NEW ISSUES - BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that interest on the Series 2015A Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2015 Bonds is exempt from State of California personal income taxes. Bond Counsel also observes that interest on the Series 2015B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2015 Bonds. See "TAX MATTERS" herein.

$1,034,370,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2015A

$29,305,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2015B (TAXABLE)

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

The Trustees of the California State University Systemwide Revenue Bonds, Series 2015A (the "Series 2015A Bonds") and the Trustees of the California State University Systemwide Revenue Bonds, Series 2015B (Taxable) (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds") are being issued by the Trustees of the California State University (the "Board") pursuant to an Indenture, dated as of April 1, 2002, as supplemented from time to time, including by a Nineteenth Supplemental Indenture in respect of the Series 2015A Bonds and a Twentieth Supplemental Indenture in respect of the Series 2015B Bonds, each dated as of August 1, 2015 (collectively, the "Indenture"), between the Board and the Treasurer of the State of California, as trustee (the "State Treasurer"). The Series 2015 Bonds are being issued to finance and refinance the acquisition, construction, renovation and improvement of certain facilities of the California State University and to refinance certain prior bonds to achieve debt service savings. See Appendix H—"PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2015 BONDS."

The Series 2015 Bonds are being issued on a parity with other bonds of the Board that have been issued previously or may be issued in the future pursuant to the Indenture. The pledge of and lien on the Gross Revenues under the Indenture secures bonds issued under the Indenture on a parity basis and is senior to other indebtedness of the Board. See "SECURITY FOR THE SERIES 2015 BONDS— Parity Lien Indebtedness; No Senior Lien Indebtedness."

The Series 2015 Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof, and following their purchase by the Underwriters will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Series 2015 Bonds. Individual purchases will be made in book-entry form only, in principal amounts of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interests in the Series 2015 Bonds purchased. See "THE SERIES 2015 BONDS—Book Entry Only System."

Interest on the Series 2015 Bonds is payable on November 1, 2015, and semiannually thereafter on May 1 and November 1 of each year. Principal of and interest on the Series 2015 Bonds are payable by the State Treasurer, as trustee, to DTC. DTC is required to remit such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Series 2015 Bonds, as described herein. See Appendix G—"BOOK-ENTRY ONLY SYSTEM."

The Series 2015 Bonds are subject to optional and mandatory sinking fund redemption as described herein. See "THE SERIES 2015 BONDS—Redemption."

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS
SEE INSIDE COVER

THE SERIES 2015 BONDS ARE LIMITED OBLIGATIONS OF THE BOARD, PAYABLE FROM GROSS REVENUES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2015 BONDS NOR ANY PART THEREOF, NOR ANY INTEREST THEREON, CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA. THE SERIES 2015 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR OTHER ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE STATE OF CALIFORNIA OR OF THE BOARD, EXCEPT TO THE EXTENT OF THE AFOREMENTIONED PLEDGE. THE OWNERS OF THE SERIES 2015 BONDS HAVE NO RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE STATE OF CALIFORNIA. THE BOARD HAS NO TAXING POWER.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2015 Bonds are offered when, as and if issued, subject to the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by its General Counsel and for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Underwriters' Counsel, and Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Board. It is anticipated that the Series 2015 Bonds will be available for delivery to DTC in New York, New York, on or about August 5, 2015.

J.P. Morgan **Wells Fargo Securities**

Barclays **Fidelity Capital Markets**

Academy Securities, Inc.
Blaylock Beal Van, LLC
Hutchinson Shockey Erley & Co.
Prager & Co., LLC
Raymond James
Siebert Brandford Shank & Co., L.L.C.
The Williams Capital Group, L.P.
William Blair

BofA Merrill Lynch
Citigroup
Loop Capital Markets
Ramirez & Co., Inc.
RBC Capital Markets
Stifel
US Bancorp

Dated: July 15, 2015

MATURITY SCHEDULE

SERIES 2015A BONDS

$735,955,000 Series 2015A Serial Bonds

Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP[*] (13077C)	Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP[*] (13077C)
2015	$17,095,000	3.000%	0.070%	U44	2025	$25,200,000	5.000%	2.600%	Y57
2016	18,280,000	3.000	0.348	U51	2026	31,260,000	5.000	2.750[C]	V76
2017	4,020,000	2.000	0.700	U69	2027	3,570,000	3.000	3.020	V84
2017	19,505,000	5.000	0.700	X58	2027	29,720,000	5.000	2.870[C]	Y81
2018	3,875,000	3.000	0.960	U77	2028	25,000,000	3.250	3.270	V92
2018	22,505,000	5.000	0.960	X66	2028	10,110,000	5.000	2.980[C]	Z23
2019	10,000,000	4.000	1.180	U85	2029	25,000,000	3.375	3.370[C]	W26
2019	19,535,000	5.000	1.180	X74	2029	11,475,000	5.000	3.040[C]	Z31
2020	10,000,000	2.000	1.420	U93	2030	8,590,000	3.500	3.500	W34
2020	20,135,000	5.000	1.420	X82	2030	29,290,000	5.000	3.120[C]	Y99
2021	3,315,000	3.000	1.710	V27	2031	38,890,000	5.000	3.200[C]	W42
2021	28,295,000	5.000	1.710	X90	2032	29,935,000	5.000	3.250[C]	W59
2022	6,305,000	4.000	2.000	V35	2033	29,425,000	5.000	3.300[C]	W67
2022	22,940,000	5.000	2.000	Y24	2034	30,795,000	4.000	3.760[C]	W75
2023	2,680,000	2.250	2.270	V43	2035	34,275,000	5.000	3.380[C]	W83
2023	26,105,000	5.000	2.270	Y32	2036	35,070,000	4.000	3.840[C]	W91
2024	5,980,000	4.000	2.420	V50	2037	36,700,000	5.000	3.450[C]	X25
2024	23,290,000	5.000	2.420	Y40	2038	34,770,000	5.000	3.470[C]	X33
2025	3,020,000	2.500	2.600	V68					

