contracts</td>
<td>2,175</td>
<td>6,989</td>
</tr>
<tr>
<td>Non-governmental grants and contracts</td>
<td>19,792</td>
<td>17,482</td>
</tr>
<tr>
<td>Salaries and services of educational departments</td>
<td>64,525</td>
<td>66,041</td>
</tr>
<tr>
<td>Auxiliary enterprises: Residential life, net of bond debt expense of $128 for FY09 and $119 for FY08</td>
<td>35,404</td>
<td>30,199</td>
</tr>
<tr>
<td>Athletics, net of bond debt expense of $15 for FY09 and $5 and FY08</td>
<td>74,528</td>
<td>15,580</td>
</tr>
<tr>
<td>Other Auxiliary enterprises</td>
<td>36,024</td>
<td>36,495</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>6,119</td>
<td>4,838</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>615,457</strong></td>
<td><strong>728,442</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>University</th>
<th>University Related</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>281,497</td>
<td>285,503</td>
</tr>
<tr>
<td>Research</td>
<td>183,964</td>
<td>157,543</td>
</tr>
<tr>
<td>Public Service</td>
<td>56,620</td>
<td>97,247</td>
</tr>
<tr>
<td>Academic Support</td>
<td>97,266</td>
<td>98,946</td>
</tr>
<tr>
<td>Student Services</td>
<td>20,138</td>
<td>37,722</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>72,999</td>
<td>79,964</td>
</tr>
<tr>
<td>Operation Maintenance and Plant</td>
<td>80,113</td>
<td>49,940</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>33,651</td>
<td>33,630</td>
</tr>
<tr>
<td>Auxiliary Expenses: Depreciation</td>
<td>85,281</td>
<td>78,163</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>944,184</strong></td>
<td><strong>922,941</strong></td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td><strong>(328,727)</strong></td>
<td><strong>(234,499)</strong></td>
</tr>
</tbody>
</table>

### Non-Operating Revenues (Expenses)

<table>
<thead>
<tr>
<th></th>
<th>University</th>
<th>University Related</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations</td>
<td>212,816</td>
<td>103,916</td>
</tr>
<tr>
<td>Federal and state grants (non-exchange)</td>
<td>36,664</td>
<td>27,633</td>
</tr>
<tr>
<td>Gifts, including $31,197 for FY09 and $27,564 for FY08 from the University Foundation</td>
<td>46,809</td>
<td>56,310</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>85,280</td>
<td>73,720</td>
</tr>
<tr>
<td>Decrease in fair value of investments</td>
<td>128,650</td>
<td>(96,616)</td>
</tr>
<tr>
<td>Interest on capital asset-related debt</td>
<td>(44,785)</td>
<td>(41,264)</td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td>(1,514)</td>
<td>(1,126)</td>
</tr>
<tr>
<td>Payments to University of Cincinnati</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other non-operating expenses</td>
<td>(2,452)</td>
<td>(860)</td>
</tr>
<tr>
<td><strong>Net non-operating revenues (expenses)</strong></td>
<td><strong>(2,226)</strong></td>
<td><strong>211,036</strong></td>
</tr>
<tr>
<td><strong>Income (loss) before other revenues, expenses, gains or losses</strong></td>
<td><strong>(330,942)</strong></td>
<td><strong>(129,900)</strong></td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>2,917</td>
<td>39,362</td>
</tr>
<tr>
<td>Capital grants and gifts</td>
<td>6,347</td>
<td>1,228</td>
</tr>
<tr>
<td>Additions to permanent endowments</td>
<td>70,333</td>
<td>37,668</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>(261,144)</td>
<td>(60,225)</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th></th>
<th>University</th>
<th>University Related</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets - beginning of year</td>
<td>1,025,515</td>
<td>1,070,740</td>
</tr>
<tr>
<td>Net assets - end of year</td>
<td><strong>1,022,571</strong></td>
<td><strong>1,025,515</strong></td>
</tr>
</tbody>
</table>
## University of Cincinnati
### Statement of Net Assets
#### As of June 30, 2009 and 2008
##### (in thousands)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>University</th>
<th>University Related Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 57,550</td>
<td>$ 75,285</td>
</tr>
<tr>
<td>Investments</td>
<td>121,638</td>
<td>53,916</td>
</tr>
<tr>
<td>Accounts and pledges receivable, net</td>
<td>65,693</td>
<td>57,683</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,040</td>
<td>2,001</td>
</tr>
<tr>
<td>Deposits with bond trustees</td>
<td>7,484</td>
<td>4,920</td>
</tr>
<tr>
<td>Notes receivable, net</td>
<td>2,938</td>
<td>3,266</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,557</td>
<td>494</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>259,900</td>
<td>207,365</td>
</tr>
<tr>
<td><strong>Non-current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>60,664</td>
<td>53,591</td>
</tr>
<tr>
<td>Accounts and pledges receivable, net</td>
<td>9,636</td>
<td>16,151</td>
</tr>
<tr>
<td>Deposits with bond trustees</td>
<td>7,034</td>
<td>16,423</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>$15,228</td>
<td>1,095,727</td>
</tr>
<tr>
<td>Notes receivable, net</td>
<td>34,614</td>
<td>33,382</td>
</tr>
<tr>
<td>Other long-term investments</td>
<td>252,800</td>
<td>390,454</td>
</tr>
<tr>
<td>Capital assets not being depreciated</td>
<td>65,959</td>
<td>258,541</td>
</tr>
<tr>
<td>Capital assets being depreciated, net</td>
<td>1,358,833</td>
<td>1,210,674</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>2,704,466</td>
<td>3,052,443</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,964,366</td>
<td>5,270,008</td>
</tr>
</tbody>
</table>

### LIABILITIES
#### Current liabilities:
- Accounts payable and accrued liabilities: 157,203 | 153,761 | 8,855 | 10,634
- Deferred revenue: 33,738 | 40,429 |
- Long-term liabilities - current portion: 117,313 | 65,403 |
- **Total current liabilities** | 308,254 | 259,595 | 8,855 | 10,634 |

#### Non-current liabilities:
- Deposits: 4,535 | 3,228 | 523 | 713
- Accrued liabilities: 28,723 | 29,779 |
- Refundable advances for federal loans: 25,152 | 26,276 |
- Long-term liabilities: 973,331 | 1,025,617 |
- **Total noncurrent liabilities** | 1,031,741 | 1,084,900 | 523 | 713
- **Total liabilities** | 1,339,995 | 1,344,493 | 9,378 | 11,347 |

### NET ASSETS
#### Invested in capital assets, net of related debt: 387,422 | 455,967 | 1,159 | 1,251
- Restricted for: Non-expendable: 971,430 | 1,202,523 | 43,422 | 47,037
- Expendable: 326,346 | 391,590 | 26,860 | 30,944
- Unrestricted: (60,827) | (124,565) | 5,645 | 1,080 |
- **Total net assets** | $ 1,624,371 | $ 1,925,515 | $ 77,086 | $ 80,312 |
The Project

The Project consists of approximately 20 buildings, housing approximately 710 students, a fitness center, a parking structure, consisting of a garage, deck, and surface parking for approximately 600 vehicles, and green spaces and volleyball and basketball courts. The Project is adjacent to the University Clifton Campus and is located at 2634 Stratford Avenue, Cincinnati, Ohio 45220.

Approximately 6 acres of the 10-acre site on which the Project is located has been leased by the Borrower to the University pursuant to the Ground Lease. See "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS - Ground Lease." The University has also loaned to the Borrower approximately $17 million to finance additional costs of the Project not financed with the proceeds of the Prior Bonds. Pursuant to the Subordination Agreement, dated as of July 29, 2010, among the University, the Borrower, and the Trustee (the "Subordination Agreement"), the repayment of this loan is subordinated to the payment of the Borrower’s obligations to the Issuer under the Loan Agreement.

PROJECT DOCUMENTS

In connection with the Loan, the Borrower will execute, among other things, the Loan Agreement with the Issuer, and the Lease with the University; and the Issuer will execute the Indenture with the Trustee. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS" for a brief summary of certain provisions of these documents; such summary does not purport to be complete and reference is made to the actual documents available from the Trustee for a complete statement of their provisions.

BONDHOLDERS' RISKS

Investment in the Series 2010 Bonds involves certain risks. The following information should be considered by prospective investors in evaluating the Series 2010 Bonds. The following does not, however, purport to be an exclusive listing of risks and other considerations that may be relevant to investing in the Series 2010 Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks:

1. The Borrower will make the Loan Payments from the Base Rent it receives under the Lease. Under the Lease, the University is obligated to make lease payments only from its General Receipts. Changes in the financial condition of the University may adversely affect the University’s ability to make lease payments under the Lease in respect of the Series 2010 Bonds. See “THE UNIVERSITY - University Debt Amortization and Future Financings.” In addition, the University’s obligation to make lease payments is subordinate to the University’s obligation to pay Debt Service on its outstanding or future General Receipts Bonds and General Receipts Bond Anticipation Notes. There is no limit, statutory or otherwise, on the amount of unsecured indebtedness, which would be on parity with the University’s obligations under the Lease that the University can incur. The University’s General Receipts are not being pledged to secure payment due under the Lease.

2. In the event the University fails to make timely payments of Base Rent under the Lease, there are no Debt Service reserves or other funds or sources from which Debt Service on the Series 2010 Bonds can be made. It is unlikely that the Borrower will have any resources from which it can make Loan Payments other than payments from the University pursuant to the Lease.

3. The Borrower and the Issuer have applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Series 2010 Bonds. The Issuer has yet to determine whether an insurance policy will be purchased with the Series 2010 Bonds. If an insurance policy is purchased, there are certain risk factors relating to bond insurance. See “BOND INSURANCE.”
4. Upon the occurrence of certain events, including, but not limited to damage, destruction or condemnation of the Project, or all or a significant part of the Project being taken under the exercise of eminent domain, the Series 2010 Bonds may be subject to prepayment in whole or in part at a price equal to 100% of the principal amount thereof (without premium), plus accrued interest. See “THE SERIES 2010 BONDS – EXTRAORDINARY OPTIONAL REDEMPTION.”

5. The interest on the Series 2010 Bonds may be includable in gross income for purposes of federal income taxation, retroactive to the date of issuance of the Series 2010 Bonds, for a variety of reasons. The exclusion from gross income for federal income tax purposes is dependent upon, among other things, compliance with certain restrictions regarding investment of Series 2010 Bonds proceeds. See “TAX EXEMPTION” herein.

6. Bond Counsel will opine that interest on the Series 2010 bonds will not be includable in the gross income of the holders thereof for federal income tax purposes. However, Bond Counsel’s opinion relates only to the exclusion from gross income of interest on the Series 2010 Bonds for federal income tax purposes and is conditioned on continuing compliance by the Borrower and the University with representations and covenants contained in certain certificates with respect to arbitrage and other tax matters to be delivered at closing. Failure to comply with the representations and covenants made in those certificates could cause interest on the Series 2010 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue. Furthermore, certain categories of holders may be subject to taxation as discussed under “TAX EXEMPTION” herein.

7. The various legal opinions to be delivered concurrently with the delivery of the Series 2010 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Ohio and the United States of America and other governmental authorities, including police powers, exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

8. The various legal opinions to be delivered concurrently with the delivery of the Series 2010 Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Issuer and the holders of the Series 2010 Bonds upon an event of default under the Loan Agreement, the Indenture, the Lease or the other Project documents are in many respects dependent upon judicial actions that are often subject to discretion and delay. The various legal opinions to be delivered in connection with the delivery of the Series 2010 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by principles of equity and by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally.

TAX EXEMPTION

In the opinion of Bond Counsel for the Series 2010 Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2010 Bonds will be excludible from gross income for federal income tax purposes. Bond Counsel for the Series 2010 Bonds is also of the opinion that interest on the Series 2010 Bonds will not be a specific item of tax preference under Section
of the Internal Revenue Code of 1986 (the "Code") for purposes of the federal individual and corporate alternative minimum taxes. Furthermore, Bond Counsel for the Series 2010 Bonds is of the opinion that the transfer of the Series 2010 Bonds, and the income therefrom, including any profit made on the sale thereof, will be exempt from taxation within the State of Ohio.

A copy of the opinion of Bond Counsel for the Series 2010 Bonds is set forth in APPENDIX C, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the qualification of obligations such as the Series 2010 Bonds as so-called "tax-exempt bonds." Both the Issuer and the Borrower have covenanted to comply with certain restrictions designed to ensure that interest on the Series 2010 Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in the Series 2010 Bonds not qualifying as "tax-exempt bonds," and thus could cause interest on the Series 2010 Bonds to be includible in the gross income of the holders thereof for federal income tax purposes. Such failure to qualify and the resulting inclusion of interest in gross income for federal tax purposes could be required retroactively to the date of issuance of the Series 2010 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2010 Bonds may adversely affect either the federal income or Ohio tax status of the Series 2010 Bonds.

Certain requirements and procedures contained, or referred to, in the Indenture, the Certificate Regarding the Total Financed Property and the Expenditure of Funds, the Tax Exemption Certificate and Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2010 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the federal income or Ohio tax status of the Series 2010 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Peck, Shaffer & Williams LLP.

Although Bond Counsel for the Series 2010 Bonds is of the opinion that interest on the Series 2010 Bonds will be excludible from gross income for federal income tax purposes and the Series 2010 Bonds will be exempt from taxation within the State of Ohio, as described above, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010 Bonds may otherwise affect a holder's federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the holder or the holder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion. Each holder or potential holder of the Series 2010 Bonds is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series 2010 Bonds on the tax liabilities of the individual or entity.

For example, although Bond Counsel for the Series 2010 Bonds is of the opinion that interest on the Series 2010 Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, certain corporations are required to include interest on certain tax-exempt obligations in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Series 2010 Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad
Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Series 2010 Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers pursuant to Section 265 of the Code. Finally, residence of a holder of the Series 2010 Bonds in a state other than Ohio, or being subject to tax in a state other than Ohio, may result in income or other tax liabilities being imposed upon the holder by such states or their political subdivisions based on the interest or other income from the Series 2010 Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend one or more of the federal tax matters referred to above or adversely affect the market value of the Series 2010 Bonds. It cannot be predicted whether or in what form any such proposal may be enacted and there can be no assurance that any such proposal would not apply to obligations, such as the Series 2010 Bonds, issued before the enactment of such proposal.


ORIGINAL ISSUE DISCOUNT

Certain of the Series 2010 Bonds (the “Discount Bonds”) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a Discount Bond at maturity (the face amount) over the “issue price” of such Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, broker or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion of OID will be based on a single rate of interest, compounded semiannually (the “Yield to maturity”). The amount of OID that accrues during each semiannual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

PREMIUM

“Acquisition Premium” is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. Certain of the Series 2010 Bonds (the “Premium Bonds”) are being initially offered and sold to the public with Acquisition Premium. The Premium Bonds are callable with a redemption premium prior to their maturity date. For federal income tax purposes, the amount of Acquisition Premium on each bond, the interest on which is excludable from gross income for federal income tax purposes (“tax-exempt bonds”), must be amortized and will reduce the bondholder’s adjusted basis in that bond. The amount of any Acquisition Premium paid on the Premium Bonds that must be amortized during any period will be based on the “constant yield” method, using the original bondholder’s basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis. However, no amount of amortized Acquisition Premium on tax-
exempt bonds may be deducted in determining the bondholder's taxable income for federal income tax purposes.

Please note that because the Premium Bonds are callable with redemption premiums, both the amount of, and the amortization period for, the Acquisition Premium will depend both upon when the Premium Bonds can be redeemed and if in fact they are redeemed. Holders of any Premium Bonds, both the original purchaser and subsequent purchasers, should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of the Acquisition Premium for state tax purposes.

UNDERWRITING

RBC Capital Markets Corporation (the “Underwriter”) has agreed, subject to the terms and provisions of the Bond Purchase Agreement among the Issuer, the Borrower, the University and the Underwriter (the “Purchase Agreement”) to purchase the Series 2010 Bonds from the Issuer at a purchase price of $52,400,356. Previously, the Underwriter served as the financial advisor to the Borrower pursuant to a written agreement dated April 9, 2009. The financial advisory agreement expired in April 2010. Deferred fees pursuant to that agreement are included in the compensation payable to the Underwriter from proceeds of the Series 2010 Bonds. The total compensation to the Underwriter in connection with the sale of the Series 2010 Bonds will be $568,259.45, with $252,703.20 of that total expected to be paid on the day after the Prior Bond Redemption Date from the Surplus.

The obligation of the Underwriter to accept delivery of the Series 2010 Bonds is subject to various conditions set forth in the Purchase Agreement, but the Underwriter is obligated to purchase all of the Series 2010 Bonds if any are purchased.

It is intended that the Series 2010 Bonds will be offered to the public initially at the offering prices set forth on the front page of this Offering Circular. The initial public offering prices may be changed from time to time without giving any prior notice, provided such changes do not cause the issuance costs financed out of the proceeds of the Series 2010 Bonds to exceed 2% of the proceeds of such Series 2010 Bonds. The Underwriter may offer the Series 2010 Bonds to other dealers at prices lower than those offered to the public.

The Borrower has agreed in the Purchase Agreement to indemnify the Underwriter against certain liabilities.

RATINGS

As a condition to the acceptance of the Series 2010 Bonds by the Underwriter, Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Rating Services (“S&P”) must have each assigned the ratings of “A2” and “A”, respectively, to the Series 2010 Bonds. Moody’s and S&P have assigned ratings of “Aa3” (negative outlook) and “AAA” (negative outlook), respectively, to the Series 2010 Bonds upon the understanding that the Policy will be issued upon the delivery of the Series 2010 Bonds by the Bond Insurer. See “BOND INSURANCE” and Appendix D. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Series 2010 Bonds. Such ratings reflect only the view of S&P and Moody’s and an explanation of the significance of the rating may be obtained only from such rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Underwriter has not undertaken any responsibility either to bring to the attention of the owners of the Series 2010 Bonds any proposed revision or withdrawal of the rating of the Series 2010 Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Series 2010 Bonds.
ABSENCE OF LITIGATION

It is one of the several conditions to the Underwriter’s duty to accept the Series 2010 Bonds at closing that the Issuer deliver a certificate stating among other things that there is no proceeding pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2010 Bonds, or in any way contesting or affecting the validity of the Series 2010 Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or securities provided for the payment of the Series 2010 Bonds or the existence or powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2010 Bonds or such pledge or application of money and securities.

There is no litigation now pending against the Borrower or, to the actual knowledge of the directors of the Borrower, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Series 2010 Bonds, the Indenture or the Loan Agreement, or in any way contesting or affecting the validity of any of these documents or of any proceedings of the Borrower taken with respect to the issuance or sale of, or the pledge or application of any money or security provided for the payment of, the Series 2010 Bonds or the Loan. There is no litigation of any nature now pending against the Borrower or, to the actual knowledge of the directors of the Borrower, threatened which, if successful, would materially adversely affect the operations or financial condition of the Borrower.

There is no litigation now pending against the University or, to the actual knowledge of officers of the University, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Series 2010 Bonds, the Lease, or in any way contesting or affecting the validity of any of these documents or of any proceedings of the University taken with respect to the issuance or sale of, or the pledge or application of any money or security provided for the payment of, the Series 2010 Bonds or the Loan. There is no litigation of any nature now pending against the University or, to the actual knowledge of officers of the University, threatened which, if successful, would materially adversely affect the operations or financial condition of the University.

CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the Series 2010 Bonds and with regard to the tax-exempt status thereof (see “TAX EXEMPTION” herein) are subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Bond Counsel. A signed copy of that opinion, dated and premised solely on facts existing and law in effect as of the date of the original delivery of the Series 2010 Bonds, will be delivered to the Underwriter at the time of such original delivery, and a copy of such opinion will be printed on the Series 2010 Bonds. In rendering such approving legal opinion, Bond Counsel will rely upon certifications and representations of facts, estimates and expectations to be contained in the transcript of proceedings which Bond Counsel will not have independently verified.

In its capacity as Bond Counsel, Peck, Shaffer & Williams LLP has participated in the preparation of, and has reviewed those portions of, this Offering Circular pertaining to the Series 2010 Bonds, the Loan Agreement, the Indenture, and the tax-exempt status of the interest on the Series 2010 Bonds contained under the captions “THE SERIES 2010 BONDS” and “TAX EXEMPTION” and in Appendix B herein. Said firm, acting in its capacity as Bond Counsel, has not been retained to pass upon any other information in this Offering Circular, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Issuer, the Borrower, the Project or the Series 2010 Bonds that may be prepared or made available by the Issuer, the Borrower or others to the prospective purchasers of the Series 2010 Bonds or to others.

Certain other legal matters will be passed upon by Vorys, Sater, Seymour and Pease LLP, counsel to the Underwriter, Barron Peck Bennie & Schlemmer, counsel to the Borrower, and for the University by its counsel.
CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Series 2010 Bonds are outstanding, the University and the Borrower have agreed pursuant to a Continuing Disclosure Certificate dated as of July 29, 2010, to be delivered on the date of delivery of the Series 2010 Bonds, to provide certain information. The University and the Borrower have agreed to provide to the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB and containing identifying information as prescribed by the MSRB, in a timely manner, notice of the occurrence of the following events, if material, with respect to the Series 2010 Bonds.

(a) Principal and interest payment delinquencies;
(b) Non-payment-related defaults;
(c) Unscheduled draws on Debt Service reserves reflecting financial difficulties;
(d) Unscheduled draws on credit enhancements reflecting financial difficulties;
(e) Substitution of credit or liquidity providers, or their failure to perform;
(f) Adverse tax opinions or events affecting the tax-exempt status of the Series 2010 Bonds;
(g) Modifications to rights of security holders;
(h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
(i) Defeasances;
(j) Release, substitution or sale of property securing repayment of the Series 2010 Bonds;
(k) Rating changes; and
(l) The cure of any payment or nonpayment related default.

The Continuing Disclosure Certificate provides bondholders with certain enforcement rights in the event of a failure by the University to comply with the terms thereof; however, a default under the Continuing Disclosure Certificate does not constitute a default under the Series 2010 Bonds. The Continuing Disclosure Certificate may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Continuing Disclosure Certificate, copies of which are available at the office of the Trustee, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events set forth in the Rule:

(a) there are no Debt Service reserve funds applicable to the Series 2010 Bonds;
(b) there are no liquidity providers applicable to the Series 2010 Bonds; and
(c) there is no property securing the repayment of the Series 2010 Bonds.

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MISCELLANEOUS

All of the summaries or descriptions of provisions of the Indenture, the Loan Agreement, the Lease and other documents are made subject to all of the provisions of law and such documents, and these summaries do not purport to be complete statements of such provisions. Reference is hereby made to such documents for further information in connection therewith. Copies of the aforementioned documents may be obtained from the Trustee in Cincinnati, Ohio.

The agreements of the Issuer with the bondholders are fully set forth in the Indenture. This Offering Circular is not to be construed as a contract with the purchasers of the Series 2010 Bonds. Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact. The Issuer has duly authorized the execution and delivery of, and University Heights Community Urban Redevelopment Corporation has approved, this Offering Circular.

APPROVED:

UNIVERSITY HEIGHTS COMMUNITY URBAN REDEVELOPMENT CORPORATION

By: [Signature]

Gerald A. Siegel, Vice President
MISCELLANEOUS

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Lease and other documents are made subject to all of the provisions of law and such documents, and these
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APPROVED:

UNIVERSITY HEIGHTS COMMUNITY URBAN
REDEVELOPMENT CORPORATION

By: /s/ Gerald A. Siegert
    Gerald A. Siegert, Vice President
APPENDIX A
UNIVERSITY OF CINCINNATI
APPENDIX A

THE UNIVERSITY OF CINCINNATI

One of the nation's largest institutions of higher learning, the University of Cincinnati was founded in 1819 with the first charter granted by the State in 1870. The University's Uptown Campus is located on a 202-acre tract in the residential Clifton area of the City, approximately 2 miles north of downtown Cincinnati. Its physical plant includes 81 principal structures on the Uptown Campus, a portion of which is leased from the City of Cincinnati under a long-term lease. The acreage and buildings at the Victory Parkway Campus (formerly College of Applied Science which is located approximately 2 miles from the Uptown Campus) are included in the Uptown Campus numbers. The University has two satellite branches operating out of 11 principal structures on separate campuses totaling 223 acres. The University also has several smaller sites which are not a part of the campuses listed above, including the Hazelwood Botanical Preserve, Cincinnati and Mitchel Observatories, the Campus Services Building, the Campus Receiving Building, the Center Hill Complex, the UC Reading Campus (formerly Genome Research Institute), One Stetson Square, Turner Center, Stratford Heights and the Central Utility Plant. They represent a total of 40 principal buildings located on 147 acres. Total replacement cost of all its real and personal property (excluding land costs) was estimated by the University's insurers to be in excess of $3.6 billion as of July 2009.

