

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax and (ii) interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



\$138,470,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
REVENUE BONDS
(POMONA COLLEGE)
SERIES 2017

Dated: Date of Delivery

Due: January 1, as shown below

The California Municipal Finance Authority (the "Authority") is issuing its Revenue Bonds (Pomona College) Series 2017 (the "Bonds") to (i) refund certain outstanding obligations of Pomona College (the "College"), a nonprofit public benefit corporation organized and existing under the laws of the State of California and located in Claremont, California, as more fully described herein; (ii) finance, refinance and reimburse the College for the acquisition, construction, installation, improvement, renovation, rehabilitation, furnishing, and equipping of certain educational facilities (the "Project") owned and operated and to be owned and operated by the College; and (iii) pay the costs of issuance relating to the Bonds.

The Bonds will bear interest from the date of issuance and delivery thereof, payable semiannually on each January 1 and July 1, commencing July 1, 2018. The Bonds shall mature in accordance with the schedule shown on the inside cover hereof. The Bonds will be issuable as fully registered bonds without coupons in denominations of \$5,000 and any multiple thereof. The Bonds will be registered in the name of a nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Purchases of the Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Bonds will not receive physical delivery of bond certificates. Payments of the principal of, premium, if any, and interest on the Bonds will be made to DTC by U.S. Bank National Association, as trustee (the "Trustee"). Disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners is the responsibility of DTC Participants. See APPENDIX E - "BOOK-ENTRY SYSTEM" attached hereto.

The Bonds and the interest thereon are payable from Revenues (as defined herein) and amounts held in certain funds and accounts established pursuant to the Indenture of Trust (the "Indenture") dated as of December 1, 2017, between the Authority and the Trustee (other than the Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Revenues consist primarily of loan payments to be made by the College to the Authority pursuant to the Loan Agreement (as defined herein).

This cover page contains certain information for general reference only. It is not intended to be a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF CERTAIN REVENUES AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY, OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter subject to receipt of the approving legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by its special counsel, Jones Hall, A Professional Law Corporation; for the College by its counsel, Rossi A. Russell, Esq.; and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP. It is expected that the Bonds in definitive form will be delivered through the facilities of DTC in New York, New York, on or about December 14, 2017.



MATURITY SCHEDULES

\$41,305,000 Serial Bonds

<u>Maturity January 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP* No.</u>
2029	\$2,530,000	5.000%	2.210%	125.013 ^(c)	13048T7P2
2030	2,850,000	5.000	2.320	123.894 ^(c)	13048T7Q0
2031	3,190,000	5.000	2.420	122.887 ^(c)	13048T7R8
2032	3,545,000	5.000	2.500	122.089 ^(c)	13048T7S6
2033	3,930,000	5.000	2.560	121.494 ^(c)	13048T7T4
2034	4,330,000	3.000	3.170	97.873	13048T7U1
2035	4,670,000	3.125	3.270	98.115	13048T7V9
2036	5,025,000	3.125	3.300	97.633	13048T7W7
2037	5,400,000	4.000	3.030	108.346 ^(c)	13048T7X5
2038	5,835,000	4.000	3.050	108.166 ^(c)	13048T7Y3

\$32,750,000 4.000% Term Bond due January 1, 2043 Yield – 3.110% Price – 107.628^(c) CUSIP* No. 13048T7Z0
 \$24,415,000 4.000% Term Bond due January 1, 2048 Yield – 3.190% Price – 106.914^(c) CUSIP* No. 13048T8A4
 \$40,000,000 5.000% Term Bond due January 1, 2048 Yield – 2.790% Price – 119.246^(c) CUSIP* No. 13048T8B2

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the College nor the Underwriter take any responsibility for the accuracy of such numbers.

^(c) Priced to the first optional redemption date of January 1, 2028 at par.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesman or any other person has been authorized by the Authority, the College or Barclays Capital Inc. (the “Underwriter”) to give any information or to make any representation other than those contained herein in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon.

The information relating to the Authority set forth herein under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority” has been furnished by the Authority. The Authority does not warrant the accuracy of the statements contained herein relating to the College, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the College, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds. The Authority makes no representations or warranties whatsoever with respect to any information contained herein except for the information under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Official Statement constitutes an official statement of the College that has been deemed final by the College as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A – “INFORMATION REGARDING POMONA COLLEGE.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COLLEGE DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$138,470,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
REVENUE BONDS
(POMONA COLLEGE)
SERIES 2017

INTRODUCTION

General

This Official Statement, including the cover page and the Appendices hereto, furnishes certain information in connection with the sale by the California Municipal Finance Authority (the “Authority”) of \$138,470,000 in aggregate principal amount of its Revenue Bonds (Pomona College) Series 2017 (the “Bonds”) to be issued by the Authority pursuant to an Indenture of Trust (the “Indenture”) dated as of December 1, 2017, between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Authority will lend the proceeds of the Bonds to Pomona College (the “College”), a nonprofit public benefit corporation organized and existing under the laws of the State of California and located in Claremont, California, pursuant to a Loan Agreement, dated as of December 1, 2017 (the “Loan Agreement”), by and between the Authority and the College.

All capitalized terms used in the body of this Official Statement with respect to the Bonds and not otherwise defined herein have the meanings ascribed to them in APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – CERTAIN DEFINITIONS.”

Use of Proceeds

The College will use the proceeds of the Bonds to (i) refund certain outstanding obligations of the College, as more fully described herein; (ii) finance, refinance and reimburse the College for the acquisition, construction, installation, improvement, renovation, rehabilitation, furnishing, and equipping of certain educational facilities (the “Project”) owned and operated and to be owned and operated by the College; and (iii) pay the costs of issuance relating to the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The College

The College is a non-profit public benefit corporation organized under the laws of the State of California, is an exempt organization under §501(c)(3) of the Internal Revenue Code of 1986, as amended, and is located in the City of Claremont, California. See APPENDIX A – “INFORMATION REGARDING POMONA COLLEGE” attached hereto for a more detailed description of the College.

At the June 30, 2017 fiscal year end, the College had total assets of approximately \$2.9 billion and total net assets of approximately \$2.6 billion. In addition, the College had total operating revenues of approximately \$218.5 million for the fiscal year ended June 30, 2017. The College’s audited financial statements for the fiscal year ended June 30, 2017 are contained in APPENDIX B – “FINANCIAL STATEMENTS OF THE COLLEGE,” and should be carefully reviewed in their entirety by prospective investors prior to making an investment decision with respect to the Bonds.

The Bonds

Interest with respect to the Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2018. The Bonds will be issued in denominations of \$5,000 principal amount or any

integral multiple thereof. The Bonds initially will be issued in book-entry form and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) which will act as securities depository for the Bonds. See APPENDIX E – “BOOK ENTRY SYSTEM” attached hereto

Security for the Bonds

As security for its obligations under the Bonds, the Authority will enter into the Indenture with the Trustee. Pursuant to the Indenture, the Authority will pledge and assign to the Trustee its right, title, and interest in and to (i) the Revenues (generally consisting of the loan payments to be made by the College to the Authority under the Loan Agreement, as further described herein, but excluding the Additional Payments (as defined in the Indenture) and any indemnification payments made by the College to the Authority or the Trustee under the Loan Agreement), and (ii) other amounts held in any fund or account established pursuant to the Indenture (including proceeds of the sale of the Bonds deposited therein), other than the Rebate Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “INVESTMENT CONSIDERATIONS” herein.

Under the Loan Agreement, the College will have an absolute and unconditional obligation to make loan payments to the Authority, sufficient in amount to timely pay the principal of, premium, if any, and interest on the Bonds when due in accordance with their terms. The College’s obligation to make loan payments under the Loan Agreement is an unsecured general obligation of the College and is not secured by a lien on any property of the College. The College has agreed to certain covenants for the benefit of the Bondholders, including covenants to maintain its existence and not to take any action that would impair the tax-exempt status of interest on the Bonds. These and other covenants of the College are discussed in APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LOAN AGREEMENT.”

Continuing Disclosure

The College will undertake, in a continuing disclosure agreement dated the date of issuance of the Bonds, for the benefit of the Holders of the Bonds, to provide to U.S. Bank National Association, acting as Dissemination Agent under such continuing disclosure agreement, certain annual information and notices required to be provided by Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”). References to the continuing disclosure agreement are qualified by reference to the form thereof. See “CONTINUING DISCLOSURE” herein and APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto.

Miscellaneous

The descriptions herein of the Indenture, the Loan Agreement, the Tax Agreement and other agreements relating to the Bonds are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by the forms thereof and the information with respect thereto included in such documents. Such description and information do not purport to be comprehensive or definitive. All descriptions are further qualified in their entirety by reference to laws relating to or affecting the enforcement of creditors’ rights. The agreements of the Authority with the Bondholders are fully set forth in the Indenture and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE” for a brief summary of the rights and duties of the Authority, the rights and remedies of the Trustee and the Bondholders upon an event of default, provisions relating to amendment of the Indenture and procedures for defeasance of the Bonds.

Insofar as any statements made in this Official Statement involve matters of opinion, regardless of whether expressly so stated, they are intended merely as such and not as representations of fact. The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor the consummation of any sale made in connection

herewith nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the College.

THE AUTHORITY

Under Title 1, Division 7, Chapter 5 of the California Government Code (the “JPA Act”), certain California cities, counties, and special districts have entered into a joint exercise of powers agreement (the “JPA Agreement”) forming the Authority for the purpose of exercising powers common to the members and exercising the additional powers granted to the Authority by the JPA Act and any other applicable provisions of California law. Under the JPA Agreement, the Authority may issue bonds, notes, or any other evidence of indebtedness, for any purpose or activity permitted under the JPA Act, or any other applicable law.

The Authority may sell and deliver obligations other than the Bonds. These obligations will be secured by instruments separate and apart from the Indenture and the Loan Agreement, and the owners of such other obligations of the Authority will have no claim on the security for the Bonds. Likewise, the Holders of the Bonds will have no claim on the security for such other obligations that may be issued by the Authority.

Neither the Authority nor its independent contractors has furnished, reviewed, investigated, or verified the information contained in this Official Statement other than the information contained in this section entitled “THE AUTHORITY” and the section entitled “ABSENCE OF LITIGATION - The Authority.” The Authority does not and will not in the future monitor the financial condition of the College or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds or the College has been undertaken solely by the College. See “CONTINUING DISCLOSURE” herein.

PLAN OF FINANCE

Use of Proceeds

The College will use the proceeds of the Bonds to (i) refund all of the outstanding (1) California Educational Facilities Authority Revenue Bonds (Pomona College) Series 2008A, which were issued in the aggregate principal amount of \$59,475,000 (as further described under “Refunding and Defeasance of Refunded Bonds” below, the “2008A Bonds”), and (2) California Educational Facilities Authority Revenue Bonds (Pomona College) Series 2009A, which were issued in the aggregate principal amount of \$62,290,000 (the “2009A Bonds” and, together with the Series 2008A Bonds, the “Refunded Bonds”); (ii) finance, refinance and reimburse the College for the acquisition, construction, installation, improvement, renovation, rehabilitation, furnishing, and equipping of certain educational facilities (as further described below, the “Project”) owned and operated and to be owned and operated by the College; and (iii) pay the costs of issuance relating to the Bonds.

Refunding and Defeasance of Refunded Bonds

2008A Bonds. Certain of the 2008A Bonds in the aggregate principal amount of \$45,400,000 were issued as current interest bonds (the “2008A Current Interest Bonds”), and certain 2008A Bonds in the original face amount of \$14,075,000 were issued as capital appreciation bonds (the “2008A Capital Appreciation Bonds”). The 2008A Current Interest Bonds are presently outstanding in the aggregate principal amount of \$45,400,000. As of January 1, 2018, the maturity date of the 2008A Bonds, the accreted value of the 2008A Capital Appreciation Bonds will be \$21,255,549.85.

On the date of delivery of the Bonds, the Trustee will transfer a portion of the proceeds of the Bonds to U.S. Bank National Association, as the trustee for the 2008A Bonds (the “2008A Bond Trustee”), to pay, together with other amounts on deposit in certain funds relating to the 2008A Bonds, if any, the principal of and interest due on the 2008A Bonds on January 1, 2018.

2009A Bonds. The 2009A Bonds are presently outstanding in the aggregate principal amount of \$62,290,000. A portion of the proceeds of the Bonds will be deposited into an escrow account for the 2009A Bonds (the “2009A Escrow Account”). The 2009A Escrow Account will be held by U.S. Bank National Association, as escrow agent, pursuant to an Escrow Agreement, dated the date of delivery of the Bonds (the “2009A Escrow Agreement”). Moneys deposited into the 2009A Escrow Account will be held invested in federal securities and cash in an amount sufficient to pay (i) interest due on the 2009A Bonds on the interest payment dates occurring following the funding of the 2009A Escrow Account and prior to January 1, 2019, and (ii) the interest on and principal amounts when due at the redemption or maturity of the 2009A Bonds on January 1, 2019. Upon the irrevocable deposit of such proceeds and other available funds of the College into the 2009A Escrow Account, the 2009A Bonds will be defeased and will no longer be deemed outstanding. The moneys in the 2009A Escrow Account will not be available to pay debt service on the Bonds.

See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

The Project

The Project consists of the financing and refinancing of all or a portion of the costs of design, construction, installation, improvement, furnishing, and/or equipping of the new Pomona College Museum of Art (the “Museum”) to be located at 120 Bonita Avenue, Claremont, California.

The Museum will be adjacent to the College’s main campus (the “Campus”), and will consist of a 33,331 square foot building designed to a LEED gold standard. The Museum will include galleries, art storage and collection access spaces, event spaces and a public courtyard. The Museum will provide space for the Museum collections and programs, and advance the College’s commitment to the visual arts and its role in a liberal arts education. A portion of the proceeds of the Bonds will also be used to reimburse the College for costs in connection with capital improvements to the Museum. See APPENDIX A – “INFORMATION REGARDING POMONA COLLEGE” attached hereto.

The total cost of the Project is estimated to be approximately \$44 million. The College plans to use approximately \$25.9 million of the proceeds of the Bonds for the Project, and plans to use other available funds and gifts for the balance of the Project costs. See “ESTIMATED SOURCES AND USES OF FUNDS.”

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ESTIMATED SOURCES AND USES OF FUNDS

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Bonds:

SOURCES OF FUNDS:

Par Amount of the Bonds	\$138,470,000.00
Plus: Net Original Issue Premium	16,184,395.30
Other Available Funds	<u>5,930,162.32</u>
TOTAL SOURCES OF FUNDS	<u>\$160,584,557.62</u>

USES OF FUNDS:

Refund 2008A Bonds	\$67,790,549.85
Refund 2009A Bonds	65,838,337.97
Deposit to Construction Fund	25,930,162.32
Issuance Costs ¹	<u>1,025,507.48</u>
TOTAL USES OF FUNDS	<u>\$160,584,557.62</u>

¹ Includes underwriter's discount, legal, printing, rating, Trustee, Verification Agent and Authority fees and other miscellaneous costs of issuance.

THE BONDS

General

The Bonds will bear interest from their date of delivery at the rates set forth on the inside cover of this Official Statement. Interest will be payable on January 1 and July 1 of each year, commencing July 1, 2018. The Bonds will mature (subject to the right of prior redemption) as shown on the inside cover of this Official Statement.

The Bonds will be issued as book-entry bonds in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated the date of delivery thereof, and each Bond will bear interest from the Interest Payment Date to which interest has been paid as of the date on which it is authenticated or, if it is authenticated on or before the Record Date immediately preceding the first Interest Payment Date (*i.e.*, June 15, 2018), from its dated date; provided, however, that if, at the time of authentication of any Bond, interest is in default on such Bond, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Under the Indenture, "Record Date" means, with respect to any Interest Payment Date for the Bonds, whether or not a Business Day, the fifteenth day of the calendar month immediately preceding such Interest Payment Date. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable in arrears on each Interest Payment Date, upon maturity or upon prior redemption.

The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC, and will be evidenced by one Bond for each maturity in the total aggregate principal amount of the Bonds of such maturity. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as described below under the heading "Book-Entry System."

Book-Entry System

Except as otherwise provided in the Indenture, the Bonds will be registered in the name of Cede & Co., the nominee of DTC or such nominee as DTC shall request, and held in DTC's book-entry system. So

long as the Bonds are held in the book-entry system, DTC or its nominee will be the registered owner of the Bonds for all purposes of the Indenture and the Bonds. So long as the Bonds are held in book-entry form through DTC, all payments with respect to principal of and interest on each Bond and all notices with respect to such Bond will be made and given, respectively, to DTC as provided in the DTC Representation Letter. See APPENDIX E – “BOOK-ENTRY SYSTEM.”

The Bonds issued under the Indenture will be in the form of a single authenticated fully registered bond for each stated maturity representing the aggregate principal amount of the Bonds maturing on such date. Upon initial issuance of the Bonds, the ownership of all such Bonds will be registered in the registration records maintained by the Trustee in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request. The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal, premium, if any, or redemption price of and interest on such Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders under the Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Holders of the Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent will be affected by any notice to the contrary.

The Authority, the College and the Trustee have no responsibility or obligation to any DTC Participant or to any Beneficial Owner, with respect to (1) the accuracy of the records of DTC or any other Securities Depository for the Bonds, any Nominee or any Participant with respect to any ownership interest in the Bonds, (2) the delivery to any Participant or any other person, other than a Bondholder as shown on the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (3) the payment to any Participant or any other Person, other than a Bondholder as shown on the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Trustee will pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown on the Bond Register, or their respective attorneys duly authorized in writing, and all such payments will be valid and effective to fully satisfy and discharge the Authority’s obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. The Authority, the College and the Trustee may treat and consider the Person in whose name each Bond is registered on the Bond Register as the Holder and absolute owner of such Bond for the purpose of payment of principal of, and premium and interest on, such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever.

The Authority, with the consent of the College, may, and upon request of the College will, terminate the services of the Securities Depository then acting as securities depository for the Bonds. The Securities Depository then acting as securities depository for the Bonds may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice and all known information on the Participants and the Beneficial Owners having an interest in the Bonds to the Authority, the College and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute securities depository is appointed by the Authority (with the consent, or at the request, of the College) to undertake the functions of Securities Depository under the Indenture, the Authority, at the expense of the College, is obligated to deliver Bond certificates to or upon the order of the Beneficial Owners of such Bonds, and such Bonds will no longer be restricted to being registered on the Bond Register in the name of the Securities Depository or its Nominee, but may be registered in whatever name or names Bondholders transferring or exchanging such Bonds may designate, in accordance with the provisions of the Indenture. If a substitute Securities Depository is appointed for the Bonds in accordance with this paragraph, the Bonds will be registered in the Bond Register in the name of such substitute Securities Depository or its Nominee.

Redemption of Bonds

Optional Redemption of the Bonds. The Bonds maturing on January 1 in the years 2034, 2035 and 2036 will be subject to redemption prior to their respective stated maturities, as a whole or in part on any date on or after January 1, 2023, and the Bonds maturing on January 1 in the years 2029, 2030, 2031, 2032, 2033, 2037, 2038, 2043 and 2048 (*i.e.*, both Bonds maturing on January 1, 2048 (which bear interest at different per annum rates)) will be subject to redemption prior to their respective stated maturities, as a whole or in part on any date on or after January 1, 2028, in each case at par, plus accrued interest, if any, to the date of redemption, without premium, from any moneys received by the Trustee from the College pursuant to the Loan Agreement, provided in each case that the maturities and amount of Bonds of each maturity (and in the case of Bonds maturing on January 1, 2048, the applicable rate per annum at which such Bonds bear interest) to be redeemed from the amount so prepaid and the redemption date will be as specified by the College in accordance with the Loan Agreement.

Mandatory Redemption of Bonds from Sinking Fund Payments. The term Bonds maturing on January 1 in the years 2043 and 2048 (*i.e.*, both Bonds maturing on January 1, 2048 (which bear interest at different per annum rates)) will be subject to redemption, in part, by lot, from mandatory sinking fund payments at the principal amount thereof plus accrued interest, if any, to the date of redemption (without premium) in the following principal amounts and on the dates set forth below:

4.000% Term Bond Maturing on January 1, 2043

January 1 of the Year	Principal Amount
2039	\$6,290,000
2040	6,765,000
2041	7,265,000
2042	4,485,000
2043†	7,945,000

† Maturity

4.000% Term Bond Maturing on January 1, 2048

January 1 of the Year	Principal Amount
2044	\$3,290,000
2045	3,790,000
2046	5,375,000
2047	5,815,000
2048†	6,145,000

† Maturity

5.000% Term Bond Maturing on January 1, 2048

January 1 of the Year	Principal Amount
2044	\$5,205,000
2045	6,100,000
2046	8,810,000
2047	9,625,000
2048†	10,260,000

† Maturity

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a Series, the Trustee will select the Bonds of such Series to be redeemed, from the outstanding Bonds of such Series not previously called for redemption, by lot within a maturity and, if from more than one maturity, in inverse order of maturity or in such other order of maturity as shall be specified in a Request of the College.

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

Any notice of redemption will be required to be mailed by first class mail, postage prepaid, to Bondholders not less than thirty (30) days or more than sixty (60) days prior to the date fixed for redemption. Notices to the Information Services will be mailed by the Trustee by certified, registered, overnight mail or facsimile at the time of the mailing of notices to Bondholders.

With respect to any notice of redemption of Bonds from the prepayment of Base Loan Payments by the College pursuant to the Loan Agreement, unless at the time of giving such notice the Trustee shall hold moneys sufficient to pay the principal of, premium, if any, and interest to the redemption date on the Bonds to be redeemed, such notice will be required to state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, and premium, if any, and interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice will be of no force and effect, and the Authority will not be required to redeem such Bonds. In the event that such notice of redemption shall contain such a condition and such moneys shall not be so received, the redemption will not be made, and the Trustee will, within a reasonable time thereafter, be required to give notice, to the persons and in the manner in which the notice of redemption was given, that such available amounts were not so received.

Failure by the Trustee to give notice as described under this subheading or the insufficiency of any such notice will not affect the sufficiency of the proceedings for redemption of any Bond for which notice was properly given.

Effect of Redemption. Moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption will cease to accrue from and after the redemption date, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Holders of said Bonds will have no rights in respect thereof except to receive payment of said redemption price and accrued interest to the redemption date. All Bonds redeemed pursuant to the provisions of the Indenture described under this heading will be cancelled upon surrender thereof and delivered to or upon the Order of the Authority.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The following is a brief description of the security provided for the payment of the Bonds. For a more complete description of the security for the Bonds as provided by the Indenture and the Loan Agreement, see APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE” and “ – THE LOAN AGREEMENT.”

Limited Obligations

NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE REVENUES AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR, OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

General

Pursuant to the Indenture, the Authority will irrevocably pledge to the Trustee for the benefit of the Holders of the Bonds, all Revenues received by the Authority or the Trustee from the College pursuant to the Loan Agreement or the Indenture. “Revenues” is defined under the Indenture as all payments received by the Authority or the Trustee from the College (except Additional Payments paid by the College pursuant to the Loan Agreement and amounts received for or on deposit in the Rebate Fund), including, without limiting the generality of the foregoing, Base Loan Payments (including both timely and delinquent payments), prepayments and all income derived from the investment of any money in any fund or account (other than the Rebate Fund) established pursuant to the Indenture.

Under the Loan Agreement, the College will have an absolute and unconditional obligation to make loan payments to the Authority sufficient in amount to timely pay the principal of, premium, if any, and interest on the Bonds in accordance with their terms. The College’s obligation to make loan payments under the Loan Agreement is an unsecured general obligation of the College and is not secured by a lien on any property of the College. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LOAN AGREEMENT.”

Although the Bonds will be issued by the Authority, the Bonds should be viewed as direct obligations of the College for purposes of evaluating the security therefor. For a description of certain other outstanding indebtedness, obligations and other liabilities of the College, see APPENDIX A – “INFORMATION REGARDING POMONA COLLEGE” and APPENDIX B – “FINANCIAL STATEMENTS OF POMONA COLLEGE” attached hereto.

Enforceability of Remedies

The remedies available to the Trustee or the Bondholders upon an Event of Default under the Indenture or Loan Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay, and such remedies may not be readily available or may be limited. In particular, under

the United States Bankruptcy Code, a bankruptcy case may be filed by or against the College or by or against any of its affiliates. In general, the filing of any such petition operates as a stay against enforcement of the terms of the agreements to which the bankrupt entity is a party, and, in the bankruptcy process, executory contracts may be subject to assumption or rejection by the bankrupt party. In the event of any such rejection, the non-rejecting party or its assigns may become an unsecured claimant of the rejecting party. The various legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion and the opinion of counsel to the College) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

INVESTMENT CONSIDERATIONS

General

An investment in the Bonds involves a degree of risk. Identified and summarized below are a number of "Investment Considerations" that could adversely affect the operation of the College and/or the Bonds and that should be considered by prospective investors. The following discussion is not intended to be exhaustive or presented in order of priority, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

General Considerations

Except as noted herein, the Bonds are payable solely from and secured by the Authority's pledge of Revenues under the Indenture, which consist generally of payments to be made by the College under the Loan Agreement and from certain other funds and accounts available therefor and pledged under the Indenture, as described in this Official Statement. There can be no assurance that income and receipts will be realized by the College in amounts sufficient to make payments under the Loan Agreement that will be sufficient to pay the principal of and interest on the Bonds. The Bonds are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other assets of the College, except certain funds held under the Indenture for the benefit of the Bondholders (which are derived from the College), as described in this Official Statement. The Loan Agreement and the Indenture generally do not limit the College's disposition or encumbrance of its property or other assets or the amount of additional indebtedness or other obligations or liabilities that the College might incur in the future.