$50,000,000 4.000% Term Bond due November 1, 2043 Yield 4.060% , CUSIP[*] 13077CX41

$115,070,000 5.000% Term Bond due November 1, 2043 Yield 3.610%[C], CUSIP[*] 13077CY65

$133,345,000 5.000% Term Bond due November 1, 2047 Yield 3.680%[C], CUSIP[*] 13077CY73

SERIES 2015B BONDS (TAXABLE)

$27,855,000 Series 2015B Serial Bonds

Maturity (November 1)	Principal Amount	Interest Rate	Price/ Yield	CUSIP[*] (13077C)	Maturity (November 1)	Principal Amount	Interest Rate	Price	CUSIP[*] (13077C)
2016	$2,425,000	0.650%	0.640%	S88	2022	$2,710,000	2.925%	100%	T61
2017	2,445,000	0.983	100	S96	2023	2,800,000	3.306	100	T79
2018	2,480,000	1.463	100	T20	2024	2,895,000	3.406	100	T87
2019	2,520,000	1.982	100	T38	2025	3,000,000	3.506	100	T95
2020	2,575,000	2.332	100	T46	2026	1,365,000	3.656	100	U28
2021	2,640,000	2.605	100	T53					

$1,450,000 4.413% Term Bond due November 1, 2035 Price 100%, CUSIP[*] 13077CU36

[C] Yield computed to first optional redemption date of November 1, 2025 at par.

[*] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2015 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2015 Bonds.

CALIFORNIA STATE UNIVERSITY

Special Services

The Honorable John Chiang
Treasurer of the State of California

The Honorable Kamala D. Harris
Attorney General of the State of California

Orrick, Herrington & Sutcliffe LLP
Bond Counsel and Disclosure Counsel

KNN Public Finance, a division of Zions First National Bank
Financial Advisor

Causey Demgen & Moore P.C.
Verification Agent

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Series 2015 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board or the State of California.

Certain of the information set forth herein has been obtained from the State of California, the Board, and other sources which are believed to be reliable. Such information is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of California or the California State University since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2015 Bonds and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the California State University.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

> The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2015 Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

A wide variety of other information, including financial information, concerning the State of California and the California State University is available from State agencies, State agency publications and State agency internet sites. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement. The references to internet websites contained in this Official Statement are shown for reference and convenience only; the information contained in such websites is not incorporated herein by reference and does not constitute a part of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

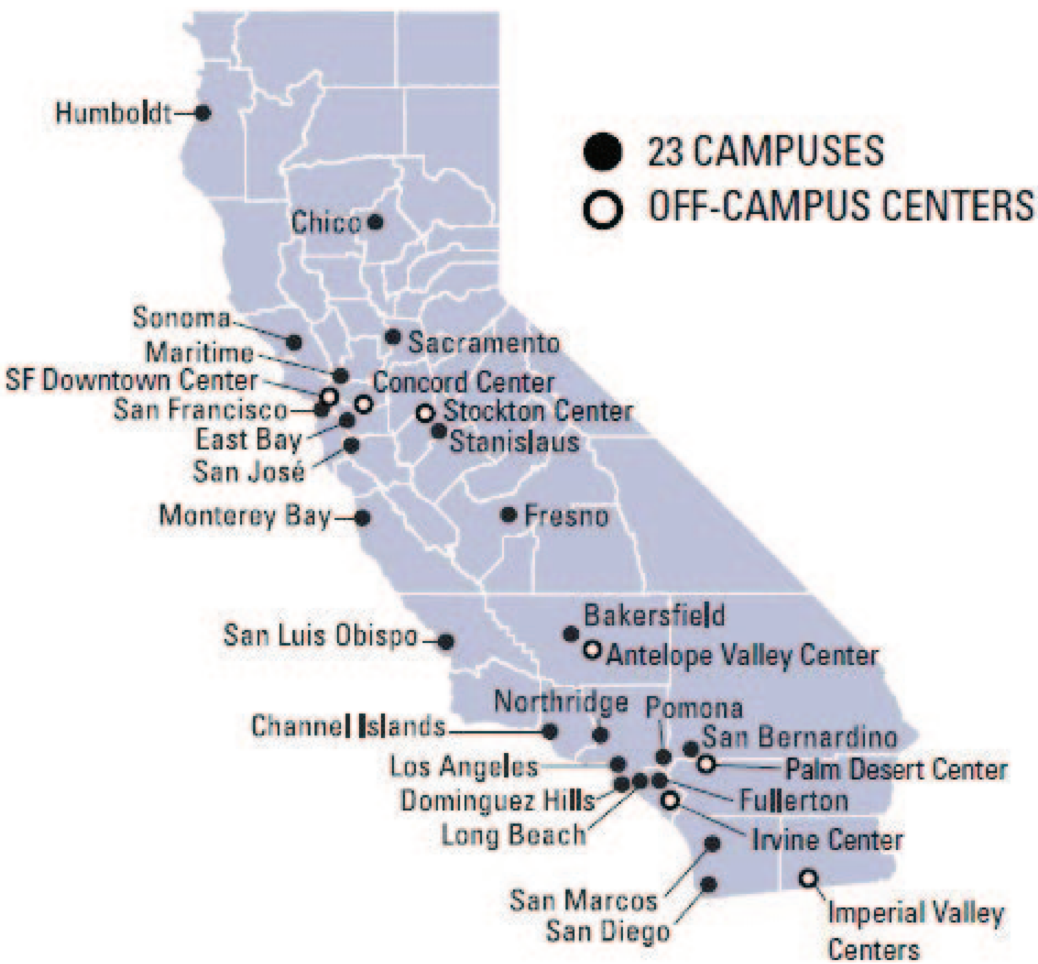
THE SERIES 2015 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2015 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