The University, formerly city owned, became a state university on July 1, 1977. The University is composed of 13 colleges and two schools. Its total enrollment in the Fall Quarter of 2009 was 39,667 students. The University has approximately 2,539 full-time faculty members, and its total faculty numbered 4,484 for the Fall Quarter of 2009. The University has been designated in long-range planning by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the State. As of June 30, 2009, the market value of the endowment fund of the University exceeded $832 million.

The University carries out its rigorous scholarship and research mission while maintaining a deep commitment to accessible education. Over 39,000 students pursue success in hundreds of academic programs in the sciences, arts, humanities, and professional disciplines. The University's programs are highly regarded. Programs that are ranked in the Top 10 by U.S. News and World Report include: Cooperative Education (4th), Criminal Justice (3rd), College of Medicine Pediatrics (3rd), Paleontology (7th), Interior Design (3rd), Industrial Design (3rd), Opera/Voice (3rd), Musical Conducting (5th), Music (6th), Music Composition (9th), Orchestra/Symphony (9th) and Accounting (10th). The Architecture and Interior Design programs are ranked No. 1 by the Almanac of Architecture and Design. Research funding has grown rapidly and exceeds $300 million, including affiliates. The University has strong research relationships with other institutions and with industry, including Cincinnati Children's Hospital Medical Center, the Health Alliance of Greater Cincinnati, Procter & Gamble, General Electric, Wright Patterson Air Force Base, and others. New National Science Foundation rankings were published in March 2009. The University is currently ranked 18th among public institutions for federal research expenditures, up from a ranking of 28th in November 2007, and 36th out of all universities for federally financed R&D expenditures; up from a ranking of 50th in November 2007. In addition, the University is ranked 23rd out of public universities for all R&D expenditures, up from a ranking of 40th in November 2007.

The Board and the University are declared by statute to be a public body, both politic and corporate, performing essential governmental functions and serving public purposes, and an instrumentality of the State of Ohio.
The Board of Trustees

The University’s powers are vested in and are exercised by its Board of Trustees, consisting of nine members appointed by the Governor of Ohio for overlapping terms of nine years. The Board as now constituted includes: Sandra W. Heimann, Chairperson; C. Francis Barrett, Vice Chairperson; Thomas H. Humes, Secretary; H.C. Buck Niehoff, Robert E. Richardson, Jr., Margaret E. Buchanan, Gary Heiman, Stanley M. Chesley and Thomas D. Cassady.

H.C. Buck Niehoff is of counsel to Peck, Shaffer & Williams LLP, the University’s bond counsel.

University Officers

Key officers of the University include Gregory H. Williams, President and Chief Administrative Officer of the University; J. Fred Reynolds, Executive Vice President; Robert F. Ambach, Senior Vice President for Administration and Finance; David Stern, Vice President for Health Affairs; Sandra J. Degen, PhD, Vice President for Research University of Cincinnati, Associate Chair and Professor of Pediatrics, Cincinnati Children’s Research Foundation, University of Cincinnati; Anthony J. Perzigian, Senior Vice President for Academic Affairs and Provost; Mitchell D. Livingston, Vice President for Student Affairs and Chief Diversity Officer; James D. Plummer, Vice President for Finance; and William L. Doering, Treasurer. Brief biographies of each follow.

Gregory H. Williams, President

Gregory H. Williams serves as the 27th president of the University, one of the nation’s top 25 public research universities. He began his tenure at the University on November 1, 2009.

From 2001-2009, Dr. Williams served as president of The City College of New York (CCNY), the flagship college of The City University of New York. He has worked as a university administrator for over 30 years, serving in a variety of posts at The George Washington University, The University of Iowa and The Ohio State University. Prior to becoming CCNY’s president, he was Dean of the Law School and Carter C. Kissell Professor of Law at The Ohio State University. Early in his career, Dr. Williams was a Deputy Sheriff, and he later worked as an aide to a U.S. Senator.

At the University, he is the first African American to serve as president. The author of three published books, he is best known for his award-winning and best-selling memoir, Life on the Color Line: The True Story of a White Boy Who Discovered He Was Black. As a result of his autobiography, he has been featured on a number of national programs including “Oprah,” “Dateline NBC with Tom Brokaw,” “Larry King Live,” ABC’s “Nightline with Ted Koppel” and “Fresh Air with Terri Gross” of National Public Radio.

In 1995, Life on the Color Line was selected as Book of the Year by The Los Angeles Times. In 1996, the Gustavus Myers Center for the Study of Human Rights in North America named Life on the Color Line an “Outstanding Book on the Subject of Human Rights.” It is often required reading for entering students at U.S. colleges and universities. President Williams also has written a number of articles and book reviews for The New York Times, The Los Angeles Times, The Washington Post and other publications.
Currently, Dr. Williams serves as Chair of the Commission on Access, Diversity and Excellence (CADE) of the Association of Public and Land Grant Universities (APLU, formerly the National Association of State Universities and Land-Grant Colleges), and he is a past president of the Association of American Law Schools.

During his tenure at CCNY, Dr. Williams’ leadership brought the college increased national recognition. Enrollment increased by nearly 50% - including an increase in new freshmen, under new, more rigorous admissions standards, with the largest incoming honors class in the college’s history. According to US News and World Report, City College is the most diverse college campus in the nation, where Hispanics are the largest group. As a result of his leadership, the State of New York has begun to invest close to $1 billion dollars in new science facilities and a new home for the CCNY School of Architecture. Dr. Williams also led CCNY’s first capital campaign in history, which has raised over $330,000,000.

Dr. Williams has received numerous awards. Among them are the “Governor’s Tribute to African-American Leaders of Excellence in State Service” (2004) from New York Governor George Pataki for his significant contributions to the people of the state, the Austrian Cross of Honor in Science and Art, First Class (2006), and the “Dean of the Year” award given by the National Association of Public Interest Law (1999). He also was the first recipient of the National Bar Association’s A. Leon Higginbotham, Jr. Award for Outstanding Contributions to the Preservation of Human and Civil Rights (1999).

President Bill Clinton invited Dr. Williams to the White House in 1998 as part of his “Call to Action” to promote pro bono work and diversity in the legal profession.

President Williams has earned five degrees, including a JD and PhD from George Washington University, and he holds four honorary doctorates.

**J. Fred Reynolds, Executive Vice President**

J. Fred Reynolds, Executive Vice President, joined the UC team on February 1, 2010, after sixteen years at The City College of New York, where he had been Professor of English and, since 2005, Dean of Humanities and the Arts, City College’s largest academic division. Prior to his five years as Dean, he held a number of CCNY administrative posts including Director of the Writing Center, Director of Writing Programs, Chair of the Department of English, and Deputy Dean of the Humanities. He previously taught at The University of Oklahoma, at Old Dominion University, and at two college preparatory schools, in addition to several years as the vice president for communications of a computer services firm.

Dr. Reynolds received BA and MA degrees from Midwestern State University in Wichita Falls, Texas (from which he received the Arthur Beyer Distinguished Alumnus Award in 1998), and a PhD in rhetoric and composition from The University of Oklahoma. He is the author of five academic books and a collection of short stories, is a nationally recognized expert on the rhetoric of mental health, and for the past several years has been a trustee of the Civitella Ranieri Foundation in New York and of the Institute for the Study of Rhetoric and Writing at The University of Oklahoma.
Robert F. Ambach, Senior Vice President for Administration and Finance

Mr. Robert Ambach is currently the Senior Vice President for Administration and Finance at the University of Cincinnati. On December 7, 2009, Bob was asked to serve as the Interim Sr. Vice President and was appointed in the role on a permanent basis on April 1, 2010. Mr. Ambach is a double alumnus of UC and holds a B.B.A. in Finance and Real Estate and a Masters in Public Administration and Economic Development.

Mr. Ambach has spent the majority of his career in Higher Education Administration and economic development. His career began as a Budget Analyst in the Office of Budget and Reporting with the University of Cincinnati.

After serving two years in this capacity, he resigned for a position with the United States Peace Corps and served as a Volunteer in the West African nation of Ghana. As a Small Enterprise Developer, Bob worked in rural areas of the country, writing grant proposals, mentoring business owners, and developing marketing, accounting and record keeping systems for small-scale enterprises.

Upon his return to the United States in 1993, Bob returned to the University of Cincinnati. He held various positions within the Finance Division and was promoted through the ranks (System Analyst, Accountant I, Accountant II and Senior Accountant). In 1997, he accepted the position of Assistant Director of Budget Planning in the Office of the Vice President for Finance and was later promoted to University Director of Budget Planning and served as the Interim Associate Vice President for Finance.

In March 2001, Bob accepted the position of Associate Executive Director of the Cal Poly Foundation at California Polytechnic State University, San Luis Obispo. Primary responsibilities at the Foundation included management of capital projects and liaison with the University on the Faculty/Staff Housing and Student Housing programs. To that end, he was also named the Managing Director of the Cal Poly Housing Corporation. Other responsibilities with the Foundation included the development and recommendation of policies and procedures related to the administration of all Foundation operations (endowment management, bookstore and food services) and representing the Foundation on various Boards and Committees on and off-campus.

In February 2004, Bob returned to the University of Cincinnati as the Senior Associate Vice President and Chief Financial Officer of the UC Academic Health Center, and Senior Associate Dean of Operations and Finance for the College of Medicine. The UC Academic Health Center includes the College of Medicine, Cincinnati Cancer Consortium, the Hoxworth Blood Center, University Health Services as well as various centers and institutes. In January 2008 when the University moved to a “Single Provost Model”, he was also given the responsibility to serve as the liaison for the oversight of the AHC/COM’s space planning, governmental relations and public relations functions which are provided centrally. Other university responsibilities included membership on the President’s Budget Advisory Committee, Financial Coordinating Committee, Academic Operations Committee, Strategic Enrollment Management Committee, University Naming Committee, Athletics Funding Task Force and Performance Based Budgeting Development Team.

In October 2008, Bob was named as the Fiscal Liaison to UC Physicians (a 650+ Physician Practice Corporation) and served as a resource to the Board, Executive Committee, Finance Committee and Audit Committee of the corporation.
David Stern, Vice President for Health Affairs

Dr. David Stern is currently Vice President for Health Affairs (effective January 1, 2008) at the University and Dean of the College of Medicine.

He comes to these positions after a career as a physician-scientist mainly at the College of Physicians & Surgeons of Columbia University.

After completing college at Yale and medical school at Harvard, Dr. Stern began a long stint in New York at Columbia. He started as an intern in internal medicine in 1978. By the time he left New York for Georgia in 2002, he was the Carrus Professor and Director of the Center for Vascular and Lung Pathobiology.

Dr. Stern’s research work focused on properties of the blood vessel wall, especially in chronic vascular disorders such as diabetes and Alzheimer’s disease.

During the course of building the research Center at Columbia, Dr. Stern became fascinated with building programs at academic medical centers.

That led him into administration and his first job as a medical school Dean at the Medical College of Georgia in Augusta. Dr. Stern spent three years in Georgia where he was known for his rapid recruitment of many department chairs, enhancing the school’s focus on diversity, and forging a strong partnership between the school and the health system.

In July of 2005, Dr. Stern assumed the Deanship at the University of Cincinnati College of Medicine (COM) and was named Vice President for Health Affairs, in addition to Dean, in January of 2008. Since coming to the University, Dr. Stern has named chairs of multiple departments, formed a Joint Cancer Program (currently known as the “Cincinnati Cancer Consortium”) with Cincinnati Children’s Hospital Medical Center, led the development of a strategic plan involving the COM, UC Physicians and the University Hospital, and taken a leadership role in enhancing UC Physicians.

Sandra J. Degen, PhD, Vice President for Research University of Cincinnati, Associate Chair and Professor of Pediatrics, Cincinnati Children's Research Foundation, University of Cincinnati

Dr. Degen grew up in Los Angeles and attended college at the University of California, San Diego, where she majored in chemistry. She attended graduate school in the Department of Biochemistry at the University of Washington and received her PhD in 1982. Then followed two years of postdoctoral work at the Friedrich Miescher Institute, Basel, Switzerland.

Dr. Degen was appointed assistant professor of pediatrics at the University and the Cincinnati Children’s Research Foundation in 1985. She was promoted to associate professor with tenure in 1992 and to professor in 1997.

Dr. Degen’s scientific interests include the biological function of the blood coagulation protein prothrombin, as well as a protein, identified in her lab, that is involved in growth control (hepatocyte growth factor-like protein). Her laboratory has generated mouse models lacking these proteins, as well as the receptor tyrosine kinase, Ron in order to study their biological functions. In addition, research in Dr. Degen’s laboratory has focused on the relationship of structure to function in these proteins. She has received three patents for her work on Ron and its ligands.
Dr. Degen has enjoyed continuous grant support since she received her first academic position and was a principal investigator on two National Institutes of Health (NIH) grants until September 1, 2004 when she assumed her current administrative responsibilities. She was recently awarded a $1.5 million grant from the Charlotte R. Schmidlapp Foundation to support the Center for Career Development of Women in Pediatrics.

Her many honors include being selected: as a Pew Scholar in the Biomedical Sciences in 1987, as an Established Investigator of the American Heart Association in 1990, for membership on the Hematology II Study Section at the NIH (1993-1996) and the Cell Cycle and Growth Control Study Section of the American Cancer Society-National Center (1997-2000), for participation in the Executive Leadership in Academic Medicine Program in 1997, for the University of Cincinnati Faculty Achievement Award in 1997, for the Leading Woman of Cincinnati Award for Technology/Science/Research in 2001, and for participation in the 1st Science and Society Institute sponsored by the Pew Memorial Trust in 2001. Dr. Degen was awarded the Founders Award by the Women’s Faculty Association at Cincinnati Children’s Hospital and a Special Recognition Award from the American Heart Association Council on Arteriosclerosis, Thrombosis, and Vascular Biology in 2005. Recently, Dr. Degen has been chosen to participate in Leadership Cincinnati run by the Cincinnati Chamber of Commerce.

In addition, Dr. Degen has served on the Editorial Board of the Journal of Biological Chemistry, on various regional and national American Heart Association committees including the Research Committee of the national center, and on various ad hoc NIH review committees. She is presently on the Board of Directors of TechSolve, BioOhio and on the Board of Trustees and Executive Committee of BIO/START, a regional new company incubator in the life sciences. She is also on the Board of Directors of the Oak Ridge Associated Universities (ORAU) and is the Chair of the Council of Universities for ORAU. In addition, she was elected to the Association for Public and Land Grant Universities (APLU), Council on Research Policy and Graduate Education Executive Committee. Dr. Degen was recently appointed by the Governor of the State of Ohio to the Third Frontier Advisory Committee.

As Associate Chair for Academic Affairs in the Department of Pediatrics, Dr. Degen’s many responsibilities include overseeing the reappointment, promotion and tenure process, mentoring faculty, overseeing the graduate programs and the Office of Postdoctoral Affairs, coordination of the Summer Undergraduate Research Program and organizing faculty development programs. While Director of the Graduate Program in Molecular and Developmental Biology, she ran the PhD program and was responsible for interacting with and mentoring all the students.

In September 2004, Dr. Degen was appointed Acting Vice President for Research at the University and in November 2005 she was appointed to this position on a permanent basis. In this position, she reports to the President of the University and is on the president’s executive committee. Dr. Degen is responsible for all research compliance activities (human subjects research, animal care and use, biosafety, radiation safety and research compliance training), the Office of Technology Transfer, the Office of Sponsored Research Services and Sponsored Program Accounting, the Office of Entrepreneurial Affairs, Laboratory Animal Medicine Services, the Office of Undergraduate Research, the Office of Postdoctoral Affairs and various faculty development programs. In addition, Dr. Degen is responsible for scientific policy and government relations in the area of research. The University brings in over $378 million in extramural grant support each year and is ranked in the top 20 of public universities in total federal funding.
Anthony J. Perzigian, Senior Vice President for Academic Affairs and Provost

Anthony J. Perzigian assumed his duties as Senior Vice President for Academic Affairs and Provost in March 2000. From December 1993 through April 1996 and January 1999 through February 2000, he was Interim Senior Vice President and Provost for Baccalaureate and Graduate Education. He was Vice Provost for Academic Affairs from 1991 through 1993 and 1996 through 1998. From 1987 to 1991, Dr. Perzigian was Associate Dean in the College of Arts and Sciences.

He joined the University faculty in 1970 and advanced through the ranks to Professor of Anthropology. His research interests are the areas of human evolution, dental anthropology, and paleopathology. He is a Diplomate of the American Board of Forensic Anthropology and has been elected to the Board of Trustees at Monmouth College (Illinois). Dr. Perzigian received a B.A. in Biology from Monmouth College in 1966 and a Ph.D. in Anthropology from Indiana University in 1971.

Dr. Perzigian announced his retirement in January, 2010 but will remain in office until his successor, who was appointed by the Board of Trustees on June 22, 2010, takes office. Dr. Perzigian will be succeeded by Santa Jeremy Ono, PhD, currently senior vice provost for undergraduate education and academic affairs at Emory University.

Mitchel D. Livingston, Vice President for Student Affairs and Chief Diversity Officer

Mitchel Livingston is vice president for Student Affairs and Chief Diversity Officer and professor of Educational Studies at the University. He joined the University in 1994 after serving as vice president for Student Affairs at the University at Albany, SUNY, and Dean of Students at The Ohio State University.

Prior to earning his Ph.D. in Higher Education Administration at Michigan State University, he received his master and bachelor degrees in Education from Southern Illinois University.

Dr. Livingston's commitment to public higher education is evidenced by the following achievements:

- Thirty-eight years administrative experience
- Fourteen years teaching experience
- Tenure as full professor
- Leadership for multi-million fundraising initiatives
- National consultant implementing a model for developing just campus communities and in the areas of multi-culturalism, community building and organizational behavior
- Keynote speaker for national educational and professional organizations
- Service on six corporate and community boards:
  - Fifth Third Bancorp;
  - Fine Arts Fund Board;
  - Greater Cincinnati Television Educational Foundation;
  - Holocaust & Humanity Education;
  - Bridges for a Just Community (Board Chair); and
  - National Underground Railroad Freedom Center.

Dr. Livingston received a number of honors and awards, including the Governor's Educator of the Year award, State of New York; Dr. Martin Luther King award for distinguished community service and Award for Excellence in Administration, University at Albany; Educator of the Year award, Anti-
Defamation League, Albany, New York; national spokesperson for INROADS, Inc. from 2004-06; Educational Excellence award from the League of United Latin American Citizens; and Prince Hall Humanitarian Award from True American Lodge #2.

James D. Plummer, Vice President for Finance

Mr. Plummer is a graduate of Eastern Kentucky University with a Bachelors of Business Administration in 1970 and a Masters of Arts in 1985. His career has consisted of the position of Associate Budget Director and Internal Auditor at Eastern Kentucky University as well as the position of Budget Director at both the University of Nevada-Reno and East Carolina University.

Mr. Plummer was recruited to the University in 1999 as the Associate Vice President and Director of Budget Planning. He was promoted to Chief Financial Officer during Fiscal Year 2004, and, in October 2006, he was promoted to Vice President for Finance.

William L. Doering, Treasurer

Mr. Doering has been with University for over 30 years in various capacities within the Finance and Administration division. He is currently responsible for Treasury Management, Payroll Operations, Accounts Receivable and Tax Compliance. He has served on the Program Committee for the Treasury Institute for Higher Education annual symposium for four years. He also has been a speaker at the Treasury Institute, the Association for Financial Professionals (AFP) Annual Conference and the National College & University Bursars Conference. He is a graduate of Xavier University and is also a Certified Treasury Professional (CTP).

Historical Development

Cincinnati College and Medical College of Ohio were the first units of the present University of Cincinnati and were founded in 1819. Four other units of the University join them as the oldest of their kind outside the original thirteen colonies: the College of Law, the Cincinnati Observatory, the College of Pharmacy, and the College-Conservatory of Music.

In 1858, Charles McMicken, a prominent Cincinnati businessman, left the City of Cincinnati virtually his entire estate of approximately $1 million to establish a municipal university. The University began operations in 1869 as the McMicken College of Arts and Sciences and was chartered by the State of Ohio in 1870.

The campus was moved to its present site in 1895. Engineering courses were added to the curriculum in 1874 and the College of Engineering was established in 1900. Between the turn of the century and 1918 the University also added the Teachers College, the College of Medicine, the College of Nursing and Health, and the College of Law. In 1906 the cooperative system of education, now used by more than 150 colleges and universities throughout the nation, was originated at the University by Dean Herman Schneider. The cooperative system provides students the opportunity for alternating periods of classroom study and work in fields directly connected with their professional goals.

During the 1920's, growth of the University continued, with the completion of Memorial Residence Hall, Tanners Research Building, Taft Hall, the University Library, Holmes Hospital, and the Basic Science Laboratory. Physical expansion was halted during the depression of the 1930's and the years of World War II, when the University trained thousands in four separate military programs. The expansion of the University resumed after the war, however, with the addition of the College of Pharmacy.
in 1947. During the 1960’s the University expanded its dormitory system as enrollment rose from 10,820 in 1955 to 34,742 in 1970-71. In the 1970’s, the University built a completely new engineering complex as well as a new College of Medicine and Central Library.

Today, the University’s transformation continues, from its roots as a municipal university, to a state-affiliated institution, to a full state university, and now to the nationally recognized research university as envisioned according to UC|21, the University’s Academic Master Plan. UC|21 is the strategic application of resources to increase achieve and to define the University as a new urban research university. The execution of the University’s 1991 Campus Master Plan’s imperatives (see “1991 Campus Master Plan” below) of academic research space, open space connectivity, and quality of life, set the stage for UC|21.