The ability of the College to generate sufficient revenues to meet its obligations under the Loan Agreement depends on a number of factors, including the College's ability to achieve enrollment, tuition and fundraising at levels that will generate sufficient revenues to fund operations and to continue to provide financial aid to its students at levels which meet the policy goals of the College. These factors in turn are affected by numerous future economic and other conditions that could include possible adverse events such as the loss by the College of its accreditations; destruction or loss of a substantial portion of the College's facilities; litigation; competition; discontinuation of favorable governmental policies and programs with respect to post-secondary education (including financial aid available to students); changes in the direction of demographic trends determining the number of college-aged persons in the general population; changes in actual or prospective levels of regional and national economic prosperity; the occurrence of natural, national or international calamities; changes in the competitive appeal and perceived quality of the College's curriculum; changes in the demand for post-high school education and for certain degrees; the ability and energy of the faculty and administration; a significant reduction in the amounts received by the College through fundraising efforts; changes in immigration laws limiting the College's ability to admit foreign students or hire foreign administrators and faculty; or a reduction in the value or liquidity of the College's investments. There can be no assurance that the College's income and receipts will not decrease. See APPENDIX A – "INFORMATION REGARDING POMONA COLLEGE" and APPENDIX B – "FINANCIAL STATEMENTS OF POMONA COLLEGE" attached hereto.

Risks to Government Financial Aid Programs

A percentage of the College's revenues from tuition and fees has been funded by student loans and other government programs. Financial assistance is a significant factor in the decision of many students to attend a particular college or university. For fiscal year 2016-17, approximately \$5.9 million in government grants and loans were paid out to students through federal work study funding. For fiscal year 2017-18, the College currently projects approximately \$5.6 million in government grants and loans to be paid out to students. The amounts available to students attending the College from governmental financial assistance programs could be reduced in the future.

Investment Income

A portion of the College's total revenues and support (unrestricted, temporarily restricted, and permanently restricted net assets) is derived from income earned on the College's investments. See APPENDIX A – "INFORMATION REGARDING POMONA COLLEGE – Investments" attached hereto. The market value or liquidity of these investments and the income generated from investments could be adversely impacted by markets, the College's investment strategy or other factors in the future.

Fundraising

The College has historically been able to raise funds from a variety of sources to fund, in part, its operations and capital development programs and to build the size of its endowment. See "APPENDIX A – "INFORMATION REGARDING POMONA COLLEGE – Fundraising." While the College plans to continue these efforts, there can be no assurance that they will be successful. Such efforts may be affected adversely by a number of factors, including changes in general economic conditions and changes in tax law affecting the deductibility of charitable contributions.

Enforceability of Remedies

The Bonds are payable from the funds pledged under the Indenture, including primarily payments to be made by the College to the Authority under the Loan Agreement. The payments to be made by the College under the Loan Agreement are an unsecured general obligation of the College. The practical realization of value upon any default will depend upon the exercise of various remedies specified by the financing documents. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay.

Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the financing documents may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the financing documents. The various legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion and the opinion of counsel to the College) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A – "INFORMATION REGARDING POMONA COLLEGE."

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The College does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

Effect of Determination of Taxability

The College will covenant not to take any action that would cause the Bonds to be arbitrage bonds or that would otherwise adversely affect the federal income tax status of interest on the Bonds. The College will also make representations with respect to certain matters within the knowledge of its authorized representatives that have been relied upon by Bond Counsel and that Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactively from the Closing Date.

It is possible that a period of time may elapse between the occurrence of the event that causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of Bonds are subject to possible adverse tax consequences. See “TAX MATTERS” herein.

An opinion of Bond Counsel will be obtained as described under “TAX MATTERS” herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading “TAX MATTERS.” Failure by the Authority or the College to comply with certain provisions of the Code and covenants contained in the Indenture, the Loan Agreement, and the Tax Agreement could result in interest on the Bonds becoming includable in gross income for federal tax purposes.

An opinion of Bond Counsel will be obtained regarding the exemption of interest on the Bonds from certain taxation by the State of California, as described under “TAX MATTERS” herein. Bond Counsel has not opined as to whether interest on the Bonds is subject to state or local income taxation in jurisdictions other than California. Interest on the Bonds may or may not be subject to state or local income taxation in jurisdictions other than California under applicable state or local laws. Each purchaser of the Bonds should consult his or her own tax advisor regarding the taxable status of the Bonds in a particular state or local jurisdiction.

Consequences of Changes in the College’s Tax Status

The College has obtained a determination letter from the Internal Revenue Service stating that it will be treated as an exempt organization as described in §501(c)(3) of the Code and can reasonably be expected to not be classified as a “private foundation.” In order to maintain its exempt status and to not be considered a private foundation, the College will be subject to a number of requirements affecting its operations. The possible modification or repeal of certain existing federal income tax laws, the change of Internal Revenue Service policies or positions, the change of the College’s method of operations, purposes or character or other factors could result in loss by the College of its tax-exempt status.

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income (“UBTI”). The College has not historically generated any significant amount of UBTI. The College may participate in activities that generate UBTI in the future. Management believes it has properly accounted for and reported UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI

and in some cases could ultimately affect the tax-exempt status of the College as well as the exclusion from gross income for federal income tax purposes of the interest on the Bonds and other future tax-exempt debt of the College, if any.

The State of California has not been as active as the IRS in scrutinizing the income tax exemption of organizations. However, it is likely that the loss by the College of federal tax exemption would also trigger a challenge to the State tax exemption of the College. Depending on the circumstances, such an event could be adverse and material.

In recent years, State, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt colleges and universities with respect to their real property tax exemptions. The management of the College believes that its real property and the planned improvements thereon are and will continue to be exempt from California real property taxation.

The College will covenant to remain eligible for such tax-exempt status and to avoid operating the Project as an unrelated trade or business (as determined by applying §512(a) of the Code). Failure of the Project to remain so qualified or of the College to so operate the Project could affect the funds available to the College for payments under the Loan Agreement by subjecting the College to federal income taxation and could result in the loss of the excludability of interest on the Bonds from gross income for purposes of federal income taxation. See “INVESTMENT CONSIDERATIONS – Effect of Determination of Taxability” herein.

Potentially Adverse Tax Legislation

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. See “TAX MATTERS.”

In addition, there are or may be pending in the Congress of the United States legislative proposals, which would directly or indirectly change the tax law applicable to tax exempt entities, such as the College, including but not limited to a requirement to pay taxes on certain types of investment income. It cannot be predicted whether or in what form any such proposal might be enacted or, if enacted, its ultimate impact on the finances and operations of the College.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the knowledge of the Authority, there is no material litigation pending or threatened against the Authority concerning the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance thereof.

The College

There is no litigation now pending or threatened against the College, of which the College has knowledge, that in any manner questions the right of the College to enter into or perform its obligations under the Loan Agreement or that individually or in the aggregate would materially, adversely affect the operations or finances of the College.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax and (ii) interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

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

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

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

Interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax. In addition, interest on

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

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

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

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

Risk of Future Legislative Changes and/or Court Decisions

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

For example, the recent federal tax reform proposals in the U.S. House and Senate would reduce corporate tax rates, modify individual tax rates, eliminate many deductions, repeal the alternative minimum tax, eliminate advance refundings and, in the case of the House proposal, eliminate private activity bonds, among other things. These proposals, if passed and signed by the President, may increase, reduce or otherwise change the financial benefits currently provided to certain owners of state and local government bonds. Additionally, investors in the Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds

are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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

Original Issue Discount and Original Issue Premium

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

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

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

UNDERWRITING

The Authority is offering the Bonds through Barclays Capital Inc. (the “Underwriter”), pursuant to a Bond Purchase Agreement. The obligation of the Underwriter to purchase the Bonds will be subject to various conditions contained in the Bond Purchase Agreement. Pursuant to the Bond Purchase Agreement, the Borrower will indemnify the Underwriter and the Authority against certain liabilities, including certain liabilities under federal securities laws, to the extent permitted by law.

The Underwriter has agreed to purchase the Bonds at a price of \$154,197,915.34, which represents the par amount of the Bonds (\$138,470,000), plus net original issue premium (\$16,184,395.30), and less the Underwriter's discount (\$456,479.96).

The Underwriter is purchasing the Bonds and intends to offer the Bonds to the original purchasers thereof at the offering prices set forth on the inside cover page of this Official Statement, which offering price may subsequently be changed without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers at prices lower than the public offering prices.

RATINGS OF THE BONDS

Moody's, S&P and Fitch have assigned the Bonds the ratings of "Aaa," AAA" and "AAA," respectively. An explanation of the significance of such ratings may be obtained from Moody's, S&P and Fitch, respectively. Such ratings reflect only the views of Moody's, S&P and Fitch, respectively, and neither the Authority, the College, nor the Underwriter makes any representation as to the appropriateness thereof.

There is no assurance that any of such ratings will continue for any given period of time or that any of them will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

All matters incidental to the authorization and issuance of the Bonds will be subject to the legal opinion of Squire Patton Boggs (US) LLP, Los Angeles, California, Bond Counsel, the form of which is included as APPENDIX D attached hereto. Certain legal matters will be passed on for the Authority by its special counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, for the College by its counsel, Rossi A. Russell, Esq., Los Angeles, California, and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, San Francisco, California.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest earned on the securities deposited into the 2009A Escrow Account to provide for the payment of (x) interest due on the 2009A Bonds on the interest payment dates occurring following the funding of the 2009A Escrow Account and prior to January 1, 2019 and (y) the interest on and principal amounts when due at the redemption or maturity of the 2009A Bonds on January 1, 2019, and (b) the mathematical computations of the actuarial yield on such securities will be verified by Causey Demgen & Moore P.C. Causey Demgen & Moore P.C. will express no opinion on the assumptions provided to them, nor as to the exemption from federal income taxation of the interest on the Bonds or the exemption from State income taxation of the Bonds. See "PLAN OF FINANCE – Refunding and Defeasance of Refunded Bonds" and "ESTIMATED SOURCES AND USES OF PROCEEDS."

CONTINUING DISCLOSURE

The College will agree, in a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") dated as of December 1, 2017, between the College and U.S. Bank National Association, as dissemination agent thereunder (the "Dissemination Agent"), for the benefit of the Holders from time to time of the Bonds, in accordance with, and as the only obligated person with respect to the Bonds under, Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, to provide or cause to be provided to each National Repository (currently, the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access (EMMA) System), such financial information and operating data, audited financial statements, and notices, in such manner, as may be required for purposes of the Rule.

The College has covenanted for the benefit of the Holders to provide certain financial information and operating data relating to the College and the Bonds by not later than 240 days after the end of the College's fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events so long as the Bonds are outstanding, as provided in the Continuing Disclosure Agreement. The Annual Report and notices of enumerated events will be filed by the Dissemination Agent, on behalf of the College, with the Municipal Securities Rulemaking Board through its EMMA system. The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold, or sell the Bonds, and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Bonds or any other person with respect to the Rule.

The above covenants with respect to continuing disclosure have been made in order to assist the Underwriter in complying with Rule 15c2-12. For additional information concerning disclosure, see APPENDIX F — "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The College has determined that during the previous five years, specific instances of non-compliance by the College with certain of its prior undertakings (which shall not be construed as an acknowledgment that any such non-compliance was material) include the following:

(i) For its fiscal year ended June 30, 2015, the College did not file an Annual Report containing the required financial operating and data for the 2008A Bonds, the 2009A Bonds or the \$7,310,000 California Educational Facilities Authority Revenue Bonds (Pomona College) Series 2011 (the "2011 Bonds"), which are no longer outstanding. The audited financial statements for the fiscal year ended June 30, 2015 were posted on EMMA;

(ii) For its fiscal year ended June 30, 2014, the College posted its audited financial statements and operating data on March 2, 2015, approximately five days late, for the \$41,879,739.45 California Educational Facilities Authority Revenue Bonds (Pomona College) Series 2005A (the "2005A Bonds"), the 2008A Bonds, the 2009A Bonds, and the 2011 Bonds; and

(iii) For its fiscal years ended June 30, 2012 through June 30, 2016, the College failed to annually provide information about its Financial Aid Programs as required by the \$17,885,000 California Educational Facilities Authority Refunding Revenue Bonds (Pomona College) Series 1999, which are no longer outstanding; the 2005A Bonds; the 2008A Bonds; the 2009A Bonds; and the 2011 Bonds.

The College has subsequently filed all missing information with EMMA. To ensure that similar defects do not reoccur in the future, certain representatives of the College are undergoing continuing disclosure training, and new procedures have been implemented related to continuing disclosure compliance.

INDEPENDENT ACCOUNTANTS

The financial statements of the College as of and for the years ended June 30, 2016 and June 30, 2017 included in APPENDIX B have been audited by KPMG LLP, independent accountants, as stated in their report appearing herein.

MISCELLANEOUS

The information set forth herein relating to the College has been furnished by the College.

The Authority has furnished only the information included herein under the headings, “THE AUTHORITY,” and “ABSENCE OF MATERIAL LITIGATION – The Authority.”

POMONA COLLEGE

By: /s/ Karen L. Sisson
Vice President and Treasurer

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APPENDIX A

INFORMATION REGARDING POMONA COLLEGE

The information presented in this APPENDIX A has been provided by Pomona College and has not been independently verified or reviewed by the Authority.

General

Pomona College (herein “Pomona” or the “College”) is one of the oldest institutions of higher learning in California. The College is a private, nonprofit, nonsectarian, coeducational, liberal arts college with a present enrollment of about 1,650 undergraduate students. The College occupies a campus of approximately 140 acres, located in the city of Claremont, 35 miles east of Los Angeles in the foothills of the San Gabriel Mountains. It is a residential college with approximately 98 percent of its students living on campus. The students enrolled at the College have established records of high scholastic aptitude before entering college. The median College Board Scholastic Aptitude Test (SAT) scores for the 2017-18 freshman class were 710 critical reading and writing and 710 math. Pomona offers an academic program that encompasses the major fields of the arts, humanities, natural sciences and social sciences. Learning is encouraged through theory-building and empirical research, historical and linguistic analysis, and inquiry and ethical debate.

The College was established in 1887-88 under the sponsorship of persons affiliated with the Congregational churches, ties to which were severed in 1909. In 1914, a chapter of Phi Beta Kappa, the national scholastic honorary society, was established at the College, marking the first such chapter in Southern California and the third in the State of California. The College is the founder and an independent member of an affiliated group of colleges, The Claremont Colleges. See “Pomona College and The Claremont Colleges” below for a description of The Claremont Colleges, their development and shared programs, facilities and services.

Mission Statement

Throughout its history, Pomona College has educated students of exceptional promise. We gather individuals, regardless of financial circumstances, into a small residential community that is strongly rooted in Southern California yet global in its orientation. Through close ties among a diverse group of faculty, staff and classmates, Pomona students are inspired to engage in the probing inquiry and creative learning that enable them to identify and address their intellectual passions. This experience will continue to guide their contributions as the next generation of leaders, scholars, artists and engaged members of society to fulfill the vision of the College’s founders: to bear their added riches in trust for all.

Board of Trustees

The College is governed by a self-perpetuating Board of Trustees, which consists of up to 42 members, including the President of the College. Current membership on the Board stands at 37. Officers of the Board are elected each year. Members currently serve staggered four-year terms. The president of the Pomona College Alumni Association and the national chair for Annual Giving are ex-officio, nonvoting members of the Board. The Board of Trustees may elect any number of Trustees Emeriti from among those who have previously served as Trustees; provided that no person who is under the age of seventy-three may be elected as a Trustee Emeritus unless at least one year has passed since such person last served as a Trustee. Honorary Trustees do not have voting power.

The Board of Trustees is required by the Bylaws to meet at least four times a year. It currently meets quarterly. The Executive Committee meets on call by the Chairman of the Board or by any three members of the committee.

The Board of Trustees has legal responsibility for the management of the College, including its academic policy, land use and development, faculty and staff appointments and benefits, gift development, adoption of the College budget and supervision of financial affairs. Certain of the powers of the Board may be delegated to the Executive Committee or other committees of the Board.

The following table lists the members of the Board of Trustees and their affiliations:

Janet Inskeep Benton '79	Founder, Frog Rock Foundation
Alison Rempel Brown '80, P '11, '13, '15	President and CEO, Science Museum of Minnesota
Onetta Brooks '74	Manager Systems Engineering; Minister (Retired)
Bernard Charnwut Chan '88	President, Asia Financial Holdings Ltd.
Chris P. Dialynas '76, P '10	Managing Director and Portfolio Manager, PIMCO
Jennifer Doudna '85	Professor, Howard Hughes Medical Institute/UC Berkeley
Matthew J. Estes '88	Managing Director/Chairman, Elite Capital/BabyCare Ltd.
Joel A. Feuer '76	Executive Director, Lowell Milken Institute for Business Law and Policy, UCLA Law School
Mark H. Fukunaga '78	Chairman and CEO, Servco Pacific Inc.
Kiki Ramos Gindler '83	President, The Center Theatre Group
Samuel D. Glick '04	Partner, Oliver Wyman
Scott R. Green '88	Principal, 270 Capital
Allyson Aranoff Harris '89	Community Volunteer and Consultant
Jean Moran Kaplan '83, P '15	Business Consultant (Retired)
William G. Keller '70, P '19	Editor-in-Chief, The Marshall Project
Osman Kibar '92	CEO, Samumed, LLC
Nathaniel "Nate" Kirtman III '92	Consultant, Blue Green Technologies
Margaret G. Lodise '85	Partner, Sacks, Glazier, Franklin & Lodise, LLP
Stephen B. Loeb '79, P '09, '13	President and CEO, Alaska Distributors Co.
Wendell Jackson "Jack" Long P '13, '15	Unknown
Xiaoye "MD" Ma '11	MBA Candidate at Stanford Graduate School of Business

Libby Gates MacPhee '86
 Jeffrey T. Parks '02
 Jason Rosenthal '92
 Peter G. Sasaki '91
 Francine P. Scinto P '09, '11
 R. Carlton Seaver
 Michael S. Segal '79
 Aditya Sood '97
 G. Gabrielle Starr
 John D. Starr '82, P '15, P '18
 Bryan White '84, P '20
 Eileen B. Wilson-Oyelaran '69
 Christina Wire '87
 Craig Wrench '83, P '13 '16
 Mark B. Wyland '68
 Reza Zafari '82

Civic Leader
 Co-Founder and General Partner, Riverwood Capital Management
 CEO, Lytro, Inc.
 Managing Member, CGS Associates, LLC
 Vice President, Orange County Associates
 Judge, Los Angeles Superior Court (Retired)
 Managing Partner, Fred Segal Family LLC
 President of Production, Genre Films
 President, Pomona College
 Chairman, UltraSource LLC
 Founder, Sahsen Ventures, LLC
 President Emerita, Kalamazoo College
 Vice President, Global Operations, YouTube
 President and CEO, Washington Holdings
 California State Senator (Retired), Wyland Institute for Civic Education
 Managing Director-Wealth Management, Merrill Lynch

Ex-Officio Trustees:

Bobby Lee '02
National Chair Annual Fund
 Matt Thompson '96
President, Alumni Association

President & COO, JRK Property Holdings
 Senior Vice President, Skyview Capital

Trustees Emeriti:

Edith Andrew '57
 W. Benton Boone '62
 Louise Henry Bryson
 Jeanne M. Buckley '65
 Colin G. Campbell P '93
 A. Redmond Doms '62
 Ranney E. Draper '60
 Christine Eberhardt '71
 Paul F. Eckstein '62, P '92
 James M. Galbraith '64, P '89
 Gurnee F. Hart '51
 Katherine L. Hensley '59, P '83, '89
 Terrance G. Hodel '64, P '99
 George E. Moss '52
 Julian Nava '51
 David W. Oxtoby
 M. Helen Pashgian '56
 Marylyn P. Pauley '64, P '87

Director and Secretary, Andrew Family Foundation
 Doctor of Medicine
 Chair Emerita, J. Paul Getty Trust
 Superior Court Commissioner (Retired)
 Chairman Emeritus, Colonial Williamsburg Foundation
 Owner, The Redmond Doms Company (Retired)
 Chairman, Spring Creek Investors, LLC
 Treasurer, The Colburn Foundation (Retired)
 Attorney, Perkins Coie LLP
 President, Crestmont Investments, LLC
 Advisory Managing Director, Scudder, Stevens & Clark (Retired)
 Attorney, Partner, O'Melveny & Myers (Retired)
 Retired
 Chairman, Roscoe Moss Manufacturing Company
 Historian and Documentary Producer
 President Emeritus, Pomona College
 Artist
 Education and Civic Leader

Richard J. Pearson	President and COO, Avery Dennison Corporation (Retired)
Nancy B. Ringle '41, P '69	Unknown
Stewart R. Smith '68, P '00, '09	President, Kinsmith Financial Corporation
Peter W. Stanley	President Emeritus, Pomona College
Robert H. Takeuchi	Attorney (Retired)
Robert E. Tranquada '51, P '77 (Chair Emeritus)	Professor Emeritus of Medicine and Public Policy, Keck School of Medicine of the University of Southern California (Retired)
J. Patrick Whaley '56	Attorney, Musick, Peeler and Garrett
Nicholas S. Winslow '64	President, Nick Winslow Consulting

Executive Officers

The President of the College is appointed by the Board of Trustees and, as chief executive officer, is charged with the principal responsibility for administration of the College. All other officers of the College are appointed by the Board of Trustees and are subject to the day-to-day direction of the President.

The following table sets forth the names of principal officers of the College, the position held by each, and the period during which each has served in a position. A brief statement of the background of each officer is set forth below the table.

Executive Officers		
<u>Name</u>	<u>Position</u>	<u>Held Since</u>
G. Gabrielle Starr	President	2017
Seth Allen	Vice President and Dean of Admissions & Financial Aid	2011
Pamela Besnard	Vice President for Advancement & Secretary to the Board of Trustees	2013
Audrey Bilger	Vice President for Academic Affairs & Dean of the College	2016
Miriam Feldblum	Vice President for Student Affairs and Dean of Students	2007
Marylou Ferry	Vice President and Chief Communications Officer	2014
William Morse	Vice President and Chief Information Officer	2016
Karen L. Sisson	Vice President and Treasurer	2008

G. Gabrielle Starr, President. G. Gabrielle Starr, a highly regarded scholar of English literature whose work reaches into neuroscience and the arts, took office as the 10th president of Pomona College in July 2017. Recipient of the Guggenheim Fellowship and author of two books, Starr offers a compelling voice for working across academic disciplines to spark intellectual discovery. Her research looks closely at the brain, through the use of fMRI, to help get to the heart of how people respond to paintings, music and other forms of art. Her most recent book, “Feeling Beauty: The Neuroscience of Aesthetic Experience,” (MIT Press, 2013) was a finalist for the Phi Beta Kappa Society’s 2014 Christian Gauss Award, and her work has been supported by the Andrew W. Mellon Foundation’s New Directions Fellowship and a National Science Foundation ADVANCE grant. Starr is an experienced academic leader. As dean of New York University’s College of Arts and Science, she oversaw the undergraduate experience for more than 7,000 students across 55 departments and programs. She has led the development of new cohort and first-year programs, helping to create scholarly communities for undergraduates in the arts and sciences. Starr also launched a partnership with New York City’s largest community college to

create a pipeline in STEM, and she co-founded a cross-university prison education program, offering A.A. degrees in the liberal arts to students in a medium-security prison. She served as chair of the English Department and director of undergraduate studies during her more than 15 years at NYU, and she continues to serve on the Board of Trustees of Ithaca College. Starr received her bachelor's and master's degrees in women's studies from Emory University and her doctorate in English and American literature from Harvard University.

Seth Allen, *Vice President and Dean of Admissions & Financial Aid*. Seth Allen joined the College in July 2011. Under his direction, Pomona's admissions team has expanded the recruitment of underrepresented students and further strengthened relationships with QuestBridge, Posse Foundation (Chicago and Miami), and the Pomona College Academy of Youth Success. The office has also increased the College's global reach through new international recruitment in Latin America, Africa, India, and Europe. Allen has been quoted extensively by the national media and speaks regularly at high schools and conferences throughout the world. He has served on the board of directors of The Common Application (president, 2008-09), as chair of the Member Relations Committee for the National Association for College Admission Counseling (NACAC, 2011-13) and on the College Board Guidance and Admissions Assembly Council. Mr. Allen previously served as the Dean of Admissions and Financial Aid at Grinnell College and as Dean of Admissions at Dickinson College. He began his career in admissions at Johns Hopkins University, where he rose from Admissions Counselor to Director of Enrollment Planning, Research and Technology. Mr. Allen earned both his B.A. in Economics and an M.S. in Applied Behavioral Sciences from Johns Hopkins University.