TABLE OF CONTENTS

PAGE

CSU The California State University

THE 23 CURRENT CAMPUSES OF THE CSU & CSU OFF-CAMPUS CENTERS



OFFICIAL STATEMENT

$1,034,370,000 TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2015A	$29,305,000 TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2015B (TAXABLE)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Series 2015 Bonds being offered and a brief description of the Official Statement. A full review should be made of the entire Official Statement including the Appendices hereto. All statements contained in this introductory section are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California or any other documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions thereof.

General

The purpose of this Official Statement (the "Official Statement") is to set forth certain information concerning the Trustees of the California State University Systemwide Revenue Bonds, Series 2015A (the "Series 2015A Bonds") and the Trustees of the California State University Systemwide Revenue Bonds, Series 2015B (Taxable) (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds"). The Series 2015 Bonds are authorized to be issued by the Trustees of the California State University (the "Board") pursuant to The State University Revenue Bond Act of 1947, Sections 90010 through 90081 of the Education Code of the State of California (the "Act") and an indenture, dated as of April 1, 2002 (as amended and supplemented, the "Indenture"), by and between the Board and the Treasurer of the State of California, as trustee (the "State Treasurer").

CSU and Systemwide Financing Program

The California State University (the "CSU") is an agency of the State of California (the "State") created by the Donahoe Higher Education Act in 1960, which reorganized higher education in California. At that time, twelve existing schools, previously under the jurisdiction of the State Board of Education, were brought under the stewardship of the Board. Today there are 23 campuses and eight off-campus centers in the CSU system. The campuses are geographically disbursed throughout the State to provide a wide spectrum of higher education services. During the Fall term of the 2014-15 academic year, CSU provided instruction to approximately 404,000 undergraduate students and approximately 45,000 graduate students. See Appendix A for a general description of CSU and Appendix B for an overview of each CSU campus.

CSU issues debt to finance many of its capital facilities needs. Responsibility for the management of CSU debt obligations is centralized in the CSU Chancellor's Office, with oversight and ultimate approval by the Board. See Appendix A—"CALIFORNIA STATE UNIVERSITY—CSU AND RELATED ENTITY INDEBTEDNESS."

The Series 2015 Bonds represent the twentieth and twenty-first series of bonds issued by the Board pursuant to a systemwide debt financing program adopted on March 13, 2002 (the "Systemwide Financing Program"). Previously, the Board had financed various capital projects by issuing directly, or through auxiliary support organizations, separate series of bonds relating to individual projects, or one or more similar projects. The Systemwide Financing Program has a multi-source revenue pledge intended to create a more efficient borrowing structure with a more diverse revenue base. The Board retains the right to finance projects outside of the Systemwide Financing Program, although the Board expects that the Systemwide Financing Program will continue to be the primary long-term financing method for CSU revenue generating capital projects.

The revenues pledged under the Systemwide Financing Program generally include student housing fees, student body center fees, parking fees, health center facility fees and continuing education fees derived from substantially all of the housing, parking, student union, student center, student health center and continuing education facilities owned or operated by the Board and other projects and revenues designated by the Board for inclusion in the Systemwide Financing Program. Those other projects and revenues include certain projects leased by the Board to certain auxiliary organizations of CSU and governmental entities related to CSU, including projects previously owned and financed by the California State University Headquarters Building Authority and the California State University, Channel Islands Site Authority. See "SECURITY FOR THE SERIES 2015 BONDS," "THE PROJECTS" and Appendix A – "CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS."