**2000 Campus Master Plan**

Since the approval of the University Campus Master Plan (the “Master Plan”) in 1991 and then in 2000, more than $1.4 billion in capital projects have been completed. One major phased project remains in design and construction. Signature, national, and local architects have been selected for the design of major capital projects and the work has been the subject of much press and many awards. In 2010, Forbes Magazine named the University one of the world’s most beautiful college campuses. In-house University staffs, typically provide the programs for major projects and the design for projects costing less than $1 million. Numerous new academic and auxiliary facilities have been built in addition to renovation and rehabilitation of many existing facilities. Some of projects recently completed, under construction, or in the planning stage include:

Building projects recently completed:

- Kettering Preclinical Lab Renovation
- Langsam Library Roof
- McMicken Perimeter Heating
- Morgens Life Safety Upgrades
- Teachers College/Dyer Renovation – Phase 2

Major projects currently in construction:

- Hazardous Materials Storage Facility
- Kehoe 223-240 Renovation
- MSB Rehabilitation Interim Renovations
- Teachers College/Dyer Renovation Phase 2A
- Undergraduate Teaching Labs Renovation-Phases 1&2
Major projects currently in design and planning:

- Alumni Center Upgrades
- Alumni Engineering Learning Center
- College of Law
- Court Archeological Research Facility
- Crosley Tower Façade Rehabilitation
- DAAP Facade Rehabilitation
- Energy Savings Projects (Ongoing)
- Façade Projects - Wherry, Memorial Hall, Old Chemistry
- Jefferson Avenue Sports Complex
- Kettering North Demolition
- Medical Sciences Bldg Rehabilitation Phases II through V
- Morgens Hall Renovations
- Procter Hall Façade Renovation
- Sander Dining – Conversion to Classrooms
- Scioto Hall Decommissioning
- Undergraduate Teaching Labs Renovation-Phases 3&4

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The transformation of the Uptown Campus through the Master Plan contained the following imperatives – Academic/Research Space, Open Space Connectivity and Quality of Life (the “Master Plan Imperatives”). In furtherance of these imperatives, the following major projects have either been completed since 1992 or are under construction:

- **Academic**
  - Aronoff Center for Design and Art (DAAP)
  - Baldwin Hall Renovation
  - CCM Village
    - Corbett Center for the Performing Arts
    - Mary Emery Hall
    - Memorial Hall
    - Dieterle Vocal Arts Center
  - Braunstein Renovation
  - French Hall Addition
  - McMicken Perimeter Heating
  - Swift Hall Renovation
  - Edwards Relocation
  - Van Wormer Rehabilitation
  - Teachers College/Dyer Renovation – Phase 2

- **Research**
  - Engineering Research Center
  - Cardiovascular Research Center
  - Kehoe 223-240 Renovation
  - Kettering Preclinical Lab Renovation
  - Vontz Center for Molecular Studies
  - UC’s Genome Research Institute
  - Center for Academic & Research Excellence (CARE) 2008
  - Medical Science Building renovation 2008
    PHASE 1

- **MainStreet**
  - Schneider Residence Hall
  - Turner Residence Hall
  - University Pavilion
  - Joseph A. Steger Student Life Center
  - Tangeman University Center
  - Student Recreation Center

- **Varsity Village**
  - Gettler track and soccer complex
  - New baseball stadium
  - Richard E. Lindner Center
  - Renovations to Fifth Third Arena at Shoemaker Center
  - Improvements to Nippert Stadium
  - New tennis complex
  - Upgraded playing and practice fields for intercollegiate athletics, intramurals and recreation

- **Open Spaces**
  - Campus Green
  - Eden Quadrangle
  - University Commons
  - Sigma Sigma Commons
  - McMicken Commons
  - Jefferson Grid
  - Sawyer Hall Demolition/Site Preparation
  - Zimmer Plaza Garden

- **Parking Facilities**
  - Clifton Court
  - Campus Green Drive
  - Calhoun Street
  - CCM Boulevard
  - Corry Blvd.
  - Kingsgate Circle
  - Varsity Village

- **Other**
  - University Hall (offices)
  - Kingsgate Marriott Conference Center

- **Campus Borders**
  - Bellevue Gardens
  - Calhoun Street Market Place
  - Stratford Heights Student Living Community
  - University Village - a New Urban Village
  - The Village at Stetson Square
Equally important to achieving the Master Plan Imperatives as the construction of the structures and spaces listed above, are the campus technical upgrades, emphasis on research excellence and the improvement of the University’s energy systems, management and varsity athletics which have been accomplished:

- **Campus Technological Upgrades**
  - Backbone network
  - Dial-up access pools
  - Backboard system for electronic courses
  - UC Libraries consistently rank among the top 50 of the Association of Research Libraries’ membership of 113 North American university libraries, both in terms of collections and financial support of libraries

- **Research**
  - Rose from national rank of 78th in 1984 to 36th in 2009
  - Royalty Income increased 45% in Fiscal Year 2009
  - Faculty quality upgraded over time from that of a municipal university to that of a nationally recognized Research Extensive Public University
  - Genome Research Institute
  - Vontz Center for Molecular Research
  - Center for Academic Research Excellence (CARE)

- **Energy Control and Independence**
  - Comprehensive systems including distribution tunnels and thermal storage
  - With completion of cogeneration facility, the University has four-fuel capability
  - Utilities Services teamed with the College of Engineering to produce biodiesel from campus dining facilities waste oil to produce electricity
  - The University has a new contract to purchase methane landfill gas to produce renewable energy in the cogeneration facility

- **Management**
  - All auxiliaries other than the athletics and parking are under the unified management of Campus Services
  - Fiscal Year 2010 marks the implementation of a new more inclusive Performance-Based Budgeting system that offers incentives for growth and efficiencies

- **Varsity Athletics**
  - Joined Big East Conference in 2005

**UC21- STRATEGIC PLAN**

Once the University had completed the implementation of the 1991 Master Plan and the transformation of its Uptown Campus, the University was able to focus on its new strategic vision.

Defining the New Urban Research University is the University’s strategic vision for charting its academic course. UC21 is shorthand for the University’s aspiration to be a leader in the 21st century. This new vision intends to reshape the University academically as certainly as the campus master plan has reshaped the University’s physical landscape.

UC21 resulted from months of discussion and consultation at an unprecedented level of participation. A wide range of University stakeholders were invited to take part, including students, faculty, staff, emeriti, alumni, corporate partners, donors, neighbors, and civic and social service leaders; more than 240 people worked in a series of town hall meetings focused on the University’s future. Additional insight came from over 2,400 people who participated in more than 90 input sessions hosted by University colleges and units. Another 300 people also voiced opinions via the academic planning Web site, which accrued literally thousands of visits. Drawing upon these collaborative efforts, UC21 was unveiled on May 21, 2004.
Guiding Principles

UC|21 embraces a set of core values that are essential for the new urban research university in meeting the challenges of the 21st century. These ideals keep the strategic vision focused and true to the University’s aspirations and dreams.

The vision builds on the University’s Just Community Initiative, endorsed by the University in 2000 to promote community, justice, and responsibility. UC|21 identifies six guiding principles that build on the University’s rich heritage as an agent of transformation and discovery, while underscoring its commitment to serve a rapidly changing world and local Cincinnati community. These principles are:

- Scholarship
- Citizenship
- Stewardship
- Leadership
- Partnership
- Cultural Competency

Urban Research University Objective

The University’s Urban Research University Objective seeks to enhance the University’s academic and research status by virtue of the University’s engagement in society. This framework and plan is as follows:

- Given the University’s strong and distinctive accomplishments as a research university, the University will continue to expand and excel in its role as a comprehensive, public research institution – regionally, nationally and globally.

- The University’s roots are as a municipal university and have evolved with Cincinnati.

- The local community is a resource and problem rich environment that beckons the University as a community of scholars.

- By fully embracing the urban community, the University seeks a reciprocal partnership right at its doorstep, where the University’s intellectual power, research capacity, and creativity can be set to work on society’s most pressing issues:

  - Local Schools
  - Health Care
  - Safety
  - Entrepreneurialism
  - Economic Development
  - Civic Life
  - Racial Relations

Goals

The University’s aspiration to define the new urban research university calls on the University to be a true innovator, adopting new ways of pursuing the academic enterprise. UC|21 is developing the University’s capacity for change and commits it to go about the business of higher education more strategically. This vision is driven by a number of strategic engines, including a budget reorganization tied to six goals, performance-based budgeting, administrative actions, an exhaustive implementation proposal process, and college and unit alignment efforts. In conjunction with the Faculty Senate, UC|21 has begun a full review of the University’s governance and committee structures and implemented change in 2006.
The six goals are:

1. To become a university of choice and a destination campus by keeping students at the University’s core.

2. Build on the University’s greatness as a major research university to benefit society, have meaningful economic impact and enhance the quality of life for all.

3. Encourage an environment of high-quality learning and world-renowned scholarship.

4. Establish and nurture relationships with the colleagues within the University and with local and global communities.

5. Develop an environment where members of the campus community and the community at large want to spend time learning, living, playing and staying. Provide long-term support to build a better uptown in our neighboring communities.

6. Develop potential, not just in the University’s students, but in the local and global communities.

The Board of Trustees is monitoring the progress of the University with respect to these goals on a regular basis and annually receives a report card from the University President setting forth the progress made in the preceding year. The most recent report card was delivered in September 2009 and the following are several of the highlights from the report card.

- The National Science Foundation ranked the University 36th among all institutions nationally and 18th for all public institutions in the U.S. for federal research and developmental expenditures based on Fiscal Year 2007 data, published in March 2009.

- The University is ranked 146 among the “Best National Universities” category in the U.S. New & World Report rankings. The University has climbed a total of 23 places since 2000.

- The U.S. New & World Report’s annual “America’s Best Colleges” issue listed the University as one of 18 “up-and-coming” institutions on the national universities list. The Chronicle of Higher Education showcased the University among five up-and-coming institutions managing ambitions during tough times.

- Academics, reputation, diversity and student praise place the University on the Princeton Review’s 2009 best universities guide. The review ranks the University No. 19 on the top 20 list of universities with a diverse student population.

- Total enrollment for the fall of 2009 is 39,667 students, the largest number of students at the University in 28 years. The size of the 2009 freshman class is 6,000 students, the highest in the University’s history. This class mirrors the record academic preparation of last fall.

- Graduation rates have remained stable over the last year and retention rates have improved to 84%.

- The University’s fund-raising campaign, Proudly Cincinnati, is more than halfway to its $1 billion goal, with more than $520.6 million raised as of September 2009. The University’s donor count in Fiscal Year 2009 reached 32,722 despite the current difficult economy.
ACADEMIC PROGRAMS

The primary educational objectives of the University are: (1) to preserve and disseminate knowledge now available in the arts, sciences, and various professional areas important in modern life; (2) to extend through basic research and investigation the boundaries of knowledge; and (3) to educate men and women, by example and teaching, for a fuller and richer life as responsible citizens in modern society. The important schools and branches of the University are:

- The Graduate School at the University of Cincinnati
- McMicken College of Arts and Sciences
- College of Education, Criminal Justice and Human Services
- College of Business
- College of Medicine
- College of Law
- College of Nursing
- College of Design, Architecture, Art and Planning
- College of Engineering and Applied Science
- College-Conservatory of Music
- Raymond Walters College (located in Blue Ash, a suburb of Cincinnati)
- Clermont College (located in Batavia, Ohio)
- James L. Winkle College of Pharmacy
- School of Social Work
- College of Allied Health Sciences

The University is affiliated with many other institutions, including the Art Academy of Cincinnati, Cincinnati State Technical and Community College, the Cincinnati Speech and Hearing Center and Cincinnati Center for Development Disorders. Through such affiliation, the University is able to broaden its curricular offerings. The University also has Army and Air Force ROTC programs.

The University is a member of the North Central Association, an organization of colleges and universities from 19 states, including Ohio. The Higher Learning Commission is a main division of the North Central Association, and it is the Higher Learning Commission that accredits the colleges and universities in the North Central Association. The University is accredited by The Higher Learning Commission. In addition, many of the University’s programs also receive professional accreditation from specialized accreditation bodies. It also has professional accreditation in many fields, including Architecture, Design, Art, Teaching, Business Administration, Chemistry, Engineering (Aerospace, Chemical, Civil, Electrical, Mechanical, Nuclear, Metallurgical and Material Science), Law, Medicine, Music, Nursing and Health, and Pharmacy. The University is also a member of the Greater Cincinnati Consortium of Colleges and Universities, which is composed of sixteen institutions in the Greater Cincinnati and Northern Kentucky areas.

In October, 2009, the University’s Sustaining the Urban Environment (SUE) has been named as an Advanced Energy Centers of Excellence, during the first round of naming Center’s of Excellence within the State of Ohio. The Centers of Excellence will align the state’s targeted industries in an effort to keep talent within Ohio. The University’s SUE Center of Excellence will improve the health and wealth of Ohio’s urban dwellers through the development of technologies that promote the evolution of economically and environmentally sustainable urban regions. It will maintain vital partnerships with local businesses to explore sustainability solutions that have also led to industry growth. These partnerships include the U.S. Environmental Protection Agency; GE Aviation; the National Institute for Occupational Safety & Health; Pegasus, Inc.; Battelle; AGENDA 360; Green Cincinnati Plan; and the Hamilton County Climate Initiative.
PHYSICAL PLANT

The campus of the University consists of the 202-acre Uptown Campus in Clifton and two satellite branches: Raymond Walters College and Clermont College. Raymond Walters College is located in Blue Ash, Ohio, on a 132-acre tract. Clermont College is located on a 91-acre tract near Batavia, Ohio (approximately 17 miles east of downtown Cincinnati).

The University owns or operates 81 academic, research, main administrative, athletic, and student services buildings on the Uptown Campus; 11 principal buildings located on the two branch campuses; and 40 buildings located off-campus on 147 acres of land. In addition, the University leases its hospital buildings to University Hospital, Inc.

The University grounds and buildings are owned by the State and controlled by the University, except for the 19 acres of real property constituting the former General Division of the University of Cincinnati Hospital, which is leased from the City of Cincinnati under a 75-year lease that expires on July 31, 2053 and that was subleased to University Hospital, Inc. as part of the reorganization described in “UNIVERSITY HOSPITAL” below. The site of the Goodman Parking Garage, which serves the Medical Center, is also leased from the City of Cincinnati.

UNIVERSITY HOSPITAL

Since January 1, 1995, the operation of University Hospital (“University Hospital”) has been managed by The Health Alliance of Greater Cincinnati (the “Health Alliance”) and its health care activities have been coordinated with those of the other members of the Health Alliance. The Health Alliance was formed in January 1995 to provide the greater Cincinnati community with high quality, cost-effective, and accessible health care through an integrated delivery system. The Health Alliance is an Ohio non-profit corporation qualified as a tax-exempt organization under §501(c)(3) of the Internal Revenue Code. The “Participating Entities” in the Health Alliance, who were parties to the Joint Operating Agreement (the “Agreement”) establishing the Health Alliance, included the University (for University Hospital) and certain other hospitals in the Cincinnati area. Between 2008 and mid-2010, each of the Participating Entities other than the University terminated their participation in the Health Alliance and are no longer Participating Entities. Accordingly, the University is the sole remaining Participating Entity in the Health Alliance.

Under the terms of the Agreement, net income (loss) from University Hospital’s operations accrues directly to the operating results of the Health Alliance, not the University. Accordingly, the University’s financial reports for all years subsequent to University Hospital being managed by the Health Alliance reflect no net income (loss) from University Hospital’s operations, but the University’s investment in the Health Alliance is included as an investment on the University’s Statement of Net Assets and its values adjusted to reflect the University’s proportionate share of the net income (loss) from operations of the entire Health Alliance. The Health Alliance’s June 30, 2009 financial statements reflect a book value of the University’s interest in the Health Alliance of $352,000,000. The investment in the Health Alliance is not included in the market value of the University’s total endowment. That value at June 30, 2009, which was prior to the termination of the participation of certain Participating Entities in the Health Alliance, was calculated based on the University’s 49.5% share of the Health Alliance’s net assets. Subsequent to the termination of the participation of those Participating Entities, the University is the sole remaining Participating Entity in the Health Alliance. The results of operations of University Hospital are not directly reflected in the operating results of the University but instead are reflected in the operating results of the Health Alliance.
Until January 1, 1997, University Hospital was a part of the University and governed by its Board, subject to the rights of the Health Alliance pursuant to the Agreement. However, effective January 1, 1997, the University reorganized University Hospital into University Hospital, Inc. ("UHI"), an Ohio nonprofit corporation. The University subleased the land and hospital facilities constituting the University Hospital to UHI, and UHI agreed to assume the University’s obligations with respect to University Hospital’s debt. All bond and note debt incurred by the University on behalf of University Hospital prior to 1997 has been paid or defeased. As a result of this repayment, the net patient service revenues of UHI, which were formerly part of the University’s General Receipts, are no longer included in the University’s General Receipts, nor are they available to the University for any other purpose.

In connection with the termination of the participation of certain Participating Entities in the Health Alliance between 2008 and mid-2010, financial settlements and related agreements have been entered into pursuant to which the termination of the status of these Participating Entities was confirmed and certain funds and assets were conveyed and certain other matters were resolved.

In addition, any number of factors may result in a diminution of the demand for services by the Health Alliance and its remaining members and facilities, including the University, which may result in a reduction of clinical training opportunities for students in the University’s College of Medicine. In the event of any such reduction in clinical training opportunities, the University intends to provide for substitute training opportunities through other strategic relationships of the University. Pursuant to the Operating and Affiliation Agreement between the Health Alliance and the University dated January 25, 2006, the Health Alliance provides financial support to the University for academic programs that directly or indirectly support patient care at the University Hospital or the Health Alliance. The Health Alliance also provides the University an annual education and research payment and programmatic support that must be used exclusively for academic health center purposes. The total of these payments and support for the years ended June 30, 2009 and 2008 were $9,283,000 and $9,084,000, respectively. Additionally, the University provides various shared services, consisting mainly of utilities, security and various administrative services to the Health Alliance for which the University is reimbursed on a cost basis. The total cost of these services for the years ended June 30, 2009 and 2008 were approximately $17,242,000 and $17,295,000, respectively. Currently, the University is unable to determine whether and what extent the receipt of such amounts could change in the future.

The University has not finally determined the nature of its ongoing legal and operational relationship with the Health Alliance and is evaluating what steps it may take, either with respect to the University’s relationship with the Health Alliance or with respect to strategic relationships with other entities, to best serve the continued operations of University Hospital and the College of Medicine.
ENDOWMENT

The University's total endowment was $832.9 million for its Fiscal Year ended June 30, 2009, reflecting the steep declines of the global equity markets. The value of the endowment for Fiscal Year ended June 30, 2008 was $1.1 billion, and was the 66th largest of the 791 colleges and universities and the 24th largest of the 269 public colleges and universities that were participants in the 2008 National Association of College and University Business Officers Endowment Study.

The University has also been awarded fourteen endowed chairs under the Eminent Scholars program created for state institutions of higher learning by the Ohio Board of Regents since the program has been extant. These fourteen chairs represent a $7,570,000 contribution to this endowment fund from the Ohio General Assembly.

Total Endowment Market Value*
Fiscal Year End June 30
(In Thousands)

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*Includes University of Cincinnati Foundation permanent endowments.

Source: University of Cincinnati Treasurer.
ENROLLMENT AND ADMISSIONS

Total fall enrollment in the 2009-10 school year is 39,667 students, or 32,049 full-time equivalents ("FTE’s"). The University awarded 4,908 undergraduate degrees and 2,586 advanced degrees in the 2008-09 academic year. More detailed enrollment statistics follow:

**Fall Enrollment - Total Headcount**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>26,824</td>
<td>27,177</td>
<td>27,700</td>
<td>28,369</td>
<td>30,417</td>
</tr>
<tr>
<td>Graduate</td>
<td>7,402</td>
<td>7,365</td>
<td>7,831</td>
<td>7,715</td>
<td>8,221</td>
</tr>
<tr>
<td>Professional</td>
<td>1,018</td>
<td>985</td>
<td>987</td>
<td>988</td>
<td>1,029</td>
</tr>
<tr>
<td>(Law and Medicine)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>35,244</td>
<td>35,527</td>
<td>36,518</td>
<td>37,072</td>
<td>39,667</td>
</tr>
</tbody>
</table>

**Fall Enrollment - Full-Time Equivalents**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduates</td>
<td>22,128</td>
<td>22,247</td>
<td>22,931</td>
<td>23,570</td>
<td>25,204</td>
</tr>
<tr>
<td>Graduates</td>
<td>4,799</td>
<td>4,886</td>
<td>5,185</td>
<td>5,023</td>
<td>5,417</td>
</tr>
<tr>
<td>Professional</td>
<td>1,338</td>
<td>1,624</td>
<td>1,383</td>
<td>1,372</td>
<td>1,428</td>
</tr>
<tr>
<td>(Law and Medicine)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>28,265</td>
<td>28,757</td>
<td>29,499</td>
<td>29,965</td>
<td>32,049</td>
</tr>
</tbody>
</table>

Of the 39,667 students (32,049 FTE’s) in the fall of 2009, 31,134 students attended classes at the Uptown Campus (25,990 FTE’s) and 8,533 students (6,059 FTE’s) attended classes at branch campuses.

Source: University of Cincinnati Office of Institutional Research.

The average University freshmen composite scores on the American College Test ("ACT") and the Scholastic Aptitude Test ("SAT") for the last five years are as follows:

**Average Freshman Standardized Test Scores**
(Baccalaureate Colleges)

<table>
<thead>
<tr>
<th></th>
<th>ACT Scores</th>
<th>SAT Scores*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>23.8</td>
<td>1,121.0</td>
</tr>
<tr>
<td>2006</td>
<td>24.0</td>
<td>1,117.0**</td>
</tr>
<tr>
<td>2007</td>
<td>24.1</td>
<td>1,110.0**</td>
</tr>
<tr>
<td>2008</td>
<td>24.8</td>
<td>1,129.0**</td>
</tr>
<tr>
<td>2009</td>
<td>24.8</td>
<td>1,128.0**</td>
</tr>
</tbody>
</table>

* Recentered SAT Scores.
** Excludes the writing component score, which is one-third of the total SAT score.

Source: University of Cincinnati Admissions Department.
Over the past five academic years, the average University freshman composite score for those students entering baccalaureate colleges was 24.3 on the ACT and 1,121 on the SAT. The national average for all students for the 2008-2009 academic year on the ACT was 21.1.

**Student Admissions**  
(Baccalaureate, Two Year Colleges, and Center for Access and Transition)

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Applications Received</th>
<th>Applications Accepted</th>
<th>Percent Accepted</th>
<th>Applicants Enrolled</th>
<th>Percent of Accepted Applicants Enrolled</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>13,445</td>
<td>12,642</td>
<td>94.02%</td>
<td>5,134</td>
<td>40.61%</td>
</tr>
<tr>
<td>2006-07</td>
<td>12,226</td>
<td>10,938</td>
<td>89.47%</td>
<td>4,834</td>
<td>44.19%</td>
</tr>
<tr>
<td>2007-08</td>
<td>13,676</td>
<td>11,769</td>
<td>86.06%</td>
<td>5,432</td>
<td>46.16%</td>
</tr>
<tr>
<td>2008-09</td>
<td>16,707</td>
<td>13,090</td>
<td>78.35%</td>
<td>5,421</td>
<td>41.41%</td>
</tr>
<tr>
<td>2009-10</td>
<td>18,426</td>
<td>13,996</td>
<td>75.96%</td>
<td>6,200</td>
<td>44.29%</td>
</tr>
</tbody>
</table>

Source: University of Cincinnati Office of Institutional Research.

The University seeks to maintain selectivity in its baccalaureate programs and to be accessible to all students. Applicants who are denied admissions to baccalaureate programs are offered admissions to the University's associate degree technical and transfer programs. The Center for Access and Transition helps students gain access to baccalaureate programs and, through one-on-one advising and individually tailored academic plans, equips them with the knowledge, skills, and resources necessary to successfully earn a degree.

The above table includes admissions to colleges and programs that support the University's commitment to accessible education. The University differs from many other universities in that it admits undergraduates directly into specific programs of study, rather than admitting undergraduates to the University as a whole and then later requiring the students to seek admission to the programs of study they wish to pursue. This approach is attractive to many undergraduates because it assures them that they will be able to pursue their desired programs of study. As a result of this approach, the University is able to attract many highly motivated and directed undergraduates. The following table reflects admissions to the University's baccalaureate colleges.

**Student Admissions**  
(Baccalaureate Colleges)

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Applications Received</th>
<th>Applications Accepted</th>
<th>Percent Accepted</th>
<th>Applicants Enrolled</th>
<th>Percent of Accepted Applicants Enrolled</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>11,742</td>
<td>9,094</td>
<td>77.4%</td>
<td>3,225</td>
<td>35.5%</td>
</tr>
<tr>
<td>2006-07</td>
<td>10,621</td>
<td>8,138</td>
<td>76.6%</td>
<td>3,173</td>
<td>39.0%</td>
</tr>
<tr>
<td>2007-08</td>
<td>11,741</td>
<td>8,810</td>
<td>75.0%</td>
<td>3,640</td>
<td>41.3%</td>
</tr>
<tr>
<td>2008-09</td>
<td>14,054</td>
<td>9,248</td>
<td>65.8%</td>
<td>3,284</td>
<td>35.5%</td>
</tr>
<tr>
<td>2009-10</td>
<td>15,267</td>
<td>10,283</td>
<td>67.4%</td>
<td>3,798</td>
<td>36.9%</td>
</tr>
</tbody>
</table>

Source: University of Cincinnati Office of Institutional Research.
Not reflected in the above tables is the James L. Winkle College of Pharmacy, which admits students directly from high school into the Doctor of Pharmacy degree program. The highly competitive Pharmacy program accepts only about one-fourth of applicants, and regularly fills its maximum class size.