Pamela Besnard, *Vice President for Advancement and Secretary to the Board of Trustees*. Pamela Besnard came to Pomona College in 2013. She oversees offices that work to provide resources to support the College's mission and keep relationships between the College and the members of its extended family strong and active. This includes Alumni & Parent Engagement, Capital Giving (Major Gifts and Trusts & Estates), Stewardship, and Foundation Relations. As Secretary to the Board, Ms. Besnard is responsible for oversight and planning for board meetings, board communications, and trustee recruitment. Prior to her work in higher education, Ms. Besnard established a successful career in publishing, working in advertising and management at such publications as Money Magazine and Newsweek before returning to her alma mater, Williams College, to begin a new career in advancement. Prior to coming to Pomona, she served as vice president for development and alumni relations at The New School in New York City.

Audrey Bilger, *Vice President for Academic Affairs and Dean of the College*. Audrey Bilger joined Pomona College in 2016. From 1994-2016, she was a professor of literature at Claremont McKenna College, where she founded and directed the Center for Writing and Public Discourse. In 2014-15, she visited the University of California, Riverside, as an American Council on Education Fellow. She is the author of *Laughing Feminism* and co-editor, with Michele Kort, of *Here Come the Brides! Reflections on Lesbian Love and Marriage*. She has published numerous scholarly articles as well as critical essays in Ms. Magazine, the *Los Angeles Times*, the *San Francisco Chronicle*, and the *Los Angeles Review of Books*.

Miriam Feldblum, *Vice President for Student Affairs and Dean of Students*. Miriam Feldblum joined the College as Vice President for Student Affairs and Dean of Students in 2007; she also serves as a professor of politics. As the chief student affairs officer, Dr. Feldblum is responsible for student life on campus, including residence and campus life, career development, co-curricular and community engagement, student programs and resource centers, and policy management. She serves as the institutional liaison for the Posse Foundation, Mellon Mays Undergraduate Fellowship program, and the KIPP schools partnership, and oversees the College's Title IX Coordinator/Clery Officer. Before coming to the College, Dr. Feldblum was Senior Director of Academic Support and Planning and Special Assistant to the President at the California Institute of Technology. She received her B.A. from Barnard College and her Ph.D. from Yale University.

Marylou J. Ferry, *Vice President and Chief Communications Officer*. Marylou Ferry joined Pomona College in 2014 and leads the office responsible for advancing, managing, and protecting Pomona College's reputation and acts as liaison between the College and its many public audiences. She leads the Pomona College Magazine, front-facing digital communications, archives and public programming and college events. The office provides a wide range of professional and creative services to help departments and offices achieve their goals. Her career highlights include serving as Scripps College's Vice President for Communications and Marketing; Press Secretary and Communications Director for Governor Gary Locke (WA); Vice President of Fleishman-Hillard's Los Angeles public affairs practice; director of corporate and political affairs for ARCO; and leadership positions for Governor Booth Gardner (WA) and Nordstrom. Ms. Ferry is a graduate of Leadership Los Angeles and held the marketing chair for the Los Angeles Private Industry Council. She earned a Bachelor of Arts in Communications from the University of Puget Sound.

William Morse, *Vice President and Chief Information Officer*. As Pomona's Vice President and Chief Information Officer ("CIO"), William Morse leads a professional staff that provides, among other things, client services, information systems, instructional services, media and classroom services, and network and infrastructure services. He provides strategic leadership for the College, overseeing future planning and budget management for the technology infrastructure, including email, computer services, database management, enterprise resource planning (ERP), client/server technology, learning technologies, and web development. Prior to Pomona, William was associate vice president and CIO for six years at the University of Puget Sound, overseeing the on-time and on-budget delivery of a multimillion-dollar project to replace the college's obsolete ERP infrastructure. He was also the CIO and director of information technology services for Oglethorpe University; the CIO for the Rollins School of Public Health at Emory University; and the director of computing for Emory's School of Law and School of Nursing. Mr. Morse received his B.A. and his J.D. from Emory University.

Karen L. Sisson, *Vice President and Treasurer*. Karen Sisson joined the College as Vice President and Treasurer in 2008. As chief financial officer, Ms. Sisson is responsible for the

financial management and capital planning at the College, which includes budget administration, investments, real estate, and nonacademic business supervision for human resources and the physical plant, including housekeeping, grounds, maintenance and the college's self-operated food service. Before joining Pomona, she spent 17 years in local government finance and administration, including 9 years as Chief Financial Officer and Deputy Executive Director of Los Angeles World Airports, the agency that oversees LAX. Ms. Sisson also served as Deputy Mayor for Finance and Performance Management in Los Angeles Mayor Antonio Villaraigosa's first administration and was the first woman to serve as City Administrative Officer for the City of Los Angeles. She has experience in commercial banking, mortgage banking and financial consulting. Ms. Sisson received her B.A. from Pomona College, her M.B.A. from the University of Chicago and her M.A. in Theology from Fuller Theological Seminary.

Facilities

The College occupies a campus of 140 acres in the city of Claremont. The College owns 64 buildings and shares in the operation of 18 other buildings, which the Claremont University Consortium maintains for the seven Claremont Colleges. (See "Pomona College and The Claremont Colleges" below). On the College campus, classrooms, laboratories and department libraries are housed in 24 academic buildings. Among the 16 residence halls and 3 dining halls is the Oldenborg Center for Modern Languages and International Relations, a residential complex described under "Academic Program," which provides a living-learning focus for international education at the College. The campus is also the setting for the President's House, Smith Campus Center, Seaver House, the alumni center for the College, plus additional housing and single-family dwellings. The instructional and extra-curricular programs are further supported by Bridges Auditorium, a performing arts center that seats 2,500; Bridges Hall of Music, a concert hall with a seating capacity of 600; the Frank P. Brackett Observatory; the Pomona College Museum of Art; the Byron D. Seaver Theatre and a Studio Art building. The College also maintains the Rains Center for Sports and Recreation, which houses two gymnasiums, a weight room, physical education classrooms and the offices of the College's athletic department. It also maintains tennis courts, two swimming pools, playing fields and other facilities for men's and women's physical education and athletic programs.

Information Technology Services ("ITS") provides client support, education technology, IT project management, research support, system services and administrative computing for the College. Although most students own computers, ITS maintains labs for small group computing, access to high-speed black/white, color or large format printing, and access to special multimedia facilities after hours. The College's main IT facility is located in the JC Cowart Information Technology Building, which is totally dedicated to supporting the use of technology. Completed in January 2006, this facility houses the main data center for the College's servers infrastructure and network. A backup server room is located both on campus and at the University of Puget Sound, a liberal arts college located in the Pacific Northwest. The campus network provides gigabit access to every desktop in academic and administrative buildings as well as in the residence halls. In addition, the campus provides comprehensive Wi-Fi coverage across the campus. A wide variety of applications are available over the network, including instructional and research applications, word processing, statistical analysis, database applications, multimedia and graphics applications, email and more. Through the student computer labs, ITS

provides students with access to a variety of special-purpose equipment in the form of advanced workstations, scanning and digital imaging equipment, large screens and more. Although there are many specialized labs for departmental use throughout campus, ITS also hosts one computer classroom that is dedicated for use by classes with high-end application requirements and for College professional development workshops. The JC Cowart IT Building also houses the Administrative Information Systems group. This group manages The Claremont College's Student Information System and Learning Management System.

Accreditation and Affiliations

The College is accredited by the Western Association of Schools and Colleges ("WASC"), of which it is a member. The most recent accreditation was received in 2011, with an interim review completed in 2015. The College will complete its re-accreditation review by WASC in 2020. In addition, the College is a member of the Association of American Colleges; American Association of Collegiate Registrars and Admissions Officers; American Council on Education; American Council of Learned Societies; Association of Governing Boards of Universities and Colleges; Association of Independent California Colleges and Universities; College Entrance Examination Board; Council for the Advancement and Support of Education; National Association of College and University Business Officers; Independent Colleges of Southern California; and the Consortium on the Financing of Higher Education ("COFHE").

Academic Program

The College offers the degree of Bachelor of Arts. Academic departments are organized into three divisions.

- Division I, Humanities, is composed of Art and Art History, Asian Languages and Literatures, Classics, English, German and Russian, Linguistics and Cognitive Science, Media Studies, Music, Philosophy, Religious Studies, Romance Languages and Literatures, and Theatre and Dance.
- Division II, the Natural Sciences, includes Biology, Chemistry, Computer Science, Geology, Mathematics, Neuroscience, Physics & Astronomy, and Psychology.
- Division III, the Social Sciences, encompasses Anthropology, Economics, History, Physical Education, Politics, and Sociology.

Students must complete 32 courses to fulfill graduation requirements, including the Critical Inquiry seminar for first-year students, and satisfaction of the Breadth of Study requirements, the Foreign Language requirement, and the Physical Education requirement.

The study of foreign languages and international relations is enhanced by the activities of the Oldenborg Center for Modern Languages and International Relations, a residence hall staffed by native-speaking residents from other countries to help students use foreign languages and to expose students to questions of international affairs. Study abroad for qualified Pomona students is available through 59 programs in 34 countries. Approximately half of all Pomona students study abroad before graduating.

A major is required of each student; 48 majors are offered, 39 exclusively by departments at the College (some of which are interdisciplinary), the remainder by interdisciplinary programs. The list of interdisciplinary or joint majors offered, either exclusively by Pomona faculty or in cooperation with the other Claremont Colleges, include Africana Studies, American Studies, Asian American Studies, Asian Studies, Chicana/o-Latina/o Studies, Environmental Analysis, Gender & Women's Studies, German Studies, International Relations, Latin American Studies, Molecular Biology, Neuroscience, Philosophy Politics & Economics, Public Policy Analysis, Russian and Science Technology & Society. Students may propose special majors with the approval of the Curriculum Committee of the College. Students may also use specialized offerings in departments of the various Claremont Colleges to enrich majors or to expand elective possibilities.

The formal curriculum is supplemented by concerts, plays, exhibitions at the Pomona College Museum of Art, and public lectures. Major conferences are regularly held on issues of public affairs or cultural importance. The favorable student-faculty ratio of 8:1 enables formal education to be enriched by informal contacts outside of the classrooms, in faculty homes, residence halls, dining halls and common meeting areas.

Faculty

The current full-time faculty at the College numbers 189. The following table provides a breakdown of the faculty for the current and four most recent academic years. Figures are compiled as of the beginning of the fall semester for each year. Non-faculty personnel are detailed under "Employees."

	Full-time Faculty				
	Academic Year				
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Professors	89	80	78	82	87
Associate Professors	66	72	74	69	66
Assistant Professors	33	36	34	35	34
Instructors	1	0	0	0	3
Total	189	188	186	186	190

The ratio of faculty to students is approximately 1:8. The Ph.D. degree is required for any professorial rank except in those departments where other terminal professional degrees are appropriate; 99% of faculty hold a terminal degree and 80% of faculty are tenured. Reappointments, promotions, and decisions to award tenure are made only after careful and systematic review by faculty peers. Normally the probationary period prior to tenure is six years.

Over the last five years, the weighted average salary of College faculty members has been one of the three highest of more than 200 national liberal arts colleges. Ratings of faculty salaries are published annually in the Bulletin of the American Association of University Professors. A regular sabbatical program encourages faculty research and writing. Mortgage loans for the

purchase of a primary residence within a five-mile radius of the College are available to Assistant, Associate and (full) Professors who have signed a multi-year contract with the College. Approximately 85 faculty members are currently participating in this program.

Students

The College consistently attracts applicants for its student body from the highest ranks of their high school graduating classes. The College accepts those individuals who can meet the academic demands of the College and contribute to the cultural and social life of the campus regardless of their ability to pay. The result of this selection process is a student body with exceptional academic and personal credentials. The six-year graduation rate averages 95%, compared with a national average of 88% at other very selective institutions.

Cohort Entering Year	Pomona College	Private Non-Profits, < 25% Acceptance rate
2011	93%	N/A
2010	97%	N/A
2009	94%	88%
2008	93%	89%
2007	96%	89%
2006	96%	86%
2005	95%	88%

The size of the freshman applicant pool is large and has grown by more than 50% in the last decade. Over the past five years, the number of applicants has ranged from 7,153 to 9,045. The proportion of students submitting early decision, first choice applications, has grown substantially as the overall rate of admission declined, while yield increased.

Freshman Applicant Pool						
<u>Fall Semester</u>	<u>Applied</u>	<u>Admitted</u>	<u>Applicants Admitted</u>	<u>Enrolled</u>	<u>Applicants Enrolled</u>	<u>Admitted Students Enrolled</u>
2013	7,153	996	13.9%	397	5.5%	39.8%
2014	7,727	942	12.1%	450	5.8%	47.8%
2015	8,099	833	10.2%	400	4.9%	48.0%
2016	8,102	765	9.4%	411	5.0%	53.7%
2017	9,045	756	8.4%	412	4.5%	54.5%

The following table provides student enrollment and the number of degrees conferred for each of the past five academic years.

Enrollments and Degrees		
Total Full-Time-Equivalent Students*		
<u>Academic Year</u>	<u>Enrolled (Fall)</u>	<u>Degrees Awarded</u>
2012-13	1,581	380
2013-14	1,586	391
2014-15	1,633	392
2015-16	1,639	380
2016-17	1,641	367

* FTE student enrollments are computed such that students enrolled in at least three courses in a semester are counted as FTE students. Students enrolled in less than three courses in a semester are included in FTE students by dividing the total number of courses in which they are enrolled by three.

The College has an unusually wide geographic representation in the student body. Currently 26 percent are from California, 63 percent from other states, and 11 percent from foreign countries. All 50 states, the District of Columbia, Puerto Rico, and 51 foreign countries are represented in the student body. About 97 percent of College students live on campus in College residence halls. Virtually all of the remaining students live within a three-mile radius of the City of Claremont.

The Class of 2021 was the most racially and ethnically diverse class in the College's history. U.S. students of color made up 52 percent of the entering first-year cohort: 19.2% Hispanic; 15.5% Asian; 8.7% Black; 7.3% Multi-ethnic (2 or more); 0.7% Native Hawaiian; 0.5% Native American. International students comprise 12 percent. Just over one in five in the entering class are first-generation-to-college students.

Comprehensive Fees

Tuition, room, board and fees for a full-time student for 2017-18 is \$67,225. A five-year summary of comprehensive fees is provided below.

Comprehensive Fees				
<u>Academic Year</u>	<u>Tuition & Fees</u>	<u>Room & Board</u>	<u>Total</u>	<u>Percent Increase</u>
2013-14	\$43,580	\$14,100	\$57,680	4.94%
2014-15	\$45,832	\$14,700	\$60,532	4.94%
2015-16	\$47,620	\$15,150	\$62,770	3.70%
2016-17	\$49,352	\$15,605	\$64,957	3.48%
2017-18	\$51,075	\$16,150	\$67,225	3.37%

Pomona's comprehensive fees place it at or near the median of peer schools that are members of COFHE. It is the College's goal to keep comprehensive fees at the median of its peers.

Financial Aid

Pomona maintains a need-blind admissions policy for all domestic applicants and meets 100% of demonstrated need. The need profile of admitted international students mirrors the financial aid profile of domestic students. The College also has a "no-loan" policy; aid is packaged as a combination of grant aid and work, though students may request loans to supplement or replace student and/or parent contributions. In 2015-16, students receiving financial aid accounted for 56% of the student body and the average award was \$48,034.

Pomona College and The Claremont Colleges

The College is the founder and an independent member of an affiliated group of colleges known as The Claremont Colleges, which consists of five undergraduate colleges (Pomona, Scripps, Claremont McKenna, Harvey Mudd, and Pitzer), the Claremont Graduate University (formerly the Claremont Graduate School) and the Keck Graduate Institute for Applied Science. The seven Claremont institutions jointly finance a central coordinating institution for the operation of shared programs, facilities and services, including a library system (with approximately 2.0 million volumes), a computer center, a security force, maintenance services, a chaplain's office, and professionally staffed medical and counseling centers. The Colleges also have recently completed a joint implementation of *Workday's* Financials system and are in the process of jointly implementing *Workday's* Human Capital Management system, enhancing cooperation in the area of business and accounting operations.

The concept of The Claremont Colleges originated with James A. Blaisdell, the fourth president of the College, in response to population growth and postwar pressure for college expansion in the early 1920's. Since the decision had been made for the College to remain a small college with its own particular character, President Blaisdell proposed that a group of cooperative but independent colleges be developed in Claremont.

Under the leadership of President Blaisdell and the College trustees, the central coordinating institution, now called Claremont University Consortium, was incorporated in 1925 as the Claremont Graduate School to supervise graduate studies and serve the objectives of the new colleges. Scripps College followed in 1926, Claremont Men's College (now Claremont McKenna College) in 1946, Harvey Mudd College in 1955 and Pitzer College in 1963. Each of the five undergraduate schools has two delegates (its president and board chair) who serve on the Board of Fellows of the Claremont University Consortium.

The seven institutions occupy contiguous campuses totaling about 330 acres. Approximately 219 additional acres of land are set aside for future educational use. Each of the seven institutions is independent, having its own board of trustees, educational emphasis and tradition, faculty, student body, administrators, staff, campus, buildings and endowment. Although most of a student's courses are taken at his or her own college, a wide range of instruction is available without extra cost at the other six institutions.

None of the other six Claremont institutions has any responsibility to make payments with respect to the Bonds or any other indebtedness of the College. Although the College is responsible for its share of payments to operate facilities, which are owned jointly by the seven Claremont institutions, the College is not responsible for the indebtedness of any of the other six institutions.

Employees

The following table sets forth the number of non-faculty employees over the last five academic years.

<p style="text-align: center;">Employees (Regular, full and part-time)</p>					
<p style="text-align: center;">Academic Year</p>					
Classification	2017-18	2016-17	2015-16	2014-15	2013-14
Administrative	47	45	42	42	41
Clerical	109	103	97	93	95
Service	170	164	163	162	164
Technical	64	56	56	52	50
Professional (non-Faculty)	146	150	139	132	123
Total	536	518	497	481	473

Employee Relations

In April 2013, the College's dining and catering employees voted to be represented by UNITE HERE. The College entered into a 3-year collective bargaining agreement at that time. Upon its expiration in 2016, the collective bargaining agreement was renegotiated without incident or controversy. The current agreement expires June 30, 2019. While that relationship continues, no other employee groups have pursued union representation. The College believes that it has a good relationship with its employees.

Employee Benefits

The College maintains competitive benefits for its faculty and staff, offering three medical insurance plans. The College contributes 90% of the premium for individuals, 80% of the premium for the employee plus one dependent and 70% for the employee plus family. Dental and vision plans are also available. The College provides long-term disability insurance to all employees. The College contributes to a defined contribution retirement plan for employees at the rate of 10% of annual salary up to the social security wage limit, currently \$127,200, and the rate of 12% on amounts earned above the social security wage limit. Employees direct the investment of their retirement contributions from a menu of mutual fund choices and traditional TIAA-CREF annuity contracts. For additional information concerning retirement benefits, see note 10 in APPENDIX B – "FINANCIAL STATEMENTS OF THE COLLEGE."

Financial Statements

The audited financial statements of the College are presented in APENDIX B – “FINANCIAL STATEMENTS OF THE COLLEGE” and provide financial information as of June 30, 2017, and for the fiscal year then ended. Certain financial information contained in this APPENDIX A as of June 30, 2016, June 30, 2015, June 30, 2014, and June 30, 2013, and for the fiscal years then ended, has been derived from previously audited financial statements.

The Statement of Financial Position presents the financial position of the College as of the end of the fiscal year. The Statement of Activities presents financial activities during the fiscal year, thereby reconciling the beginning and end-of-year net asset positions contained in the Statement of Financial Position. The Statement of Cash Flows summarizes cash-related activities during the fiscal year, thereby reconciling the beginning and end-of-year cash balances contained in the Statement of Financial Position. The audited financial statements are an integral part hereof and should be read in their entirety.

Statement of Financial Position Summary

As of June 30
(dollars in thousands)

	2017	2016	2015	2014	2013
Total Assets	\$2,923,794	\$2,706,886	\$2,818,942	\$2,818,130	\$2,509,752
Total Liabilities	336,642	330,998	317,775	315,272	308,569
Total Net Assets	\$2,587,152	\$2,375,888	\$2,501,167	\$2,502,858	\$2,201,183

The following table is a summary of the financial activities of the College for the fiscal years ended June 30 2017 through June 30, 2013. The table is not in accordance with generally accepted accounting principles as it only presents certain changes in unrestricted net assets. The Statement of Activities presented in accordance with generally accepted accounting principles and the related notes thereto is included in APPENDIX B – “FINANCIAL STATEMENTS OF THE COLLEGE” and should be read in its entirety. Net assets released from restriction is primarily comprised of the income from permanently restricted endowments that has been appropriated and expended and is therefore released from restriction. The larger releases in 2014 and 2015 are due to the expenditure of funds restricted for new buildings.

Statement of Unrestricted Operating Activities

As of June 30
(dollars in thousands)

	2017	2016	2015	2014	2013
REVENUES, GAINS AND OTHER SUPPORT					
Net student revenues	\$62,660	\$62,638	\$60,653	\$57,383	\$55,242
Federal grants and contracts	1,599	2,083	1,601	2,317	2,755
Private gifts and grants	7,589	6,896	10,916	7,560	8,167
Private contracts	883	842	1,573	982	901
Endowment income appropriated for operations	89,204	82,455	76,568	72,095	68,638
Sales and services of education departments	3,854	3,231	550	541	621
Other revenues	183	499	616	935	853
Net assets released from restriction	54,756	44,702	63,459	53,511	37,706
Transfers among asset categories	(2,231)	(15,788)	11	255	1,569
Total revenues, gains and other support	218,497	187,558	215,947	195,579	176,452
EXPENSES					
Instruction and research	67,800	67,266	64,261	61,558	58,126
Public service	1,210	1,390	1,867	1,209	1,081
Academic support	16,848	16,072	14,336	13,891	14,430
Student services	21,239	21,370	20,225	18,852	16,711
Institutional support	32,154	31,892	28,896	28,439	27,356
Auxilliary enterprises	29,831	27,753	27,549	27,429	25,211
Total Expenses	169,082	165,743	157,134	151,378	142,915
Increase in Net Assets from Operating Activities	\$49,415	\$21,815	\$58,813	\$44,201	\$33,537

Investments

The following table summarizes the book and fair value of the College's investments at June 30 of each of the last five fiscal years. The College carries all investments at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Under this standard, fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value of certain alternative investments, which include limited partnerships in venture capital, real estate and other private debt and equity funds, is based on valuations provided by external investment managers, general partners or partnership valuation committees, adjusted for receipts and disbursements of cash and distributions of securities if the date of the valuation is prior to the College's fiscal year end. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments and other pertinent information.

Realized gains and losses arising from the sale or other disposition of investments and unrealized gains and losses and depreciation and other non-cash assets are accounted for as Unrestricted, or as Temporarily Restricted or Permanently Restricted if so stipulated by the donors of such assets.

Where permitted by gift agreement and/or applicable regulations, certain assets are pooled for investing. Pooled investments and allocation of pooled investment income are accounted for using the unit market value method. The College follows an investment policy that anticipates a greater long-term return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields, the Board of Trustees has adopted a spending policy for pooled investments whereby annually, if the ordinary income from pooled investments is insufficient to provide the full amount of investment return specified by the adopted spending policy, the balance may be appropriated from cumulative realized gains of the pooled investments. For the year ended June 30, 2017, \$89,204,000 of realized and unrealized gains were appropriated under this method.

Long-Term Investments Summary

as of June 30
(dollars in millions)

	2017		2016		2015		2014		2013	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Pooled	\$ 1,793	\$2,272	\$1,751	\$2,071	\$1,691	\$2,164	\$1,632	\$2,177	\$1,547	\$1,909
Separately Invested	123	134	129	140	119	132	117	133	76	87
Total Investments	\$1,916	\$2,406	\$1,880	\$2,211	\$1,810	\$2,296	\$1,749	\$2,310	\$1,623	\$1,996

For additional information on the College's investments, see note 6 in APPENDIX B – "FINANCIAL INFORMATION OF THE COLLEGE."

Plant Facilities

The following table summarizes the College's "Plant Facilities" for each of the fiscal years indicated. Real property purchased is stated at cost, and such properties acquired by gift or bequest are stated at fair value at the date of acquisition. The College believes that the market value of these assets exceeds book value.

Plant Facilities Summary
as of June 30
(dollars in thousands)

	2017	2016	2015	2014	2013
Land and land improvements	\$20,693	\$19,912	\$32,690	\$29,699	\$28,529
Buildings	538,247	523,750	466,455	438,274	437,429
Equipment	16,982	14,604	47,498	45,043	43,905
Construction-in-progress	16,122	3,815	52,387	48,009	16,508
	592,044	562,081	599,030	561,025	526,371
Less accumulated depreciation	(185,889)	(168,733)	(202,672)	(187,849)	(173,984)
Total plant facilities	\$406,155	\$393,348	\$396,358	\$373,176	\$352,387

Budgeting

The College employs a collaborative and comprehensive budgeting process. All academic department chairs and staff department managers are responsible for developing annual operating budgets in accordance with targeted goals and managing expenses. Salaries and benefits are managed centrally. Interim results as of December 31 and March 31 are reported to the Board of Trustees along with forecasts of annual results. Year-end results are provided along with a recommendation for the allocation or designation of any surplus funds.