Security for the Series 2015 Bonds

The Series 2015 Bonds are limited obligations of the Board. The Series 2015 Bonds are being issued as Additional Bonds pursuant to the Indenture and will be secured on a parity with the $3,687,508,000 aggregate principal amount of revenue bonds that are issued and outstanding pursuant to the Indenture as of August 1, 2015 (and without taking into account any refunding of certain of such revenue bonds as described under "REFUNDING PLAN," herein). These revenue bonds together with the Series 2015 Bonds and any additional series of revenue bonds that the Board may issue in the future from time to time in accordance with the Indenture are collectively referred to in this Official Statement as the "Systemwide Revenue Bonds." See "SECURITY FOR THE SERIES 2015 BONDS—Parity Lien Indebtedness; No Senior Lien Indebtedness."

The Systemwide Revenue Bonds are secured on a senior basis to certain other obligations of the CSU and related entities, some of which obligations may bear interest at variable rates and may be of a relatively shorter term than the Systemwide Revenue Bonds. See Appendix A—"CALIFORNIA STATE UNIVERSITY—CSU AND RELATED ENTITY INDEBTEDNESS—Commercial Paper."

There is no bond reserve fund established by the Indenture to secure the Systemwide Revenue Bonds.

The Systemwide Revenue Bonds do not constitute a liability of or a lien or charge upon the funds or property of the State of California or of the Board, except to the extent of the aforementioned pledge under the Indenture. The Board has no taxing power.

Purpose of the Series 2015 Bonds

Proceeds of the Series 2015 Bonds will be used for the purposes of financing and refinancing the acquisition, construction, improvement and renovation of certain facilities of CSU. A portion of the Series 2015 Bonds, together with certain other moneys, will be applied to refund certain Outstanding Systemwide Revenue Bonds and/or certain bonds issued by one or more auxiliary organizations of CSU (the "Bonds to be Refunded") to achieve debt service savings. See "REFUNDING PLAN," Appendix A—"CALIFORNIA STATE UNIVERSITY—CSU AND RELATED ENTITY INDEBTEDNESS—Commercial Paper" and Appendix H—"PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2015 BONDS."

Redemption

The Series 2015 Bonds are subject to optional and mandatory sinking account redemption as described herein. See "THE SERIES 2015 BONDS—Redemption."

Continuing Disclosure

The Board will covenant for the benefit of the Holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) of the Series 2015 Bonds to provide certain financial information and operating data relating to the Series 2015 Bonds (the "Annual Report") not later than the January 1 following the end of the Board's fiscal year (which fiscal year currently ends June 30), commencing with the report for the fiscal year ending June 30, 2015, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of the enumerated events will be filed with the Municipal Securities Rulemaking Board. See "CONTINUING DISCLOSURE." The specific nature of the information to be contained in the Annual Report and in the notices of the enumerated events is summarized in Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters of the Series 2015 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "INTRODUCTION" and Appendix A.

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 to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Board 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, except as described under the caption "CONTINUING DISCLOSURE" and in Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Certain Information Related to this Official Statement

This Official Statement contains brief descriptions of the Series 2015 Bonds, security for the Series 2015 Bonds, the Board, the Bonds to be Refunded, the Continuing Disclosure Certificate and the Indenture. General information concerning CSU, including the Systemwide Financing Program, is contained in Appendices A and B. The audited Financial Statements of CSU for the fiscal year ended June 30, 2014 are contained in Appendix C-1 and the audited Financial Statements of the CSU Systemwide Revenue Bond Program Fund for the fiscal year ended June 30, 2014 are contained in Appendix C-2. The summaries of the Indenture and the Continuing Disclosure Certificate contained herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Indenture and the Continuing Disclosure Certificate. Copies of the Indenture, the Continuing Disclosure Certificate and other documents referenced herein are available for inspection and for delivery from the Board at the Chancellor's Office, 401 Golden Shore, 5th Floor, Long Beach, California 90802-4210, Attention: Assistant Vice Chancellor, Financing, Treasury and Risk Management.

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 any sale made hereunder 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 Board since the date hereof. All financial and other information presented in this Official Statement has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Capitalized terms used herein which are not otherwise defined have the meanings set forth under the heading Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—CERTAIN DEFINED TERMS."

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that interest on the Series 2015A Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2015 Bonds is exempt from State of California personal income taxes. Bond Counsel also observes that interest on the Series 2015B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2015 Bonds. See "TAX MATTERS" herein.

THE SERIES 2015 BONDS

General

The Series 2015 Bonds are issued in fully registered form in denominations of $5,000 and any integral multiple thereof. The Series 2015 Bonds will bear interest from their date of delivery, and will mature on the dates and in the principal amounts set forth on the inside cover page hereof, subject to the rights of prior redemption described herein.

Interest on the Series 2015 Bonds is payable on November 1, 2015 and semiannually thereafter on May 1 and November 1 of each year. The record date for the payment of such interest on the Series 2015 Bonds is the close of business on the fifteenth day of the month immediately preceding such interest payment date. As described in Appendix G—"BOOK-ENTRY ONLY SYSTEM," principal and interest on the Series 2015 Bonds are payable directly to DTC (defined below) by the State Treasurer. Upon receipt of payments of principal and interest, DTC is to in turn remit such principal and interest to the Direct Participants in DTC for disbursement to the Beneficial Owners of the Series 2015 Bonds.

Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015 Bonds. The ownership of one fully registered Series 2015 Bond for each maturity in each series set forth on the inside cover page hereof, in the aggregate principal amount of the Series 2015 Bonds maturing on that date, will be registered in the name of Cede & Co., as nominee of DTC. See Appendix G—"BOOK ENTRY ONLY SYSTEM" for a description of DTC and the Book Entry Only System.

Redemption

Series 2015A Bonds—Optional Redemption. The Series 2015A Bonds maturing on or before November 1, 2025 are not subject to redemption prior to their respective stated maturities. The Series 2015A Bonds maturing on or after November 1, 2026 are subject to redemption prior to their respective stated maturities, at the option of the Board from lawfully available funds deposited in the Optional Redemption Account, as a whole or in part on any date, on or after November 1, 2025 (in such order of maturity as shall be selected by the Board in a written order of the Board filed with the State Treasurer and by lot within a maturity) at a price of the par amount thereof, without premium, together with accrued interest to the date fixed for redemption.

Series 2015B Bonds—Make Whole Optional Redemption. From the date of issuance, the Series 2015B Bonds are subject to redemption prior to their respective stated maturities at the option of the Board, in whole or in part, on any date at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series 2015B Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2015B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2015B Bonds are to be redeemed, discounted to the date on which such Series 2015B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus (i) 10 basis points for the Series 2015B Bonds

maturing in the years 2016 through 2021, inclusive, (ii) 15 basis points for the Series 2015B Bonds maturing in the years 2022 through 2024, inclusive, and (iii) 20 basis points for the Series 2015B Bonds maturing in the years 2025 through 2035, inclusive, plus, in each case, accrued interest on such Series 2015B Bonds to be redeemed to the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2015B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2015B Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Calculation of Redemption Price. At the request of the Board or the State Treasurer, the redemption price of the Series 2015B Bonds to be redeemed at the option of the Board will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Board at the Board's expense to calculate such redemption price. The Board and the State Treasurer may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Sinking Account Redemption – Series 2015A Bonds. The Series 2015A Bonds maturing on November 1, 2043 and bearing interest at 4% are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on November 1, 2039, according to the following schedule:

Schedule of Mandatory Sinking Account Payments
4% Series 2015A Term Bonds Maturing November 1, 2043

Redemption Date (November 1)	Principal Amount
2039	$9,285,000
2040	9,765,000
2041	10,270,000
2042	10,080,000
2043*	10,600,000

*Maturity

The Series 2015A Bonds maturing on November 1, 2043 and bearing interest at 5% are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on November 1, 2039, according to the following schedule:

Schedule of Mandatory Sinking Account Payments
5% Series 2015A Term Bonds Maturing November 1, 2043

Redemption Date (November 1)	Principal Amount
2039	$21,565,000
2040	22,570,000
2041	23,615,000
2042	23,120,000
2043*	24,200,000

*Maturity

The Series 2015A Bonds maturing on November 1, 2047 are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on November 1, 2044, according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2015A Term Bonds Maturing November 1, 2047

Redemption Date (November 1)	Principal Amount
2044	$36,535,000
2045	38,405,000
2046	39,395,000
2047*	19,010,000

*Maturity

Sinking Account Redemption – Series 2015B Bonds. The Series 2015B Bonds maturing on November 1, 2035 are subject to redemption prior to maturity in part, pro rata, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on November 1, 2027 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2015B Term Bonds Maturing November 1, 2035

Redemption Date (November 1)	Principal Amount
2027	$135,000
2028	140,000
2029	145,000
2030	155,000
2031	160,000
2032	165,000
2033	175,000
2034	185,000
2035*	190,000

*Maturity

Notice of Redemption. If DTC or its nominee is the registered owner of any Series 2015 Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such Series 2015 Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any Series 2015 Bond to be redeemed shall not affect the validity of the redemption of such Series 2015 Bond.

Notice of redemption shall be given by mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, to the respective registered owners of any Series 2015 Bonds designated for redemption at their addresses appearing on the bond registration books of the State Treasurer. Each notice of redemption shall state the date fixed for redemption, the place or places of redemption, and, as further described in the following paragraph, if such funds are not then held by the State Treasurer, that such redemption will be cancelled if the funds are not held by the State Treasurer on the date fixed for redemption, the maturities, and, if less than all of any such maturity, the distinctive numbers of the Series 2015 Bonds of such maturity, to be redeemed and, in the case of Series 2015 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said Series 2015 Bonds the principal thereof or of said specified portion of the principal thereof, in the case of a Series 2015 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue, and shall require that such Series 2015 Bonds be then surrendered.

With respect to any notice of optional redemption of Series 2015 Bonds, such notice may state that such redemption shall be conditional upon the receipt by the State Treasurer on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Series 2015 Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the State Treasurer shall not be required to redeem such Series 2015 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the State Treasurer shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Notice of redemption of Bonds shall be given by the State Treasurer for and on behalf of the Board. Any failure of the State Treasurer to mail notice of redemption of any Series 2015 Bond to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for redemption of any other Series 2015 Bond.