### Student Financial Aid Awarded

(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEOG</td>
<td>$2,331</td>
<td>$2,352</td>
<td>$2,739</td>
<td>$2,914</td>
<td>$2,460</td>
</tr>
<tr>
<td>Pell</td>
<td>17,447</td>
<td>16,252</td>
<td>16,749</td>
<td>18,941</td>
<td>21,473</td>
</tr>
<tr>
<td>NDSL/Perkins</td>
<td>7,179</td>
<td>6,206</td>
<td>6,095</td>
<td>8,542</td>
<td>2,851</td>
</tr>
<tr>
<td>HPL-NSL</td>
<td>73</td>
<td>264</td>
<td>332</td>
<td>360</td>
<td>270</td>
</tr>
<tr>
<td>GSL/Stafford</td>
<td>126,018</td>
<td>133,434</td>
<td>145,702</td>
<td>163,897</td>
<td>188,088</td>
</tr>
<tr>
<td>PLUS/SLS</td>
<td>26,878</td>
<td>30,411</td>
<td>29,216</td>
<td>25,597</td>
<td>25,755</td>
</tr>
<tr>
<td>ALP</td>
<td>10,964</td>
<td>15,227</td>
<td>21,289</td>
<td>24,508</td>
<td>22,071</td>
</tr>
<tr>
<td><strong>State</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG</td>
<td>4,608</td>
<td>5,064</td>
<td>5,665</td>
<td>5,718</td>
<td>6,220</td>
</tr>
<tr>
<td><strong>University</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td>40,377</td>
<td>40,533</td>
<td>39,144</td>
<td>42,558</td>
<td>43,410</td>
</tr>
<tr>
<td>Tuition Remission &amp; (Grad. &amp; Faculty Staff)</td>
<td>11,035</td>
<td>12,454</td>
<td>13,605</td>
<td>13,481</td>
<td>11,367</td>
</tr>
<tr>
<td>Grad. Scholarship</td>
<td>39,850</td>
<td>40,932</td>
<td>43,523</td>
<td>43,674</td>
<td>42,366</td>
</tr>
<tr>
<td>Graduate &amp; Student Assistant Employment(1)</td>
<td>36,142</td>
<td>42,463</td>
<td>42,230</td>
<td>42,600</td>
<td>43,690</td>
</tr>
<tr>
<td>Sponsored Programs</td>
<td>11,289</td>
<td>12,611</td>
<td>15,260</td>
<td>16,625</td>
<td>14,190</td>
</tr>
<tr>
<td>University Loans</td>
<td>751</td>
<td>814</td>
<td>732</td>
<td>589</td>
<td>569</td>
</tr>
<tr>
<td><strong>Total Aid</strong></td>
<td><strong>$334,942</strong></td>
<td><strong>$359,017</strong></td>
<td><strong>$382,281</strong></td>
<td><strong>$410,004</strong></td>
<td><strong>$424,780</strong></td>
</tr>
</tbody>
</table>

(1) Due to the implementation of the new financial system, Research Fellows Employment is included as University Student Financial Aid Awarded, beginning in Fiscal Year 2005-2006.

**Source:** University of Cincinnati Controller’s Office.
GENERAL RECEIPTS

The General Receipts of the University for the five most recent Fiscal Years are shown below. The University’s current expenditures, which are financed in part by State appropriations and other funds excluded from the General Receipts, have been and are expected to be substantially greater than the General Receipts in every Fiscal Year.

<table>
<thead>
<tr>
<th>General Receipts</th>
<th>Fiscal Year Ended June 30</th>
<th>(Dollars In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>Student Fees</td>
<td>$210,937</td>
<td>$230,778</td>
</tr>
<tr>
<td>Endowment Income</td>
<td>2,499</td>
<td>2,790</td>
</tr>
<tr>
<td>Private Gifts &amp; Grants</td>
<td>2,756</td>
<td>1,777</td>
</tr>
<tr>
<td>Departmental Sales and Charges</td>
<td>53,635</td>
<td>56,008</td>
</tr>
<tr>
<td>Recovery of Indirect Exp.</td>
<td>35,987</td>
<td>35,117</td>
</tr>
<tr>
<td>Other</td>
<td>8,924</td>
<td>6,906</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>81,250</td>
<td>73,815</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$395,988</td>
<td>$407,191</td>
</tr>
</tbody>
</table>

Budgeted General Receipts

The following table sets forth the General Receipts included in the University’s budget for Fiscal Year ended June 30, 2010. As in prior years, the University’s current expenditures, which are financed in part by State appropriations and other funds excluded from the General Receipts, are expected to be substantially greater than the General Receipts.

<table>
<thead>
<tr>
<th>Budgeted General Receipts</th>
<th>(In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year Ending</td>
<td>June 30, 2010</td>
</tr>
<tr>
<td>Student Fees (net of scholarships)*</td>
<td>$288,026</td>
</tr>
<tr>
<td>Recovery of Indirect Expenses</td>
<td>35,086</td>
</tr>
<tr>
<td>Private Gifts and Grants</td>
<td>322</td>
</tr>
<tr>
<td>Endowment Income</td>
<td>3,039</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>60,983</td>
</tr>
<tr>
<td>Other</td>
<td>8,022</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>86,892</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$482,370</strong></td>
</tr>
</tbody>
</table>

*Scholarships are estimated and subject to adjustment.
GRANTS, CONTRACTS, AND AWARDS

In addition to General Receipts, the grants, contracts, and awards that the University has received for the five most recent Fiscal Years are shown below.

<table>
<thead>
<tr>
<th>Grants, Contracts, and Awards</th>
<th>(In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEDERAL SOURCES:</strong></td>
<td></td>
</tr>
<tr>
<td>United States Public Health</td>
<td>$118,720</td>
</tr>
<tr>
<td>National Science Foundation</td>
<td>7,373</td>
</tr>
<tr>
<td>Environmental Protection Agency</td>
<td>5,701</td>
</tr>
<tr>
<td>Department of Defense</td>
<td>6,510</td>
</tr>
<tr>
<td>Department of Energy</td>
<td>4,068</td>
</tr>
<tr>
<td>National Aeronautics and Space Administration</td>
<td>1,516</td>
</tr>
<tr>
<td>Department of Education</td>
<td>28,762</td>
</tr>
<tr>
<td>Other Federal Agencies</td>
<td>3,255</td>
</tr>
<tr>
<td><strong>TOTAL FEDERAL</strong></td>
<td>175,905</td>
</tr>
<tr>
<td><strong>NON-FEDERAL SOURCES:</strong></td>
<td></td>
</tr>
<tr>
<td>State Governments</td>
<td>16,298</td>
</tr>
<tr>
<td>City/County Governments</td>
<td>417</td>
</tr>
<tr>
<td>Other Non-Government Agencies</td>
<td>18,196</td>
</tr>
<tr>
<td><strong>TOTAL NON-FEDERAL</strong></td>
<td>34,911</td>
</tr>
<tr>
<td><strong>TOTAL ALL UNIVERSITY SOURCES</strong></td>
<td>210,816</td>
</tr>
<tr>
<td>University Faculty at Affiliated Institutions</td>
<td>121,482</td>
</tr>
<tr>
<td><strong>TOTAL ALL SOURCES AND AFFILIATED INSTITUTIONS</strong></td>
<td>$332,298</td>
</tr>
</tbody>
</table>

The University will lead a $28 million aerospace research program focusing on power and propulsion under a grant awarded by the Ohio Research Scholars program. This UC-led consortium also includes The Ohio State University (OSU) and the University of Dayton (UD). Researchers at the three universities will study power and propulsion systems; low-emission energy sources; and aerospace system issues such as acoustics, turbine aerodynamics and heat transfer. This funding will strengthen a strong aerospace research focus at the University and the other consortium members.

In April, 2009, the University became the 39th member of the Clinical and Translational Science Award (CTSA) consortium, led by the National Center of Research Resources, which is part of the National Institutes of Health (NIH). Members of the CTSA consortium include the following National Science Foundation top ranked research institutions: The Johns Hopkins University, Stanford University, University of Michigan, University of Washington, The Ohio State University, University of California-San Francisco, University of Wisconsin, Duke University, Washington University, Weill Cornell Medical...
College, University of California-Davis, University of Pennsylvania and the University of Pittsburgh. The University will receive $22.7 million over five years as a result of this award. The new Center for Clinical and Translational Science and Training will expand its support for pediatric research through Children’s Hospital Medical Center, enhance new translational technologies, and increase outreach into the local community.

LABOR RELATIONS

The University has current agreements or is in negotiations with six labor unions covering eight bargaining units.

A. American Association of University Professors (the “AAUP”). In November, 1974, the faculty of the University elected the AAUP as sole bargaining agent with the University administration. Approximately 1,700 full and part-time faculty and librarians are included in the bargaining unit. The current agreement expires on June 30, 2010. Negotiations are underway.

B. American Federation of State, County and Municipal Employees (“AFSCME”) Ohio Council 8. This bargaining unit represents approximately 500 employees primarily in the areas of maintenance and service. The current agreement expires on February 11, 2012.

C. International Union of Operating Engineers (“IUOE”). This agreement covers approximately 70 employees in the areas of skilled trades and power plant. The current agreement expired on July 31, 2009, but it was extended while the parties negotiate a successor agreement. The parties continue to bargain.

D. The Ohio Nurses Association (“ONA”) represents approximately 8 registered nurses at the Hoxworth Blood Center. The present contract expires January 19, 2011.

E. District 1199/Service Employees International Union (“SEIU/1199”) represents approximately 400 clerical and secretarial staff members. The bargaining agreement expires on June 30, 2011.

F. The Fraternal Order of Police/Ohio Labor Council (FOP) represents approximately 50 sworn police officers. The current agreement expires June 30, 2011.

G. The FOP also represents approximately 33 security officers. The current agreement expires on June 30, 2011.

H. The FOP also represents approximately 10 emergency dispatchers. The current agreement expires on June 30, 2012.

The University’s relationship with its employees is governed under the rules of the Civil Service laws and collective bargaining laws of Ohio. Union agreements, negotiated by the above-listed labor unions and the University, cover wages, salaries, hours, terms and conditions of employment, fringe benefits, and other similar matters.
RETIREMENT SYSTEMS

Retirement benefits are available for substantially all employees under one of several contributory retirement plans. Prior to July 1, 1977, when the University became a state institution, employees were covered by either the City of Cincinnati Retirement System ("CRS") or the Teachers' Insurance and Annuity Association - College Retirement Equities Fund ("TIAA-CREF"). Certified teachers appointed on or after July 1, 1977, are covered by the State Teachers' Retirement System ("STRS"). Non-certified employees appointed on or after that date are covered by the Ohio Public Employees Retirement System ("OPERS"). Both STRS and OPERS are statewide systems that offer three separate plans: (1) a defined benefit plan, (2) a defined contribution plan, and (3) a combined plan.

Defined Benefit Plans

The OPERS, STRS, and CRS plans are cost-sharing, multiple-employer, defined-benefit, public-employee retirement systems. Each provider retirement, disability and death benefits to plan members and beneficiaries. These plans also provide health-care benefits to vested retirees. Benefits provided under the plans are established by State statute or the Cincinnati Municipal Code.

All three plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each system as follows: Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, Telephone (614) 466-2085; State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215, Telephone (614) 227-4090; and City of Cincinnati Retirement System, 801 Plum Street, Cincinnati, Ohio 45202, Telephone (513) 352-3227.

The Ohio Revised Code and the Cincinnati Municipal Code provide OPERS, STRS, and CRS statutory authority, respectively, over employer and employee contributions. The required, actuarially determined contribution rates for the University and for employees are 14% (5.5% relating to health-care benefits) and 10% of covered payroll, respectively, for OPERS; 14% (1% relating to health-care benefits) and 10%, respectively, for STRS; and 17% and 7%, respectively, for CRS for the year ended June 30, 2009. The University's contributions, representing 100% of employer contributions for the year ended June 30, 2009, and for each of the two preceding years are as follows (in thousands):

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>OPERS</th>
<th>STRS</th>
<th>CRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>20,318</td>
<td>17,618</td>
<td>506</td>
</tr>
<tr>
<td>2008</td>
<td>20,155</td>
<td>15,417</td>
<td>278</td>
</tr>
<tr>
<td>2009</td>
<td>20,904</td>
<td>16,733</td>
<td>162</td>
</tr>
</tbody>
</table>

OPERS and STRS provide postretirement and postemployment health-care benefits in addition to the retirement benefits described above. OPERS Other Post Employee Benefits ("OPEB") is advance funded on an actuarially determined basis. The assumptions and calculation below were based on the system's latest actuarial review performed as of December 31, 2007. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets not to exceed a 12% corridor. The actuaries' assumptions were as follows: investment return, 6.5%; annual wage increase (compounded annually),

- A-25 -
4%; and health care costs, 4%. At December 31, 2007, the actuarial funding value of the Retirement System's net assets available for OPEB was $12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.8 billion and $17 billion, respectively. There were 363,503 active contributing participants as of December 31, 2008. Of the $20,904,000 University employer contributions to OPERS for 2009, $8,212,000 was to fund OPEB.

STRS has discretionary authority, pursuant to the Ohio Revised Code, over how much, if any, of the health-care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health-care cost in the form of a monthly premium. The balance in the Health Care Stabilization Fund was $3.7 billion at June 30, 2008 (the latest information available). For the year ended June 30, 2008, the net health-care costs paid by STRS were $288,878,000. There were 126,506 eligible benefit recipients.

In addition to the pension benefits described above, the University provides postretirement health-care and dental benefits (under its labor agreement with the American Association of University Professors) to all retirees who are participants of TIAA-CREF when they retire. During Fiscal Years 2009, 2008 and 2007, the net cost of these benefits recorded on a pay-as-you-go basis totaled approximately $3,148,000, $3,010,000 and $2,961,000, respectively.

Defined Contribution Plans

On June 23, 1998, pursuant to Ohio House Bill 586, the University created an Ohio Alternative Retirement Plan ("ARP") which is designed to aid the University in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined-contribution plan that provides full and immediate vesting of all contributions made on behalf of the participant. Contributions are directed to one of eight investment management companies, which allows the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 90 days from the date of hire to elect the ARP option. Once this window has passed, the employee does not have the option to elect into the ARP.

At June 30, 2009, there were 2,137 members of the plan. During Fiscal Years 2009, 2008 and 2007 the employer contributions were $13,956,000, $13,730,000 and $13,418,000, respectively. The employer contribution rate for participants electing out of OPERS and STRS was 14.00% for both Fiscal Years 2009 and 2008.

Combined Plans

STRS offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits. OPERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.
INSURANCE

The University currently carries “all-risk” property insurance on a full replacement cost basis for all of its buildings and contents, through an insurance program of four-year state universities in Ohio known as the Inter University Council Insurance Consortium (“IUC-IC”). The IUC-IC program includes a pooled retention and commercial property insurance, with dedicated limits of $100M per university per occurrence and shared excess limits of $1B per occurrence. The University’s $100,000 deductible under this program is funded through a property reserve account with contributions from various university departments, branches and auxiliaries. Casualty Insurance, including Comprehensive General Liability (“CGL”) and Educators Legal Liability (“ELL”) coverages, is provided through a separate IUC-IC program. This program is a combination of self-insurance through actuarially established Trust Funds and commercially purchased insurance. The CGL and ELL coverages each have self-insured limits of $1M, pooled among the participating universities and funded according to an actuarial formula. This program also includes dedicated excess insurance limits of $5M per university, $25M shared excess policies for both CGL and ELL, and an additional $20M shared CGL limit. The university deductible of $100,000 for ELL is funded by a University budget account; the $100,000 CGL deductible is funded through an actuarially-supported trust fund. Medical Professional Liability (“MPL”) coverage is provided through a separate self-insurance trust fund, with actuarially-supported limits of $4M per occurrence. This program is shared among the University’s academic health programs, Hoxworth Blood Center, and 19 clinical practices associated with the Academic Health Center, including UC Physicians, Inc. and subsidiary corporations. An additional $20M in MPL coverage is provided through a commercial excess insurance policy.

FEES AND CHARGES

Tuition and Fees

Tuition and fees for the academic year 2009-10 range from $4,542 to $29,385 for residents of Ohio, and from $11,394 to $45,135 for out-of-state residents. The State legislated that Ohio residential tuition was capped and that Ohio graduate and non-Ohio resident tuition was not capped. Special fees for instruction of students taking less than a full academic program exist in all of the colleges. A General Fee (Student Services Fee) of $249 for Uptown Campus students and $142 for branch campus students per quarter is included in tuition for full-time students. There are also a number of miscellaneous student fees. As part of the planning for the MainStreet Project, the University instituted a Campus Life Fee, and the Campus Life Fee for academic year 2009-10 is $147 per quarter.
University regulations define a resident of Ohio. In general, residence for a period of 12 months prior to the registration date is required to be considered a resident. The academic tuition effective for 2009-10 and general fees for Ohio residents and non-residents per quarter are as follows:

**Ohio Resident**

<table>
<thead>
<tr>
<th>Tuition &amp; General Fees (Quarterly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>------------------------------------</td>
</tr>
<tr>
<td>Undergraduate</td>
</tr>
<tr>
<td>-Uptown Campus</td>
</tr>
<tr>
<td>-Branch Campus</td>
</tr>
<tr>
<td>Clermont College</td>
</tr>
<tr>
<td>Raymond Walters College</td>
</tr>
<tr>
<td>Graduate School</td>
</tr>
<tr>
<td>Law</td>
</tr>
<tr>
<td>Medicine</td>
</tr>
</tbody>
</table>

**Non-Ohio Resident**

<table>
<thead>
<tr>
<th>Tuition &amp; General Fees (Quarterly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>------------------------------------</td>
</tr>
<tr>
<td>Undergraduate</td>
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<tr>
<td>-Uptown Campus</td>
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<td>Graduate School</td>
</tr>
<tr>
<td>Law</td>
</tr>
<tr>
<td>Medicine</td>
</tr>
</tbody>
</table>

* Law School tuition is presented on a semester basis.

The residence hall fee schedule as of September 1, 2009 is $1,933 per quarter for residence hall bed, together with a $1,301 board charge per quarter for a 209 meal per quarter plan. The residence hall system had a total of 3,862 beds available for occupancy for students in 2009. The occupancy rate for all available rooms for the 2009 Fall Quarter was 98.6% as of October 7, 2009.

**Parking**

The University has established rate schedules for its parking lots, campus drives and garages based on hourly and quarterly usage for students and monthly rates for faculty and staff. The following rates are effective as of July 2009 for the various parking facilities.

**Faculty, Staff and Student Rates:**

- CCM Garage/Varsity Village Garage and McMicken Decal:
  - Faculty/Staff: $100/month
  - Student: $300/quarter
Clifton Court Garage, Kingsgate Garage, Goodman Garage, Calhoun Garage, Zone A designated spaces and CAS designated area:

- Faculty/Staff: $87/month
- Student: $261/quarter

Woodside Drive Garage, Campus Green Garage, Eden Avenue Garage Levels 1-7:

- Faculty/Staff: $75/month
- Student: $225/quarter

Corry Garage and University Garage:

- Faculty/Staff: $50/month
- Student: $150/quarter

Corry North Lot (4), Sander Lot (3), Lot 13, Lot 16, Lot 22, and Sander Ramp:

- Faculty/Staff: $41/month

Eden Garage Level 8 and CAS (B/3) Zone:

- Faculty/Staff: $41/month
- Student: $123/quarter

Reading Lot and Winslow Lot:

- Faculty/Staff: $21/month

The handicapped parking rate for students is $150.00 per quarter. Hourly garage parking is available in half-hour increments to a maximum of $9.00 for 24 hours.

**Fee Regulations**

All fees required of students must be paid in advance as a condition of registration. If the fees are not paid promptly, the University may exclude students from their classes. The University allows students and their parents to pay educational expenses in low-cost monthly payments through contracts with private financial organizations. Student fees are subject to change by action of the Board; such changes take effect at once and apply to students already enrolled, unless otherwise specified. The University allows fees for tuition, room and board to be refunded proportionately when the student withdraws on or prior to the fifteenth day of the academic quarter.

**STATE APPROPRIATIONS**

All State universities in Ohio receive State financial assistance for both operations and capital improvements through appropriations by the General Assembly. Such State appropriations contribute substantially to the successful maintenance and operation of the University and increase the ability of the University to generate General Receipts, although amounts received in the form of State appropriations are not included in General Receipts.
The following table shows State Operating Appropriations compared with General Receipts for the past five Fiscal Years (dollars in thousands):

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>State Operating Appropriations</th>
<th>General Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$179,007</td>
<td>$395,988</td>
</tr>
<tr>
<td>2006</td>
<td>179,857</td>
<td>407,191</td>
</tr>
<tr>
<td>2007</td>
<td>185,863</td>
<td>445,373</td>
</tr>
<tr>
<td>2008</td>
<td>193,814</td>
<td>473,147</td>
</tr>
<tr>
<td>2009</td>
<td>211,836</td>
<td>494,904</td>
</tr>
</tbody>
</table>

* The University's financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities, which requires tuition revenue to be reported net of scholarships. The General Receipts for Fiscal Years 2005, 2006, 2007, 2008 and 2009 reflect tuition revenue net of $77,341,000, $81,367,000, $81,510,000, $84,322,000 and $85,459,000 scholarships.

State income and budget constraints have compelled and from time to time in the future may compel a stabilization or reduction of the level of State assistance and support for higher education in general and the University in particular, and temporary adjustments in payment schedules of moneys appropriated to the University. In addition, appropriations made by the General Assembly for higher education and other purposes are subject to decreases by the Governor pursuant to Section 126.08, Ohio Revised Code. The Governor has stated that education is his number one priority for the FY10/FY11 biennium.

A new State funding formula was implemented for the FY10 budget. Funding allocations are based on course completions rather than enrollments alone; other measures include attracting, retaining and graduating at risk students; degree attainment success factors and incentives for courses in Science, Technology, Engineering and Mathematics (STEM) fields. The new formula for base instructional subsidy, decreased levels of other state subsidies (such as Access and Success Challenge subsidies), combined with federal stimulus funding, results in the level of State support to the University for FY10 at an amount slightly less than the FY09 funding. This state funding level was also coupled with a zero increase to in-state undergraduate tuition for FY10. The University expects to meet the FY10 budget projections as a result of increased enrollment, disciplined spending, the implementation of performance based budgeting, and a 3% increase in graduate tuition and a 5% increase in professional tuition (Law and Medicine).

The State budget bill did include cuts for the 2010-11 school year in its biennial budget, but did provide the opportunity for the University to increase resident undergraduate tuition by 3.5% for FY10 and an additional 3.5% for FY11. In September 2009, the University Board of Trustees approved a 3.5% resident undergraduate tuition increase for FY10 and then waived the increase, in order to preserve the potential to increase resident undergraduate tuition in Fiscal Year 2011 up to 7%. The University Board of Trustees approved a 7% resident undergraduate tuition increase for FY11 in March 2010. The University expects the FY11 operating budget to be consistent with the FY10 budget, and will take into consideration a portion of the enrollment growth, the approved tuition increase, future state reductions, increased contractual obligations and planned initiatives. One extremely important planned initiative is the creation of a reserve within the FY11 operating budget (as was also done in FY10’s budget) to partially replace FY12 stimulus funds and to better manage potential future reductions.
As is always the case, the University is researching new means of attracting and generating new income sources, and is implementing new programs that will allow for increases in research funding. The University is working closely with the Ohio Board of Regents, the Governor and the State Legislators to insure that future budget proposals will result in a more opportunistic state-funding situation for all Higher Education Institutions in the State of Ohio under the new University System of Ohio.