Insurance

The College maintains insurance with such coverage as is customarily carried by similar private colleges and universities in California. Due to the prohibitive industry-wide cost of earthquake insurance and the size of the required deductibles, the College does not carry earthquake insurance. However, all College buildings constructed or renovated since 1933 have met or exceeded earthquake-engineering standards in existence at the time of construction or renovation.

Fundraising

Gifts and grants from private sources recorded in fiscal year 2017 totaled approximately \$35 million. The most recent campaign was publicly announced in October 2010. The *Daring Minds* campaign was the most ambitious fundraising effort in Pomona's history, with a goal of \$250 million. The five-year campaign focused on raising money for endowed scholarship aid, enhancing teaching and learning, and improving critical facilities. Pomona successfully completed this campaign in December 2016 with a record number of outright major gifts and exceeded the campaign goal by \$67 million.

Legal Proceedings

The College may be involved in legal proceedings arising in the ordinary course of its affairs, which, in the aggregate, are not expected to have any material effect on the College.

Liabilities, Including Long-Term Indebtedness

The College's liabilities at June 30, 2017, are set forth in the College's Statement of Financial Position included in APPENDIX B – "FINANCIAL STATEMENTS OF THE COLLEGE" and its footnotes. The table on the following page illustrates the College's long-term debt service (principal and interest) issued through the Authority (referred to in the table as "CMFA") and the California Educational Facilities Authority ("CEFA"), after giving effect to the issuance of the Bonds. The remainder of the liabilities consist of accounts payable, accruals, annuities payable, notes payable, funds held in trust for others, student deposits and government advances.

Outstanding CMFA and CEFA Debt

Fiscal Year	CEFA Series 2005A ⁽¹⁾	CMFA Series 2014	CMFA Series 2016	CMFA Series 2017	CMFA Series 2017	Total
	Debt Service	Debt Service	Debt Service	Principal	Interest	Debt Service
2018	3,155,000.00	766,471.80	516,941.37			4,438,413.17
2019	3,155,000.00	766,471.80	516,941.37		6,253,088.25	10,691,501.42
2020	3,155,000.00	766,471.80	518,357.65		5,971,118.76	10,410,948.21
2021	3,155,000.00	766,471.80	516,941.37		5,971,118.76	10,409,531.93
2022	3,155,000.00	766,471.80	516,941.37		5,971,118.76	10,409,531.93
2023	3,155,000.00	766,471.80	516,941.37		5,971,118.76	10,409,531.93
2024	3,155,000.00	766,471.80	518,357.65		5,971,118.76	10,410,948.21
2025	3,155,000.00	766,471.80	516,941.37		5,971,118.76	10,409,531.93
2026	3,155,000.00	766,471.80	516,941.37		5,971,118.76	10,409,531.93
2027	3,155,000.00	766,471.80	516,941.37		5,971,118.76	10,409,531.93
2028	3,155,000.00	766,471.80	518,357.65		5,971,118.76	10,410,948.21
2029	3,155,000.00	766,471.80	516,941.37	2,530,000.00	5,971,118.76	12,939,531.93
2030	3,155,000.00	766,471.80	516,941.37	2,850,000.00	5,844,618.76	13,133,031.93
2031	3,155,000.00	766,471.80	516,941.37	3,190,000.00	5,702,118.76	13,330,531.93
2032	3,155,000.00	766,471.80	518,357.65	3,545,000.00	5,542,618.76	13,527,448.21
2033	3,155,000.00	766,471.80	516,941.37	3,930,000.00	5,365,368.76	13,733,781.93
2034	3,155,000.00	766,471.80	516,941.37	4,330,000.00	5,168,868.76	13,937,281.93
2035	3,155,000.00	766,471.80	516,941.37	4,670,000.00	5,038,968.76	14,147,381.93
2036	3,155,000.00	766,471.80	518,357.65	5,025,000.00	4,893,031.26	14,357,860.71
2037	3,155,000.00	766,471.80	516,941.37	5,400,000.00	4,736,000.00	14,574,413.17
2038	3,155,000.00	766,471.80	516,941.37	5,835,000.00	4,520,000.00	14,793,413.17
2039	3,155,000.00	766,471.80	516,941.37	6,290,000.00	4,286,600.00	15,015,013.17
2040	3,155,000.00	766,471.80	518,357.65	6,765,000.00	4,035,000.00	15,239,829.45
2041	3,155,000.00	766,471.80	516,941.37	7,265,000.00	3,764,400.00	15,467,813.17
2042	945,000.00	766,471.80	6,030,212.00	4,485,000.00	3,473,800.00	15,700,483.80
2043		766,471.80	3,932,882.88	7,945,000.00	3,294,400.00	15,938,754.68
2044		767,903.80	3,937,731.43	8,495,000.00	2,976,600.00	16,177,235.23
2045			3,943,105.83	9,890,000.00	2,584,750.00	16,417,855.83
2046			350,863.33	14,185,000.00	2,128,150.00	16,664,013.33
2047				15,440,000.00	1,472,650.00	16,912,650.00
2048				16,405,000.00	758,800.00	17,163,800.00
Total	<u>\$76,665,000.00</u>	<u>\$20,696,170.60</u>	<u>\$30,609,886.03</u>	<u>\$138,470,000.00</u>	<u>\$141,551,019.67</u>	<u>\$407,992,076.30</u>

⁽¹⁾ A portion of such series of bonds are capital appreciation bonds. The amounts shown include the accreted value of the capital appreciation portion of such bonds.

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APPENDIX B
FINANCIAL STATEMENTS OF THE COLLEGE

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POMONA COLLEGE

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Trustees
Pomona College:

Report on the Financial Statements

We have audited the accompanying financial statements of Pomona College (the College), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
November 21, 2017

POMONA COLLEGE

Statements of Financial Position

June 30, 2017 and 2016

(In thousands of dollars)

Assets	2017	2016
Cash and cash equivalents	\$ 5,642	3,766
Accounts and other receivables, net of allowance	5,631	7,725
Prepaid expenses and deposits	2,636	3,014
Short-term investments	54,713	46,304
Contributions receivable, net	31,637	29,310
Notes receivable, net of allowance	11,360	12,233
Long-term investments:		
Pooled	2,271,643	2,071,113
Separately invested	134,377	140,073
Property, plant, and equipment, net of accumulated depreciation	406,155	393,348
Total assets	<u>\$ 2,923,794</u>	<u>2,706,886</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 6,830	6,133
Accrued payroll and other liabilities	18,135	16,616
Life income and annuities obligation	92,245	86,962
Long-term debt	203,309	206,134
Government advances for student loans	2,379	2,628
Funds held in trust for others	13,744	12,525
Total liabilities	<u>336,642</u>	<u>330,998</u>
Net assets:		
Unrestricted	1,234,077	1,152,434
Temporarily restricted	949,534	841,629
Permanently restricted	403,541	381,825
Total net assets	<u>2,587,152</u>	<u>2,375,888</u>
Total liabilities and net assets	<u>\$ 2,923,794</u>	<u>2,706,886</u>

See accompanying notes to financial statements.

POMONA COLLEGE

Statement of Activities

Year ended June 30, 2017

(In thousands of dollars)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Student revenues	\$ 104,672	—	—	104,672
Less student financial aid	(42,012)	—	—	(42,012)
Net student revenues	<u>62,660</u>	<u>—</u>	<u>—</u>	<u>62,660</u>
Federal grants and contracts	1,599	—	—	1,599
Private gifts and grants	7,589	20,545	6,856	34,990
Private contracts	883	35	—	918
Endowment income appropriated for operations	89,204	—	—	89,204
Sales and services of education departments	3,854	27	—	3,881
Other revenues	<u>183</u>	<u>—</u>	<u>58</u>	<u>241</u>
	103,312	20,607	6,914	130,833
Net assets released from restriction	54,756	(54,756)	—	—
Transfers among net asset categories	<u>(2,231)</u>	<u>(2,342)</u>	<u>4,573</u>	<u>—</u>
Total revenues, gains, and other support	<u>218,497</u>	<u>(36,491)</u>	<u>11,487</u>	<u>193,493</u>
Expenses:				
Instruction	64,678	—	—	64,678
Research	3,122	—	—	3,122
Public service	1,210	—	—	1,210
Academic support	16,848	—	—	16,848
Student services	21,239	—	—	21,239
Institutional support	32,154	—	—	32,154
Auxiliary enterprises	<u>29,831</u>	<u>—</u>	<u>—</u>	<u>29,831</u>
Total expenses	<u>169,082</u>	<u>—</u>	<u>—</u>	<u>169,082</u>
Increase (decrease) in net assets from operating activities	<u>49,415</u>	<u>(36,491)</u>	<u>11,487</u>	<u>24,411</u>
Nonoperating activities:				
Net realized and unrealized gains on investments	111,702	135,497	3,412	250,611
Net investment income	5,003	8,103	2,272	15,378
Endowment income appropriated for operations	(89,204)	—	—	(89,204)
Changes in actuarially determined gift liabilities	3,559	1,436	4,583	9,578
Other actuarial adjustments	(85)	—	—	(85)
Annuity and life income funds released	647	(609)	(38)	—
Other	<u>606</u>	<u>(31)</u>	<u>—</u>	<u>575</u>
Change in net assets from nonoperating activities	<u>32,228</u>	<u>144,396</u>	<u>10,229</u>	<u>186,853</u>
Change in net assets	81,643	107,905	21,716	211,264
Net assets, beginning of year	<u>1,152,434</u>	<u>841,629</u>	<u>381,825</u>	<u>2,375,888</u>
Net assets, end of year	<u>\$ 1,234,077</u>	<u>949,534</u>	<u>403,541</u>	<u>2,587,152</u>

See accompanying notes to financial statements.

POMONA COLLEGE

Statement of Activities

Year ended June 30, 2016

(In thousands of dollars)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Student revenues	\$ 101,119	—	—	101,119
Less student financial aid	(38,481)	—	—	(38,481)
Net student revenues	<u>62,638</u>	<u>—</u>	<u>—</u>	<u>62,638</u>
Federal grants and contracts	2,083	—	—	2,083
Private gifts and grants	6,896	7,592	26,802	41,290
Private contracts	842	10	—	852
Endowment income appropriated for operations	82,455	—	—	82,455
Sales and services of education departments	3,231	24	—	3,255
Other revenues	<u>499</u>	<u>—</u>	<u>—</u>	<u>499</u>
	96,006	7,626	26,802	130,434
Net assets released from restriction	44,702	(44,702)	—	—
Transfers among net asset categories	<u>(15,788)</u>	<u>13,226</u>	<u>2,562</u>	<u>—</u>
Total revenues, gains, and other support	<u>187,558</u>	<u>(23,850)</u>	<u>29,364</u>	<u>193,072</u>
Expenses:				
Instruction	63,442	—	—	63,442
Research	3,824	—	—	3,824
Public service	1,390	—	—	1,390
Academic support	16,072	—	—	16,072
Student services	21,370	—	—	21,370
Institutional support	31,892	—	—	31,892
Auxiliary enterprises	<u>27,753</u>	<u>—</u>	<u>—</u>	<u>27,753</u>
Total expenses	<u>165,743</u>	<u>—</u>	<u>—</u>	<u>165,743</u>
Increase (decrease) in net assets from operating activities	<u>21,815</u>	<u>(23,850)</u>	<u>29,364</u>	<u>27,329</u>
Nonoperating activities:				
Net realized and unrealized loss on investments	(32,379)	(36,173)	(332)	(68,884)
Investment income	5,095	29	1,275	6,399
Endowment income appropriated for operations	(82,455)	—	—	(82,455)
Changes in actuarially determined gift liabilities	(5,853)	171	(1,154)	(6,836)
Other actuarial adjustments	61	—	—	61
Annuity and life income funds released	820	(820)	—	—
Loss on disposal of fixed assets	(93)	—	—	(93)
Transfer for staff retirement plan termination	<u>(800)</u>	<u>—</u>	<u>—</u>	<u>(800)</u>
Change in net assets from nonoperating activities	<u>(115,604)</u>	<u>(36,793)</u>	<u>(211)</u>	<u>(152,608)</u>
Change in net assets	(93,789)	(60,643)	29,153	(125,279)
Net assets, beginning of year	<u>1,246,223</u>	<u>902,272</u>	<u>352,672</u>	<u>2,501,167</u>
Net assets, end of year	<u>\$ 1,152,434</u>	<u>841,629</u>	<u>381,825</u>	<u>2,375,888</u>

See accompanying notes to financial statements.

POMONA COLLEGE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

(In thousands of dollars)

	<u>2017</u>	<u>2016</u>
Cash flows from operating and nonoperating activities:		
Change in net assets	\$ 211,264	(125,279)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	17,276	17,465
Accretion of interest on CEFA bonds	3,015	2,877
Amortization of bond premium	(1,044)	(1,093)
Contributions restricted for long-term investment	(12,565)	(30,017)
Net realized and unrealized (gain) loss on investments	(250,611)	68,884
Noncash gifts	(380)	(393)
Adjustments of actuarial liabilities	(9,578)	7,142
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(854)	28,528
Increase in contributions receivable	(2,909)	(5,037)
Decrease in inventory	(75)	—
Decrease (increase) in prepaid expenses and deposits	453	(321)
Increase in accounts payable	797	1,189
Increase (decrease) in accrued payroll and other liabilities	1,287	(774)
Net cash used in operating activities	<u>(43,924)</u>	<u>(36,829)</u>
Cash flows from investing activities:		
Additions to property, plant, and equipment	(29,951)	(18,403)
Purchase of investments	(666,490)	(894,489)
Proceeds from sale of investments	713,770	904,646
Disbursements of student loans	(818)	(1,113)
Collections of student loans	1,691	1,658
Disbursements of trust deed loans	(1,131)	(6,018)
Collections of trust deed loans	4,547	4,394
Net cash provided by (used in) investing activities	<u>21,618</u>	<u>(9,325)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	5,926	26,009
Investment in life income	4,772	2,311
Investment in plant	1,867	1,697
Proceeds from loan	17,225	9,750
Government advances for student loans	(249)	(2,123)
Payments on long-term debt	(4,800)	(1,285)
Retirement of CEFA bonds payable	(17,221)	—
Investment income on life income and annuities	2,069	2,021
Proceeds from life income and annuities	17,537	8,861
Payments on life income and annuities	(2,944)	(2,891)
Net cash provided by financing activities	<u>24,182</u>	<u>44,350</u>
Net change in cash and cash equivalents	1,876	(1,804)
Cash and cash equivalents, beginning of year	<u>3,766</u>	<u>5,570</u>
Cash and cash equivalents, end of year	\$ <u><u>5,642</u></u>	<u><u>3,766</u></u>
Supplementary cash flow information:		
Cash paid during the year for interest	\$ 6,559	6,739

See accompanying notes to financial statements.

POMONA COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(1) Summary of Significant Accounting Policies

(a) Reporting Organization

Founded in 1887, Pomona College (the College) is an independent, coeducational liberal arts college offering instruction in all major fields of the fine arts, humanities, social sciences, and natural sciences. The College has an enrollment of approximately 1,635 students and a student-faculty ratio of eight to one.

Pomona College is a member of an affiliated group of colleges known as The Claremont Colleges. Each affiliated college is a separate corporate entity governed by a separate board of trustees. The Claremont University Consortium, a member of this group, acts as the coordinating institution, which provides common student and administrative services including certain central facilities utilized by all the colleges. The costs of these services and facilities are shared by the members of the group.

(b) Basis of Presentation

The accompanying financial statements of the College are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

(c) Classification of Net Assets

The accompanying financial statements present information regarding the College's financial position and activities according to the following three net asset categories:

(i) Unrestricted Net Assets

Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

(ii) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions, contingent upon specific performance of a future event or a specific passage of time before the College may spend the funds, and earnings on endowment funds that have not yet been appropriated.

(iii) Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor restrictions requiring that the assets be maintained in perpetuity. The investment income generated from these assets is temporarily restricted until appropriated by the board of trustees in support of the College's programs and operations.

(d) Cash and Cash Equivalents

Cash includes all short term, highly liquid investments with original maturities of three months or less when purchased. Cash and cash equivalents representing assets held in the investment pool are included in long-term investments (see note 6).

The College maintains cash in various financial institutions, which periodically exceeds federally insured limits.

POMONA COLLEGE
Notes to Financial Statements
June 30, 2017 and 2016

(e) Investments

Investments are reflected at fair value. The College uses net asset value (NAV) as a practical expedient for determining fair value of its financial instruments, in cases where appropriate criteria are met.

(f) Management of Pooled Investments

The College follows an investment policy that anticipates a greater long-term return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields, the board of trustees has adopted a spending policy for pooled investments whereby annually, if the ordinary income from the pooled investments is insufficient to provide the full amount of investment return specified by the adopted spending policy, the balance may be appropriated from cumulative realized gains of the pooled investments.

(g) Fair Value of Financial Instruments

The College did not elect fair value accounting for any asset or liability that is not currently required to be measured at fair value.

Fair value of the College's financial instruments is determined using the estimates, methods, and assumptions as set forth below. See note 6 for further information regarding investments and their fair value.

(i) Cash Equivalents, Accounts and Other Receivables, Accounts Payable, Accrued Payroll, and Other Liabilities

Fair value approximates book value due to the short maturity of these instruments.

A reasonable estimate of the fair value of student loans extended under government loan programs has not been made as the loans can only be assigned to the U.S. government.

(ii) Long-Term Debt

Fair value of bonds is estimated with Level 2 inputs, based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for similar maturities and credit quality. See note 8 for further information regarding CEFA bonds payable and their fair value.

(iii) Life Income and Annuities Obligation

The carrying amount of annuity and trust obligations approximates fair value as the instruments are recorded at the estimated net present value of future cash flows. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy.

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, representing the purchase price or fair market value at the date of gift, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets (generally, 7 years for equipment and land improvements, 40 years for buildings and 30 years for residence halls). Construction in progress

POMONA COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

will be depreciated over the useful lives of the respective assets when they are ready for their intended use. The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included in the statements of activities.

(i) Art Collection

The collections, which were acquired through purchase and contributions since the college's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as temporarily or permanently restricted net assets if the assets use to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

(j) Life Income and Annuities Obligation

The actuarial liability for life income and annuity contracts and agreements are based on the present value of future payments, discounted at a rate that is commensurate with the risks involved ranging from 1.41% to 7.50% and over estimated lives according to the 2012 IAR Mortality Tables.

(k) Revenue and Expense Recognition

Student tuition and fees are recorded as revenues in the year during which the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenues and are included in accrued payroll and other liabilities on the statements of financial position. Revenues from federal grants and contracts are recorded as allowable expenditures under such agreements as incurred. Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate class of net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution, and nature of fund-raising activity. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments, investment income, and other revenues are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation.

(l) Allocation of Certain Expenses

The statements of activities present expenses by functional classification. Depreciation expense, operation and maintenance of plant, and interest expense are allocated based on square footage occupancy of college facilities. Expenses related to fund-raising, included in institutional support, are \$10,777,000 and \$8,942,000, respectively, for the years ended June 30, 2017 and 2016.

(m) Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. At that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

POMONA COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

The College follows the policy of reporting as unrestricted support donor-imposed restricted contributions whose restrictions are met in the same period as received. It is the College's policy to lift the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the long-lived assets are placed into service.

(n) *Estates and Trusts*

The College is named beneficiary of various estates in probate. Unless the ultimate amount available for distribution can be determined before the close of the probate proceedings, the College does not record these amounts until the time of asset distribution. Trusts in which the College is named as irrevocable beneficiary, but is not a trustee, are recorded when the College is notified by the trustee and the ownership percentage and valuation are determined.

(o) *Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

(p) *Income Taxes*

The College is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal and state income taxes. However, the College is subject to income taxes on any income that is derived from a trade or business regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

(q) *Reclassifications*

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported change in net assets.

POMONA COLLEGE
Notes to Financial Statements
June 30, 2017 and 2016

(2) Net Student Revenues

Student revenues for the years ended June 30, 2017 and 2016, in thousands of dollars, consist of the following:

	<u>2017</u>	<u>2016</u>
Tuition and fees	\$ 81,740	78,795
Room and board	<u>22,932</u>	<u>22,324</u>
Gross student revenues	<u>104,672</u>	<u>101,119</u>
Less:		
Sponsored financial aid	(18,105)	(18,563)
Unsponsored financial aid	<u>(23,907)</u>	<u>(19,918)</u>
Student financial aid	<u>(42,012)</u>	<u>(38,481)</u>
Net student revenues	<u>\$ 62,660</u>	<u>62,638</u>

“Sponsored” financial aid consists of funds provided by external entities (including donors of restricted funds), whereas “unsponsored” aid consists of funds provided by the College.

(3) Accounts and Other Receivables

Accounts and other receivables, net of allowance at June 30, 2017 and 2016, in thousands of dollars, are as follows:

	<u>2017</u>	<u>2016</u>
Private gifts and grants	\$ 1,080	366
Investments	1,718	2,885
Federal grants and contracts	381	2,420
Sales and other	<u>2,573</u>	<u>2,116</u>
	5,752	7,787
Less allowance for doubtful accounts	<u>(121)</u>	<u>(62)</u>
Accounts and other receivables, net of allowance	<u>\$ 5,631</u>	<u>7,725</u>

(4) Notes Receivable

Notes receivable at June 30, 2017 and 2016, in thousands of dollars, are as follows:

	<u>2017</u>	<u>2016</u>
Loans receivable from students	\$ 12,425	13,283
Less allowance for doubtful accounts	<u>(1,065)</u>	<u>(1,050)</u>
Notes receivable, net of allowance	<u>\$ 11,360</u>	<u>12,233</u>

POMONA COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

Determination of the fair value of student loans receivable, which are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition, could not be made without incurring excessive costs.

(5) Contributions Receivable

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Promises to give are recorded after discounting, at rates ranging from 2.40% to 1.41% to the present value of the future cash flows. Unconditional promises to give received during the years ended June 30, 2017 and 2016 have been discounted at credit-adjusted rates commensurate with the risks associated with the contribution in accordance with Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Book value approximates fair value.

The College has been named remainderman in certain split-interest agreements. These trust agreements require that the trustee make annual or more frequent payments to the beneficiaries. Upon the death of the beneficiaries or other termination of the trusts, the remaining trust assets will be distributed to the College and other remaindermen as stipulated in the trust agreements. The College has recorded its beneficial interest in these split-interest agreements based on the present value of future cash flows using a discount rate of 6.26%. The actuarial assumption used in this calculation is based on the expected return on assets in effect at the date of the valuation. The underlying trust assets are valued at fair value and consist primarily of securities that are traded on the active market.

At June 30, 2017 and 2016, unconditional promises to give, in thousands of dollars, are expected to be received in the following periods:

	2017	2016
In one year or less	\$ 10,256	13,594
Between one year and five years	7,187	11,393
More than five years	14,110	267
	31,553	25,254
Less discount	(1,791)	(742)
Pledged contributions	29,762	24,512
Split-interest agreements	1,875	4,798
Contributions receivable, net	\$ 31,637	29,310

POMONA COLLEGE
Notes to Financial Statements
June 30, 2017 and 2016

Unconditional promises to give and split-interest agreements at June 30, 2017 and 2016, in thousands of dollars, have the following restrictions:

	<u>2017</u>	<u>2016</u>
Endowment for programs, activities, and scholarships	\$ 10,193	16,494
Building construction	16,805	4,099
Education and general	<u>6,430</u>	<u>9,459</u>
	33,428	30,052
Less discount	<u>(1,791)</u>	<u>(742)</u>
Contributions receivable, net	<u><u>\$ 31,637</u></u>	<u><u>29,310</u></u>

POMONA COLLEGE
Notes to Financial Statements
June 30, 2017 and 2016

(6) Investments

(a) Fair Value Measurement

The fair value of investments at June 30, 2017 and 2016, in thousands of dollars, is as follows:

	<u>2017</u>	<u>2016</u>
Pooled investments:		
Cash and cash equivalents	\$ 93,930	35,327
Domestic equities	352,512	309,366
International equities	271,497	223,119
Emerging markets	227,537	204,007
Fixed income	167,192	164,067
Fixed income – Trust Deeds	26,268	30,253
Venture capital	303,356	286,583
Private equity	112,108	117,674
Absolute return	412,567	385,890
Real assets ¹	<u>304,676</u>	<u>314,827</u>
Total long-term investments – pooled	<u>2,271,643</u>	<u>2,071,113</u>
Separately invested:		
Cash and cash equivalents	6,734	16,532
Domestic equities	33,208	30,217
International equities	3,028	2,324
Fixed income	73,315	74,238
Real assets ¹	3,893	3,849
Other	<u>14,199</u>	<u>12,913</u>
Total long-term investments – separately invested	134,377	140,073
Short-term investments (cash and cash equivalents)	<u>54,713</u>	<u>46,304</u>
	<u>\$ 2,460,733</u>	<u>2,257,490</u>

¹ Real assets include marketable hard assets, private real estate/timber and private energy/mining.

POMONA COLLEGE
Notes to Financial Statements
June 30, 2017 and 2016

The College's investment income net of related expenses for the years ended June 30, 2017 and 2016 was as follows, in thousands of dollars:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 21,394	12,068
Less investment expenses	<u>(6,016)</u>	<u>(5,669)</u>
Net investment income	15,378	6,399
Net realized and unrealized gains (losses) on investments	<u>250,611</u>	<u>(68,884)</u>
Total investment income (loss), net	<u>\$ 265,989</u>	<u>(62,485)</u>

(b) Absolute Return Strategies

These investments typically include certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments may result in loss due to changes in the market (market risk). The following tables summarize these investments by investment strategy type at June 30, 2017 and 2016, in thousands of dollars.