Selection of Series 2015A Bonds for Redemption. Under the Indenture, the Series 2015A Bonds that are subject to optional redemption may be selected for such redemption in such amounts and order of maturity or Mandatory Sinking Account Payment of Outstanding Series 2015A Bonds as shall be selected by the Board. Whenever provision is made in the Indenture for the redemption of the Series 2015A Bonds or a portion thereof by lot, and less than all of the Series 2015A Bonds or portion thereof are called for redemption, and if the Series 2015A Bonds are in book-entry form at the time of such redemption, the State Treasurer shall provide written notice to DTC in accordance with the Indenture and the DTC Letter of Representations of the Board on file with DTC. If the Series 2015A Bonds of any maturity are to be redeemed prior to maturity and if the Series 2015A Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the State Treasurer shall select the Series 2015A Bonds to be redeemed, from the Outstanding Series 2015A Bonds or portion thereof not previously called for redemption, by lot in any manner which the State Treasurer in his sole discretion shall deem appropriate and fair.

Selection of Series 2015B Bonds for Redemption. Under the Indenture, the Series 2015B Bonds that are subject to optional redemption may be selected for such redemption in such amounts and order of maturity of Outstanding Series 2015B Bonds as shall be selected by the Board. If less than all of the Series 2015B Bonds of any maturity are to be redeemed prior to maturity and if the Series 2015B Bonds are in book-entry form at the time of such redemption, the State Treasurer shall provide written notice to DTC in accordance with the Indenture and the pro rata reduction in principal provision included in the DTC Letter of Representations of the Board, on file with DTC. If less than all of the Series 2015B Bonds of any maturity are to be redeemed prior to maturity and if the Series 2015B Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the State Treasurer shall select the specific Series 2015B Bonds for redemption on a pro rata basis from such maturity or Mandatory Sinking Account Payment within such maturity of Outstanding Series 2015B Bonds. The portion of any Series 2015B Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or any integral multiple thereof. The State Treasurer will select such portions of Series 2015B Bonds to be redeemed on a pro rata basis from each maturity or Mandatory Sinking Account Payment of Outstanding Series 2015B Bonds, as the State Treasurer in his discretion may deem to be fair and appropriate.

As described in Appendix G—"BOOK-ENTRY ONLY SYSTEM," DTC shall select Series 2015 Bonds for redemption in accordance with its customary practices and procedures and neither the Board nor the State Treasurer shall have any responsibility to ensure that DTC has properly selected such Series 2015 Bonds for redemption.

Effect of Redemption of Series 2015 Bonds. Notice of redemption having been duly given as provided in the Indenture, and moneys for payment of the interest accrued to the date fixed for redemption on, the Series 2015 Bonds (or portions thereof) so called for redemption being held by the State Treasurer, on the date fixed for redemption designated in such notice the Series 2015 Bonds (or portions thereof) so called for redemption shall become due and payable at the principal amount specified in such notice and interest accrued thereon to the date fixed for redemption, interest on the Series 2015 Bonds (or portions thereof) so called for redemption shall cease to accrue, said Series 2015 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the

Indenture, and the Holders of said Series 2015 Bonds shall have no rights in respect thereof except to receive payment of said principal amount and accrued interest.

SECURITY FOR THE SERIES 2015 BONDS

Limited Obligations

As described in this section, the Series 2015 Bonds are limited obligations of the Board, payable from Gross Revenues and other amounts pledged under the Indenture. The Series 2015 Bonds will not constitute a liability of or a lien upon the funds or property of the State of California or of the Board, except to the extent of the aforementioned pledge under the Indenture. The Board has no taxing power.

Pledge

The Series 2015 Bonds will be secured solely by the Gross Revenues and other amounts pledged under the Indenture. See Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Pledge and Assignment; Gross Revenue Fund; Revenue Fund."

Gross Revenues. As defined in the Indenture, Gross Revenues means (i) all income, rentals, fees, rates, charges, insurance proceeds, condemnation proceeds and other moneys derived from the ownership or operation of the Projects, but excluding any refundable deposits, fines or forfeitures or operating revenues from student unions or student centers that are not mandatory student center fees, and (ii) any other revenues, receipts, income or other moneys from time to time designated by the Board for the payment of principal of and interest on the Systemwide Revenue Bonds.

The term "Projects," as defined in the Indenture, means, on any given date, (i) all of the housing, parking, student union, student center, student health center and continuing education facilities owned or operated by the Board and (ii) any other facilities designated by the Board as Projects under the Indenture in a Certificate of the Board filed with the State Treasurer, except in all cases the Excluded Facilities. "Excluded Facilities" means any facilities which may be designated from time to time by the Board as Excluded Facilities in a Certificate of the Board which is filed with the State Treasurer. There are currently no Excluded Facilities. See "THE PROJECTS—Excluded Facilities." As more fully described below under the caption "—Rate Covenant," the Board has covenanted to set rates, charges and fees for Projects at levels necessary to meet debt service obligations of the Systemwide Revenue Bonds.

Gross Revenues consist primarily of mandatory and user fees collected from students attending CSU campuses. Gross Revenues do not include the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU. For a description of the fees and certain other amounts constituting Gross Revenues, their method of collection and recent historical collections, see Appendix A—"CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS" and "—FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES."