The University also receives State capital appropriations every biennium. Appropriations are primarily used for renovation/rehabilitation and construction of academic facilities. As of September 30, 2009, the University has State appropriated funds of $49,500,000 for future capital expenditures. Appropriated State capital funds are comprised of:

- Released encumbered funds not yet expended - $7,800,000
- Released unencumbered funds - $5,100,000
- Unreleased and re-appropriated funds - $36,600,000

Available State capital appropriations will be used for the following projects/initiatives:

- Barrett Cancer Center/Vontz 330 Lab Renovation
- Kehoe 223-240 Lab Renovation
- Medical Science Building Rehabilitation
- Raymond Walters College Expansion
- Rieveschl 500 Level Teaching Labs
- Basic Renovations
  - Uptown Campus, Clermont College and Raymond Walters College
- Instructional Equipment
  - Uptown Campus, Clermont College and Raymond Walters College

Beginning in Fiscal Year 1998, state universities in Ohio received a capital component allocation determined by a formula that considers the volume of educational activities (credit enrollment, research and noncredit job training) on each campus and the age of the institution and facilities. The University (Uptown Campus, Clermont College and Raymond Walters College) received the following capital allocation for the 2009-2010 biennium:

- Capital Component - $30,200,000
- Basic Renovations - $11,500,000
- Instructional Equipment - $1,900,000

There can be no assurance that future State appropriations for operating or capital improvement purposes will be made available in the amounts requested, required or budgeted by the University. The General Assembly currently determines such appropriations biennially.

**TEMPORARY INVESTMENT POOL**

The Temporary Investment Pool for the University is the investment vehicle for pooling and investing funds which are temporarily available. Operating and other funds for all areas of the University participate in the Pool. The pooling allows the investment plan to take a longer-term perspective than would otherwise be appropriate, since declines in some funds will be offset by increases in others. This has provided a growing “permanent” base for investing. All securities are carried at market value.
Since the portfolio is structured to meet known needs, other than changes that result from cash flow, few changes in the portfolio are anticipated. The quality of the portfolio is monitored so that appropriate action can be taken should the quality of an issuer begin to deteriorate sufficiently to warrant action. Otherwise, the current portfolio holdings are expected to remain essentially as they are for the foreseeable future.

As of June 30, 2009, the book value of the portfolio was $236,772,128 and the market value was $240,115,894. The average life of the investments was 0.7 years. The Administrative Investments Committee believes this is a high quality portfolio that is appropriately invested for the University’s needs. The maturity schedule is set with cash needs in focus.

UNIVERSITIES POLICIES AND PROCESSES

As part of the University’s strategic plan, a number of new policies and processes have been developed and implemented, designed to improve efficiency and reduce expenditures. New policies that focus on improving cash balances and reducing the accumulated negative fund balances, enacting a realistic performance based budgeting process, as well as the ongoing review of academic programs, collegiate restructuring and administrative streamlining will allow the University to respond to economic challenges with significant strength.

Operating Cash Policy

The University’s Board of Trustees approved the University Operating Cash Policy in November 2006. This policy was developed to build the University’s operating cash balance over a period of time, to an average daily balance of no less than 25% of annual operating budget expenditures and transfers, and a minimum daily balance of no less than 17% of annual operating budget expenditures and transfers. Policy levels are based on the University’s operating budget, annual financial statements and typical monthly cash disbursements. The policy will be achieved over time by such actions as implementing an all-funds balanced operating budget process, disciplined payoff of existing funds that are in a deficit position, closely evaluating all capital projects, concentration on receivables management and expense/deficit control at the Vice President for Finance level (in consultation with the appropriate Senior Vice President). As required by the policy, cash position is monitored by a committee on a periodic basis to assure the cash policy levels are achieved and cash status is reported to the board on an annual basis. The policy also requires a reassessment every three years.

By improving the operating budget process, retiring certain funds that were in a deficit position, reducing receivables and improving overall financial performance in Fiscal Years 2007, 2008 and 2009, the University was able to increase its operating cash balance by $153,800,000 from Fiscal Year 2006. In addition to these efforts, the University adjusted its financial management approach in the spring of 2008. A Liquidity Reserve Fund was established by the Board of Trustees in February 2008, which would retain the cash conserved by the restructuring of the University’s near term principal payments on its fixed rate, general receipts debt. The liquidity reserve was funded in Fiscal Years 2008 and 2009; the balance in the reserve is $53,345,000.
The cash balances of the University for the five most recent Fiscal Years are shown below.

**Operating Cash Balances (Excludes Endowment Assets)**  
Fiscal Year Ended June 30  
(Dollars In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash</td>
<td>$81,000</td>
<td>$37,000</td>
<td>$67,000</td>
<td>$117,800</td>
<td>$190,800</td>
</tr>
</tbody>
</table>

**Accumulated Negative Fund Balance Initiative**

The University’s Board of Trustees approved a University policy in November 2008, relating to the elimination of accumulated negative fund balances. Over many years, the University has permitted a mixture of academic, auxiliary and institutional departments to accumulate negative balances for a variety of reasons. These accumulated budget overruns have resulted in negative fund balances. This policy was developed to address how the University will systematically fully discharge the current negative fund balances.

The accumulated negative fund balance is reflected on the University’s Balance Sheet as a deficit in Unrestricted Net Assets. As of June 30, 2007, the deficit in Unrestricted Net Assets was $186,786,000; the deficit as of June 30, 2008 was $124,565,000; and the deficit as of June 30, 2009 was $60,827,000. The deficit in unrestricted net assets decreased by approximately $62,000,000 in 2008 due to disciplined financial activities, integrated budget planning, a transfer of funds from College of Medicine expendable and quasi-endowments and the restructuring of the 2008 bond maturities. The $63,700,000 reduction in the unrestricted net asset deficit for Fiscal Year 2009 is due to continued focus on disciplined financial activities and the restructuring of the 2009 bond maturities. The University will allocate permanent budget dollars within the budget process to focus on future reductions.

**Performance-Based Budgeting**

The University’s Board of Trustees institutionalized the University’s adoption of a Performance-Based Budgeting model in March 2009. The University is implementing the performance-based budgeting model University-wide in Fiscal Year 2010. This model replaces the historical allocation of resources that was dependant on the previous year’s budget. The model incentivizes growth and efficiencies and is based on a set of guiding principles that guarantees transparency and accountability. The performance-based budgeting model is resource and enrollment driven, and is tied to the University’s mission. Each college is assigned a budget threshold that it has to obtain; it can meet that threshold by either increasing enrollment (with no added cost for Fiscal Year 2010) and/or decreasing costs. Progress on plans to meet thresholds is monitored quarterly and budget adjustments are made as necessary. The model allows for the college units to share in the savings that are a result of exceeding their established thresholds. The budgeting process is broadly representative and co-managed by the Provost and by the Senior Vice President for Administration and Finance, working with the college deans and vice presidents.
INVESTMENT POLICY OF THE UNIVERSITY

The administration of the University’s invested funds is governed by policies established by the Board of Trustees. These policies, which encompass the University’s endowment fund “A” (pooled endowment), gifted real estate, and temporary investment pool, are briefly described below:

Endowment Fund A

The University endowment investment policy’s goal shall be to produce real growth in assets, net of administrative and investment fees, by generating a total endowment rate of return which is greater than, or equal to, the spending rate established by the University’s endowment spending policy plus the rate of inflation. The asset mix of investments may range from 85% variable investments and 15% fixed income investments to 15% variable investments and 85% fixed income investments, at any one time. The current fixed income investment allocation target is 20%. Variable investments include common stocks, preferred stocks, private equity, venture capital, funds engaged in hedged strategies, and energy or natural resources, and public and private equity real estate, including real estate investment trusts, limited partnerships, and direct real estate holdings where a market rate of return can be expected. Fixed income investments include U.S. and foreign government and agency obligations, U.S. and foreign corporate debt obligations, U.S. and foreign convertible bonds, collateralized mortgage-backed obligations, and loans with reasonably structured terms bearing a market rate of return and having a strategic value to the University campus (“Strategic Loans”). Strategic Loans must be supported by a written statement of justification and must be approved by the chair of the finance committee and the President of the University after notification to the entire Board of Trustees. The total of Strategic Loans may not exceed the greater of 60% of the fixed income allocation of the general investment fund “A” pool (currently approximately $150,000,000) or $75,000,000 at the time of investment. The University has made $71,500,000 of Strategic Loans from the general investment “A” pool. Limitations based on gradings by rating systems, weighted average of maturities and percentage of portfolio invested in one issuer or investment apply. Investments shall be diversified consistent with prudent investment management practices.

Separately Invested Endowment Funds

Additional endowment funds may be invested in loans, direct real estate, or other investments not yielding a market rate of return, that are judged to be of long term strategic importance to the University. Such investments shall be held separately from the endowment fund “A” and must be approved by the chair of the finance committee and the President of the University, after notification to the entire Board of Trustees. The total of such investments shall not exceed $25,000,000 at any time.

The University has already made $16,208,000 of loans from Separately Invested Endowment Funds, and it is currently considering making additional Strategic Loans and/or investments of Separately Invested Endowment Funds for real estate development projects located on the periphery of the University’s campus.

Gifted Real Estate

An annual review of all real estate holdings is performed to determine if the property should be sold or if the net rate of return from rental income can be increased. Proposed real estate gifts to the University are reviewed, prior to acceptance, in order to assure that an asset will be received, that clear title will be conveyed and to ascertain whether any environmental hazards or similar liabilities exist.
Temporary Investment Pool

Temporarily idle funds of the University may be invested in securities issued by the U.S. government and federal agencies, government sponsored enterprises and government sponsored private corporations, plus commercial paper, certificates of deposit or other money market securities. Authorized investments include U.S. treasury or any federal agency notes, bills and bonds; world bank bonds; interamerican development bank bonds; asian development bank notes; private export funding corporation notes; bank certificates of deposit; bank repurchase agreements; banker's acceptances; bank and corporate commercial paper; corporate notes and bonds; money market funds; collateralized mortgage obligations; any government sponsored enterprise or government sponsored private corporation notes, bills and bonds; and investment pools created by the State of Ohio for the purpose of holding assets of political subdivisions. The temporary investment funds should be invested for diversification of risk and yield. Limitations based on gradings by rating agencies, percentage of pool invested in types of investments or other characteristics of the investment apply. Repurchase agreements shall be collateralized by U.S. government obligations. Collateralized mortgage obligations must be rated “AAA” by Standard & Poor’s Rating Group, a division of The McGraw Hill Companies. The weighted average life of the pool shall be no longer than five years. At least 25% of the invested funds shall at all times be maintained in securities of the United States government or of its agencies or instrumentalities, the Ohio Treasurer of State’s pooled investment program, obligations of the State of Ohio or any political subdivision of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, money market funds, or bankers acceptances maturing in 270 days or less which are eligible for purchase by the federal reserve system as a reserve.
APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS

The following statements are a brief summary of certain provisions of the major documents executed in connection with the issuance of the Series 2010 Bonds that have not been described elsewhere in this Offering Circular. The summary does not purport to be complete and reference is made to the actual documents available from the Trustee for a full and complete statement of the provisions thereof.
The following are summaries of the Trust Indenture, the Loan Agreement, the Lease Agreement, and the Ground Lease. The summaries do not purport to set forth all of the provisions of such documents, to which reference must be made for the complete and actual terms thereof. Capitalized terms used in the following summaries have the following meanings:

Definitions

"Act" means Section 133.51 of the Ohio Revised Code.

"Additional Bonds" means bonds which may be issued under the Indenture.

"Additional Notes" means any non-negotiable promissory note or notes, in addition to the Project Note, delivered by the Borrower to the Trustee in connection with the issuance of Additional Bonds, as provided in the Agreement.

"Additional Rent" means any payments required to be made under the Lease in addition to Base Rent.

"Agreement" means the Loan Agreement dated as of even date with the Indenture, between the Issuer and the Borrower, and their respective successors and assigns, as amended or supplemented from time to time.

"Authorized Borrower Representative" means the person designated at the time pursuant to the Agreement to act on behalf of the Borrower.

"Base Rent" means an amount equal to the Bond Service Charges due on the applicable payment date described in the Lease.

"Beneficial Owner" means, while the Series 2010 Bonds are held in book-entry form, the beneficial ownership interests of each actual purchaser of each Series 2010 Bond.

"Bond Counsel" means Peck, Shaffer & Williams LLP or an attorney-at-law or law firm (other than an employee of the Borrower) satisfactory to the Trustee and the Issuer and nationally recognized as experienced in matters relating to the exclusion from gross income for federal income tax purposes of interest on bonds of states and political subdivisions.

"Bond Documents" means the Agreement, the Indenture, the Bonds, the Lease, the Project Note, the Tax Regulatory Agreement and the Purchase Agreement.

"Bond Fund" means the Stratford Heights Bond Fund created in the Indenture.

"Bond Legislation" means (a) when used with reference to the Series 2010 Bonds, the resolution providing for their issuance and approving the Agreement, the Indenture, the Purchase Agreement and related matters; (b) when used with reference to an issue of Additional Bonds, the resolution providing for the issuance of the Series 2010 Bonds, to the extent applicable, and the resolution providing for the issuance of the Additional Bonds and approving any amendment or supplement to the Agreement, any supplemental indenture and related matters; and (c) when used with reference to Bonds when Additional Bonds are outstanding, the resolution providing for the issuance of the Series 2010 Bonds and the resolution providing for the issuance of the then outstanding and then to be issued Additional Bonds, in each case as amended or supplemented from time to time.
“Bond Service Charges” means, for any period or payable at any time, the principal of, premium, if any, and interest on the Bonds for that period or payable at that time, whether due at maturity, or upon acceleration, redemption or purchase.

“Bonds” means the Series 2010 Bonds and any Additional Bonds.

“Borrower” means University Heights Community Urban Redevelopment Corporation, an Ohio non-profit corporation, and successor, surviving, resulting or transferee corporation as permitted in the Agreement.

“Business Day” means a day of the year, other than (a) a Saturday; (b) a Sunday; (c) a day on which commercial banks located in any city in which the designated corporate trust office of the Trustee is located are required or authorized by law to remain closed; (d) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed; or (e) a day on which DTC is closed.

“Code” means the Internal Revenue Code of 1986, as amended from time to time. References to the Code and sections of the Code include relevant applicable regulations and proposed regulations thereunder and any successor provisions to those sections, regulations or proposed regulations.

“Costs of Issuance Account” means the account created and held by the Borrower to pay costs of issuance of the Series 2010 Bonds.

“Debt Service Reserve Fund” means the Stratford Heights Debt Service Reserve Fund created with respect to the Prior Bonds.

“Determination of Taxability” means the receipt by the Trustee of (a) a ruling or technical advice by the Internal Revenue Service in which the Borrower has participated or a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds selected by the Trustee or a Holder and approved by the Borrower, which approval shall not be unreasonably withheld, to the effect that interest on any of the Bonds, which was formerly excludable from gross income for federal income tax purposes, is included in the gross income for Federal income tax purposes of a Holder or (b) the rendering of a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction in the United States of America to the effect that interest on any of the Bonds, which was formerly excludable from gross income for federal income tax purposes, is included in the gross income for federal income tax purposes of a Holder.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“DTC Participant” means banks, brokers or dealers who are participants of DTC.

“Eligible Investments” means (a) Government Obligations; (b) Fannie Mae mortgage backed securities and senior debt obligations which bear interest at a fixed rate and are fully amortizing; (c) Federal funds, certificates of deposit including those placed by a third-party pursuant to an agreement between the Trustee and the University, time deposits, demand deposits, including interest bearing money market accounts, trust deposits, trust accounts, overnight bank deposits and bankers’ acceptances (having original maturities of not more than 365 days) of any bank including the bank and any of its affiliates the short-term bank deposits of which (or, in the case of the principal bank in a bank holding company, such
short-term bank deposits of the bank holding company) have been rated at the time of purchase "AA" or "A-1+" or an equivalent Rating Category by S&P or Moody's; (d) commercial paper (having original maturities of not more than 365 days) rated at the time of purchase "A-1+" or an equivalent Rating Category by S&P or Moody's; (e) money market or mutual funds, (including those advised by any affiliate of the Trustee, which affiliate receives a fee whether as custodian, transfer agent, investment advisor or otherwise), provided that such funds shall be invested in obligations or securities described in clauses (a) or (h) of this definition; (f) deposits which are fully insured by the Federal Savings Association Insurance Fund (SAIF) or the Bank Insurance Fund (BIF); (g) repurchase agreements with any institution rated at the time of purchase "AAA" or an equivalent Rating Category by S&P or Moody's; and (h) direct, general obligations of any state of the United States of America or any political subdivision or other instrumentality of any such state, which are rated at the time of purchase at least "AA" or an equivalent Rating Category by S&P or Moody's.


"Executive" means any member of the Issuing Authority.

"Extraordinary Services" and "Extraordinary Expenses" mean all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture, other than Ordinary Services and Ordinary Expenses. Services rendered and expenses incurred by the Trustee which are directly related to an Event of Default shall be considered Extraordinary Services and Extraordinary Expenses.

"Government Obligations" means obligations of, or guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States.

"Ground Lease" means that certain Ground Lease dated as of January 1, 2004, between the State of Ohio, Department of Administrative Services for the use and benefit of University of Cincinnati, a state university, as Lessor, and the Borrower, as Lessee, pursuant to which the Borrower derives its leasehold interest in the real and personal property constituting a portion of the Project.

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

"Indenture" means the Trust Indenture dated as of July 1, 2010, between the Issuer and the Trustee, as amended or supplemented from time to time.

"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2010 Bonds when due.

"Insurer" means Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)

"Interest Payment Date" means, as to the Series 2010 Bonds, the first day of June and December, and as to Additional Bonds, each date designated as an Interest Payment Date in the form of Bond for which provision is made in the applicable Supplemental Indenture or Bond Legislation.
"Interest Rate for Advances" means that rate per annum which is one percentage point in excess of that interest rate per annum announced by the banking affiliate of the Trustee, in its lending capacity as a bank as its “prime rate” or its “base rate”.

"Issuer" means the County of Hamilton, Ohio, a county and political subdivision, duly organized and existing under the laws of the State of Ohio.

"Issuing Authority" means the Board of County Commissioners of the Issuer.

"Lease" means the Master Lease Agreement dated as of July 29, 2010, between the Borrower and the University.

"Lease Payment Date" means (a) for Base Rent, each date for payment by the Borrower of a Loan Payment as provided in the Agreement, corresponding to the debt service schedules for the Series 2010 Bonds, and (b) for Additional Rent, as provided in the Lease.

"Lease Payments" means Base Rent and any Additional Rent.

"Letter of Credit Bank" means Citizens Bank of Pennsylvania, the issuer of the letter of credit which secures the Prior Bonds.

"Loan" means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Notes and the Agreement.

"Moody’s" means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

"Notes" means the Project Note and any Additional Notes.

"Ordinary Services" and “Ordinary Expenses” means those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture.

"Outstanding Bonds", “Bond outstanding” or “Bonds outstanding” mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, 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 has been deposited and credited with the Trustee pursuant to the Indenture 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, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated under the Indenture;

provided that, for purposes of voting or giving any consent, any Bond owned by the Borrower or the University shall not be deemed to be outstanding under the Indenture.

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

"Pledged Revenues" means any receipts received or receivable by the Issuer in connection with the Agreement, including (a) the Loan Payments, (b) Base Rent received by the Borrower pursuant to the Lease, and (c) all income and profit from the investment of any of the moneys in funds established under the Indenture. Money and/or investments in the Rebate Fund are specifically excluded from the definition of "Pledged Revenues".

"Pledged Revenue Fund" means the Stratford Heights Pledged Revenue Fund created in the Indenture.

"Predecessor Bond" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under the Indenture in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in the Indenture, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

"Premises" means the Project in its entirety.

"Prior Bonds" means the Issuer’s Adjustable Rate Student Housing Revenue Bonds (Stratford Heights Project), Series 2004.

"Prior Indenture" means the Trust Indenture dated as of January 1, 2004 between the Issuer and the Prior Trustee, under which the Prior Bonds were issued.

"Prior Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the Prior Indenture.

"Project" means the interests of the Borrower in the real, personal or real and personal property, including undivided interests or other interests therein, identified in the Indenture, or acquired, constructed or installed as a replacement or substitution therefor or an addition thereto, or as may result from any revision thereof in accordance with the provisions of the Agreement.

"Project Facilities" means the Project and the Project Site.

"Project Note" or "Project Notes" means the promissory notes of the Borrower, designated "Series 2010 Promissory Note" dated as of even date of the initial issuance and delivery of the Series 2010 Bonds, in the principal amount of $51,960,000, evidencing the obligations of the Borrower to make Loan Payments.
"Project Site" means the interests of the Borrower in the real estate constituting the site of the Project.

"Purchase Agreement" means, as to the Series 2010 Bonds, the Bond Purchase Agreement dated on or after the date of the Bond Legislation for the Series 2010 Bonds but no later than the date of initial delivery of the Series 2010 Bonds, among the Issuer, the Underwriter, the University and the Borrower, and as to any Additional Bonds, the Bond Purchase Agreement as defined in the Bond Legislation or supplemental indenture providing for the issuance of the Additional Bonds.

"Rating Agency" means S&P or Moody's.

"Rating Category" or "Rating Categories" means one or more of the generic rating categories of a nationally recognized rating agency without regard to any refinement or gradation of such rating category or categories by numerical modifier or otherwise.

"Rebate Fund" means the Rebate Fund created in the Tax Regulatory Agreement.

"Register" means the books kept and maintained by the Trustee for registration and transfer of Series 2010 Bonds pursuant to the Indenture.

"Regular Record Date" means, with respect to any Series 2010 Bond, the fifteenth day of the month immediately preceding an Interest Payment Date.


"Series 2010 Bonds" means the Issuer's $51,960,000 Student Housing Revenue Refunding Bonds (Stratford Heights Project - University of Cincinnati, Lessee), Series 2010, of the County of Hamilton, Ohio.

"Special Record Date" means, with respect to any Series 2010 Bond, the date established by the Trustee in connection with the payment of overdue interest on that Series 2010 Bond pursuant to the Indenture.

"State" means the State of Ohio.

"Supplemental Indenture" means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

"Tax Exempt Organization" means a non-profit Person organized under the laws of one of the states of the United States or the District of Columbia which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code or any predecessor or successor provisions of similar import heretofore or hereafter enacted.

"Tax Regulatory Agreement" means the Tax Exemption Certificate and Agreement among the Borrower, the University, the Issuer and the Trustee, dated as of July 1, 2010, as amended or supplemented from time to time.
“Trust Estate” means and consists of (a) the Pledged Revenues, including, without limitation, all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Agreement in respect of repayment of the Loan, (b) all money and investments in the Funds and Accounts established under the Indenture (provided that the Trust Estate does not include the Rebate Fund), (c) the Agreement, except for the Unassigned Issuer Rights, (d) all other real or personal property from time to time conveyed, pledged, assigned or transferred to the Trustee as additional security under the Indenture which property the Trustee is authorized to receive including the Borrower’s interests in the Ground Lease and Lease, which have been assigned to the Trustee.

“Trustee” means the Trustee at the time acting as such under the Indenture, initially The Bank of New York Mellon Trust Company, N.A., Cincinnati, Ohio, and any successor Trustee as determined or designated under or pursuant to the Indenture.

“Unassigned Issuer’s Rights” means all rights of the Issuer to receive Additional Payments under the Agreement, to be held harmless and indemnified under the Agreement, to be reimbursed for attorney’s fees and other expenses under the Agreement and to give or withhold consents to amendments, changes, modifications, alterations or termination under the Agreement.

“Underwriter” means RBC Capital Markets Corporation, Cincinnati, Ohio.

“University” means the University of Cincinnati, a state university of the State.