<u>2017</u>			
<u>Absolute return strategy</u>	<u>Number of funds</u>	<u>Cost</u>	<u>Fair value</u>
Diversified arbitrage	5	\$ 70,081	153,230
Long-short equity	5	73,169	120,476
Global Macro/Systematic	3	75,000	71,531
Event arbitrage	4	24,000	41,060
Distressed securities	1	25,000	26,270
	<u>18</u>	<u>\$ 267,250</u>	<u>412,567</u>

<u>2016</u>			
<u>Absolute return strategy</u>	<u>Number of funds</u>	<u>Cost</u>	<u>Fair value</u>
Diversified arbitrage	5	\$ 70,255	136,864
Long-short equity	8	129,016	163,701
Event arbitrage	2	31,086	56,189
Distressed securities	2	20,000	29,136
	<u>17</u>	<u>\$ 250,357</u>	<u>385,890</u>

(c) Pending Purchases and Sales

At June 30, 2017 and 2016, the College had pending security purchases of \$16,479,000 and \$872,000, respectively; and pending security sales of \$4,919,000 and \$6,207,000, respectively.

POMONA COLLEGE
Notes to Financial Statements
June 30, 2017 and 2016

(d) Pooled Fund

Where permitted by gift agreements and/or applicable government regulations, investments are pooled. Pooled investments and allocations of pooled investment income are accounted for on a unit fair value method. The following table summarizes data pertaining to this method for the years ended June 30, 2017 and 2016, in thousands of dollars:

	<u>2017</u>	<u>2016</u>
Unit fair value at end of year	\$ 1,051	968
Units owned:		
Unrestricted:		
Funds functioning as endowment	897,222	896,641
Designated for annuity and life income funds	69,413	74,077
Total unrestricted	<u>966,635</u>	<u>970,718</u>
Temporarily restricted:		
Restricted for specific purposes	3,323	3,323
Funds functioning as endowment	210	354
Annuities and life income funds	8,257	8,634
Total temporarily restricted	<u>11,790</u>	<u>12,311</u>
	<u>2017</u>	<u>2016</u>
Permanently restricted:		
Endowment funds	1,148,435	1,129,195
Annuities and life income funds	35,084	29,293
Total permanently restricted	<u>1,183,519</u>	<u>1,158,488</u>
Total units	<u>2,161,944</u>	<u>2,141,517</u>
Weighted average units	2,148,921	2,122,015
Net pooled investment income per weighted average unit	\$ 44	41

(e) Fair Value Hierarchy

The College's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets. Assets and liabilities classified as Level 1 generally include listed equities, futures, options, and certain fixed-income securities.

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Level 2 – Quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Assets and liabilities classified as Level 2 generally include equity swaps, forward contracts, certain fixed-income securities, over-the-counter option contracts, and certain other derivatives.

Level 3 – Pricing inputs are unobservable for the asset and reflect management's own assumptions to determine fair value.

Inputs are used in applying the valuation techniques and broadly refer to the assumptions that the College uses to make valuation decisions, including assumptions about risk. Inputs may include quoted market prices, recent transactions, manager statements, periodicals, newspapers, provisions within agreements with investment managers, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the College's perceived risk of that investment.

The investments in cash and cash equivalents, short-term investments, certain domestic and international equities, certain emerging markets, certain real assets, and certain domestic fixed income are valued based on quoted market prices, and are, therefore, classified within Level 1.

The investments in certain international equities, certain emerging markets, domestic fixed income, and international fixed income are valued based on quoted market prices of comparable assets, and are, therefore, classified within Level 2.

The investments in private equity, venture capital, absolute return hedge funds, certain real assets, certain investment funds focused on domestic and international equities, and international fixed incomes are held primarily through limited partnerships and commingled funds for which fair value is estimated using net asset value (NAV) reported by fund managers as a practical expedient. Such assets are not classified in the fair value hierarchy.

Certain nonpooled investments, primarily in real assets, are classified as Level 3. Management's assumptions are used to determine fair value.

Effective as of fiscal year 2015, the College retroactively adopted the provisions of ASU No. 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* (ASU 2015-07). ASU 2015-07 removed the requirement to classify within the fair value hierarchy table in Levels 2 or 3 investments in certain funds measured at NAV as a practical expedient to estimate fair value. The ASU also required that any NAV-measured investments excluded from the fair value hierarchy table be summarized as an adjustment to the table so that total investments can be reconciled to the Consolidated Statement of Financial Position.

Basis of Reporting

Pooled investments are presented in the accompanying financial statements at fair value. The College's determination of fair value is based upon the best available information provided by the investment manager and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents the College's proportionate share of the partner's capital of the investment partnerships as reported by their general

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partners. For these investments, the College has determined, through its monitoring activities, to rely on the fair market value as determined by the investment managers.

The general partners of the underlying investment partnerships generally value their investments at fair value. Investments with no readily available market are generally valued according to the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. An investment can be carried at acquisition price (cost) if little has changed since the initial investment of the company and is most representative of fair value. Investments with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

The following tables summarize the valuation of the College's investments, in thousands of dollars, by the fair value hierarchy levels as of June 30, 2017 and 2016. Consistent with ASU 2015-007, investments measured at net asset value (NAV) are not classified in the fair value hierarchy:

	Investments measured at NAV	2017			
		Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Pooled investments:					
Cash and cash equivalents	\$ —	93,930	—	—	93,930
Domestic equities	316,374	36,138	—	—	352,512
International equities	221,790	—	49,707	—	271,497
Emerging markets	126,621	44,127	56,789	—	227,537
Fixed income	61,967	—	105,225	—	167,192
Fixed income – Trust Deeds	—	—	26,268	—	26,268
Venture capital	303,356	—	—	—	303,356
Private equity	112,108	—	—	—	112,108
Absolute return	412,567	—	—	—	412,567
Real assets	162,258	142,418	—	—	304,676
Total pooled investments	1,717,041	316,613	237,989	—	2,271,643
Other invested assets:					
Cash and cash equivalents	—	61,447	—	—	61,447
Domestic equities	—	33,208	—	—	33,208
International equities	—	3,028	—	—	3,028
Fixed income	—	14,027	59,288	—	73,315
Real assets	—	30	—	3,863	3,893
Other	—	75	14,120	4	14,199
Total other invested assets	—	111,815	73,408	3,867	189,090
Total	\$ 1,717,041	428,428	311,397	3,867	2,460,733

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	Investments measured at NAV	2016			
		Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Pooled investments:					
Cash and cash equivalents	\$ —	35,327	—	—	35,327
Domestic equities	288,418	20,948	—	—	309,366
International equities	178,870	—	44,249	—	223,119
Emerging markets	168,485	35,522	—	—	204,007
Fixed income	66,462	28,480	99,378	—	194,320
Fixed income – Trust Deeds	—	—	30,253	—	30,253
Venture capital	286,583	—	—	—	286,583
Private equity	117,674	—	—	—	117,674
Absolute return	385,890	—	—	—	385,890
Real assets	161,078	153,749	—	—	314,827
Total pooled investments	1,653,460	274,026	173,880	—	2,101,366
Other invested assets:					
Cash and cash equivalents	—	62,836	—	—	62,836
Domestic equities	—	30,216	—	1	30,217
International equities	—	2,324	—	—	2,324
Fixed income	—	12,752	61,486	—	74,238
Real assets	—	32	—	3,817	3,849
Other	—	46	12,863	4	12,913
Total other invested assets	—	108,206	74,349	3,822	186,377
Total	\$ 1,653,460	382,232	248,229	3,822	2,287,743

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The following is a reconciliation of Level 3 assets for which unobservable inputs were used to determine fair value. The tables represent the activity of Level 3 securities held at the beginning and end of the period, in thousands of dollars:

		June 30, 2017		
		Beginning balance at June 30, 2016	Changes in unrealized gains (losses)	Ending balance at June 30, 2017
			Sales	
Other invested assets:				
Domestic equities	\$	1	(1)	—
Real assets		3,817	46	3,863
Other		4	—	4
Total other invested assets	\$	<u>3,822</u>	<u>45</u>	<u>3,867</u>

		June 30, 2016		
		Beginning balance at June 30, 2015	Changes in unrealized gains (losses)	Ending balance at June 30, 2016
			Sales	
Other invested assets:				
Domestic equities	\$	1	—	1
Real assets		4,282	(465)	3,817
Other		423	—	4
Total other invested assets	\$	<u>4,706</u>	<u>(465)</u>	<u>3,822</u>

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The College uses the NAV to determine the fair value of all the underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Per Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)*, the following table lists investments in other investment companies (in partnership format) by major category, in millions of dollars:

		June 30, 2017							
	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments ²	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	\$ 303.3	83	1–15 years	\$ 64.1	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private equity/distressed	Buyout and distressed funds in U.S. and international	112.1	57	1–15 years	111.9	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	162.3	62	1–15 years	107.0	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Total private investments		577.7	202		283.0				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	412.6	18	N/A	—	N/A	Ranges between monthly with 10 days' notice, to annually with 180 days' notice.	No redemption restrictions.	3 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	726.7	11	N/A	—	N/A	Ranges between monthly with 6 days' notice, to tri-annually with 90 days' notice.	1 fund has a rolling three-year lock-up period. 1 fund has a rolling 2 year lock-up period.	1 fund has a 25% annual gate; 1 fund has a 20% annual gate
Total		\$ 1,717.0	231		\$ 283.0				

¹ These funds are in private equity structure with no ability to be redeemed.

² Of these commitments, approximately \$103,000,000 is due within one year.

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The College uses the NAV to determine the fair value of all the underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Per Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)*, the following table lists investments in other investment companies (in partnership format) by major category, in millions of dollars:

		June 30, 2016							
	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments ²	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	\$ 286.6	84	1–15 years	\$ 72.9	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private equity/distressed	Buyout and distressed funds in U.S. and international	117.7	50	1–15 years	82.8	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	161.1	59	1–15 years	111.8	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Total private investments		565.4	193		267.5				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	385.9	17	N/A	20.0	N/A	Ranges between monthly with 30 days' notice, to annually with 180 days' notice.	1 fund has two months remaining of a twelve month lock-up period	3 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	702.2	15	N/A	—	N/A	Ranges between monthly with 6 days' notice, to tri-annually with 90 days' notice.	1 fund has a rolling three-year lock-up period. 1 fund has a rolling 2 year lock-up period.	1 fund has a 50% annual gate; 1 fund has a 25% annual gate; 1 fund has a 20% annual gate
Total		\$ 1,653.5	225		\$ 287.5				

¹ These funds are in private equity structure with no ability to be redeemed.

² Of these commitments, approximately \$78,000,000 is due within one year.

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(7) Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2017 and 2016, in thousands of dollars, are as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 8,601	7,980
Land improvements	12,092	11,932
Buildings	538,247	523,750
Equipment	16,982	14,604
Construction in progress	<u>16,122</u>	<u>3,815</u>
	592,044	562,081
Less accumulated depreciation	<u>(185,889)</u>	<u>(168,733)</u>
Property, plant, and equipment, net of accumulated depreciation	<u>\$ 406,155</u>	<u>393,348</u>

Outstanding commitments for design and construction contracts amounted to approximately \$4,081,000 and \$2,521,000 as of June 30, 2017 and 2016, respectively.

(8) Long-Term Debt

Long-term debt consists of bonds payable and a loan payable.

Bonds payable, in thousands of dollars, issued through the California Educational Facilities Authority (CEFA), and associated interest rates and maturities at June 30, 2017 and 2016 are as follows, in thousands of dollars:

	<u>2017</u>	
	<u>Interest rates</u>	<u>Maturity dates</u>
Series 2009A	5.0 %	2019, 2024
Series 2008A	4.4%–5.0%	2018
Series 2005A	4.4%–5.2%	2018–2045
		\$ 62,290
		66,200
		<u>42,328</u>
		170,818
Plus unamortized premium		<u>1,576</u>
CEFA bonds payable		172,394
Private placement loans payable		<u>30,915</u>
		<u>\$ 203,309</u>

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		2016	
	Interest rates	Maturity dates	Principal amount
Series 2011A	4.0 %	2017	\$ 1,335
Series 2009A	5.0 %	2019, 2024	62,290
Series 2008A	4.4%–5.0%	2018	65,318
Series 2005A	4.4%–5.2%	2018–2045	60,086
			<u>189,029</u>
Plus unamortized premium			<u>3,105</u>
CEFA bonds payable			192,134
Private placement loan payable			<u>14,000</u>
			<u><u>\$ 206,134</u></u>

	Principal amount
Schedule of maturities:	
Year(s) ending:	
2018	\$ 70,318
2019	34,678
2020	3,201
2021	3,086
2022	2,972
2023–2049	<u>89,054</u>
	<u><u>\$ 203,309</u></u>

The CEFA agreements contain covenants relating to maintenance of the College, insurance, and other general items. Management believes that the College is in compliance with all the debt covenants.

At June 30, 2017 and 2016, the fair value of the College's CEFA bonds payable was approximately \$188,695,000 and \$228,315,000, respectively. Fair value was estimated based upon dealer quotes for similar instruments.

On June 26, 2014, the College executed a \$25 million private placement tax-exempt loan agreement with First Republic Bank and California Municipal Finance Authority. The interest rate is fixed at 3.25% and the funds can be drawn down over three years. The term is 30 years. As of June 30, 2017 and 2016, \$14 million had been drawn down.

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On October 18, 2016, the College executed a \$17,225,000 private placement tax-exempt loan agreement with Boston Private and California Municipal Finance Authority. This transaction current refunded the 2005A CEFA CIBs with a matching maturity schedule. The term is 30 years. The interest rate is fixed at 2.96%.

(9) Net Assets

At June 30, 2017 and 2016, net assets consist of the following, in thousands of dollars:

	<u>2017</u>	<u>2016</u>
Unrestricted:		
For plant and other designated purposes	\$ 58,073	63,614
Designated for annuity and life income funds	30,834	29,719
Funds functioning as endowment	941,991	867,539
Invested in property, plant, and equipment, net of related debt	<u>203,179</u>	<u>191,562</u>
Total unrestricted	<u>1,234,077</u>	<u>1,152,434</u>
Temporarily restricted:		
Restricted for specific purposes and time	54,801	38,048
Annuity and life income funds	23,443	23,810
Donor-restricted endowment funds	159	324
Accumulated unappropriated gains on endowment	<u>871,131</u>	<u>779,447</u>
Total temporarily restricted	<u>949,534</u>	<u>841,629</u>
Permanently restricted:		
Loan funds	14,587	15,488
Annuity and life income funds	37,027	28,717
Endowment funds	<u>351,927</u>	<u>337,620</u>
Total permanently restricted	<u>403,541</u>	<u>381,825</u>
Total net assets	<u>\$ 2,587,152</u>	<u>2,375,888</u>

(10) Retirement Plans

The College participates with other members of The Claremont Colleges in a defined-contribution retirement plan administered by the Claremont University Consortium. This plan provides retirement benefits for all employees through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA). Under this plan, College contributions are used to purchase fixed and/or variable annuities offered by TIAA. Vesting provisions are full and immediate. Benefits commence upon retirement and pre-retirement survivor death benefits are provided. In conjunction with this plan, employees are able to contribute a portion of their salary into a tax-deferred annuity account and invest such assets in mutual funds offered by TIAA, Fidelity Investments Institutional Services Company, Inc., or The Vanguard Group. For the years ended June 30, 2017 and 2016, the College's contributions to this plan amounted to approximately \$6,094,000 and \$6,266,000, respectively.

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Prior to July 1, 2005, certain retirement eligible employees participated in a defined-benefit plan, wherein the benefits were based on years of service, compensation, and the amount of employee contributions, if any. On June 30, 2005, the plan was frozen and all participants were immediately eligible to become participants in the defined-contribution plan. The defined-benefit plan continued to be funded in accordance with the Employee Retirement Income Security Act of 1974. Plan assets were invested in a diversified group of equity and fixed-income securities, in an insurance company's separate and general accounts. At June 30, 2017 and 2016, the College's allocation of net pension costs was approximately \$0 and \$563,000, respectively. Also included in the statements of activities for the years ended June 30, 2017 and 2016 are comprehensive gains of \$0 and \$214,000, respectively, relating to the staff retirement plan.

On March 4, 2014, the Council of the Claremont Colleges passed a resolution to terminate the Plan effective June 30, 2014, and to amend the Plan to offer a single lump sum distribution option in addition to the other forms of distribution available under the Plan. As of June 30, 2016, all plan assets were liquidated to fund the financial obligation of the plan termination. Accrued benefit liability and employer contributions were allocated to each of The Claremont Colleges based on participant data or other methods deemed appropriate by the Plan's actuary. Pomona College made final contributions of \$2,627,000 during the year ended June 30, 2016. An additional \$800,000 contribution was made during the year ended June 30, 2016 to cover a share of Claremont University Consortium's final contribution. Additional information on the Plan can be obtained from the audited financial statements of the Claremont University Consortium.

For the years ended June 30, 2017 and 2016, contributions made by employees to the College's 457(b) Plan of approximately \$5,495,000 and \$4,635,000, respectively, were included in separately invested assets and accrued payroll and other liabilities on the statements of financial position.

(11) Workers' Compensation

The College participates with other members of The Claremont Colleges in collective insurance agreements including self-insurance for workers' compensation. At June 30, 2017 and 2016, the College had approximately \$81,000 and \$154,000, respectively, in accrued payroll and other liabilities to provide for payment of claims pending. Management believes that the ultimate disposition of these or other claims would not result in any material adjustments to the financial statements.

(12) Endowment

The net assets of the College include permanent endowment funds and funds functioning as endowment. Permanent endowments are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized as provided for under the California Uniform Prudent Management of Institutional Funds Act (UPMIFA). While funds functioning as endowment have been established by the board of trustees to function as endowment, any portion of such funds may be expended.

The College's endowment consists of approximately 1,800 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by

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the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

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

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

1. The duration and preservation of the fund
2. The purposes of the College and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

(b) Return Objective and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom benchmark that reflects the College's current asset allocation targets and a simple benchmark composed of 85% of the S&P 500 Index and 15% of the Barclays Capital Government/Credit Bond Index, while assuming a moderate level of investment risk.

The College expects its endowment funds to attain, over time and within acceptable risk levels, an average annual real rate of return of approximately 5.00%, net of all investment management and related fees and without regard to whether the return is in the form of income or capital gains. Actual returns in any given year may vary from this amount.

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(c) Strategies Employed for Achieving Objectives

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

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The College has a policy of appropriating for distribution each year 4.50% to 5.50% of its endowment funds' average fair value over the prior 12 quarters through June 30 one year prior to the beginning of the fiscal year in which the distribution is planned. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate at least equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return. For years ended June 30, 2017 and 2016, the board of trustees authorized distributions of \$89,204,000 and \$82,455,000, respectively, based on an approved spending rate of 4.50%, for current operations from the net realized investment gains of pooled investments.

Endowment net assets consist of the following at June 30, 2017 and 2016, in thousands of dollars:

2017				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$ —	159	351,927	352,086
Board-designated endowment funds	189,658	—	—	189,658
Accumulated unappropriated gains	752,333	871,131	—	1,623,464
Total endowment net assets	\$ 941,991	871,290	351,927	2,165,208

2016				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$ (885)	324	337,620	337,059
Board-designated endowment funds	189,776	—	—	189,776
Accumulated unappropriated gains	678,648	779,447	—	1,458,095
Total endowment net assets	\$ 867,539	779,771	337,620	1,984,930

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Changes in endowment net assets for the year ended June 30, 2017 are as follows, in thousands of dollars:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ 867,539	779,771	337,620	1,984,930
Pooled investment returns:				
Earned income	6,299	7,994	1	14,294
Net realized and unrealized gains on investments during the year	<u>106,023</u>	<u>134,429</u>	<u>570</u>	<u>241,022</u>
Total pooled investment returns	112,322	142,423	571	255,316
Distributions per spending policy	<u>(89,204)</u>	<u>—</u>	<u>—</u>	<u>(89,204)</u>
Net pooled investment returns appropriated to pool	<u>23,118</u>	<u>142,423</u>	<u>571</u>	<u>166,112</u>
Other changes in endowment:				
Gifts	58	84	5,783	5,925
Releases, changes, gains, losses, and transfers per donor restrictions	942	(1,135)	5,889	5,696
Endowment income reinvested	467	14	2,064	2,545
Appropriation of endowment assets for expenditure	<u>49,867</u>	<u>(49,867)</u>	<u>—</u>	<u>—</u>
Total other changes in endowment	<u>51,334</u>	<u>(50,904)</u>	<u>13,736</u>	<u>14,166</u>
Total changes in endowed equity	<u>74,452</u>	<u>91,519</u>	<u>14,307</u>	<u>180,278</u>
Endowment net assets, June 30, 2017	<u>\$ 941,991</u>	<u>871,290</u>	<u>351,927</u>	<u>2,165,208</u>

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Changes in endowment net assets for the year ended June 30, 2016 are as follows, in thousands of dollars:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ 932,740	858,884	307,079	2,098,703
Pooled investment returns:				
Earned income	5,934	—	—	5,934
Net realized and unrealized losses on investments during the year	<u>(31,928)</u>	<u>(35,389)</u>	<u>(331)</u>	<u>(67,648)</u>
Total pooled investment returns	(25,994)	(35,389)	(331)	(61,714)
Distributions per spending policy	<u>(82,455)</u>	<u>—</u>	<u>—</u>	<u>(82,455)</u>
Net pooled investment returns appropriated to pool	<u>(108,449)</u>	<u>(35,389)</u>	<u>(331)</u>	<u>(144,169)</u>
Other changes in endowment:				
Gifts	7	120	25,882	26,009
Releases, changes, gains, losses, and transfers per donor restrictions	(909)	49	3,775	2,915
Endowment income reinvested	245	12	1,215	1,472
Appropriation of endowment assets for expenditure	<u>43,905</u>	<u>(43,905)</u>	<u>—</u>	<u>—</u>
Total other changes in endowment	<u>43,248</u>	<u>(43,724)</u>	<u>30,872</u>	<u>30,396</u>
Total changes in endowed equity	<u>(65,201)</u>	<u>(79,113)</u>	<u>30,541</u>	<u>(113,773)</u>
Endowment net assets, June 30, 2016	<u>\$ 867,539</u>	<u>779,771</u>	<u>337,620</u>	<u>1,984,930</u>

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(e) Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficits of this nature that are reported in unrestricted net assets were \$0 and \$855,000 as of June 30, 2017 and 2016, respectively. Deficits result from unfavorable market fluctuations that occur after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

(13) Affiliated Institutions

The amounts paid by the College to Claremont University Consortium for the common student and administrative services and the use of facilities for the years ended June 30, 2017 and 2016 totaled \$7,570,000 and \$7,275,000, respectively.

(14) Commitments and Contingencies

(a) Line of Credit

At June 30, 2016, the College had a \$50,000,000 line of credit. Any borrowings on the line would bear interest at a rate set by the bank (2.50% at June 30, 2016). There were no borrowings on the line and it expired on May 31, 2017. It was replaced by a \$35,000,000 line of credit. Any borrowings on this line would bear interest at a rate set by the bank (3.25% at June 30, 2017). There were no borrowings outstanding on this line of credit at June 30, 2017.

(b) Federal Funding

Certain federal grants that the College administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time. The College expects that such amounts, if any, would not have a significant impact on the financial position of the College.

(15) Subsequent Events

On October 17, 2017 the College executed a contract with Hathaway Dinwiddie for \$30,868,000, to build the new Pomona College Museum of Art. Construction is expected to be completed in 2019.

Subsequent events have been evaluated through November 21, 2017, which corresponds to the date when the financial statements were available to be issued. There are no other subsequent events that require disclosure.

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following are summaries of certain provisions of the Indenture and the Loan Agreement, which are not described elsewhere in this Official Statement. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of such documents.

CERTAIN DEFINITIONS

The following are definitions of certain terms used in the Indenture, the Loan Agreement and this Official Statement, and not otherwise defined in this Official Statement. Reference is hereby made to the entire documents for the definitions of all terms used in such documents. The following definitions are equally applicable to both singular and plural forms of any of the terms defined herein:

“Accountant’s Certificate” means a certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by the Corporation.

“Act” means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, as amended from time to time.

“Additional Payments” means the payments to be made by the Corporation to the Authority or the Trustee in accordance with the Loan Agreement.

“Authority” means the California Municipal Finance Authority or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 by and among certain California cities, counties and special districts, as may be amended from time to time pursuant to the provisions of the Act.

“Authority Annual Fee” means the greater of (i) 1.5 basis points (0.015%) times the principal amount of the Bonds outstanding on the issuance date (for the initial Authority Annual Fee) or on the first day of the month in which the anniversary of the issuance date occurs (for each subsequent Authority Annual Fee), or (ii) \$500; provided, that if any of the Bonds are draw-down bonds, the Authority Annual Fee will be based on the original maximum principal amount of the Bonds, which shall only be reduced by the amount of any Bonds that have been repaid. The initial Authority Annual Fee to be paid on the Date of Delivery is \$20,770.50.