The Board has covenanted in the Indenture that, so long as any of the Systemwide Revenue Bonds remain Outstanding, (i) all of the Gross Revenues not encumbered by any Senior Lien shall be deposited as soon as practicable upon receipt in a fund designated as the "Trustees of the California State University Systemwide Revenue Bonds Gross Revenue Fund" (the "Gross Revenue Fund") which the Board shall establish and maintain and (ii) funds equal to Gross Revenues encumbered by any Senior Lien shall be deposited in the Gross Revenue Fund at the earliest practicable time and to the extent such funds are available pursuant to the terms of the Security Documents evidencing such Senior Lien. There is no longer any outstanding Indebtedness of the Board secured by a Senior Lien, and the Board has covenanted in the Indenture that it will not incur Indebtedness secured by a Senior Lien.

Prior to the occurrence of an Event of Default under the Indenture, amounts in the Gross Revenue Fund may be used and withdrawn by the Board at any time for any lawful purpose. In the case of an Event of Default, amounts in the Gross Revenue Fund will be used to pay certain expenses, including Maintenance and Operating

Expenses with respect to Projects, before payment of debt service on the Systemwide Revenue Bonds, all as further described in Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Pledge and Assignment; Gross Revenue Fund; Revenue Fund" and "—Application of Gross Revenues and Other Funds After Default."

Rate Covenant

The Board has covenanted in the Indenture to set rates, charges, and fees for the Projects for the then current Fiscal Year so as to cause Net Income Available for Debt Service to be in an amount at least equal to Aggregate Debt Service for all Indebtedness and Designated Auxiliary Debt for such Fiscal Year. See Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Particular Covenants of the Board of Trustees."

The annual debt service on the Systemwide Revenue Bonds is set forth in Table 9 in Appendix A. The Gross Revenues for the five fiscal years ended June 30, 2014 are summarized by program element in Table 8 in Appendix A. See Appendix A—"CALIFORNIA STATE UNIVERSITY—FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES" and Appendix C-2—"AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2014", including Note (1)(i) therein.

Parity Lien Indebtedness; No Senior Lien Indebtedness

Pursuant to the Indenture, the Board may from time to time issue additional series of Systemwide Revenue Bonds to provide funds to pay the costs of acquiring, constructing, financing and refinancing the Projects as determined by the Board and in accordance with the requirements of the Indenture, including the requirements for issuing or incurring Indebtedness secured by a Parity Lien described in the next paragraph. The maximum principal amount of Systemwide Revenue Bonds that may be issued under the Indenture is not limited.

In addition, so long as no Event of Default has occurred or is continuing under the Indenture, the Board may issue or incur Indebtedness secured by a Parity Lien if there is filed with the State Treasurer a Certificate of the Board confirming its expectation that, for the first full Fiscal Year following the date the Project financed or refinanced with the proceeds of such Indebtedness secured by a Parity Lien is placed in service, Net Income Available for Debt Service for such Fiscal Year shall be in an amount at least equal to Aggregate Debt Service for such Fiscal Year on all Indebtedness secured by a Parity Lien and Designated Auxiliary Debt. See Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Particular Covenants of the Board of Trustees."

The Indenture does not limit the power of the Board to issue or incur (a) any Indebtedness secured by a Subordinate Lien; or (b) any Indebtedness which is not secured by any pledge, lien or encumbrance on Gross Revenues. There is no outstanding Indebtedness of the Board secured by a Senior Lien, and the Board has covenanted in the Indenture that it will not incur Indebtedness secured by a Senior Lien.

[Remainder of Page Intentionally Blank]

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

	Series 2015A Bonds	Series 2015B Bonds	Total
Principal Amount of Bonds	$1,034,370,000.00	$29,305,000.00	$1,063,675,000.00
Net Original Issue Premium	120,100,421.35	291.00	120,100,712.35
Moneys Related to Bonds to be Refunded and Funds on Hand	2,122,062.10	--	2,122,062.10
Total Sources of Funds	$1,156,592,483.45	$29,305,291.00	$1,185,897,774.45

USES

	Series 2015A Bonds	Series 2015B Bonds	Total
Series 2015 Project Accounts [(1)]	$ 661,433,856.55	$28,376,428.72	$ 689,810,285.27
Series 2015 Capitalized Interest Accounts	65,170,327.59	826,360.60	65,996,688.19
Escrow Funds[(2)]	425,952,602.91	--	425,952,602.91
Series 2015 Costs of Issuance[(3)]	4,035,696.40	102,501.68	4,138,198.08
Total Uses of Funds	$1,156,592,483.45	$29,305,291.00	$1,185,897,774.45

---

(1) Moneys in each Series 2015 Project Account will be used to pay costs of financing and refinancing the Series 2015A Projects and the Series 2015B Projects, respectively, listed in Appendix H.

(2) Certain moneys related to the Bonds to be Refunded, together with proceeds of the Series 2015 Bonds deposited into the Escrow Funds, will be used to defease or repay the Bonds to be Refunded listed in Appendix H.

(3) Includes Underwriters' discount and fees and costs of Bond Counsel, Disclosure Counsel and the State Treasurer and rating agency fees and financial advisor fees.