“University Loan” means $16,998,436 loan from the University to the Borrower to fund the acquisition of the Project Site and a portion of the construction of the Project and costs of issuance of the Prior Bonds, which loan has been subordinated by the University to the Borrower’s obligations under the Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

Issuance of Series 2010 Bonds

The Issuer shall issue, sell and deliver $51,960,000 principal amount of Series 2010 Bonds in order, together with other funds to be provided by the Borrower, to defease and then currently refund the Prior Bonds. The Series 2010 Bonds shall be designated “Student Housing Revenue Refunding Bonds (Stratford Heights Project - University of Cincinnati, Lessee), Series 2010”; shall be issuable, unless a supplemental indenture shall have been executed and delivered pursuant to the Indenture, only in fully registered form; shall be lettered “R” and numbered from “1” upward, unless otherwise determined by the Trustee, in order to distinguish each Series 2010 Bond from any other Series 2010 Bond; and shall be in the denominations of $5,000 and any integral multiple of $5,000 in excess thereof. The Series 2010 Bonds shall be issued initially in global book-entry form registered in the name of CEDE & Co., as nominee for DTC; and shall be dated initially as of the date of their delivery. Upon any exchange or transfer and surrender of any Series 2010 Bond in accordance with the provisions of the Indenture, the Issuer shall execute and the Trustee shall authenticate and deliver one or more new Series 2010 Bonds in exchange therefor as provided in the Indenture. Any such new Series 2010 Bond shall be dated as of the date of its authentication.
Delivery of the Series 2010 Bonds and Deposit of Bond Proceeds

Upon the execution and delivery of the Indenture, and satisfaction of the conditions established by the Issuer and in the Purchase Agreement for delivery of the Series 2010 Bonds, the Issuer shall execute the Series 2010 Bonds and deliver them to the Trustee. Thereupon, the Trustee shall authenticate the Series 2010 Bonds and deliver them to, or on the order of, the Underwriter, as directed by the Issuer in accordance with the Indenture.

Before the Trustee delivers any Series 2010 Bonds, the Trustee shall have received a request and authorization to the Trustee on behalf of the Issuer, signed by the Executive of the Issuer, to authenticate and deliver the Series 2010 Bonds to, or on the order of, the Underwriter upon payment to the Trustee of the amount specified therein. The proceeds of the Series 2010 Bonds shall be deposited as follows:

(a) An amount shall be deposited into the Costs of Issuance Account and shall be used to pay costs of issuance of the Series 2010 Bonds;

(b) An amount equal to the premium of the Insurance Policy shall be wired to the Insurer;

(c) An amount equal to the swap termination payment shall be transferred to Citizens Bank of Pennsylvania to terminate the swap entered into in connection with the Prior Bonds; and

(d) The remainder of the proceeds shall be transferred to the Prior Trustee, as escrow trustee, for deposit into an escrow fund created and held by the Prior Trustee pursuant to the provisions of an escrow agreement, along with other amounts held by the Prior Trustee under the Prior Indenture to be used to current refund the Prior Bonds on September 1, 2010.

Source of Payment of Bonds

To the extent provided in and except as otherwise permitted by the Indenture, (a) the Bonds shall be special obligations of the Issuer and the Bond Service Charges thereon shall be payable equally and ratably solely from the Trust Estate, and (b) the payment of Bond Service Charges on the Bonds shall be secured by the assignment of Pledged Revenues under and by the Indenture. In addition, the Series 2010 Bonds are secured by the Borrower's interests in both the Ground Lease and the Lease to the Trustee. Notwithstanding anything to the contrary in the Bond Legislation, the Bonds or the Indenture, the Bonds are not general obligations, debt or bonded indebtedness of the Issuer.

Payment and Ownership of Bonds

Bond Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee. The principal of and any premium on any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the designated corporate trust office of the Trustee. Interest on any Bond shall be paid on each Interest Payment Date by check or draft which the Trustee shall cause to be mailed on that date to the person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein, or shall be paid by wire transfer in immediately available funds to the bank account number and wire transfer address within the continental United States filed with the Trustee by the registered holder on or before the Regular Record Date in accordance with the Trustee's customary procedures. While in book entry form, payment of interest for any Series 2010 Bond registered in the name of CEDE & Co. shall be made by
wire transfer of same day funds or such other manner as permitted by the Letter of Representations, to the account of CEDE & Co. on the Interest Payment Date, the redemption date or the maturity date at the address indicated for CEDE & Co. on the Register. If and to the extent, however, that the Issuer shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. When monies become available for payment of the interest, (a) the Trustee shall, pursuant to the Indenture, establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (b) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Subject to the foregoing, each Bond delivered under the Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in the Indenture, (i) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of the Indenture, (ii) payment of or on account of the Bond Service Charges on any Bond shall be made only to or upon the order of that Holder or its duly authorized attorney in the manner permitted by the Indenture, and (iii) neither the Issuer nor the Trustee shall, to the extent permitted by law, be affected by notice to the contrary. In the event that any of the Series 2010 Bonds are registered in the name of a securities depository which uses a book entry system, the standing of the Beneficial Owner to enforce any of the covenants in the Indenture may be established through the books and records of such securities depository or a participant therein. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest thereon, to the extent of the amount or amounts so paid.

Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the Issuer will cause the Register, as provided in the Indenture, to be maintained and kept at the designated office of the Trustee.

Unless otherwise provided in the applicable Bond Legislation or Supplemental Indenture, Bonds may be exchanged, at the option of their Holder, for Bonds of the same series and of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds being exchanged. The exchange shall be made upon presentation and surrender of the Bonds being exchanged at the designated office of the Trustee for that series of Bonds, together with an assignment duly executed by the Holder or its duly authorized attorney in any form which shall be satisfactory to the Trustee.

Any Bond may be transferred upon the Register, upon presentation and surrender thereof at the designated office of the Trustee for the series thereof, together with an assignment duly executed by the Holder or its duly authorized attorney in any form which shall be satisfactory to the Trustee. Upon transfer of any Bond and on request of the Trustee, the Issuer shall execute in the name of the transferee, and the Trustee shall authenticate and deliver, a new Bond or Bonds of the same series, of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds presented and surrendered for transfer.
In all cases in which Bonds shall be exchanged or transferred under the Indenture, the Issuer shall execute, and the Trustee shall authenticate and deliver, Bonds in accordance with the provisions of the Indenture. The exchange or transfer shall be made without charge; provided, that the Issuer and the Trustee may make a charge for every exchange or transfer of Bonds sufficient to reimburse them for any tax or excise required to be paid with respect to the exchange or transfer. The charge shall be paid before a new Bond is delivered.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under the Indenture, as the Bonds surrendered upon transfer or exchange. Neither the Issuer nor the Trustee shall be required to make any exchange or transfer of a Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or to transfer or exchange any Bonds selected for redemption, in whole or in part.

In case any Bond is redeemed in part only, on or after the redemption date and upon presentation and surrender of the Bond, the Issuer shall cause execution of, and the Trustee for the series of that Bond shall authenticate and deliver, a new Bond or Bonds of the same series in authorized denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date or dates as, the Bond redeemed in part.

**Mutilated, Lost, Wrongfully Taken or Destroyed Bonds**

If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Issuer or the Trustee that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Trustee shall authenticate and deliver, a new Bond of like date, maturity and denomination and of the same series as the Bond mutilated, lost, wrongfully taken or destroyed; provided, that (a) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Trustee, and (b) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Trustee and the Borrower evidence of the loss, wrongful taking or destruction satisfactory to the Trustee and the Borrower, together with indemnity satisfactory to the Trustee and the Borrower.

If any lost, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the Authorized Borrower Representative may direct the Trustee to pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as in the case of issuance of a new Bond. The Issuer and the Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this section.

Every new Bond issued pursuant to this section by reason of any Bond being mutilated, lost, wrongfully taken or destroyed (a) shall constitute, to the extent of the outstanding principal amount of the Bond lost, mutilated, taken or destroyed, an additional contractual obligation of the Issuer, regardless of whether the mutilated, lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone and (b) shall be entitled to all of the benefits of the Indenture equally and proportionately with any and all other Bonds issued and outstanding under the Indenture.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and
remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted after the date of the Indenture.

Payments Due on Legal Holidays

In any case where the date of maturity of interest on, principal of or premium, if any, on the Bonds or the date fixed for the redemption of any Bond will not be a Business Day, then payment of such interest on, principal of or premium, if any, or purchase price payment on the Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

Creation of Pledged Revenue Fund

The Issuer created and established with the Trustee the Pledged Revenue Fund. The Trust is required under the Indenture to deposit all Pledged Revenues into the Pledged Revenue Fund.

The Pledged Revenue Fund is to be used as provided in the Indenture.

Creation of the Bond Fund

The Issuer created and established with the Trustee the Bond Fund. Within the Bond Fund are created the following Accounts:

(a) the Principal Account; and

(b) the Interest Account.

Additional accounts may be created within the Bond Fund such that the Trustee may at all times ascertain the date of deposit, the amounts, and the source of the funds in each account. The Bond Fund is to be used as provided in the Indenture.

Creation of the Costs of Issuance Account

The Issuer created and established with the Borrower the Costs of Issuance Account. The Costs of Issuance Account shall be used to pay costs of issuance of the Series 2010 Bonds.

Payments into the Bond Fund

(a) The Trustee shall deposit into the Principal Account from the Pledged Revenue Fund, (i) all amounts attributable to the payment of principal on the Bonds; and (ii) investment earnings on amounts in the Principal Account; and

(b) The Trustee shall deposit into the Interest Account from the Pledged Revenue Fund, (i) all amounts attributable to the payment of interest on the Bonds; and (ii) investment earnings on amounts in the Interest Account.

Use of Money in the Bond Fund

Moneys in the Bond Fund shall be used to pay Bond Service Charges with respect to the Series 2010 Bonds and as otherwise provided in the Indenture.
Investment of Funds; Moneys Held in Trust

Except as provided in the Indenture, moneys in the Funds created in the Indenture and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments by written direction of the Authorized Borrower Representative. Investments of moneys in the Bond Fund shall mature or be redeemable without penalty at the option of the Trustee at the times and in the amounts necessary to provide moneys to pay Bond Service Charges as they become due at stated maturity or by redemption.

Subject to any directions from the Authorized Borrower Representative with respect thereto, from time to time, the Trustee may sell Rebate Fund and Bond Fund investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. Any of those investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient moneys applicable under the Indenture to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any such order. Unless otherwise provided in the Indenture, an investment made from moneys credited to a Fund shall constitute part of that Fund, and each Fund shall be credited with all proceeds of sale and income from investment of moneys credited to such Fund. For purposes of the Indenture, those investments shall be valued at face amount or market value, whichever is less.

The Issuer and the Borrower acknowledge that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer or the Borrower the right to receive brokerage confirmation of security transactions, the Issuer and the Borrower waive receipt of such confirmation.

Application of Pledged Revenues to the Indenture Funds

(a) For as long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid, or until payment of the Bonds has been provided for as permitted in the Indenture, the Borrower agrees to collect and apply the Pledged Revenues only as follows. The Pledged Revenues shall upon receipt be deposited into the Pledged Revenue Fund in accordance with the Indenture and shall be used only for the purposes and in the manner herein provided. Such Pledged Revenue Fund shall be distributed to the other Funds as set forth below, in the following order of priority:

(i) Amounts on deposit in the Pledged Revenue Fund shall first be applied to make deposits to the Rebate Fund in an amount equal to the rebate amount, if any, as calculated pursuant to the Tax Regulatory Agreement.

(ii) Amounts on deposit in the Pledged Revenue Fund shall next be used to deposit into the Interest Account of the Bond Fund, on the third Business Day preceding the first day of each June and December, commencing with the third Business Day preceding the first day of December, 2010, an amount equal to the interest to become due on the next Interest Payment Date and into the Principal Account of the Bond Fund on the third Business Day preceding the first day of June, commencing the third Business Day preceding the first day of June, 2011, an amount equal to of the principal due on the Bonds, whether pursuant to maturity, any scheduled optional redemption or to any mandatory sinking fund redemption, on the next maturity or redemption date. Such payments shall be increased or decreased to the extent required to pay principal and interest becoming due after making allowances for the amounts of money, if any, which are on deposit in such account.
(iii) Amounts on deposit in the Pledged Revenue Fund shall next be applied to pay any Trustee expenses which may be due.

(iv) Upon the issuance of any Additional Bonds under the terms, limitations and conditions as are provided herein and in the Indenture, the payments into the several accounts in the Bond Fund shall be increased in such amounts as shall be necessary to make the payments for the principal of, interest on and reserves for such Additional Bonds.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indenture.

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of or any premium on any Bond shall not be made when and as that principal or premium shall become due and payable, whether at stated maturity, by redemption, pursuant to any mandatory sinking fund requirements, by acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer, the University and the Borrower 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 Insurer or the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding; and

(d) The occurrence and continuation of an Event of Default as defined in the Agreement.

The term “default” or “failure” as used above means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, (ii) a default or failure by the Borrower under the Agreement, exclusive of any period of grace or notice required to constitute a default or failure an Event of Default, as provided above or in the Agreement or (iii) a default or failure by the University under the Lease, exclusive of any period of grace or notice required to constitute a default or failure or Event of Default as provided above or in the Lease.

Notice of Default

If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Issuer, the Borrower, the Insurer and the University, within five Business Days after (i) the Trustee has received notice of an Event of Default, or (ii) the Event of Default is an event as described in paragraph (a) or (b) in the definition of Event of Default above. In addition, the Trustee shall promptly notify the Borrower by telephone if the Trustee has not received any Loan Payment on the date on which such Loan Payment is due.
Acceleration

Upon the occurrence of an Event of Default as specified in paragraph (a) or (b) of the definition of Event of Default, the Trustee shall declare, upon written direction of the Insurer so long as the Insurer is not then in default under the Insurance Policy, by a notice in writing, 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 any other Event of Default, the Trustee shall, upon written direction of the Insurer so long as the Insurer is not then in default under the Insurance Policy and if the Insurer is so then in default, upon the written direction of the University (if the Lease is in full force and effect and the University is not then in default thereunder) declare by a notice in writing, the principal of all Bonds then outstanding (if not then due and payable), together with interest accrued thereon, to be due and payable immediately.

Any such declaration of acceleration shall be by immediate notice in writing to the Issuer, the University and the Borrower, and, upon said declaration, principal and interest on all Bonds shall become and be immediately due and payable. The Trustee immediately upon such declaration of acceleration shall give notice thereof with the same content and to the same persons as provided in the Indenture with respect to the redemption of the Bonds. Such notice shall specify the date on which payment of principal and interest shall be tendered to the Holders of the Bonds. Interest shall accrue to the payment date determined by the Trustee (which date shall be within five Business Days of the date of the notice of acceleration) pursuant to such declaration. Upon any declaration of acceleration under the Indenture, the Trustee shall immediately exercise such rights as it may have under the Agreement to declare all payments under the Agreement to be immediately due and payable.

Other Remedies; Rights of Holders

With or without taking action described under Acceleration, upon the occurrence and continuance of an Event of Default, the Trustee may, subject to the direction of the Insurer so long as the Insurer is not then in default under the Insurance Policy, pursue any other available remedy to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Agreement or any other instrument providing security, directly or indirectly, for the Bonds.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.
As the assignee of all right, title and interest of the Issuer in and to the Agreement (except for the Unassigned Issuer’s Rights) and the Lease, the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Agreement and the Lease. In exercising any remedy, right or power thereunder or under the Indenture, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture.

**Right of Holders to Direct Proceedings**

The Holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of the Indenture, (b) the Trustee shall be indemnified as provided in the Indenture, and (c) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

**Application of Moneys**

All moneys received by the Trustee after acceleration of the maturity of the Bonds shall be applied by the Trustee to and only to the payment of principal of or interest on the Bonds. Subject to the foregoing, after payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee under the Indenture or under the Bonds or the Agreement (including without limitation, reasonable attorneys’ fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), and all outstanding Trustee’s fees and expenses, all moneys received by the Trustee under the Indenture shall be applied as follows, subject to any provision made pursuant to the Indenture:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of those moneys shall be deposited in the Bond Fund and shall be applied;

FIRST -- To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds;

SECOND -- To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they become due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and
THIRD -- To the payment of any amounts due and owing the Insurer.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to the Indenture, all of those moneys shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds. Moneys remaining in the Bond Fund thereafter shall be applied as set forth in the Indenture.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to the Indenture, and if that declaration thereafter shall have been rescinded and annulled under the provisions of the Indenture, subject to the provisions of paragraph (b) of this section in the event that the principal of all of the Bonds shall become due and payable later, the moneys shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of the Indenture.

(d) Whenever moneys are to be applied pursuant to the provisions of this section, those moneys shall be applied as soon as practicable as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys to payment of principal of and interest on the Bonds, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of and any premium on a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Remedies Vested in Trustee

All rights of action (including without limitation, the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the outstanding Bonds, subject to the provisions of the Indenture.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust of the Indenture, or for the exercise of any other remedy under the Indenture, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, or of which it is deemed to have notice under that paragraph,
(b) subject to the rights of the Insurer, the Holders of at least twenty-five percent in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Indenture, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided in the Indenture, any remedy, right or power under the Indenture. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond. The Holders shall also have the right of mandamus.

Termination of Proceedings

In case the Trustee shall have proceeded to enforce any remedy, right or power under the Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer and the Holders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Waivers of Events of Default

Except as otherwise provided in the Indenture, at any time, in its discretion, the Trustee may waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of acceleration of principal of the Bonds.

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 Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee with the consent of the Insurer and the University so long as the University is not then in default under the Lease, may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Issuer and the Trustee, be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:
(a) To cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

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

(c) To assign additional revenues under the Indenture;

(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 Issuer under the Indenture, 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 Issuer in the Indenture, including without limitation, the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relationship to one another for the protection of the Holders of a particular series of Bonds;

(f) To evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Agreement and the Bonds;

(g) To permit the exchange of Bonds, at the option of the Holder or Holders thereof for coupon bonds of the same series payable to the holder thereof, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Bonds, bearing interest at the same rate or rates and maturing on the same date or dates, provided that the Trustee shall receive an opinion of Bond Counsel that such exchange would not result in the interest on any of the Series 2010 Bonds outstanding becoming included in gross income for federal income tax purposes;

(h) To permit the use of a book entry system to identify the owner of an interest in an obligation issued by the Issuer under the Indenture, whether that obligation was formerly, or could be, evidenced by a tangible security;

(i) To permit the Trustee to comply with any obligations imposed upon it by law;

(j) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee;

(k) To achieve compliance of the Indenture with any applicable federal securities or tax law;

(l) To make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds in accordance with the Indenture as do not, in the judgment of the Trustee, adversely affect the interests of the Holders of Outstanding Series 2010 Bonds; and

(m) To permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or materially prejudicial to the Holders.
The provisions of the Indenture shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

**Supplemental Indentures Requiring Consent of Holders**

Exclusive of Supplemental Indentures to which reference is made in the Indenture and subject to the terms, provisions and limitations contained in this section, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, evidenced as provided in the Indenture, with the consent of the University, and with the consent of the Borrower if required by the Indenture, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in the Indenture shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected and the University, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of or premium on any Bond or a revision to the method of calculation of the rate of interest thereon, or (iii) a reduction in the amount of, or extension of the time of payment pursuant to, any mandatory sinking fund requirements, any mandatory redemption provision, or

(b) without the consent of the Holders of all Bonds then outstanding and the University, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this section, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent and receipt of the University’s consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first class mail, postage prepaid, to all Holders of Bonds then outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee’s failure to mail, or the failure of any Holder to receive, the notice required by this section. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this section. The notice shall be prepared by or on behalf of the Issuer and shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Issuer, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than the required percentage in aggregate principal amount of the Bonds then outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and
deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds outstanding shall have consented to the Supplemental Indenture, as provided in this section, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Release of Indenture

If (a) the Issuer shall pay all of the outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture and under the Agreement, then the Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the Indenture), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied. Thereupon,

(i) the Trustee shall release the Indenture (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the Indenture), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge as or as reasonably may be requested by the Issuer, and

(ii) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in their possession, except amounts in the Bond Fund required (A) to be paid to the Borrower under the Indenture, or (B) to be held by the Trustee under the Indenture or otherwise for the payment of Bond Service Charges.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture:

(a) the Trustee shall have received, in trust for and irrevocably committed thereto, sufficient moneys, or
(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Indenture), for the payment of all Bond Service Charges on those Bonds, at their maturity or redemption date, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Bond Service Charges thereon to the date of the tender of payment; provided if any of those Bonds are to be redeemed prior to the maturity thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice.

Any moneys held by the Trustee in accordance with the provisions of this section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which moneys will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to the Agreement, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice by first class mail, postage prepaid, to be given to each Holder thereof as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds of a particular series are deemed paid and discharged, set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this section and specify any date or dates on which any of the Bonds are to be called for redemption pursuant to notice of redemption given or irrevocable provisions made for such notice pursuant to the first paragraph of this section.

Survival of Certain Provisions

Notwithstanding the foregoing, any provisions of the Bond Legislation and the Indenture which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, optional or mandatory tender provisions, credit against mandatory sinking fund requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentation of Bonds, the holding of moneys in trust, and repayments to the Borrower from the Bond Fund and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of the Indenture. The provisions of the Indenture described in Release of Indenture, Payment and Discharge of Bonds, and this section shall survive the release, discharge and satisfaction of the Indenture.

Amendments to the Agreement Not Requiring Consent of Holders

Without the consent of or notice to the Holders, the Issuer and the Trustee may, with the written consent of the University and the Insurer, consent to any amendment, change or modification of the Agreement as may be required (a) by the provisions of the Agreement or the Indenture, (b) for the
purpose of curing any ambiguity, inconsistency or formal defect or omission in the Agreement, (c) in connection with an amendment or to effect any purpose for which there could be an amendment of the Indenture pursuant to the provisions of the Indenture, or (d) in connection with any other change in the Indenture which is not to the prejudice of the Trustee or to the material prejudice the holders of the Bonds in the judgment of the Trustee.

Amendments Requiring Consent of Holders

Except for the amendments, changes or modifications contemplated in the Indenture that do not require consent of Holders, neither the Issuer nor the Trustee shall consent to:

(a) any amendment, change or modification of the Agreement which would change the amount or times as of which Loan Payments are required to be paid, without the giving of notice as provided in this section of the proposed amendment, change or modification and receipt of the written consent thereto of the University and the Holders of all of the then Outstanding Bonds, or

(b) any other amendment, change or modification of the Agreement without the giving of notice as provided in this section of the proposed amendment, change or modification and receipt of the written consent thereto of the University and the Insurer and the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

The consent of the Holders shall be obtained as provided in the Indenture with respect to Supplemental Indentures.

If the Issuer or the Borrower shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Agreement contemplated in subparagraphs (a) or (b), upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by the Indenture with respect to notice of Supplemental Indentures. That notice shall be prepared by or on behalf of the Issuer and shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed amendment, change or modification of the Agreement complies with the provisions of the Indenture and the Agreements, (ii) it is proper for the Trustee to consent to any such amendment, change or modification under the provisions of the Indenture and the Agreement.

Purposes of Meetings of Holders

A meeting of Holders, or of the Holders of any series of Bonds, may be called at any time and from time to time pursuant to the provisions of the Indenture, to the extent relevant to the Holders of all of the Bonds or of Bonds of that series, as the case may be, to take any action (a) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds, or of that series, (b) under any provision of the Indenture or (c) authorized or permitted by law.
Call of Meetings

The Trustee may call at any time a meeting of Holders pursuant to the Indenture to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first class mail, postage prepaid, not fewer than 15 nor more than 90 days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day preceding the mailing shall be the record date for the meeting.

If at any time the Issuer, the Borrower, or the Holders of at least twenty-five percent in aggregate principal amount of the Bonds, or if applicable, the affected series of Bonds, then outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Issuer, the Borrower or the Holders of Bonds in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action described in Purposes of Meetings of Holders above, by mailing notice thereof as provided above.