“Authority Issuance Fee” means the \$75,000.00.

“Base Loan Payments” means the payments required to be made by the Corporation to the Trustee for the account of the Authority in accordance with the Loan Agreement for the payment of the debt service on the Bonds.

“Bond” or “Bonds” means any or all, as the case may be, of the Authority’s Revenue Bonds (Pomona College) Series 2017 authorized under and secured by the Indenture, and any bonds issued in exchange or replacement thereof in accordance with the Indenture.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law before the highest court of any state of the United States and acceptable to the Authority.

“Bond Fund” means the fund by that name established pursuant to the Indenture.

“Bondholder” or **“Holder”** means the registered owner of any Bond.

“Business Day” means any day other than (i) a Saturday, Sunday or legal holiday or (ii) a day on which banks located in California, New York or the city in which the Principal Office of the Trustee is located, are required or authorized to be closed, or (iii) a day on which the New York Stock Exchange is closed.

“Certificate of the Authority,” “Consent of the Authority,” “Order of the Authority” or “Request of the Authority” mean, respectively, a written certificate, consent, order or request of the Authority signed by or on behalf of the Authority by its Chairman or a deputy thereto, its Executive Director, its Deputy Executive Director or by any other person who is specifically authorized by a resolution of the Authority furnished to the Trustee as a person authorized to act on behalf of the Authority.

“Certificate of the Corporation,” “Request of the Corporation,” “Requisition of the Corporation” or “Statement of the Corporation” mean, respectively, a written certificate, request, requisition or statement of the Corporation executed by a person authorized to act on behalf of the Corporation. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Corporation by any officer of the Corporation and may designate an alternate or alternates.

“Code” means the Internal Revenue Code of 1986, as amended.

“Construction Fund” means the fund by the name “Series 2017 Construction Fund” established pursuant to the Indenture.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement between the Corporation and U.S. Bank National Association, as dissemination agent, dated as of the date of delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporation” means (i) Pomona College, a California nonprofit public benefit corporation, and its successors or assigns, and (ii) any surviving, resulting or transferee corporation as provided in the Loan Agreement.

“Corporation Documents” means the Loan Agreement, the Bond Purchase Agreement relating to the Bonds, dated November 30, 2017, among Barclays Capital Inc., as underwriter, the Authority and the Corporation, the Continuing Disclosure Agreement, the 2009A Escrow Agreement, the prepayment directions for the 2009A Bonds and the Tax Certificate.

“Costs” means, with respect to any portion of the Project, the sum of the items, or any such item, of the cost of the acquisition, construction, installation, improvement, renovation, rehabilitation, repair, replacement, furnishing and equipping of such portion authorized to be paid with Bond proceeds pursuant to the provisions of the Act, including the reimbursement to the Corporation of amounts expended for such costs and the payment of capitalized interest on the Bonds to the extent permitted by the Tax Certificate, but shall not include any Costs of Issuance.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Corporation and related to the authorization, issuance, sale and delivery of Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of Section 147(g) of the Code.

“Costs of Issuance Fund” means the fund by the name “Series 2017 Costs of Issuance Fund” established pursuant to the Indenture.

“DTC” means The Depository Trust Company and its successors and assigns, or any other depository selected as set forth in the Indenture that agrees to follow the procedures required to be followed by such depository in connection with the Bonds.

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

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Plan” means any “employee pension benefit plan,” as such term is defined in ERISA, from time to time in effect for the benefit of employees of the Corporation.

“Event of Default” has the meaning specified in the Indenture or Loan Agreement as the context may require.

“Facilities” means all of the real and personal property constituting Pomona College, located in Claremont, California as the same may be improved and expanded from time to time.

“Fitch” means Fitch Ratings or its successors and assigns.

“Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America, or securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations).

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Facilities or to persons on or about the Facilities or (ii) cause the Facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Facilities or the owners and/or occupants of property adjacent to or surrounding the Facilities, or any other

person coming upon the Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Indenture” means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions thereof.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking board, (at <http://emma.msrb.org>); or at such other addresses and/or such other services providing information with respect to called bonds, as the Authority may designate to the Trustee in writing.

“Interest Payment Date” means January 1 and July 1 of each year, commencing July 1, 2018.

“Loan Agreement” means the Loan Agreement, dated as of the date of the Indenture, between the Authority and the Corporation and relating to the loan of the proceeds of the Bonds, as originally executed or as it may from time to time be supplemented or amended.

“Loan Default Event” means any of the events of default specified in the Loan Agreement.

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

“Nominee” means Cede & Co., as nominee of DTC, the initial Securities Depository for the Bonds, and any successor nominee of DTC and, if another Securities Depository replaces DTC as Securities Depository under the Indenture, any nominee of such substitute Securities Depository.

“Notice by Mail” or **“notice”** of any action or condition **“by Mail”** shall mean a written notice meeting the requirements of the Indenture mailed by first class mail, postage prepaid.

“Opinion of Bond Counsel” means an Opinion of Counsel which is a Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel (which may be counsel for the Authority) addressed to the Authority and the Corporation.

“Optional Redemption Account” means the account by that name within the Bond Fund established pursuant to the Indenture.

“Outstanding,” when used as of any particular time with reference to Bonds, (subject to the provisions of the Indenture relating to disqualified Bonds) means all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except, (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; and (c) Bonds with respect to which all liability of the Authority has been discharged to the extent provided in, and pursuant to the requirements of the Indenture.

“Participant” means each DTC Participant and if there is a Securities Depository for the Bonds other than DTC, each broker-dealer, bank and other financial institution from time to time for which such substitute Securities Depository holds Bonds as securities depository.

“Permitted Investments” means any of the following if and to the extent that the following are at the time legal investments under the laws of the State for moneys held under the Indenture and then proposed to be

invested therein and shall be the sole investments in which amounts on deposit in any fund or account created under the Indenture shall be invested:

(a) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraphs (b), (c) or (d)).

(b) Government Obligations.

(c) Obligations which obligations are guaranteed by the full faith and credit of the United States of America, including but not limited to the following:

(i) Export-Import Bank

(ii) Rural Economic Community Development Administration (formerly the Farmers Home Administration)

(iii) Federal Financing Bank

(iv) General Services Administration

(v) U.S. Maritime Administration

(vi) U.S. Department of Housing and Urban Development

(vii) Small Business Administration

(viii) Government National Mortgage Association

(ix) Federal Housing Administration

(x) Farm Credit System Financial Assistance Corporation

(xi) The guaranteed interest on obligations issued by the Resolution Trust Corporation.

(d) Direct obligations of any federal agency or federally sponsored entity which are not fully guaranteed by the full faith and credit of the United States of America, including but not limited to the following:

(i) Federal National Mortgage Association

(ii) Federal Home Loan Mortgage Corporation

(iii) Federal Home Loan Bank System

(iv) The principal component of obligations issued by the Resolution Trust Corporation

(v) Student Loan Marketing Corporation.

(e) Commercial paper which is rated at the time of purchase in the highest short-term rating category (without regard to qualifier, “A-1” by S&P, “P-1” by Moody’s and “F-1” by Fitch) of at least one nationally recognized rating agency and which matures not more than 270 days after the date of purchase.

(f) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which either (i) have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to qualifier) of at least two nationally recognized rating agencies, (ii) are insured at all times by the Federal Deposit Insurance Corporation, or (iii) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 365 days after the date of purchase.

(g) Investments in (i) money market funds subject to Securities and Exchange Commission Rule 2a-7 and rated in the highest short-term rating category for money market funds (without regard to qualifier) of at least one nationally recognized rating agency including funds for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, and (ii) public sector investment pools operated pursuant to Securities and Exchange Commission Rule 2a-7 in which the deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories (without regard to qualifier, "A-1" by S&P, "P-1" by Moody's and "F-1" by Fitch) of at least two nationally recognized rating agencies.

(h) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and,

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category (without regard to qualifier) of at least two nationally recognized rating agencies; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting of cash or securities as described in paragraphs (b) or (c) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified pursuant to such irrevocable instructions, as appropriate, and

(B) which escrow is sufficient, as verified by an Accountant's Certificate, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the redemption date or dates specified pursuant to such irrevocable instructions, as appropriate.

(i) General obligations of states with a short-term rating in one of the two highest rating categories (without regard to qualifiers) and a long-term rating in one of the two highest rating categories (without regard to qualifiers) of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(j) Repurchase agreements with any commercial bank that has a long-term, unsecured rating of "A" or better by S&P and A2 or better by Moody's, provided that (i) the term of such repurchase agreement is not greater than thirty years, (ii) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (iii) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 102% for those securities defined in paragraphs (b) and (c) above and 104% for those securities defined in paragraph (d) above of the amount of cash transferred by the Trustee to the commercial bank under the repurchase agreement plus interest, (iv) failure to maintain the requisite collateral levels will permit the Trustee to liquidate the collateral immediately, (v) the repurchase securities are free and clear of any third-party lien or claim; and (vi) in the case of PSA Master Repurchase Agreements, there shall have been

delivered to the Trustee, the Authority and the Corporation an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of the funds to be invested.

(k) investment agreements, including guaranteed investment contracts (“GICs”) forward purchase agreements and reserve fund put agreements provided by, or guaranteed by, banks or other financial institutions rated, or with senior unsecured debt rated, by S&P and Moody’s, in one of the two highest rating categories assigned by such agencies, which investment agreements will terminate in the event that the provider or guarantor in question should be downgraded below the required level unless such investment agreement is thereupon fully collateralized to the extent of at least 100% with collateral described in paragraph (a) or (b) of this definition of Permitted Investments;

(l) obligations, the interest on which is excluded from gross income for federal income tax purposes pursuant to the Code and which are rated by the Rating Agency as of the date of such investment and at all times during the term of such investment in a rating category at least equal to the rating on the Bonds (or equivalent), or in the highest short-term rating category of the Rating Agency.

(m) taxable government money market portfolios restricted to obligations with maturities of one year or less, issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America (including funds for which the Trustee or an affiliate provides investment advice or other service).

(n) collateralized investment agreements or other collateralized contractual arrangements with corporations, financial institutions or national associations within the United States fully secured by collateral security described in clauses (b) or (c) of this definition.

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

(p) Any other investments approved in writing by the Authority.

“**Person**” means an individual, corporation, firm, association, limited liability company, corporation, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“**Principal Office of the Trustee**” means the corporate trust office of the Trustee designated in writing to the Authority, which initially shall be located in Los Angeles, California at the address set forth in the Indenture, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“**Project**” shall have the meaning ascribed thereto in the Loan Agreement.

“**Qualified Newspaper**” means *The Wall Street Journal* or *The Bond Buyer* or any other newspaper or journal containing financial news, printed in the English language and customarily published on each Business Day, of general circulation in New York, New York, and selected by the Corporation and designated to the Trustee.

“**Rating Agency**” means, collectively, Moody’s to the extent it is then providing or maintaining a rating on any of the Bonds at the request of the Corporation, Fitch, to the extent it is then providing or maintaining a rating on any of the Bonds at the request of the Corporation, and S&P, to the extent it is then providing or maintaining a rating on any of the Bonds at the request of the Corporation, or in the event that any of Moody’s, Fitch or S&P no longer maintains such a rating on the Bonds, or, if approved by the Authority,

any other nationally recognized rating agency, in each case then providing or maintaining a rating on any of the Bonds (each, a “Rating Agency”).

“**Rebate Fund**” means the fund by that name established pursuant to the Indenture.

“**Reportable Event**” means a reportable event as defined in Section 4043(b) of ERISA (other than a reportable event for which the notice required thereunder has been waived).

“**Responsible Officer**” of the Trustee means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, every trust officer, and every officer and assistant officer of the Trustee other than those specifically above mentioned, to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject.

“**Revenues**” means all payments received by the Authority or the Trustee pursuant or with respect to the Loan Agreement (except Additional Payments, any amounts paid by the Corporation pursuant or with respect to the Loan Agreement and amounts received for or on deposit in the Rebate Fund), including, without limiting the generality of the foregoing, Base Loan Payments (including both timely and delinquent payments), prepayments and all income derived from the investment of any money in any fund or account established pursuant to the Indenture.

“**S&P**” means Standard & Poor’s Global Ratings, or its successors and assigns.

“**Securities Depository**” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Attn. – Call Notification Department, Fax (212) 855-7232; or to such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

“**State**” means the State of California.

“**Supplemental Indenture**” or “**indenture supplemental thereto**” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Indenture.

“**2009A Bonds**” means the outstanding principal amount of the California Educational Facilities Authority Revenue Bonds (Pomona College) Series 2009A, issued in the original aggregate principal amount of \$62,290,000.

“**2009A Escrow Agent**” means U.S. Bank National Association, as escrow agent under the 2009 Escrow Agreement.

“**2009A Escrow Agreement**” means the Escrow Deposit Agreement dated the date of delivery of the Bonds, by and between the Corporation and the 2009A Escrow Agent, providing for the prepayment of the 2009A Bonds.

“**2017 Project**” shall have the meaning ascribed thereto in the Loan Agreement.

“**Tax Certificate**” means the Tax Certificate and Agreement between the Authority and the Corporation related to, and dated the date of issuance of, the Bonds, as the same may be amended or supplemented in accordance with its terms.

“**Tax-Exempt**” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from the gross income of the owners thereof (other than any owner who is a “substantial user” of facilities financed with such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is

includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“**Trustee**” means U.S. Bank National Association, a national banking association organized under the laws of the United States of America, and its successors and assigns or any successor trustee appointed pursuant to the Indenture.

“**Underwriter**” means Barclays Capital Inc., a national banking association organized under the laws of the United States of America, and its successors and assigns.

“**WASC**” means the Western Association of Schools and Colleges or its successor.

THE INDENTURE

Certain of the provisions of the Indenture are summarized below; this summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Series 2017 Costs of Issuance Fund.” Moneys deposited in said fund shall be used to pay Costs of Issuance with respect to the Bonds upon Requisition of the Corporation filed with the Trustee. At the end of six months from the date of issuance of the Bonds, or upon earlier receipt of a Statement of the Corporation stating that amounts in such fund are no longer required for the payment of Costs of Issuance, such fund shall be terminated and any amounts then remaining in such fund shall be transferred to the Construction Fund.

Construction Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Series 2017 Construction Fund.” Such moneys shall be disbursed to pay Costs in accordance with the Indenture.

Before any payment from the Construction Fund shall be made, the Corporation shall file or cause to be filed with the Trustee a Requisition of the Corporation.

Upon the receipt by the Trustee of a Certificate of the Corporation stating that construction of the 2017 Project is complete, and after payment of costs payable from the Construction Fund or provision having been made for payment of such costs not yet due by retaining sufficient amounts to pay such costs in the Construction Fund or otherwise as directed in such certificate, the Trustee shall close the Construction Fund and transfer any remaining balance in the Construction Fund into the Optional Redemption Account. The moneys in the Optional Redemption Account shall be used and applied in accordance with the Indenture, at the Request of the Corporation (unless some other application of such moneys is requested by the Corporation and would not, in the Opinion of Bond Counsel, cause interest on the Bonds to become includable in gross income for federal income tax purposes under the Code), to payment of the principal, premium (if any) or interest on the Bonds when due or the purchase for cancellation or redemption of Bonds as designated in a Certificate of the Corporation, to the maximum degree permissible, and at any time from or after the earliest dates at which such Bonds can be purchased or redeemed pursuant to the Indenture. Notwithstanding certain provisions of the Indenture, the moneys in such Optional Redemption Account which were transferred from the Construction Fund shall be invested at the Request of the Corporation in Permitted Investments at a yield no higher than the yield on the Outstanding Bonds (unless in the Opinion of Bond Counsel investment at a higher yield would not cause interest on the Bonds to become includable in gross income for federal income tax purposes under the Code), and all such investment income shall be deposited in such Optional Redemption Account and expended or reinvested as provided above.

In the event of an election of the Corporation to redeem all of the Bonds pursuant to the Indenture or an Event of Default which causes acceleration of the Bonds, any moneys then remaining in the Construction

Fund shall be transferred to the Optional Redemption Account within the Bond Fund, and all moneys in the Bond Fund shall be used to redeem Bonds.

Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

Pledge and Assignment; Establishment of Bond Fund and Rebate Fund

Pledge and Assignment. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein and, subject to the rights of the Holders of the Bonds, there are pledged to secure the payment of the principal of and premium, if any, and interest thereon in accordance with their terms and the provisions of the Indenture, all of the Revenues and any other amounts (including proceeds of the sale of Bonds but excluding Additional Payments paid by the Corporation pursuant to the Loan Agreement and any amounts paid by the Corporation pursuant to the indemnification provisions of the Loan Agreement) held in any fund or account established pursuant to the Indenture other than the Rebate Fund. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

Pursuant to the Indenture, the Authority transfers in trust, grants a security interest in, and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and other amounts pledged in the Indenture and all of the right, title and interest of the Authority in the Loan Agreement (except for the right to receive any fees and expenses payable to the Authority, the right to receive any indemnification and the right to receive any notices and reports). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall (subject to the provisions of the Indenture) take all steps, actions and proceedings following any Event of Default reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the Corporation under the Loan Agreement.

All Revenues shall be held in trust for the benefit of the Holders from time to time of the Bonds but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture (as described below).

If the Trustee has not received any payment required to be made by the Corporation under the Loan Agreement to pay principal, or redemption price of or interest on the Bonds by the due date, the Trustee shall immediately notify the Corporation and the Authority of such insufficiency by telephone, telecopy or telegram and confirm such notification by written notice. Failure by the Trustee to give notice as provided in the Indenture, or the insufficiency of any such notice, shall not affect the payment obligations of the Corporation under the Loan Agreement, including without limitation the timing thereof.

None of the Authority, any Authority member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of certain revenues under the Indenture. Neither the Authority, its members, the State of California, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the

Authority, its members, the State of California or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Authority shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Corporation under the Loan Agreement.

Bond Fund. Upon the receipt thereof, the Trustee shall deposit all Revenues in the Bond Fund, which the Trustee shall establish and maintain and hold in trust. The Trustee shall disburse and apply amounts in the Bond Fund only as set forth in the Indenture.

Rebate Fund. The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain the accounts required by the Tax Certificate if so directed in writing by the Authority or the Corporation. Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America. None of the Authority, the Corporation or the Holder of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Certificate (which is incorporated in the Indenture by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority or the Corporation and shall have no liability or responsibility to enforce compliance by the Authority or the Corporation with the terms of the Tax Certificate.

Upon receipt of and pursuant to a Request of the Corporation, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Corporation or from available investment earnings on amounts held in the Bond Fund if and to the extent required, so that the balance of the Rebate Fund after such deposit shall equal the Rebate Requirement (as that term is defined in the Tax Certificate). Computations of the Rebate Requirement shall be furnished by or on behalf of the Corporation and the Authority in accordance with the Tax Certificate. The Trustee may rely conclusively upon the determination, calculations and certifications required by the Indenture. The Trustee shall have no responsibility to independently make any calculation or determination or to review such calculations.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture, other than from moneys held in the Rebate Fund or from other moneys provided to it by the Corporation.

The Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments pursuant to the Request of the Corporation.

Upon receipt of a Request of the Corporation, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Corporation so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed in a Request of the Corporation. Any funds remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor, and payment of all fees and expenses of the Trustee shall be withdrawn and remitted to the Corporation.

Notwithstanding any other provision of the Indenture, including the defeasance provisions thereof, the obligation to remit the Rebate Requirement to the United States and to comply with all other applicable

requirements under the Indenture and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Without limiting the generality of the foregoing, the Authority agrees in the Indenture that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Tax-Exempt Bonds from time to time. This covenant set forth in the Indenture shall survive payment in full or defeasance of the Bonds. The Authority specifically covenants in the Indenture to pay, or cause to be paid, the Rebate Requirement to the United States at the times and in the amounts determined under the applicable provisions of the Indenture (as described above), and as described in the Tax Certificate. The Trustee agrees in the Indenture to comply with all written instructions of the Authority or the Corporation which such party states in writing are given in accordance with the Tax Certificate.

Notwithstanding any provision of the Indenture described above, if the Corporation shall provide to the Authority and the Trustee an Opinion of Bond Counsel to the effect that any action required under the Indenture or the Tax Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Tax-Exempt Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions of the Indenture, and the covenants under the Indenture shall be deemed to be modified to that extent.

Investment of Moneys in Funds. Except as otherwise provided in the defeasance provisions of the Indenture, any moneys in any of the funds and accounts established by the Trustee pursuant to the Indenture shall be invested by the Trustee solely in such Permitted Investments as are specified in a Request of the Corporation. If the Corporation does not file such a Request of the Corporation with the Trustee, the Trustee shall invest to the extent practicable in investments described in paragraph (7) of the definition of the term “Permitted Investments,” provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Corporation specifying a specific money market fund and, if no such Request of the Corporation is so received, the Trustee shall hold such moneys uninvested.

Except as otherwise provided in written instructions of the Corporation which the Corporation states in writing are given in accordance with the Tax Certificate, all interest, profits and other income received from the investment of moneys (aside from amounts on deposit in the Rebate Fund which shall remain on deposit in the Rebate Fund except as set forth in the Indenture) shall be deposited in the Construction Fund until all moneys in that fund have been expended or released in accordance with the Indenture and thereafter shall be deposited in the Bond Fund.

Subject to the defeasance provisions of the Indenture, investments in any and all funds and accounts established pursuant to the Indenture (other than the Rebate Fund) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions therein for transfer to or holding in a particular fund amounts received or held by the Trustee under the Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the particular funds to which they are credited and otherwise as provided in the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The Authority (and the Corporation by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Corporation the right to receive from the Trustee brokerage confirmations of security transactions as they occur, the Authority and the Corporation specifically waive receipt of such confirmations to the extent

permitted by law. The Trustee will furnish the Authority and the Corporation periodic cash transaction statements that include detail for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

Certain Covenants

Punctual Payment. The Authority shall punctually pay, but only out of Revenues and pledged funds as provided in the Indenture, the principal of, premium, if any, and interest to become due in respect of every Bond issued under the Indenture at the times and places and in the manner provided therein and in the Bonds, according to the true intent and meaning thereof.

Extension or Funding of Claims for Interest. In order to prevent any accumulation of claims for interest after maturity, the Authority shall not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds, and shall not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Authority, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Encumbrance Upon Revenues. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture (or as otherwise contemplated or permitted therein). Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Act, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The Authority has duly authorized the execution and delivery of the Bonds and the Indenture under the terms and provisions of the Act and a resolution adopted by its Board of Directors and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Authority of the Bonds and the Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and the Indenture the valid, legal and binding limited obligations of the Authority.

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

The Trustee shall file and furnish to the Authority and the Corporation on or before the 15th day of each month, a complete financial statement (which need not be audited) covering receipts, disbursements, allocation and application of Revenues and any other moneys (including proceeds of the Bonds) in any of the funds and accounts pursuant to the Indenture for the preceding month.

Arbitrage Covenants. The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Tax-Exempt Bonds being included from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth therein. This covenant shall survive the payment in full or the defeasance of the Bonds.

In the event that at any time the Authority is of the opinion that it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Authority shall so instruct the Trustee in a Request of the Authority accompanied by a supporting Opinion of Bond Counsel, and the Trustee shall take such action as may be directed in accordance with such instructions.

Notwithstanding any of the foregoing provisions, if the Authority shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Tax-Exempt Bonds, the Authority and the Trustee may conclusively rely on such opinion in complying with the requirements of the Indenture and the Tax Certificate, and the covenants under the Indenture shall be deemed to be modified to that extent.

The covenants of the Authority in the Indenture are made solely in reliance on the representations and covenants of the Corporation set forth in the Loan Agreement and the Tax Certificate, and a default by the Corporation with respect thereto shall not be considered a default of the Authority under the Indenture. The covenants of the Authority in the Indenture described in the paragraphs under this subheading are limited to those actions within its control, and further limited to the extent that the costs and expenses of taking such actions are borne by the Corporation or a third party.

Other Covenants; Amendment of the Loan Agreement. Subject to the provisions of the Indenture, the Trustee shall promptly collect all amounts due from the Corporation pursuant to the Loan Agreement and diligently enforce and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority under the Loan Agreement and assigned to it pursuant to the Indenture.

The Authority shall not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if but only if (1) it has received a written representation from the Authority to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds; provided that, if an Event of Default described in the Indenture has occurred and is continuing, the Trustee rather than the Authority shall make a determination that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (provided that, in making such determination, the Trustee may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel), or (2) the Holders of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Base Loan Payments to be made to the Authority or the Trustee by the Corporation pursuant to the Loan Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Authority to the extent permitted by law.

Further Assurances. Whenever and so often as requested by the Trustee, the Authority shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments,

documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholders all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Continuing Disclosure. Pursuant to the Loan Agreement, the Corporation has undertaken all responsibility for compliance with continuing disclosure requirements pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5), and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12. The Trustee, acting as dissemination agent, covenants and agrees that, subject to the provisions of the Indenture, it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and of the Loan Agreement applicable to it. Notwithstanding any other provision of the Indenture, failure of the Corporation or the Trustee, acting as dissemination agent, to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee, at the written request of the Participating Underwriter (as such term is defined in the Continuing Disclosure Agreement) or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall (but only to the extent the Trustee has been tendered funds in an amount satisfactory to it or it has been otherwise indemnified from and against any loss, liability, cost or expense, including without limitation, fees and expenses of its counsel and agents and additional fees and charges of the Trustee) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Corporation to comply with its obligations under the Loan Agreement or, as to any Bondholder or Beneficial Owner, to cause the Trustee to comply with its obligations under this paragraph. For purposes of this paragraph, "Beneficial Owner" means any person which (1) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (2) is treated as the owner of any Bonds for federal income tax purposes.

Events of Default; Remedies on Default

Events of Default; Acceleration; Waiver of Default. If one or more of the following events ("Events of Default") shall happen, that is to say-

(a) if default shall be made in the due and punctual payment of the principal of, or premium (if any) on, any Bond as the same shall become due and payable (whether at maturity, by proceedings for redemption, by declaration or otherwise);

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the Corporation by the Trustee, or to the Corporation, the Authority and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; or

(d) if a Loan Default Event has occurred and is continuing;

then and in each and every such case during the continuance of such Event of Default, unless the principal of all the Bonds shall have already become due and payable, the Trustee, by notice in writing to the Authority, may and, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall

become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall have been deposited with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable fees and expenses of the Trustee and the Authority (including but not limited to those of their respective attorneys), and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

No default specified in (c) above shall constitute an Event of Default unless the Authority shall have failed to correct such default within the applicable 30-day period; provided, however, that if the default shall be such that it can be corrected, but cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected.

Institution of Legal Proceedings by Trustee. If one or more Events of Default shall happen and be continuing, the Trustee in its sole discretion may, and upon the written request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Act or under the Loan Agreement or the Indenture by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Indenture.

Application of Moneys Collected by Trustee. Any moneys collected by the Trustee and moneys in the funds and accounts created under the Indenture on or after the occurrence of an Event of Default shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal of, or premium, if any, upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First - To the payment of costs and expenses of collection and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and all other expenses and liabilities incurred, and for advances made pursuant to the provisions of the Indenture.

Second - In case the principal of none of the Bonds shall have become due and remains unpaid, to the payment of interest in default on the Bonds, such payments to be made ratably and proportionately to the persons entitled thereto without discrimination or preference.

Third - In case the principal of any of the Bonds shall have become due by declaration or otherwise and remains unpaid, first to the payment of interest in default in the order of maturity thereof, and then to the payment of the principal of all Bonds then due and unpaid and the premium thereon, if any; in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and past-due interest to be paid on such date shall cease to accrue.

Subject to other provisions of the Indenture, whenever all principal of, premium, if any, and interest on all Bonds have been paid and all fees, expenses and amounts owed to the Trustee and the Authority, (including without limitation attorney fees and expenses), and any payments required under the indemnification provisions of the Loan Agreement), and the Rebate Requirement (as defined in the Tax Certificate) shall have been paid, any balance remaining in the funds and accounts under the Indenture shall be paid to the Corporation.

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

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

Covenant to Pay Bonds in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay, but only out of Revenues, to the Trustee, upon demand, for the benefit of the Holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest, principal and premium, if any, as the case may be, and all other sums which may be due or secured under the Indenture, including reasonable compensation to the Trustee and its agents and counsel and any expenses or liabilities incurred by the Trustee under the Indenture and, its agents and counsel. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues, as provided in the Indenture and not otherwise. The Trustee shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the Indenture, and the right of the Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Indenture.

Trustee Appointed Agent for Bondholders. The Trustee is appointed the agent and attorney-in-fact of the Holders of all Bonds Outstanding under the Indenture for the purpose of filing any claims relating to the Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Holders of a majority in

aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default under the Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

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

Limitation on Bondholders' Right to Sue. (a) Except as provided in (b), no Holder of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (1) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (2) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding.

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

(b) The right of any Holder of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond out of Revenues and the funds pledged in the Indenture, as therein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding the foregoing provisions or any other provision of the Indenture.

The Trustee

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

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act or its own willful misconduct, except for the following:

(a) Prior to the occurrence of any Event of Default under the Indenture and after the curing of all Events of Default which may have occurred, the duties and obligations of the Trustee shall at all times be determined solely by the express provisions of the Indenture; the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture; and no covenants or obligations shall be implied into the Indenture which are adverse to the Trustee.

(b) At all times, regardless of whether or not any Event of Default shall exist,

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be personally liable with respect to any action taken, permitted or omitted by it in good faith in accordance with the direction of the Holders of not less than a majority, or such other percentage as may be required under the Indenture, in aggregate principal amount of the Bonds Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; and

(iii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of the Indenture; but in the case of any such certificate or opinion, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of the Indenture.

The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties under the Indenture, and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney or agent appointed with due care by it under the Indenture.

None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The permissive right of the Trustee to perform acts enumerated in the Indenture or the Loan Agreement shall not be construed as a duty or obligation under the Indenture.

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

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Corporation shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and

containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Corporation whenever a person is to be added or deleted from the listing. If the Corporation elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Corporation understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Corporation shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Corporation and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Corporation. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Corporation agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Corporation; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security.

The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

Right of Trustee to Rely upon Documents, Etc. Except as otherwise provided in the Indenture:

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, direction, demand, election or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any notice, request, direction, election, order or demand of the Authority mentioned in the Indenture shall be deemed to be sufficiently evidenced by an instrument signed in the name of the Authority by an Authorized Authority Representative, and any resolution of the Authority shall be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel of its selection (who may include its own counsel or counsel for the Authority or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of the trusts of the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be in the Indenture specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an Authorized Authority Representative and to the extent required by the Indenture, shall include the statements provided for in the Indenture; and such Certificate of the Authority shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of the Indenture upon the faith thereof;

(e) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds;

(f) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture, Loan Agreement or any other document related to the Bonds unless it shall have actual knowledge of such Event of Default;

(g) Before taking any action under the provisions of the Indenture relating to events of default, the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur under the Indenture. Notwithstanding the foregoing, prior to seeking indemnity the Trustee shall make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund as provided in the Indenture, and shall effect the redemption of Bonds and accelerate the payment of principal on the Bonds without seeking indemnification from the Corporation or any Bondholder; and

(h) The immunities extended to the Trustee also extend to its directors, officers, employees and agents

Moneys Received by Trustee to Be Held in Trust. Subject to the provisions of the Indenture relating to defeasance, all moneys received by the Trustee shall, until used or applied as provided in the Indenture, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided therein. Except to the extent provided otherwise therein, any interest allowed on any such moneys shall be deposited in the fund to which such moneys are credited.

Compensation and Indemnification of Trustee. The Trustee shall be entitled to reasonable compensation for all services rendered by the Trustee in the execution of the trusts created and in the exercise and performance of any of the powers and duties under the Indenture of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Loan Agreement will require the Corporation to pay or reimburse the Trustee, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee subject to the Indenture as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of the Indenture as such security for the Bonds, shall be entitled (but not required) to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Loan Agreement will also require the Corporation to provide certain indemnification to the Trustee.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in the Loan Agreement and in the Indenture, such expenses (including the reasonable charges and expenses of its counsel and agents) and the compensation for such services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law. These provisions of the Indenture shall survive the termination of the Indenture and the resignation or removal of the Trustee.

Qualifications of Trustee. There shall at all times be a trustee under the Indenture which shall be a corporation or banking association organized and doing business under the laws of the United States or of a state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), subject to supervision or examination by federal or state

authority. If such a corporation or banking association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such corporation or banking association shall be deemed to be their combined capital and surplus as set forth in its most recent reports of conditions so published. In case at any time the Trustee shall cease to be eligible, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

Resignation and Removal of Trustee and Appointment of Successor Trustee. The Trustee may at any time resign by giving thirty (30) days' written notice to the Authority and the Corporation, and by giving to the Bondholders notice either by publication of such resignation, which notice shall be published at least once in a Qualified Newspaper, or by giving Notice by Mail to such Bondholders. The Trustee shall also mail a copy of any such notice of resignation to each Rating Agency. Upon receiving such notice of resignation, the Authority, with the advice and consent of the Corporation shall promptly appoint a successor Trustee by an instrument in writing. If no successor trustee shall have been so appointed and have accepted appointment within forty-five (45) days after the giving of such notice of resignation by the resigning Trustee, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor Trustee.

In case at any time either of the following shall occur:

(a) the Trustee shall cease to be eligible and shall fail to resign after written request therefor by the Authority or by any Bondholder who has been a bona fide Holder for at least six (6) months, or

(b) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Authority may remove the Trustee and, with the advice and consent of the Corporation, appoint a successor Trustee by an instrument in writing, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, remove the Trustee, and appoint a successor Trustee. Upon any removal of the Trustee, any outstanding fees and expenses of such former Trustee shall be paid in accordance with the Indenture.

(c) The Authority, in the absence of an Event of Default, or the Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding may at any time remove the Trustee and appoint a successor Trustee, by an instrument or concurrent instruments in writing signed by the Authority or such Bondholders, as the case may be.

(d) Any resignation or removal of the Trustee, and appointment of a successor Trustee, shall become effective only upon acceptance of appointment by the successor Trustee as provided in the Indenture.

Acceptance of Trust by Successor Trustee. Any successor Trustee appointed shall execute, acknowledge and deliver to the Authority, the Corporation and to its predecessor Trustee an instrument accepting such appointment under the Indenture, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts under the Indenture, with like effect as if originally named as Trustee therein; but, nevertheless, on the Request of the Authority or the request of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts therein expressed, all the rights, powers and

trusts of the Trustee so ceasing to act. Upon request of any such successor Trustee, the Authority shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and duties. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by the Indenture.

No successor Trustee shall accept appointment unless at the time of such acceptance such successor trustee shall be eligible under the provisions of the Indenture.

Upon acceptance of appointment by a successor Trustee as provided in the Indenture, the successor Trustee shall give the Bondholders and the Rating Agency notice of the succession of such Trustee to the trusts under the Indenture in the manner prescribed in the Indenture for the giving of notice of resignation of the predecessor Trustee.

Modification of Indenture

Modification Without Consent of Bondholders. Subject to the conditions and restrictions in the Indenture contained, the Authority and the Trustee, from time to time and at any time, may enter into an Indenture or Supplemental Indentures, which indenture or indentures thereafter shall form a part thereof, including, without limitation, for one or more of the following purposes, provided that the Authority and the Trustee shall have received the written consent of the Corporation and an Opinion of Bond Counsel to the effect that such amendment or modification will not cause interest on the Tax-Exempt Bonds to be included in the gross income of the Holder thereof for federal income tax purposes and that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds:

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

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

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

(d) in connection with an amendment of the Loan Agreement for the purpose of conforming the terms, conditions and covenants of the Indenture to the corresponding or related provisions of such amended Agreement; or

(e) any other purpose, other than those purposes set forth in the Indenture and identified as requiring the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding or the consent of the Corporation and the Holders of all the Bonds then Outstanding.

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

Modification With Consent of Bondholders. With the written consent of the Corporation and the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the Authority and the Trustee may from time to time and at any time, with an Opinion of Bond Counsel to the effect that such amendment or modification will not cause interest on the Tax-Exempt Bonds to be included in the gross income of the Holder thereof for federal income tax purposes, enter into an Indenture or Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof or (2) reduce the aforesaid percentage of Holders of Bonds whose consent is required for the execution of such Supplemental Indentures or extend the time of payment or permit the creation of any lien on the Revenues or the funds pledged in the Indenture prior to or on a parity with the lien of the Indenture or deprive the Holders of the Bonds of the lien created by the Indenture upon the Revenues or the funds pledged therein, without the consent of the Corporation and the Holders of all the Bonds then Outstanding. Upon receipt by the Trustee of a Certificate of the Authority authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of the Corporation or the Bondholders, as aforesaid, the Trustee shall join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

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

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

The Trustee shall mail an executed copy of such Supplemental Indenture and any amendment of the Loan Agreement to the Corporation and each Rating Agency then rating any of the Bonds promptly after execution by the Authority, the Trustee, and in the case of the Loan Agreement, the Corporation.

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

Defeasance

Discharge of Indenture. If the entire indebtedness on all Bonds shall be paid and discharged in any one or more of the following ways:

- (a) by the payment of the principal of, and premium, if any, and interest on all Bonds, as and when the same become due and payable; or
- (b) by the delivery to the Trustee, for cancellation by it, of all Bonds; or

- (c) by providing for the payment or redemption thereof;

and if all other sums payable under the Indenture, including Additional Payments shall be paid and discharged, then thereupon the Indenture shall cease, terminate and become null and void, all liability of the Authority and the Corporation in respect of the Bonds shall cease, terminate and be completely discharged, except: (i) that the Authority shall remain liable for such payment but only from, and the Bondholders shall thereafter be entitled only to payment (without interest accrued thereon after such redemption date or maturity date) out of, the money and Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to certain provisions of the Indenture and (ii) that in the case of Bonds (or portions thereof) for which provision for the payment or redemption thereof has been made, the provisions of the Indenture relating to the transfer and exchange of such Bonds (or portions thereof) and, if so reserved by the Corporation, the right to call the Bonds for optional redemption prior to maturity shall continue to apply to such Bonds (or portions thereof). Thereupon the Trustee shall, receive a Request of the Corporation and an Opinion of Bond Counsel, stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture. The Trustee shall mail written notice of such payment and discharge to each Rating Agency. The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee and the Authority to charge and be reimbursed by the Corporation for any expenditures which they may thereafter incur in connection therewith.

Discharge of Liability of Particular Bonds. Any Bond, or any portion thereof such that the portion that is not considered paid in accordance with the Indenture shall be in an authorized denomination, shall be deemed to be paid within the meaning of, and with the effect set forth in the defeasance provisions of the Indenture when, whether upon or prior to the maturity or redemption date, as applicable, (a) payment of the principal of and premium, if any, on such Bond or such portion thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) nonprepayable, noncallable Government Obligations maturing as to principal and interest in such amounts and at such times as will insure, without reinvestment, the availability of sufficient moneys, to make such payment; (b) if such Bond (or portion thereof) is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for giving such notice; (c) all necessary and proper fees, compensation and expenses of the Trustee and the Authority pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the Trustee; (d) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or a Request of the Authority) to apply such moneys and/or Government Obligations to the payment of the principal of, premium, if any, and interest on the Bond (or portion thereof) to be discharged; (e) the Authority and the Trustee shall have received an Approving Opinion of Bond Counsel with respect to such deposit of money and/or Government Obligations; and (f) the Authority and the Trustee shall have received an Accountant's Certificate verifying that the moneys and Government Obligations so deposited, together with the interest earnings thereon (without reinvestment) will be sufficient to pay when due the principal of, premium, if any, and interest on the Bond (or portion thereof) to be discharged to and including the earlier of its maturity or redemption date. The Trustee shall not be responsible for verifying the sufficiency of funds or Government Obligations provided to effect the defeasance of Bonds pursuant to the Indenture.

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

Payment of Bonds after Discharge. Notwithstanding any provisions of the Indenture to the contrary, and subject to applicable laws of the State, any moneys deposited with the Trustee, in trust for the payment of

the principal of, or interest or premium on, any Bond remaining unclaimed for two (2) years after such payment has become due and payable (whether on an Interest Payment Date, at maturity, upon call for redemption or by declaration as provided in the Indenture), then such moneys shall be repaid to the Corporation and the Holder of such Bond shall thereafter be entitled to look only to the Corporation for payment thereof, and all liability of the Authority and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee shall (at the expense of the Corporation) first publish at least once in a Qualified Newspaper a notice, in such form as may be deemed appropriate by the Corporation, the Authority and the Trustee, in respect of the amount so payable with respect to such Bond and in respect of the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Corporation as aforesaid, the Holder of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be an unsecured creditor of the Corporation for amounts equivalent to the respective amounts deposited for the payment of the amount so payable with respect to such Bond and so repaid to the Corporation (without interest thereon).

Miscellaneous

Liability of Authority Limited to Revenues. The Corporation shall be solely responsible for the payment of the Bonds. Neither the State nor the Authority shall be obligated to pay the Bonds or the interest or premium if any, thereon except from Revenues provided by the Corporation, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of, or premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes.

Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of, or premium, if any, or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

THE LOAN AGREEMENT

Certain provisions of the Loan Agreement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement.

Payment of Bonds. The Corporation covenants and agrees to pay or cause to be paid to the Trustee, for the account of the Authority, all sums necessary for the payment of the debt service on the Bonds, as follows (the "Base Loan Payments"):

(1) By 10:30 a.m., Pacific time, on the Business Day immediately preceding each Interest Payment Date and principal payment date (whether at maturity, by redemption or by acceleration as provided in the Indenture) with respect to the Bonds and continuing until the principal of and premium, if any, and interest on the Bonds shall have been fully paid (or provision for the payment thereof shall have been made as provided in the Indenture), the Corporation shall pay in funds which will be immediately available as of such time and date, as an installment in repayment of the loan from the Authority under the Loan Agreement, a sum equal to the aggregate amount payable on such date as principal of (whether at maturity, by redemption or by acceleration as provided in the Indenture) and premium, if any, and interest on the Bonds.

(2) Any amount at the time held by the Trustee in the Bond Fund for the payment of debt service on the Bonds shall be credited against the aforesaid Base Loan Payments then required to be made by the

Corporation, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption and (ii) interest accrued to the date of redemption or maturity of any Bonds, in all cases where such Bonds have not been presented for payment.

(3) Any amount at the time held by the Trustee in any special fund established in connection with any refunding which amount is available and designated for payment of debt service on the Bonds on such Interest Payment Date may also, at the election of the Corporation, be credited against such Base Loan Payments.

The Corporation acknowledges that the Trustee shall give notice:

(1) to the Corporation in accordance with the Indenture at least ten (10) Business Days before each Interest Payment Date of the amount, if any, credited or to be credited to the Bond Fund by such next Interest Payment Date and the amount of the Base Loan Payment then due from the Corporation; provided, however, that any failure by the Trustee to so notify the Corporation shall not affect the Corporation's obligation to make any Base Loan Payment in a timely manner; and

(2) to the Corporation and the Authority in accordance with the Indenture if the Corporation fails to make any payment required under the Loan Agreement by the due date, such notice to be given by telephone, telecopy or telegram followed by written notice.

Additional Payments. In addition to the Base Loan Payments required to be made by the Corporation, the Corporation shall also pay to the Trustee or to the Authority, as the case may be, the following (the "Additional Payments"):

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Loan Agreement or in any way arising due to the transactions contemplated (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to therein, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Corporation Documents or the Indenture;

(d) The Authority Issuance Fee, the Authority Annual Fee and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Corporation Documents, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Loan Agreement, the Corporation Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of the Corporation Documents; and

(e) Any amounts due and payable by the Corporation as arbitrage rebate under Section 148 of the Code, pursuant to Corporation's covenants and agreements with respect thereto in the Tax Certificate.

Such Additional Payments shall be billed to the Corporation by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after the date of invoice. Notwithstanding the foregoing, neither the Authority nor the Trustee shall be required to submit a bill to the Corporation for payment of the Authority Annual Fee or any amounts due with respect to arbitrage rebate under Section 148 of the Code, the calculation and payment for which is the responsibility of the Corporation.

The Authority Issuance Fee and the initial Authority Annual Fee shall be paid to the Authority by the Corporation on the Closing Date. Thereafter, the Authority Annual Fee shall be due and payable by the Corporation in advance on December 1 of each year commencing with the first such date following the Closing Date. The Corporation's obligation to pay the Authority Issuance Fee and the Authority Annual Fee shall in no way limit amounts payable by the Corporation to the Authority under the Corporation Documents, including for the enforcement thereof.

Unconditional Obligation. The obligations of the Corporation to make or cause to be made the Base Loan Payments and Additional Payments and to perform and observe the other agreements on its part contained in the Loan Agreement shall be absolute and unconditional general obligations of the Corporation, payable from gross revenue of the Corporation or any other legally available source of funds, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or the Trustee, and during the term of the Loan Agreement, the Corporation shall pay absolutely the Base Loan Payments and Additional Payments and all other payments required under the Loan Agreement, free of any deductions, and without abatement, diminution or setoff. Until such time as the principal of and premium, if any, and interest on all Bonds shall have been fully paid (or provision for the payment thereof shall have been made as provided in the Indenture), the Corporation (i) will not suspend or discontinue any Base Loan Payments or Additional Payments, (ii) will perform and observe all of its other agreements contained in the Loan Agreement with respect to the Bonds, the Facilities and the Project; and (iii) will not terminate the Loan Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to, or taking or condemnation of all or any part of the Project or the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement provided that nothing contained in the Loan Agreement shall be construed as prohibiting the Corporation from pursuing any rights or remedies it may have against any Person in a separate legal proceeding. The Loan Agreement shall be deemed and construed to be a "net contract," and the Corporation shall pay absolutely net the Base Loan Payments, Additional Payments and all other payments required under the Loan Agreement, free of any deductions, without abatement, diminution or set off other than those expressly provided in the Loan Agreement.

Prepayments. The Corporation may at any time prepay all or any part of the Base Loan Payments payable under the Loan Agreement, and the Authority agrees that the Trustee shall accept such prepayments when the same are tendered by the Corporation. All such prepayments shall be deposited in the Optional Redemption Account within the Bond Fund and credited against the Base Loan Payments in the order of their due date or, at the election of the Corporation exercised in a Request of the Corporation in accordance with the Indenture, used for the redemption of Outstanding Bonds of such maturities in the amounts and on the redemption dates specified in such Request of the Corporation; provided that the redemption date shall be such as to comply with the optional redemption provisions and the notice provisions of the Indenture. Notwithstanding any such prepayment, the Corporation shall not be relieved of its obligations under the Loan Agreement until all of the Bonds have been fully paid and retired (or provision for payment thereof shall have been made as provided in the defeasance provisions of the Indenture).

If the Corporation is not in default in the payment of any Base Loan Payments or Additional Payments, the Authority, at the request of the Corporation, at any time when the aggregate moneys in the Bond Fund established pursuant to the Indenture, including any prepayment deposited therein under the foregoing paragraph, are sufficient to effect redemption of all or part of the then Outstanding Bonds, and if such Bonds are then redeemable under the provisions of the Indenture, shall forthwith take all steps that may be necessary to effect such redemption in accordance with the Request of the Corporation. The Authority agrees that it will redeem the Bonds pursuant to the Indenture only pursuant to a Request of the Corporation.

Investments. The Corporation, by a Request of the Corporation, may direct the investment by the Trustee of moneys in the funds and accounts established pursuant to the Indenture, subject to the limitations set forth therein. The Corporation covenants that it will not direct the Trustee to make any investments, and that the Corporation itself will not make any investments, of the proceeds of the Bonds or any other funds in any way pledged to the security of or reasonably expected to be used to pay the Bonds, that would cause any of the Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 103(b)(2) of the Code. The Corporation shall not purchase any obligations of the Authority, pursuant to an arrangement, formal or informal, in an amount related to the amount of the loan made to the Corporation under the Loan Agreement. Nothing in the Loan Agreement (as described in this paragraph) shall prohibit the Corporation from receiving Bonds by gift, bequest or devise or from purchasing Bonds in the secondary market other than pursuant to an arrangement related to the loan made pursuant to the Loan Agreement.

No Liability of the Authority. The Authority shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal (or Redemption Price) or interest on the Bonds. Neither the Authority nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with the Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under the Loan Agreement.

The Corporation hereby acknowledges that the Authority’s sole source of moneys to repay the Bonds will be provided by payments made by the Corporation to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made under the Loan Agreement shall ever prove insufficient to pay all principal (or Redemption Price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefore but solely, in the case of the Authority, from the Revenues, other than with respect to any deficiency caused by the willful misconduct of the Authority.

Maintenance of Corporate Existence; Consolidation, Merger, Sale or Transfer Under Certain Conditions. The Corporation agrees that during the term of the Loan Agreement and so long as any Bond is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that the Corporation may, without violating the agreements contained in the Loan Agreement and described below, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve if: the Corporation is the surviving, resulting or transferee corporation, as the case may be; or if the Corporation is not the surviving, resulting or transferee corporation, as the case may be, the surviving,

resulting or transferee corporation (i) is a corporation organized under the laws of the United States or any state, district or territory thereof; (ii) is qualified to do business in the State; (iii) assumes in writing all of the obligations of the Corporation under the Loan Agreement; and (iv) is not, after such transaction, otherwise in default under any provision of the Loan Agreement.

Notwithstanding the foregoing, as a condition precedent to any such consolidation, merger, sale or other transfer, the Trustee and the Authority shall receive an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not in and of itself adversely affect the tax-exempt status of interest on the Bonds.

Notwithstanding any other provision of the Loan Agreement, the Corporation need not comply with any of the above provisions (other than the delivery of the Opinion of Bond Counsel referred to in the second paragraph) if, at the time of such transaction, all of the Bonds will be defeased.

The rights and obligations of the Corporation under the Loan Agreement may be assigned by the Corporation, in whole or in part; provided, however, that any assignment other than pursuant to the provisions of the Loan Agreement relating to the consolidation, merger, sale or transfer of the Corporation shall be subject to each of the following conditions:

(1) No such assignment shall relieve the Corporation from primary liability for any of its obligations under the Loan Agreement, and the Corporation shall continue to remain primarily liable for the payments specified in the Loan Agreement, and for performance and observance of the other agreements on its part therein provided to be performed and observed.