Any meetings of Holders, or the Holders of any series of Bonds affected by a particular matter, shall be valid without notice, if the Holders of all Bonds, or if applicable, the affected series of Bonds, then outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the Holders of all Bonds, or if applicable, the affected series of Bonds, outstanding who were not so present at the meeting, and if the Issuer, the Borrower and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Voting

To be entitled to vote at any meeting of Holders, a Person shall (a) be a Holder of one or more outstanding Bonds, or if applicable, of the affected series of Bonds, as of the record date for the meeting as determined above, or (b) be a person appointed by an instrument or document in writing as proxy by a Person who is a Holder as of the record date for the meeting, of one or more outstanding Bonds or, if applicable, of the affected series of Bonds. Each Holder or proxy shall be entitled to one vote for each $5,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Meetings

Notwithstanding any other provision of the Indenture, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of Holders, with regard to

(a) proof of the holding of Bonds and of the appointment of proxies,

(b) the appointment and duties of inspectors of votes,

(c) recordation of the proceedings of those meetings,

(d) the execution, submission and examination of proxies and other evidence of the right to vote, and
(e) any other matters concerning the conduct, adjournment or reconvening of meetings which it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the Borrower or by the Holders, as provided in the Indenture, in which case the Issuer, the Borrower or the Holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at the meeting and their counsel, any representatives of the Trustee and its counsel, any representatives of the Issuer and its counsel, any representatives of the Borrower and its counsel and any representatives of the University and its counsel.

Provisions Relating to Bond Insurance

Notwithstanding anything in the Indenture to the contrary, the following provisions shall govern so long as the Insurer is not then in default under the Insurance Policy:

The Insurer shall be deemed to be the sole holder of the Series 2010 Bonds for the purposes of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the article of the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

The maturity of Series 2010 Bonds shall not be accelerated without the consent of the Insurer and in the event the maturity of the Series 2010 Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Insurer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer’s obligations under the Insurance Policy with respect to such Series 2010 Bonds shall be fully discharged.

1 No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

The Insurer shall be a third party beneficiary to the Indenture.

Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2010 Bonds to be redeemed shall be subject to the approval of the Insurer.

Any amendment, supplement, modification to, or waiver of, the Indenture, the Agreement, the Lease or any other transaction document, including any underlying security agreement (each a “Related Document”), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

The rights granted to the Insurer under the Indenture or any other Related Documents to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy.
Any exercise by the Insurer of such rights is merely an exercise of the Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, on or behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

Only (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any period claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Series 2010 Bonds unless the Insurer otherwise approves.

To accomplish defeasance of the Series 2010 Bonds, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Series 2010 Bonds in full on the maturity or redemption date (“Verification”), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2010 Bonds are no longer “Outstanding” under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2010 Bonds; such Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Series 2010 Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Trust Indenture and the Series 2010 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

Each of the Issuer and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as it necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

**Claims Upon the Insurance Policy and Payments by and to the Insurer.** If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2010 Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series

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2010 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2010 Bonds and the amount required to pay principal on the Series 2010 Bonds, confirmed in writing to the Insurer and the Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of the payment or principal on Series 2010 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2010 Bonds registered to the then current Holders of the Series 2010 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2010 Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Series 2010 Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2010 Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2010 Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Holders of the Series 2010 Bonds referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Holders of the Series 2010 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to the Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2010 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall be promptly remitted to the Insurer.
The Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2010 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Series 2010 Bonds.

The Insurer shall be entitled to pay principal or interest on the Series 2010 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2010 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

The notice address of the Insurer is: Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), 31 West 52nd Street, New York, New York 10019, Attention: Managing Director -- Surveillance, Re: Policy No. 212339-N, Telephone: (212) 826-0100; Teletypewriter: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

The Insurer shall have the right to receive such additional information as it may reasonably request.

The Trustee shall notify the Insurer of any failure of the Issuer, the Borrower or the University to provide notices, certificates and other information under the transaction documents.

Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance.

In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2010 Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2010 Bonds may be impaired or prejudiced in any material respect except obtaining the prior written consent of the Insurer.
SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

Issuance of the Series 2010 Bonds; Application of Proceeds

To provide funds to make the Loan for purposes of assisting the refunding of the Prior Bonds, the Issuer will issue, sell and deliver the Series 2010 Bonds to the Underwriter. The Series 2010 Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption as set forth therein. In the Agreement the Borrower approves the terms and conditions of the Indenture and the Series 2010 Bonds, and the terms and conditions under which the Series 2010 Bonds will be issued, sold and delivered.

The net proceeds from the sale of the Series 2010 Bonds (the face amount of the Series 2010 Bonds less Underwriter’s discount and other costs of issuance) shall be loaned to the Borrower and (i) transferred to the Prior Trustee for the benefit of the Holders of the Prior Bonds and used to, together with other funds available to the Prior Trustee, reimburse the Letter of Credit Bank for the draw on its letter of credit which will pay the holders of the Prior Bonds the optional redemption price of the Prior Bonds, and (ii) used to pay the termination fee of the swap entered into with respect to the Prior Bonds.

At the request of the Borrower, and for the purposes and upon fulfillment of the conditions specified in the Indenture, the Issuer may provide for the issuance, sale and delivery of Additional Bonds and loan the proceeds from the sale thereof to the Borrower.

Loan Repayment; Delivery of Note

Upon the terms and conditions of the Agreement, the Issuer will make the Loan to the Borrower. In consideration of and in repayment of the Loan, the Borrower shall make as Loan Payments, payments sufficient in time and amount to pay when due all Bond Service Charges, all as more particularly provided in the Project Note and any Additional Notes. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Notes for the account of the Issuer and shall be held and applied in accordance with the provisions of the Indenture and the Agreement.

Indemnification

The Borrower releases the Issuer and the Trustee from, agrees that the Issuer and the Trustee shall not be liable for, and agrees to protect, defend, indemnify and hold harmless the Issuer and the Trustee from and against, any liabilities, claims, costs, penalties, fines, damages, losses and expenses (including, but not limited to any reasonable legal or other expense incurred in investigating any cost, liability, expense or claim) arising from or on account of (a) any loss 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 Facilities or the use thereof; (provided, however, that the indemnity shall be effective only to the extent of any loss in excess of amounts paid to the Trustee from any liability or property insurance carried with respect to the loss sustained), (b) any breach or default on the part of the Borrower in the performance of any covenant or agreement on the part of the Borrower to be performed pursuant to the terms of any of the Bond Documents (including, without limitation, with respect to the excludability of interest on the Series 2010 Bonds from gross income for federal income tax purposes); (c) the issuance of the Bonds and the Borrower’s provision of information concerning the Project, the Borrower, its financial status or other matters relating to the Borrower or to the excludability of interest on the Series 2010 Bonds from gross income for federal income tax purposes; (d) any act or failure to act by the Borrower or any of the Borrower’s agents, contractors, servants, employees, or licensees; (e) any action taken or omitted to be taken by the Issuer or the Trustee in accordance with the terms of the Bond Documents or the Bonds, or at the request of or with the consent of the Borrower or the Issuer; (f) any accident, injury or damage
whatever caused to any person, firm or corporation occurring during the term of the Agreement, in or about the Project Facilities; and (g) any claim, action or proceeding brought thereon. In case any action or proceeding is brought against the Issuer or the Trustee by reason of any such claim, the Borrower upon notice from the Issuer or the Trustee covenants to resist or defend such action or proceeding at the Borrower's expense. Neither the Issuer nor the Trustee shall settle or compromise such claim, action or proceeding without the written consent of the Borrower (which consent shall not be withheld unreasonably), if there exists no Event of Default by the Borrower as defined in the Agreement. Nothing contained in this section, however, shall require the Borrower to indemnify the Issuer or any of its officials, officers, employees or agents, or the Trustee or any of its officers, employees or agents, from any cost, liability, expense, loss or claim arising out of or resulting from the willful misconduct or gross negligence of the Issuer or any of its officials, officers, employees, members of its Commissioners or agents, or the willful misconduct or negligence of the Trustee or any of its officers, employees, independent contractors and agents. The indemnification provided in the Agreement to the Issuer and the Trustee shall include their respective officials, officers, members, employees, independent contractors and agents.

Maintenance of Corporate Existence and Tax Status

The Borrower agrees that it will at all times maintain its existence as a nonprofit corporation and that it will not take any action or suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit corporation or its status as Tax Exempt Organization. The Borrower further covenants that none of its gross revenues, income or profits, whether realized or unrealized, will be distributed to any of its directors or trustees, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Borrower, provided, however, that the Borrower may pay to any person, association or corporation the value of any service or product performed or supplied by such person, association or corporation.

The Borrower shall not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless (1) the Person formed by such consolidation or into which the Borrower is merged or the Person which thus acquires the properties and assets of the Borrower (a) is a Tax Exempt Organization or the Borrower shall have delivered to the Issuer, the Trustee, the Insurer and the University an opinion of Bond Counsel satisfactory to the Issuer, the Trustee, the Insurer and the University to the effect that such transaction will not adversely affect the validity of the Bonds or the treatment for federal income tax purposes of the interest earned by the holders of the Bonds and (b) expressly assumes by a supplement to the Agreement, in form satisfactory to the Trustee, the due and punctual payment of the amounts required to be paid under the Agreement by the Borrower and the Insurer and the performance of every covenant of the Agreement on the part of the Borrower to be performed or observed; (2) the Borrower has delivered to the Trustee, the Insurer and the University a certificate of a duly authorized officer and an opinion of counsel addressed to the Trustee, the Insurer and the University each stating that such consolidation, merger, conveyance or transfer and such supplement comply with this section and that all conditions precedent in the Agreement provided for relating to such transaction have been complied with; and (3) the Trustee has received the prior written consent of the University and the Insurer to such consolidation, merger, conveyance or transfer.

If a transfer of assets is made as provided in this section, the provisions of this section shall continue in full force and effect and no further such transfer of assets shall be made except in compliance with the provisions of this section.
Borrower Not to Adversely Affect Tax-Exempt Status of Interest on Series 2010 Bonds

Notwithstanding anything in the Agreement to the contrary, the Borrower, for the benefit of the Issuer and each Bondholder, agrees that it will not take or permit to be taken on its behalf, any action which would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2010 Bonds, and that it will make and take, or require to be made and taken, such acts and filings as may from time to time be required under the Code and pursuant to the Indenture to establish and maintain the excludibility from gross income for federal income tax purposes of the interest on the Series 2010 Bonds.

The Borrower agrees that it will neither take or fail to take any action nor, to the extent within its control, suffer any action to be taken by others which will alter, change or destroy its status as an entity described in Section 501(c)(3) of the Code.

The Borrower further covenants that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its officers or trustees or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Borrower, including but not limited to the Borrower’s ability to pay to any person, association or corporation the reasonable value of any service or product performed for or supplied to the Borrower by such person, association or corporation.

The Borrower further agrees that it will take such actions as are necessary or appropriate and within its control to take to comply with any applicable provisions of the Code and the regulations promulgated thereunder in order to avoid any loss of any exemption from federal income taxation to which interest on the Series 2010 Bonds would otherwise be entitled, and will not act or fail to act in any other manner which would adversely affect such exemption. In connection with the foregoing, the Borrower acknowledges and agrees to comply with the provisions of the Tax Regulatory Agreement.

The Borrower further acknowledges that in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Series 2010 Bonds, the Issuer is likely to be treated as the “taxpayer” in such examination, and the Borrower agrees that it will respond, and will direct the Issuer to respond, in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Issuer covenants that it will cooperate with the Borrower, at the Borrower’s expense and at its direction, in connection with such examination.

Compliance with Laws; Use of Project Facilities

The Borrower shall, throughout the term of the Agreement, promptly comply or cause compliance with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project Facilities or to the repair and alteration thereof, or to the use or manner of use of the Project Facilities, or to the Borrower’s and any lessee’s, including, without limitation, the University’s, operations on the Project Site. Notwithstanding the foregoing, the Borrower shall have the right to contest the legality or the applicability of any such law, ordinance, order, rule, regulation or requirement so long as in the opinion of counsel satisfactory to the Trustee such contest shall not in any way materially adversely affect or impair the obligations of the Borrower under the Agreement or any right or interest of the Trustee in, to and under the Indenture or the Agreement.
The Borrower will use the Project Facilities only in furtherance of the lawful corporate purposes of the Borrower. The Borrower further agrees that it will not use the Project Facilities, or permit the Project Facilities to be used by any person in such manner as would result in the loss of excludability of the interest from gross income for federal income tax purposes of interest on the Bonds otherwise afforded under Section 103(a) of the Code.

Taxes, Permits, Utility and Other Charges

The Borrower shall pay and discharge, promptly as and when the same shall become due and payable, all taxes and governmental charges of any kind whatsoever that may be lawfully assessed against the Issuer, the Trustee or the Borrower with respect to the Project or Project Site or any portion thereof. The Borrower may in good faith contest any such tax or governmental charge, and in such event may permit such tax or governmental charge to remain unsatisfied during the period of such contest and any appeal therefrom unless in the opinion of counsel satisfactory to the Trustee by such action any right or interest of the Trustee in, to and under the Indenture or the Agreement shall be materially endangered or the Project or Project Site or any part thereof shall become subject to imminent loss or forfeiture, in which event such tax or governmental charge shall be paid prior to any such loss or forfeiture.

Litigation Notice

The Borrower shall give the Trustee, the Insurer and the University prompt notice of any action, suit or proceeding by the Borrower or against the Borrower at law or in equity, or before any governmental instrumentality or agency, or of any of the same which may be threatened, which if adversely determined, would materially impair the right of the Borrower to carry on the business which is contemplated in connection with the Project, or would materially and adversely affect the Borrower’s business, operations, properties, assets or condition.

Removal of Portions of the Project

The Borrower shall be under no obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary portions of the Project; provided, however, that such failure to renew, repair or replace does not impair the character of the Project as “housing” within the meaning of the Act. The Borrower shall have the right, from time to time, to substitute personal property for any portion of the Project, provided that the property so substituted shall not impair the character of the Project as “housing” within the meaning of the Act, and shall have a value not less than the value of the personal property for which it is substituted. Any such substituted property shall be included under the terms of the Agreement as part of the Project.

The Borrower shall have the right to remove any portions of the Project consisting of personal property, without substitution therefor; provided, however that such removal does not impair the character of the Project as “housing” within the meaning of the Act.

Eligible Tenants

The Borrower agrees to lease or to cause the University to lease the dwelling units of the Project to only any person who is either a student, a member of the faculty or on the staff of the University so long as any of the Series 2010 Bonds remain Outstanding.
Negative Covenants

For so long as any obligation of the Borrower in connection with the Agreement or any of the other Bond Documents remains outstanding, the Borrower shall not, unless the Issuer and the Insurer otherwise consents in writing:

(a) Create, incur, assume or permit any indebtedness (including guaranties of others’ indebtedness) except (i) indebtedness under or permitted by the Agreement; (ii) indebtedness otherwise owed to the Issuer; (iii) indebtedness under the Indenture; or (iv) to the extent and in the amounts existing on the date of the Agreement, the indebtedness to the University, as disclosed in the Borrower’s financial statements;

(b) Guarantee or otherwise in any way become or be responsible for the indebtedness or obligations of any other person, contingently or otherwise;

(c) Make loans or advances to anyone or any other entity, including, but not limited to, the University, members or officers of the Borrower;

(d) Create, incur, assume or permit to exist, arise or attach to any lien (other than in favor of the Issuer or the Trustee) in the Project, the Project Site or in any other present or future asset of the Borrower;

(e) Divert (or permit anyone to divert) any of its business opportunities to any affiliate or any other corporate or business entity in which the Borrower or its members holds a direct or indirect interest; or

(f) Other than the Lease and the Ground Lease enter into any lease of real or personal property as the lessee, or become or remain liable in any way with respect thereto whether by assignment, as guarantor or surety.

Events of Default

Each of the following events is an Event of Default under the Agreement:

(a) The Borrower’s failure to make any payment of Loan Payments or Additional Payments or any payment under the Agreement within the time required in the Agreement.

(b) The occurrence of an event of default under the Indenture or the Lease.

(c) The Borrower’s failure to observe and perform any of its other covenants, conditions or agreements contained in the Agreement for a period of 30 days after written notice (unless the University, the Insurer and the Trustee shall agree in writing to an extension of such time prior to its expiration) specifying such failure and requesting that it be remedied, given by the University, the Insurer or the Trustee to the Borrower; provided however that if such failure shall be such that it can be corrected but not within such period, it shall not constitute an Event of Default if corrective action is promptly instituted by the Borrower within such period and diligently and continuously pursued until the failure is corrected; provided, further, in no event shall such additional period exceed 60 additional days.
(d) If any representation or warranty by the Borrower contained in the Agreement, or in the Purchase Agreement, or in any certificate or instrument delivered by the Borrower pursuant to the Agreement or the Purchase Agreement, is false or misleading in any material respect.

(e) The transfer of the assets of the Borrower, except as may be permitted in the Agreement.

(f) The Borrower shall commence any case, proceeding or other action relating to the Borrower in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition, readjustment of the Borrower’s debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the Borrower shall apply for a receiver, custodian or trustee of the Borrower or for all or a substantial part of the Borrower’s property; or the Borrower shall make an assignment for the benefit of creditors; or the Borrower shall be unable to, or shall admit in writing the inability to, pay the Borrower’s debts as they become due; or the Borrower shall take any action indicating the Borrower’s consent to, approval of or acquiescence in, or in the furtherance of, any of the foregoing.

(g) Any case, proceeding or other action against the Borrower shall be commenced in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of the Borrower’s debts, or any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or a receiver, custodian or trustee of the Borrower or for all or a substantial part of the Borrower’s property shall be appointed; or a warrant of attachment, execution or restraint, or similar process shall be issued against any substantial part of the property of the Borrower; and in each such case such condition shall continue for a period of 90 days undischarged, undischarged or unbonded.

The provisions of paragraph (c) above are subject to the following limitations: If by reason of acts of God; winds; fires; epidemics; landslides; floods; droughts; famines; strikes; lockouts or other industrial disturbances; acts of public enemies; acts or orders of any kind of any governmental authority; insurrection; military action; war, whether or not declared; sabotage; riots; civil disturbances; explosions; breakage or accident to transmission pipes or canals; partial or entire failure of utilities, Borrower is unable in whole or in part to carry out the agreements on Borrower’s part contained in the Agreement, other than obligations on the part of Borrower to make the payments required under the Notes and the Agreement, to carry insurance, to pay any ad valorem property taxes, and to make other payments or deposits pursuant to the terms of the Agreement, Borrower shall not be deemed in default during the continuance of such inability. Borrower shall, however, use Borrower’s best efforts to remedy with all reasonable dispatch the cause or causes preventing Borrower from carrying out Borrower’s agreements; provided, that Borrower shall not in any event be required to settle strikes, lockouts or other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of Borrower, not in the interest of Borrower.

The provisions of paragraphs (f) and (g) of the definition of Event of Default are subject to the condition that the declaration of an Event of Default due to any of the acts or circumstances specified therein, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of the United States Bankruptcy Code affecting or precluding such declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.
Remedies on Default

Whenever any Event of Default shall have happened and be continuing, any one or more of the following rights and remedies may be exercised by the Trustee (at the direction of the Insurer so long as the Insurer is not then in default under the Insurance Policy):

(a) If acceleration of the Bonds has occurred pursuant to the Indenture, the Trustee may declare all Loan Payments to be immediately due and payable, whereupon the same shall become immediately due and payable. If the Trustee elects to exercise the remedy afforded in this paragraph (a) and accelerates all Loan Payments, the amount then due and payable by the Borrower as accelerated payments shall be the sum of (1) the aggregate principal amount of the Bonds then outstanding, (2) all unpaid interest on the Bonds accruing to the date set pursuant to the Indenture, (3) the amount of the redemption premium, if any, then applicable to the Bonds, (4) all unpaid Trustee fees and expenses accruing to such date, and (5) any amount then due the Issuer and the Insurer under the Agreement.

(b) The Trustee may have access to and inspect, examine and make copies of, the financial books, records and accounts of the Borrower pertaining to the Project Facilities.

(c) The Trustee may exercise any remedy provided for in the Indenture or in any other Bond Document.

(d) The Trustee may take whatever action at law or in equity may appear necessary or desirable to collect any sums then due and thereafter to become due under the Agreement or to enforce the observance or performance of any covenant, condition or agreement of the Borrower under the Agreement.

Any amounts collected pursuant to action taken by the Trustee under this section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Whenever any Event of Default shall have occurred and be continuing which results from failure of the Borrower to pay to or perform for the Issuer any payment, covenant, agreement or warranty not assigned to the Trustee, the Issuer may (but need not) proceed directly against the Borrower and may take any action at law or in equity which it may deem necessary or desirable to collect or enforce such payment or performance in default. The Issuer shall promptly notify the Trustee, and the University of any such action; however, the failure of the Issuer to give such notice shall not affect the validity of any such action.

The provisions of this section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

No Remedy Exclusive

No remedy in the Agreement conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy in the Agreement and in the Indenture or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any
such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to enable the Issuer or the Trustee to exercise any remedy reserved to it in the Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in the Agreement.

Waiver of Events of Default

If the Trustee shall rescind any declaration of acceleration of payments of the principal of and interest on the Bonds, such rescission shall also waive any corresponding Event of Default under the Agreement and its consequences. In case of any such waiver or rescission, or in case any proceeding taken by the Issuer or Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Borrower and the Trustee shall be restored to their former positions and rights under the Agreement, but no such waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Remedies Subject to Provisions of Law

All rights, remedies and powers provided by the Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of the Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling, and to be limited to the extent necessary so that they will not render the Agreement invalid or unenforceable under the provisions of any applicable law.

Remedies Under Uniform Commercial Code

In addition to any other remedies provided for by the Agreement, the Issuer and the Trustee shall have the rights of a secured party and the Borrower shall have the rights of a debtor under the Uniform Commercial Code of the State with respect to the Agreement upon the occurrence and continuance of an Event of Default under the Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AGREEMENT

Rent

On or before each Lease Payment Date, the University is required under the Lease to make payments to the Borrower in an amount equal to the Base Rent due on each Lease Payment Date, provided, however, that the University shall be allowed a credit equal to the amount of money, if any, to be transferred by the Trustee to the Pledged Revenue Fund in accordance with the Indenture and credited as Base Rent, as shown in statement delivered to the Borrower and the University by the Trustee. That money transferred will be applied as a prepayment of Base Rent.

The University is also required to pay the Borrower, as Additional Rent, the net receipts of the Project after payment of Bond Service Charges and all operating expenses incurred by the University, and all other reasonable costs and expenses incurred or paid by the Borrower or the Trustee under the Lease, or the Indenture with respect to the Project during the term of the Lease.

The obligation of the University to pay the Base Rent is absolute and unconditional in all events and will not be subject to setoff, defense, counterclaims or recoupment for any reason whatsoever.
Budget for Operating Expenses; Annual Statements

The University shall prepare and deliver to the Borrower, at least 30 days in advance of each fiscal year during the term of the Lease, a budget setting forth the University’s estimate of the operating expenses anticipated to be expended by the University with respect to the Project for such fiscal year (together with a reasonable operating account balance to be carried forward to the succeeding fiscal year [not applicable in the final year of the term of the Lease]). The University may prepare and deliver a revised budget from time to time during the fiscal year, as may be required to provide for unbudgeted costs. The Borrower may review such budget, and any budget revisions, and provide comments to the University; the University shall review and respond to any such comments; however, final determinations regarding the budget shall be made by the University.

Within 120 days following the end of each fiscal year, the University shall furnish to the Borrower and the Insurer a statement in reasonable detail prepared in accordance with generally accepted accounting principles, showing the net receipts of the Project after payment of the Bond Service Charges and all operating expenses paid or incurred by the University during the previous fiscal year, and all other reasonable costs and expenses incurred or paid by the Borrower or the Trustee under the Lease, or the Indenture with respect to the Project during such fiscal year. At the Borrower’s request, the University shall make available to the Borrower, for inspection from time to time during business hours in the University’s office, the University’s financial records relating to the Project.