(2) Any such assignment from the Corporation shall retain for the Corporation such rights and interests as will permit it to perform its obligations under the Loan Agreement, and any assignee from the Corporation shall assume the obligations of the Corporation under the Loan Agreement to the extent of the interest assigned.

(3) The Corporation shall, within thirty (30) days after delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of every such assignment together with an instrument of assumption.

(4) The Corporation shall cause to be delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that such assignment will not, in and of itself, adversely affect the tax-exempt status of interest on the Bonds.

If a merger, consolidation, sale or other transfer is effected, the foregoing provisions shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with such provisions.

Insurance. So long as any Bonds remain Outstanding, the Corporation will maintain or cause to be maintained with respect to the Facilities, with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the Corporation, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance. The Corporation shall at all times also maintain worker's compensation insurance as required by the laws of the State.

For so long as any Bonds remain outstanding all policies shall name the Corporation, the Authority and the Trustee as insured parties, beneficiaries or loss payees as their respective interests may appear.

If the Authority shall so request in a Request of the Authority, the Corporation shall provide to the Authority summaries or other evidence of its insurance coverage.

Financial Statements of the Corporation and Reporting of Other Information. The Corporation will furnish the following to the Authority, so long as any Bonds remain Outstanding:

(a) its financial statements as of the end of each of its fiscal years and for the year ended on such date, reported on as to fairness of presentation and conformity with generally accepted accounting principles by an independent public accountant selected by the Corporation, as soon as accepted by its Board of Trustees or the Finance Committee thereof, but in any event within one hundred eighty (180) days after the end of each fiscal year, and to the Trustee copies of its audited financial statements as the Trustee shall reasonably request;

(b) as soon as possible and in any event within thirty (30) days after the Corporation knows or has reason to know the PBGC (as that term is defined in the Loan Agreement) or the Corporation has instituted or will institute proceedings under Title IV of ERISA to terminate any ERISA Plan, a certificate of the chief financial officer of the Corporation setting forth details as to such Reportable Event and the action which the Corporation proposes to take with respect thereto, together with a copy of any notice of such Reportable Event which may be required to be filed with the PBGC, or any notice delivered by the PBGC evidencing its intent to institute such proceedings or any notice to the PBGC that any ERISA Plan is to be terminated, as the case may be. For all purposes of this covenant, the Corporation will be deemed to have all knowledge or knowledge of all facts attributable to the ERISA Plan administrator under such Title. The Corporation will furnish the Authority (or cause the ERISA Plan administrator to furnish the Authority) with the annual report for each ERISA Plan covered by Title IV and filed with the PBGC not later than 10 days after such report has been filed with the PBGC, to the extent the Corporation is required to file such report;

(d) no later than January 1 of each calendar year (commencing January 1, 2019), the annual report information required by Section 8855(k)(1) of the California Government Code, as such information relates to the Bonds and the Project, so as to sufficiently enable the Authority to provide such information to the California Debt and Investment Advisory Commission (by any method approved by the California Debt and Investment Advisory Commission). This reporting obligation of the Corporation shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding, or (ii) the proceeds of the Bonds have been fully spent; and

(d) promptly upon the request of the Authority or the Trustee, such other information regarding the financial position, results of operations, business or prospects of the Corporation as such party may reasonably request from time to time.

Right of Access to and Inspection of the Facilities. The Corporation agrees that during the term of the Loan Agreement, and, to the extent within its control, for so long as the Corporation owns or operates the Facilities, the Authority and the Trustee and the duly authorized agents of any of them shall have the right (but not the duty) at all reasonable times during normal business hours to enter upon the site of the Facilities to examine and inspect the Facilities; provided, however, that this right is subject to federal and State laws and regulations applicable to the site of the Facilities; and provided further that the Corporation reserves the right to restrict access to the Facilities in accordance with reasonably adopted procedures relating to safety and security. The rights of access and inspection reserved to the Authority and the Trustee, and their respective authorized agents may be exercised only after the party seeking such access shall have given at least one week advance notice and executed release of liability (which release shall not limit any of the Corporation's obligations under the Loan Agreement) or confidentiality agreements if requested by the Corporation in the form then currently used by the Corporation.

Tax Covenants. It is the intention of the parties to the Loan Agreement that interest on the Bonds shall be and remain tax-exempt, and to that end the covenants and agreements of the Authority and the

Corporation in the Loan Agreement and the Tax Certificate are for the benefit of the Trustee, the Authority and each and every person who at any time will be a Holder of the Bonds.

(a) Each of the Corporation and the Authority covenants and agrees that it will not directly or indirectly use or permit the use of any proceeds of the Bonds or other funds, or take or omit to take any action that will cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. Each of the Corporation and the Authority further covenants and agrees that it will not direct the Trustee to invest any funds held by it under the Indenture or the Loan Agreement, in such manner as would, or enter into or allow any related person to enter into any arrangement (formal or informal) that would, cause any Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. To such ends with respect to the Bonds, the Authority and the Corporation will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the Authority or the Corporation is of the opinion that it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Loan Agreement or the Indenture, the Authority or the Corporation shall so notify the Trustee in writing.

(b) Without limiting the generality of the foregoing, the Corporation and the Authority agree that the Corporation will pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any applicable Treasury Regulations. This covenant shall survive payment in full or defeasance of the Bonds. The Corporation specifically covenants to calculate or cause to be calculated and to pay or cause to be paid for and on behalf of the Authority to the United States at the times and in the amounts determined under the Indenture the Rebate Requirement as described in the Tax Certificate.

(c) The Authority certifies, represents and agrees that it has not taken, and will not take, any action which will cause interest paid on the Bonds to become includable in gross income of the Holders of the Bonds for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code; and the Corporation certifies and represents that it has not taken or, to the extent within its control, permitted to be taken, and the Corporation covenants and agrees that it will not take or, to the extent within its control, permit to be taken any action which will cause the interest on the Bonds to become includable in gross income of the Holders of the Bonds for federal income tax purposes pursuant to the provisions of Article XIII of the Tax Reform Act of 1986; provided that neither the Corporation nor the Authority shall have violated these covenants if the interest on any of the Bonds becomes taxable to a person solely because such person is a “substantial user” of the financed facilities or a “related person” within the meaning of Section 147(a) of the Code; and provided, further, that none of the covenants and agreements contained in the Loan Agreement shall require either the Corporation or the Authority to enter an appearance or intervene in any administrative, legislative or judicial proceeding in connection with any changes in applicable laws, rules or regulations or in connection with any decisions of any court or administrative agency or other governmental body affecting the taxation of interest on the Bonds. The Corporation acknowledges in the Loan Agreement that it has read the Indenture and agrees to perform all duties imposed on it by the Indenture, the Loan Agreement and the Tax Certificate. Insofar as the Indenture and the Tax Certificate impose duties and responsibilities on the Corporation, they are specifically incorporated in the Loan Agreement by reference.

Notwithstanding any provision of the Loan Agreement and of the Indenture, if the Corporation shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required under the Loan Agreement, the Indenture or the Tax Certificate is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds, the Corporation, the Trustee and the Authority may conclusively rely on such opinion in complying with any such requirements, and the covenants under the Loan Agreement shall be deemed to be modified to that extent.

Other Covenants of the Corporation. The Corporation covenants as follows so long as any Bonds are Outstanding:

Completion, Maintenance, Operation and Use of the Project and the Facilities. The Corporation will use commercially reasonable efforts to cause the Project to be completed, maintained in good condition and

repair, will maintain, operate and use the Project, during the useful life thereof, as an integral part of the Facilities and will not alienate, sell, convey or transfer the Project unless it provides to the Trustee and the Authority an Opinion of Bond Counsel to the effect that such alienation, sale, conveyance or transfer will not adversely affect the tax-exempt status of interest on the Bonds.

The Corporation will operate the Facilities as an educational institution, maintain the Facilities in good repair, working order and condition to achieve this function and otherwise to meet the covenants and obligations contained in the Loan Agreement and honor all valid restrictions on the uses to which the Facilities may be subject so long as any Bonds are Outstanding and the Facilities are owned or operated by the Corporation or any distribute upon dissolution or any voluntary grantee of the Corporation.

Compliance with Laws. The Corporation agrees that it will at all times comply with, or cause to be complied with, all laws, statutes, rules, regulations, orders and directions of any governmental authority having jurisdiction over the Corporation or its business if a violation of any such law, statute, rule, regulation, order, or direction would materially and adversely affect the Project, except where contested in good faith and by proper proceedings.

ERISA. The Corporation will not, with respect to any ERISA Plan:

(1) incur any “accumulated funding deficiency,” as such term is defined in Section 412 of the Code, whether or not waived, if the amount of such accumulated funding deficiency, plus any accumulated funding deficiencies previously incurred with respect to such ERISA Plan and not eliminated, would aggregate more than \$100,000; provided that the incurring of such an accumulated funding deficiency will not be an “event of default” under the Loan Agreement if it is reduced below \$100,000 or eliminated within 90 days after the date upon which the Corporation becomes aware of such accumulated funding deficiency; or

(2) terminate any ERISA Plan subject to Title IV of ERISA in a manner which could result in the imposition of a material lien on the property of the Corporation pursuant to Section 4068 of ERISA and which could reasonably be expected to materially adversely affect the business, earnings, properties or financial condition of the Corporation; or

(3) withdraw from a Multiemployer Plan in a “complete withdrawal” or a “partial withdrawal” as defined in Sections 4203(a) and 4205(a), respectively, of ERISA, if such withdrawal could reasonably be expected to materially adversely affect the Corporation’s ability to comply at any time with any of the provisions of the Loan Agreement.

The Corporation shall:

(1) fund all current and past service pension liabilities under the provisions of all ERISA Plans subject to Title IV of ERISA such that if all such ERISA Plans were terminated at the same time by the Corporation any liens imposed on the Corporation under Section 4068 of ERISA would not be in an amount in the aggregate which would materially affect the Corporation’s ability to comply at any time with any of the provisions of the Loan Agreement; and

(2) otherwise comply in all respects with the provisions applicable to its ERISA Plans contained in ERISA, the Code and the regulations published thereunder except for any noncompliance that could not reasonably be expected to affect the Corporation’s ability to comply at any time with any provision of the Loan Agreement; and

(3) notify the Trustee and the Authority promptly after the Corporation knows or has reason to know (i) of the happening of any material Reportable Event with respect to any ERISA Plan subject to Title IV of ERISA and, in any event, at least five days prior to any notification of such material Reportable Event given to the PBGC pursuant to the terms of Section 4043 of ERISA or (ii) of an assessment against the Corporation

or any Common Control Entity of any withdrawal liability to a Multiemployer Plan. Notwithstanding anything to the contrary in the Loan Agreement, the Corporation need not notify the Trustee or the Authority of such material Reportable Event or withdrawal liability unless it might materially adversely affect the business, prospects, earnings, properties or condition (financial or otherwise) of the Corporation.

For purposes of the above paragraph and the representations and warranties of the Corporation contained in the Indenture, the following terms shall have the following meanings. The term “Multiemployer Plan” has the meaning set forth in Section 4001(a)(3) of ERISA and all rules and regulations promulgated from time to time thereunder. The term “Common Control Entity” means any entity which is a member of a “controlled group of corporations” with, or is under “common control” with, the Corporation as defined in Section 414(b) or (c) of the Code. The term “PBGC” means the Pension Benefit Guaranty Corporation.

Taxes, Assessments, Other Governmental Charges and Utility Charges. For so long as the Facilities are in operation, the Corporation agrees that as between the Authority and the Corporation, the Corporation will pay or cause to be paid during the term of the Loan Agreement all taxes, governmental charges of any kind lawfully assessed or levied upon the Facilities or any part thereof, including any taxes levied against the Facilities, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facilities, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation, to the extent described above, shall be obligated under the Loan Agreement to pay only such installments as are required to be paid during the term of the Loan Agreement. The Corporation may, at the Corporation’s expense and in the Corporation’s name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom unless by such nonpayment the Facilities or any part thereof will be subject to loss or forfeiture.

Accreditation. The Corporation will maintain its accreditation by WASC or its successor as bodies that accredit colleges or, if none, another nationally recognized body or bodies that accredit such colleges. The Corporation covenants to provide to the Authority and the Trustee, within thirty (30) days of receipt thereof, copies of any letter in which the accrediting agency places the Corporation on probation, issues a warning to the Corporation or indicates that the Corporation’s accreditation is being revoked.

Notice of Event of Default. The Corporation will furnish, as soon as practicable and in any event within ten (10) days after it has knowledge thereof, to the Authority and the Trustee notice of any event which constitutes, or which with the giving of notice or the passage of time or both would constitute, an event of default under the Loan Agreement, which notice shall set forth the nature of such event and the action which the Corporation proposes to take with respect thereto.

Continuing Disclosure. So long as any of the Bonds are Outstanding, the Corporation covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Loan Agreement, failure of the Corporation to comply with the Continuing Disclosure Agreement shall not be considered an event of default under the Loan Agreement and the Trustee shall have no right to accelerate any of the installments of the Base Loan Payments or principal and interest on the Bonds as a result thereof; however, the Trustee may, at the written request of Barclays Capital Inc. or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds (but only to the extent the Trustee has been tendered funds in an amount satisfactory to it or it has been otherwise indemnified from and against any loss, liability, cost or expense, including without limitation, fees and expense of its counsel and agents and additional fees and charges of the Trustee), or any Bondholder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Corporation to comply with such obligations. For purposes of this paragraph, “Beneficial Owner” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose

of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Qualification in California. The Corporation agrees that throughout the term of the Loan Agreement it, or any successor or assignee will be qualified to do business in the State.

Events of Default. Any one of the following which occurs and is continuing shall constitute an “Event of Default” under the Loan Agreement and a Loan Default Event under the Indenture:

(a) The Corporation fails to make any Base Loan Payment or Additional Payment by its due date and, in the case of a failure to make any Additional Payment, such failure continues for two (2) Business Days after such due date; or

(b) The Corporation fails to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Loan Agreement other than as referred to in paragraph (a) above for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Corporation by the Authority or the Trustee; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Corporation within the applicable period and diligently pursued until the default is corrected; or

(c) Any of the representations or warranties of the Corporation made in the Loan Agreement or in any other document, certificate or writing furnished by the Corporation to the Authority in connection with the application for or the negotiation of the Loan Agreement or the issuance of the Bonds was false or incorrect in any material respect when made; or

(d) The Corporation applies for or consents to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property or admits in writing its inability to pay its debts as they mature; or such a receiver, trustee or similar officer is appointed without the application or consent of the Corporation and such appointment continues undischarged for a period of sixty (60) days; or the Corporation institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding is instituted (by petition, application or otherwise) against the Corporation and remains undismissed for a period of sixty (60) days; or the Corporation makes a general assignment for the benefit of creditors.

The provisions of the Loan Agreement described above in clause (b) are subject to the limitation that the Corporation shall not be deemed in default with respect to any covenant, condition or agreement to be observed or performed by the Corporation under the Loan Agreement, other than a covenant or agreement to make any payment required to be made by the Corporation under the Loan Agreement, if and so long as the Corporation is unable to carry out its agreements under the Loan Agreement by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation; it being agreed that the settlement of strikes, lockouts and other industrial disturbances of the Corporation shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Corporation, unfavorable to the Corporation. This limitation shall not apply to any default under (a), (c) or (d) as described above.

Remedies on Default. In the event any of the Bonds shall at the time be Outstanding and unpaid (and provision for the payment thereof shall not have been made as provided in the Indenture) and any event of default referred to in the Loan Agreement shall have happened and be continuing the Authority or the Trustee may take any one or more of the following remedial steps:

(1) The Authority or the Trustee may, at its option, declare all installments of Base Loan Payments payable for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(2) The Authority or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due under the Loan Agreement, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, condition or covenant of the Corporation under the Loan Agreement.

The term “all installments” shall mean an amount equal to the entire principal amount of the then Outstanding Bonds, together with all interest accrued or to accrue on and prior to the next succeeding redemption date or dates on which the Bonds can be and actually are redeemed after giving notice to the Holders thereof as required by the Indenture (less moneys available for such purpose then held by the Trustee) plus any other payments due or to become due under the Loan Agreement, including, without limitation, any unpaid fees and expenses of the Authority, the Trustee and any paying agents of the Bonds which are then due or will become due prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated.

No remedy conferred upon or reserved to the Authority or the Trustee in the Loan Agreement 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 Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay in exercising or omission to exercise any right or power accruing upon any 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 entitle the Authority or the Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice, other than such notice as may be expressly required in the Loan Agreement. The Trustee shall be deemed a third party beneficiary of all covenants and conditions contained in the Loan Agreement.

The provisions summarized in subsection (1) above, however, are subject to the condition that if, at any time after any portion of the Base Loan Payments shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Loan Agreement, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all such Bonds, with interest on such overdue installments of principal as provided therein, and the reasonable fees and expenses of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

In case the Trustee or the Authority shall have proceeded to enforce its rights under the Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Corporation, the Trustee and the Authority shall be restored respectively to their several positions and rights under the Loan Agreement,

and all rights, remedies and powers of the Corporation, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Corporation shall not be disturbed by reason of this provision).

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Corporation under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for any property of the Corporation or in the case of any other similar judicial proceedings relative to the Corporation, or the creditors or property of the Corporation, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Corporation, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by it up to the date of such distribution.

In the event the Corporation defaults under any of the provisions of the Loan Agreement and the Authority or the Trustee employs attorneys or incurs other expenses for the collection of the payments due under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained in the Loan Agreement, the Corporation agrees that it will on demand therefor pay to the Authority or the Trustee the reasonable fee of such attorneys and such other reasonable expenses so incurred by the Authority or the Trustee.

Expenses. The Corporation shall pay and indemnify the Authority and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Corporation Documents, the Bonds or the Indenture. These obligations and the indemnification provisions in the Loan Agreement shall remain valid and in effect notwithstanding repayment of the loan under the Loan Agreement or the Bonds or termination of the Loan Agreement or the Indenture.

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APPENDIX D
FORM OF BOND COUNSEL OPINION

[Closing Date]

California Municipal Finance Authority
Carlsbad, California 92011

California Municipal Finance Authority
Revenue Bonds
(Pomona College) Series 2017

Ladies and Gentlemen:

We have served as bond counsel to our client the California Municipal Finance Authority (the “Authority”) in connection with the issuance by the Authority of its \$138,470,000 California Municipal Finance Authority Revenue Bonds (Pomona College) Series 2017 (the “Bonds”) dated the date of this letter.

The Bonds are issued pursuant to the provisions of the Joint Exercise of Powers Act, comprising Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (“the Act”), and the Indenture of Trust, dated as of December 1, 2017 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Indenture provides that the Bonds are being issued for the purpose of making a loan of the proceeds thereof to Pomona College, a California nonprofit public benefit corporation (the “Borrower”), pursuant to a Loan Agreement, dated as of December 1, 2017 (the “Loan Agreement”), between the Authority and the Borrower. Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, copies of the signed and authenticated Bonds, the Indenture, the Loan Agreement and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

1. The Bonds, the Indenture, and the Loan Agreement have been duly authorized and executed and are valid and binding limited obligations of the Authority, enforceable in accordance with their respective terms.
2. The Bonds constitute limited obligations of the Authority, and the principal of and interest on the Bonds are payable solely from Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title and interest of the Authority in the Loan Agreement (to the extent more particularly described in the Indenture). The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge and assignment. Neither the State of California nor any political subdivision thereof (other than the Authority to the extent provided in the Indenture) shall be obligated to pay the Bonds, and neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an

item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax.

4. Interest on the Bonds is exempt from State of California personal income taxes.

We express no opinion as to any other tax consequences regarding the Bonds.

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

We express no opinion herein regarding the priority of the lien on Revenues or other funds created by the Indenture.

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

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

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Bonds, the Indenture or the Loan Agreement.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY SYSTEM

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY, THE COLLEGE, THE TRUSTEE AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE AUTHORITY, THE COLLEGE, THE TRUSTEE AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS (AS DEFINED HEREIN).

The Depository Trust Company, New York, NY ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities without coupons registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each of the Bonds, each in the aggregate principal amount of such Bond, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has the Standard & Poor's Rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; nothing contained in such website is incorporated into this Official Statement.

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

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

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

Redemption notices, if any, shall be sent to DTC. Subject to the provisions under “THE BONDS – Redemption of Bonds,” if less than all of the 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.

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

Proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the College or the Trustee on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the College or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owner(s) will be the responsibility of Direct and Indirect Participants.

Discontinuance of Book-Entry System

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

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

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the College believes to be reliable, but neither the Authority nor the College takes any responsibility for the accuracy thereof.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO ANY ACTION PREMISED ON SUCH NOTICE.

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of December 1, 2017, is executed and delivered by Pomona College (the “Corporation”) and U.S. Bank National Association, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of California Municipal Finance Authority Revenue Bonds (Pomona College) Series 2017 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust dated as of December 1, 2017 (the “Indenture”), between the California Municipal Finance Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). The proceeds of the Bonds are being loaned by the Authority to the Corporation pursuant to a Loan Agreement dated as of December 1, 2017, between the Authority and the Corporation (the “Loan Agreement”). Pursuant to Section 6.10 of the Indenture and Section 18(g) of the Loan Agreement, the Corporation and the Dissemination Agent covenant and agree as follows:

SECTION I. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Corporation and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Corporation and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

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

“Annual Report” shall mean any Annual Report provided by the Corporation pursuant to, and as described in, Sections III. and IV. of this Disclosure Agreement.

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

“Disclosure Representative” shall mean the person designated by the Corporation on the signature page hereof or such person’s designee, or such other person as the Corporation shall designate in writing to the Dissemination Agent from time to time.

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

“Listed Events” shall mean any of the events listed in Section V.A. and Section V.B. of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION III. Provision of Annual Reports.

A. The Corporation shall, or, upon written direction, shall cause the Dissemination Agent to, not later than 240 days after the end of the Corporation’s fiscal year, commencing with the report for the 2016-2017 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section IV. of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section IV. of this Disclosure Agreement; provided that the audited financial statements of the Corporation may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Corporation’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

B. Not later than fifteen (15) Business Days prior to the date specified in subsection A., the Corporation shall provide the Annual Report to the Dissemination Agent.

C. If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection A, the Dissemination Agent shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

D. The Dissemination Agent shall file a report with the Corporation and the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION IV. Content of Annual Reports. The Corporation’s Annual Report shall contain or include by reference the following:

A. The audited financial statements of the Corporation for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Corporation’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section III.A., the Annual Report shall contain unaudited financial statements in a format similar to the financial statements required for the fiscal year being audited, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

B. An update for the prior fiscal year of the financial information and operating data in Appendix A of the Official Statement under the tables and charts: “Executive Officers,” “Full-time Faculty,” “Freshman Applicant Pool,” “Enrollments and Degrees,” “Comprehensive Fees,” “Statement of Financial Position Summary,” “Statement of Unrestricted Operating Activities,” “Long-Term Investments Summary,” and “Plant Facilities Summary.”

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues with respect to which the Corporation is an “obligated person” (as defined by the Rule), which have been made available to the public on the MSRB’s website. The Corporation shall clearly identify each such other document so included by reference.

SECTION V. Reporting of Significant Events.

A. Pursuant to the provisions of this Section V., the Corporation shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

B. The Corporation shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph V.A.5., other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

C. If the Corporation learns of the occurrence of a Listed Event described in Section V.A., or determines that knowledge of a Listed Event described in Section V.B. would be material under applicable federal securities laws, the Corporation shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (A)(7) or (B)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION VI. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

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

SECTION VIII. Dissemination Agent. The Corporation may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Corporation pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Corporation shall be the Dissemination Agent. The Dissemination Agent may resign by providing thirty days' written notice to the Corporation.

SECTION IX. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Corporation and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Corporation; provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Sections III.A, IV. or V.A., it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

C. The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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

SECTION X. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Corporation chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Corporation shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION XI. Default. In the event of a failure of the Corporation or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Corporation or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Corporation or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION XII. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Corporation agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of the Dissemination Agent's powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities, costs and expenses (including attorney's fees) due to the Dissemination Agent's fraud, violation of law, whether willful or negligent, negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Corporation for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Corporation, the Bondholders, or any other party. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Corporation in a timely manner and in a form suitable for filing. The obligations of the Corporation under this Section XII shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds.

SECTION XIII. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Corporation:

Pomona College
550 North College Avenue
Claremont, California 91711
Attention: Vice President and Treasurer

To the Dissemination Agent:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION XIV. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Corporation, the Dissemination Agent, the Participating Underwriter, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION XV. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

POMONA COLLEGE,
as Corporation

By: _____
Vice President and Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: California Municipal Finance Authority

Name of Bond Issue: \$138,470,000 California Municipal Finance Authority Revenue Bonds
(Pomona College) Series 2017

Name of Corporation: Pomona College

Date of Issuance: December 14, 2017

NOTICE IS HEREBY GIVEN that the Corporation has not provided an Annual Report with respect to the above-named Bonds as required by Section 6.10 of the Indenture dated as of December 1, 2017 between the Authority and Trustee and by Section 18(g) of the Loan Agreement dated as of December 1, 2017 between the Authority and the Corporation. [The Corporation anticipates that the Annual Report will be filed by _____.]

Dated:

U.S. Bank National Association,
as Dissemination Agent

cc: Corporation

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