Merger, Consolidation or Transfer of Properties

So long as any Series 2010 Bonds are outstanding, the Borrower agrees that it will not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any person or entity, unless (a) the corporation formed by such consolidation or into which the Borrower is merged or the person or entity which thus acquires the properties and assets of the Borrower (1) is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code (or any successor sections of a subsequent federal income tax statute or code) or the Borrower shall have delivered to the Issuer, the Trustee and the Insurer an opinion of an attorney or a firm of attorneys admitted to practice law before the highest court of the State satisfactory to the Issuer, the Trustee and the Insurer to the effect that such transaction will not adversely affect the validity of the Series 2010 Bonds or the treatment for federal income tax purposes of the interest earned by the holders of the Series 2010 Bonds and (2) expressly assumes by a supplement to the Lease, in form satisfactory to the Trustee and the Insurer, the due and punctual payment of any amounts required to be paid under the Lease by the Borrower and the performance of every covenant of the Lease on the part of the Borrower to be performed or observed; (b) the Borrower has delivered to the Trustee and the Insurer an opinion of an attorney or a firm of attorneys admitted to practice law before the highest court of the State addressed to the Trustee and the Insurer stating that such consolidation, merger, conveyance or transfer and such supplement comply with the section of the Lease that corresponds with this paragraph and that all conditions precedent in the Lease provided for relating to such transaction have been complied with; and (c) the Borrower has received the prior written consent of the Insurer to such consolidation, merger, conveyance or transfer.

Maintenance of Project Facilities; Operation and Use of Premises

During the term of the Lease, the University shall furnish the following services, subject to the conditions provided in the Lease:
(a) The University shall maintain and keep in good condition and repair (ordinary wear and tear excepted) the exterior and structural elements of the Project Facilities situated on the Project Site, including the roof. The University shall maintain and keep in good condition and repair (ordinary wear and tear excepted) the interior of the Premises.

(b) The University shall operate, maintain and repair the heating, ventilating and air conditioning system, the plumbing system and the electrical system of the Project Facilities. The University shall provide heating and air conditioning services to the Premises to heat and cool the Premises at temperatures in accordance with normal standards customary for similar properties in the Cincinnati, Ohio area.

(c) The University shall provide heating and air conditioning for the common areas within the buildings on the Project Site. The University shall clean, provide lighting, repair, maintain, and provide janitorial services for the common areas.

(d) The University shall provide or arrange for ordinary and reasonable waste removal services for the Project Facilities situated on the Project Site.

(e) The University shall supply routine janitorial services for the Premises and common areas within the buildings on the Project Site comparable to those provided for similar properties in the Greater Cincinnati area.

The University also has the following responsibilities under the Lease:

(a) The University shall comply with all laws, insurance policies and regulations relating to, and obtain and maintain any governmental licenses and permits required for, the use and operation of the Premises.

(b) The University will not do, or permit to be done, any act or thing which might materially impair the value of the Project, will not commit or permit any material waste of the Project and will not permit any unlawful or unauthorized occupation, business or trade to be conducted in the Premises. The University shall cause any fire lanes in the Project to be kept free of all parking associated with the University’s business or occupancy. The University in its occupancy of the Premises shall not create or permit any nuisance, nor interfere with the business of other tenants and occupants of the Project. The University shall not permit use of the Premises for any uses that would be incompatible with standard student housing tenancy. The University shall at its own cost install such extra sound proofing, noise control systems and odor control systems as may be needed to eliminate noise, vibrations and odors, if any, emanating from the Premises being heard, felt or smelled outside the Premises.

(c) The University will use the Premises only in furtherance of the lawful purposes of the University. Notwithstanding the foregoing, the University shall have the right to use the Premises for any other lawful purpose which will not violate this Section and which, in the opinion of an attorney or a firm of attorneys admitted to practice law before the highest court of the State addressed to the Issuer, the Trustee and the Insurer, will not adversely affect the validity of the Series 2010 Bonds or the treatment for federal income tax purposes of the interest earned by the holders of the Series 2010 Bonds. Notwithstanding any other provision of the Lease, so long as any Series 2010 Bonds remain outstanding, the Premises shall not be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

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The Borrower agrees that during the term of the Lease and for a period of 30 days after any termination of the Lease resulting from a failure by the University to make Lease Payments when due, it will not impair the University’s abilities to occupy the Premises so that the Premises can be used to carry out its intended functions.

**Indemnification of the University**

The Borrower agrees to indemnify, defend, and hold harmless the University and its successors and assigns (including, without limitation, Trustee) from and against all losses, costs, expenses and liabilities that may arise out of third-party claims for bodily injury and/or property damage (other than to the Project itself) caused in whole or in part by the negligence or willful misconduct of the Borrower or anyone for which the Borrower is responsible arising prior to the date of the Lease out of or in connection with the design and construction of the Project. Notwithstanding the foregoing, the Borrower shall not be required to indemnify or defend the University as a result of any negligent or willful acts or omissions on the University’s part.

During the term of the Lease:

(a) The University assumes all risk of loss of or damage to the Premises from any cause whatsoever. No loss of or damage to or defect in or unfitness or obsolescence of the Premises will relieve the University of the obligation to make Lease Payments during the term of the Lease or to perform any other obligation under the Lease.

(b) In case of any damage to or destruction of the Premises or any part thereof, the University will promptly give or cause to be given written notice thereof to the Borrower and the Insurer generally describing the nature and extent of such damage or destruction. The University shall, whether or not the net proceeds of insurance, if any, received on account of such damage or destruction shall be sufficient for such purpose, promptly commence and complete, or cause to be commenced and completed, the repair or restoration or replacement of the Premises as nearly as practicable to the value and condition thereof existing immediately prior to such damage or destruction, with such minor changes or alterations, however, as the University may deem necessary for proper operation of the Premises and that do not impair the value of the Project. The University shall consult with the Borrower regarding any such proposed changes or alterations affecting the Premises.

(c) In the event of total destruction of the Premises, the University shall apply insurance proceeds, self-insurance and any other moneys available for the purpose, to the acquisition and installation of replacement facilities to constitute the Premises.

(d) Notwithstanding paragraphs (b) and (c) above, during the term of the Lease the net proceeds of any insurance, to the extent they are not promptly used or encumbered for the purposes stated in this section, shall be paid to the Trustee for deposit in the Pledged Revenue Fund. Such deposit shall be applied as a prepayment of Base Rent and the University has agreed to pay such additional amounts necessary, when added to Net Proceeds (as defined in the Lease), sufficient to redeem 100% of the principal amount of the Series 2010 Bonds plus accrued and unpaid interest on such principal amount of the Series 2010 Bonds to the date of redemption and without premium.
Compliance with Legal and Insurance Requirements

Except for matters expressly assumed or to be performed by the Borrower under the Lease, during the term of the Lease, the University, at its expense, shall promptly comply or cause compliance with all Legal Requirements and Insurance Requirements with respect to the Premises, and shall procure, maintain in full force and effect, and comply with all permits, licenses and other authorizations required for any use being made of the Premises or any part thereof then being made or anticipated to be made and for the proper operation and maintenance of the Premises or any part thereof, and will comply with any instruments of record at the time in force burdening the Premises or any part thereof.

As used in this section:

“Legal Requirements” means all laws, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governmental entities, departments, commissions, boards, courts, authorities, agencies, officials and officers, forseen or unforeseen, ordinary or extraordinary, which now or at any time after the date of the Lease may be applicable to the Premises or any part of the Premises, or to any use, anticipated use or condition of the Premises or any part of the Premises.

“Insurance Requirements” means all provisions of any insurance policy covering or applicable to the Premises or any part of the Premises, all requirements of the issuer of any such policy, and all orders, rules, regulations or other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Premises or any part of the Premises.

Each of the Borrower and the University may, at its expense and after prior notice to the other party, by any appropriate proceedings diligently prosecuted, contest in good faith any Legal Requirement and postpone compliance therewith pending the resolution or settlement of such contest, provided that such postponement does not, in the opinion of an attorney or firm of attorneys admitted to practice law before the highest court of the State provided by such contesting party to the other party, materially affect the interest created by the Lease as to any part of the Premises or subject the Premises or any part of the Premises to imminent loss or forfeiture.

Insurance

The University shall keep the Project continuously insured during the term of the Lease, with insurance coverage against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard “extended coverage” or “all risks” policies, and/or through an insurance trust, insurance pool, or other arrangements satisfactory to the Borrower, in the minimum amount of 100% of the replacement cost of the Project.

The University shall keep the University’s personal property located on or within the Premises continuously insured during the term of the Lease, regardless of whether any such items will constitute fixtures and be surrendered to the Borrower upon expiration of the term of the Lease, with insurance coverage against fire and such other risks as are from time to time included in standard extended coverage insurance, including vandalism and malicious mischief endorsements. The University’s insurance may be under a blanket form of insurance policy or through an insurance trust, insurance pool, or other arrangements satisfactory to the Borrower insuring other University property and with any loss deductible used by the University in connection with such blanket policy of insurance.
Insurance required under this section shall be obtained and maintained by means of policies with generally recognized, responsible insurance companies or in conjunction with other companies through an insurance trust, insurance pool, or other arrangements satisfactory to the Borrower. All such companies must be qualified to do business in the State. Each policy of insurance required of the University shall be written so as not to be subject to cancellation or substantial modification upon not less than 30 days' advance written notice to the Borrower, and shall name the Borrower as an additional insured to the extent reasonably practicable. Prior to the expiration of any such insurance, the University shall furnish the Borrower with evidence satisfactory to the Borrower that such insurance has been renewed or replaced and that all premiums on that insurance have been paid in full. During the term of the Lease, all policies providing the required property insurance coverage shall contain standard mortgage clauses requiring all proceeds resulting from any claim for loss or damage to be paid to the Trustee if not applied as provided in the Lease.

The University shall carry and maintain public liability insurance with respect to the Project throughout the term of the Lease with companies authorized to do business in the State and for limits of not less than $1,000,000 for personal injury or death arising out of any one occurrence and not less than $1,000,000 for damage to property arising out of any one occurrence.

If any such policy required of and obtained by the University requires payment by the insured (University) of a deductible amount in the event of a loss, the University shall be solely responsible for payment of any applicable deductible amount with respect to each insured loss.

Notwithstanding any other provisions of the Lease, the Borrower shall not be liable for loss or damage to any fixtures, furnishings, leasehold improvements or personal property located or found at the Project caused by fire or other perils usually covered by a standard policy of fire and extended coverage insurance, including vandalism and malicious mischief endorsements, and the University waives all rights of subrogation against the Borrower with respect to such perils. Notwithstanding any other provisions of the Lease, the University shall not be liable for loss or damage to the Project caused by fire or other perils covered by the policies of fire and extended coverage insurance procured by the University, including under vandalism and malicious mischief endorsements, and the Borrower waives all rights of subrogation against the University with respect to such loss or damage.

Assignment and Subletting

During the term of the Lease, so long as any Series 2010 Bonds are outstanding, the University may not, without (1) the prior written consent of the Borrower (not to be unreasonably withheld) and the Insurer, and (2) an opinion of nationally recognized bond counsel that such assignment, transfer or other disposition will not adversely affect the excludability from gross income for federal income tax purposes of the interest component of the Base Rent payments and of the interest on the Series 2010 Bonds, assign, transfer, pledge, hypothecate or grant any security interest in or otherwise dispose of the Lease, or the Premises, or any interest in the Lease or the Premises; or sublease the Premises to anyone other than eligible tenants under rental agreements or permit the Premises to be operated by anyone other than the University's employees, or persons authorized by the University in connection with the University's operation and maintenance of the Premises. In the event of any such permitted transfer or sublease, the University shall obligate the new user not to use the Premises in any manner which would violate the Tax Regulatory Agreement entered into by the Borrower in connection with issuance of the Series 2010 Bonds.
No such assignment, transfer, pledge, hypothecation, subleasing or grant shall relieve the University from primary liability for any of its obligations under the Lease, and in the event of any such assignment, transfer, pledge, hypothecation, subleasing or grant, the University shall continue to remain primarily liable for the payment of Base Rent.

In addition, the Borrower may sell or assign without recourse its rights, title and interests, and responsibilities and obligations in and to the Lease, the Project and any documents executed with respect to the Lease, and/or grant or assign a security interest in the Lease and its rights to the Project, in whole or in part, but only with the prior express written consent of the University. Those assigned rights, title and interest of the Borrower may be further assigned and the assignees may grant or assign a security interest in the Lease and the Project, in whole or in part. However, so long as any Series 2010 Bonds are outstanding, any such sale, assignment, or further assignment is subject to the requirement in the Lease that the Borrower will not use or permit to be used, any of the property acquired or constructed from the proceeds of the Series 2010 Bonds, by any non-exempt Person in such manner as the Borrower would believe to result in loss of tax exemption of interest on the Series 2010 Bonds under Section 103(a) of the Code. Any such assignee shall have all of the rights and obligations of the Borrower under the Lease. Upon such assignment by the Borrower, except that assignment referred to in the preceding paragraph below, the Borrower or its assignee will cause written notice of the assignment to be sent to the University; no further action will be required by the Borrower or its assignee or by the University to evidence the assignment, but the University will acknowledge such assignment in writing if so requested. Upon sale or transfer by the Borrower of the Borrower's interests in the Project, the Borrower shall thereupon be released from any liabilities or obligations of the Borrower under the Lease arising after the consummation of such sale or transfer, and the purchaser or transferee shall be substituted as the Borrower under the Lease.

The Borrower represents, and the University acknowledges, that the Borrower expects to assign to Trustee, pursuant to an assignment agreement to be executed by the Borrower in favor of the Trustee, its rights to receipt of Base Rent pursuant to the Lease Agreement and the University consents to such assignment.

Subject to the preceding paragraphs of this section, the Lease inures to the benefit of and is binding upon the successors or assigns of the parties to the Lease.

Events of Default

The following are events of default under the Lease:

(a) The University's failure to make any Lease Payment (or any other payment) when due in accordance with the terms of the Lease.

(b) The University's failure to perform or observe any other material covenant, condition or agreement to be performed or observed by it under the Lease, not cured upon written notice of the failure to the University by the Borrower on or before the earlier of (1) 60 days after written notice of the failure to the University by the Borrower, or (2) the last day to cure such failure such that a default or an event of default does not occur under the Indenture, or under the Agreement, or other agreements entered into by the Borrower in connection with the Series 2010 Bonds.
(c) The discovery by the Borrower that any material statement, representation or warranty made by the University in the Lease or in any writing delivered by the University pursuant to or in connection with the Lease is false, misleading or erroneous in any material respect; provided, however, that the Borrower shall not be under any duty to investigate, inquire or ascertain whether any such statements, representations or warranties are false, misleading or erroneous.

(d) The University’s action or omission which causes a default or an event of default under the Indenture, or under the Agreement, or other agreements entered into by the Borrower in connection with the Series 2010 Bonds.

(e) The Borrower shall commence any case, proceeding or other action relating to the Borrower in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition, readjustment of the Borrower’s debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the Borrower shall apply for a receiver, custodian or trustee of the Borrower or for all or a substantial part of the Borrower’s property; or the Borrower shall make an assignment for the benefit of creditors; or the Borrower shall be unable to, or shall admit in writing the inability to, pay the Borrower’s debts as they become due; or the Borrower shall take any action indicating the Borrower’s consent to, approval of or acquiescence in, or in the furtherance of, any of the foregoing.

(f) The University shall commence any case, proceeding or other action relating to the University in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition, readjustment of the University’s debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debts or other similar act or law of any jurisdiction, now or hereafter existing; or the University shall apply for a receiver, custodian or trustee of the University or for all or a substantial part of the University’s property; or the University shall make an assignment for the benefit of creditors; or the University shall be unable to, or shall admit in writing the inability to, pay the University’s debts as they become due; or the University shall take any action indicating the University’s consent to, approval of or acquiescence in, or in the furtherance of, any of the foregoing.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower or the University is unable to perform or observe any agreement, term or condition of the Lease, other than any obligation to make the Lease Payments required under the Lease, such party shall not be deemed in default during the continuance of such inability. However, such party shall promptly give notice to the other party hereto of the existence of any event of Force Majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other labor disturbances shall be entirely within the discretion of the employer of the disaffected laborers.

As used in this section, the term Force Majeure means, without limitation, the following:

Acts of God; strikes, lockouts or other labor disturbances; acts of public enemies; acts of terrorism; orders or restraints of any kind of the government of the United States or of any departments, agencies, political subdivisions or officials of the State other than the University, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms;
droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation.

**Remedies on Default**

(a) Upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, the Trustee, acting for the Borrower may, at the direction of the Insurer so long as the Insurer is not then in default under the Insurance Policy, exercise any one or more of the following remedies; provided, however, that there shall be no right unless acceleration of the Series 2010 Bonds has occurred, except as may be provided in the Indenture, to accelerate the maturities of the Base Rent payments or to otherwise declare any Base Rent not then past due or in default to be immediately due and payable:

1. By written notice to the University, request the University to (and the University agrees that it will), promptly return possession of the Premises to the Borrower, and/or, at the Borrower’s option, the Borrower may enter upon the Project Site and take immediate possession of the Premises, and remove any or all of the personal property therein;

2. Sublease the Premises for the account of the University, holding the University liable for all applicable Lease Payments and other payments due during the then current Term to the effective date of such subleasing and for the difference between the rental and other amounts paid by the University pursuant to such sublease and the amounts payable during the then current Term by the University under the Lease Agreement; and

3. Exercise any other right, remedy or privilege at law or in equity which may be available to it under the applicable laws of the State or any other applicable law or proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach of the Lease or to rescind the Lease.

(b) The University will remain liable for all covenants and obligations under the Lease, and for all legal fees and other costs and expenses to the extent permitted by law, including court costs awarded by a court of competent jurisdiction, incurred by the Borrower with respect to the enforcement of any of the remedies under the Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

(c) No remedy conferred or reserved to the Borrower by the Lease is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or after the date of the Lease existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair or be construed to be a waiver of any such right or power, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Borrower to exercise any remedy reserved to it in the Lease, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made in the Lease.

(d) If an Event of Default occurs and the Borrower incurs expenses, including attorneys’ fees, in connection with the enforcement of or the collection of amounts due under the Lease, the University shall reimburse the Borrower to the extent permitted by law for the
expenses so incurred upon demand. If any such expenses are not so reimbursed, the amount thereof, together with interest thereon from the date of demand for payment at the Interest Rate for Advances, shall be reimbursed to the extent permitted by law. The Borrower shall be entitled to seek recovery of such expenses in an action, suit or proceeding to the extent permitted by Ohio law and pursuant to the proceedings set forth in Title 27 of the Ohio Revised Code.

(c) No failure by the Borrower to insist upon strict performance by the University of any provision of the Lease shall constitute a waiver of the Borrower’s right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the University to observe or comply with any provision of the Lease.

(f) The University shall notify the Borrower, the Trustee and the Insurer immediately if it becomes aware of the occurrence of any Event of Default or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

Amendments of the Lease

The Lease may not be modified, amended, altered or changed except with the written consent of the University, the Borrower, and the Trustee as provided in the Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASE

Introduction

The Borrower and the State, through its Department of Administrative Services, for the use and benefit of the University, will enter into the Ground Lease pursuant to which the University will lease a portion of the site for the Project to the Borrower.

Term

The term of the Ground Lease is for 40 years beginning on January 1, 2004, and provided there then exists no event of default under the Ground Lease, the Borrower shall have the option to renew the Ground Lease for one additional term of 40 years.

Rents

Under the Ground Lease, the Borrower is obligated to pay as rent to the University the sum of $100 for the term of the Ground Lease, payable upon the execution of the Ground Lease, and as additional rent, all costs and expenses which the University incurs as a result of any default of the Borrower or failure on the part of the Borrower to comply with any provisions of the Ground Lease. Upon renewal of the Ground Lease, the Borrower agrees to pay an additional sum of $100 for the renewal term, payable on or before the date of renewal.

Other Obligations of the Borrower

The Ground Lease contains various covenants of the Borrower regarding the manner of operation of the Project, including requirements regarding insuring the Project.
Default and Remedies

If (i) the Borrower shall, after 10 days written notice thereof, fail to pay rent or other payments required to be made by the Borrower under the Ground Lease, or (ii) after 60 days written notice thereof, fail to cure any default in the performance of any of the material covenants, conditions or agreements to be performed or observed by the Borrower under the Ground Lease, or (iii) the Borrower failed to complete or cause the substantial completion and full payment for the Project and certain improvements described in the Ground Lease by January 1, 2007, then and in any of the above events, the University, at its option, may terminate the Ground Lease at any time by giving 30 days written notice to the Borrower and the University may enter the leased property and remove all persons and property from the property and take immediate possession thereof. In addition, the Borrower is required to pay to University certain amounts due to University in connection with its taking possession of the leased property following the termination of the Ground Lease.
July 29, 2010

County of Hamilton, Ohio
Cincinnati, Ohio

RBC Capital Markets Corporation
Cincinnati, Ohio

The Bank of New York Mellon Trust Company, N.A., Trustee
Cincinnati, Ohio

Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by the County of Hamilton, Ohio (the "Issuer") of its Student Housing Revenue Refunding Bonds (Stratford Heights Project - University of Cincinnati, Lessee), Series 2010, dated as of the date hereof (the "Series 2010 Bonds"). The Series 2010 Bonds are being issued for the purpose of making a loan to University Heights Community Urban Redevelopment Corporation, an Ohio not-for-profit corporation which has received a determination from the Internal Revenue Service that it is an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower") to defease and currently refund the Issuer’s Adjustable Rate Student Housing Revenue Bonds (Stratford Heights Project), Series 2004, which were issued to assist in the acquisition, construction, equipping and installation of housing pursuant to the provisions of Section 133.51 of the Ohio Revised Code (the "Project"), all as provided in the Trust Indenture dated as of July 1, 2010 (the "Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2010 Bonds are issued pursuant to a resolution adopted by the Issuer’s Board of County Commissioners on July 14, 2010 and the Indenture. The documents in the Transcript examined include an executed counterpart of the following: (i) the Indenture, (ii) the Loan Agreement dated as of July 1, 2010 (the "Agreement") between the Issuer and the Borrower, (iii) the Bond Purchase Agreement relating to the Series 2010 Bonds (the "Purchase Agreement") among the Issuer, the Borrower, the University of Cincinnati (the "University") and RBC Capital Markets Corporation (the "Underwriter"), and (iv) the Tax Exemption Certificate and Agreement dated as of July 29, 2010 (the "Tax Regulatory Agreement") among the Issuer, the Trustee, the University and the Borrower. We have also examined executed Series 2010 Bond No. R-1.

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

1. The Series 2010 Bonds, the Indenture, the Agreement, the Purchase Agreement and the Tax Regulatory Agreement have been duly authorized, executed and delivered by the Issuer and constitute valid, binding and enforceable obligations of the Issuer except as the enforceability of the same may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors’ rights, and to the exercise of judicial discretion in accordance with general principles of equity.
2. The Series 2010 Bonds constitute special limited obligations of the Issuer and the principal of, premium, if any, and interest on Series 2010 Bonds are payable solely from the revenues and other moneys pledged and assigned by the Indenture to secure that payment.

3. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Series 2010 Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Series 2010 Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants made by the Issuer and the Borrower designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Series 2010 Bonds.

4. Under Ohio law as of the date hereof, interest on the Series 2010 Bonds is exempt from the Ohio personal income tax and the commercial activities tax and is excludable from the net income base used in calculating the Ohio corporate franchise tax.

5. The Series 2010 Bonds are exempt from registration under the Securities Act of 1933 and the Ohio Securities Act, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

6. The Series 2010 Bonds are "qualified 501(c)(3) bonds" within the meaning of the Code.

We have also relied upon the opinions of Barron, Peck & Bennie, A Legal Professional Association, as counsel for the Borrower contained in the Transcript, as to all matters concerning the due authorization, execution and delivery by, and the binding effect upon and enforceability against the Borrower of the Agreement, the Tax Regulatory Agreement and the Purchase Agreement.

Very truly yours,
ISSUER:

BONDS: $ in aggregate principal amount of

ASSURED GUARANTY MUNICIPAL CORP (formerly known as Financial Security Assurance Inc.) ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the Trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to the Owner, subject only to the terms of this Policy (which includes each endorsement hereeto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and, (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereeto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the
United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telemailed notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereeto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)

By __________________________
Authorized Officer

(212) 826-0100

Form 500NY (5/90)

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