REFUNDING PLAN

The Board has authorized Systemwide Revenue Bonds to refund $396,320,000 aggregate principal amount of certain Systemwide Revenue Bonds and $15,870,000 aggregate principal amount of certain outstanding bonds issued by University Enterprises, Inc., an auxiliary organization serving CSU (the "Auxiliary"), as identified in Appendix H (collectively, the "Bonds to be Refunded"). The refundings are being undertaken to achieve debt service savings. To refund the Bonds to be Refunded, a portion of the proceeds of the Series 2015A Bonds together with certain moneys held in connection with certain of the Bonds to be Refunded will be deposited in trust with each of the trustees for the Bonds to be Refunded, as escrow agent (each, an "Escrow Agent"), in the Escrow Funds created pursuant to Escrow Agreements, dated as of August 1, 2015, between the applicable Escrow Agent and the Auxiliary or the Board, as applicable. The money so deposited will either be held as cash, uninvested, in an amount sufficient, or be used to purchase Defeasance Securities (as defined in the Indenture) (see Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—CERTAIN DEFINED TERMS") the principal of and interest on which (together with any initial cash deposit) will be sufficient, to pay the principal of and interest on the Bonds to be Refunded to and including their respective redemption dates plus any applicable redemption premiums as shown in Appendix H. Upon such deposit and provision for any required redemption notice, the Bonds to be Refunded will no longer be deemed to be outstanding and will have been defeased in accordance with their respective terms. The holders of Bonds to be Refunded will thereafter be entitled to payment only from the uninvested cash or the proceeds of the Defeasance Securities on deposit in the respective Escrow Fund established for such Bonds to be Refunded, or both. The cash flow adequacy of the Escrow Funds will be verified by the certified public accounting firm of Causey Demgen & Moore P.C. See Appendix H—"PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2015 BONDS."

THE PROJECTS

General Description

The Projects that contribute toward Gross Revenues include (i) all housing, student union, parking, student centers, student health and continuing education facilities owned or operated by the Board, and (ii) other facilities designated by the Board, except, in all cases, facilities designated by the Board as Excluded Facilities. The current Projects are located at all 23 campuses of CSU and there are currently no Excluded Facilities. All Projects are owned by the Board and are operated by CSU or an auxiliary organization. The Projects are generally described as follows:

Student Housing: Twenty-two of the 23 campuses comprising the CSU system operate housing facilities under the State University Revenue Bond Act of 1947. In Fall 2014, the design capacity for the housing facilities was 48,389 spaces, which was approximately 10.5% of the Fall 2014 enrollment for CSU. Operational capacity by campus is set forth in Appendix C-2—"AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2014—Schedule 1." The Gross Revenues derived from the housing facilities constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

Student Union: As of Fall 2014, 22 of the 23 campuses in the CSU system operated student union facilities and collected student body center fees. The student body center fees constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

Parking: All 23 campuses operate parking lots and structures to accommodate students, faculty, staff and visitors. Establishment of parking rates is delegated by the Board to the Chancellor, who further delegates the authority to each respective campus president. As of June 30, 2014, there were approximately 158,245 parking spaces comprising the parking projects designated under the Indenture. The parking revenues constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

Student Health Facilities: Twenty-two of the 23 campuses in the CSU system operate student health facilities and collect a health center facility fee that constitutes a portion of the Gross Revenues securing the Systemwide Revenue Bonds. The student health facility fees constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

Extended and Continuing Education Facilities: On each of the CSU campuses, CSU offers a variety of Extended and Continuing Education programs including credit degree and certificate programs, off-campus and online programs, professional development, corporate training and programs for international students. Each student enrolling in a continuing education class pays a fee per class collected at the time of registration. The fees are established by each campus and constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

Facilities of Certain Auxiliary Organizations and Other Entities: From time to time certain facilities serving CSU are owned, operated or financed with the participation of an auxiliary organization or a special purpose governmental unit. See Appendix A—"CALIFORNIA STATE UNIVERSITY—GOVERNANCE AND ADMINISTRATION—Campus Administration" and "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities." These facilities may include, but are not limited to, the types of facilities described in Appendix A. In certain cases, a facility financed or refinanced by the Board with Systemwide Revenue Bonds may be leased from the Board, as lessor, to an auxiliary organization or governmental unit, as lessee. Under the terms of the lease, the lessee will agree to operate the facility and to make certain rental payments to the Board which will constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds. In other cases, the Board may loan proceeds of Systemwide Revenue Bonds to an auxiliary organization to pay for the costs of acquiring or constructing such facilities and such auxiliary organizations will agree to make loan payments to the Board which will constitute Gross Revenues under the Indenture. At the time the lease or loan is entered into, certain lessees or borrowers may have outstanding debt and the obligation to make payments to the Board under the lease or loan may be on a parity with, or junior and subordinate to, such debt of the lessee or borrower. In addition, certain auxiliary organizations, their debt and revenues may be designated by the Board pursuant to the Indenture as Designated Auxiliary Organizations, Designated Auxiliary Revenues and Designated Auxiliary Debt, respectively, and treated accordingly for purposes of the rate covenant and the additional borrowing test under the Indenture. See "SECURITY FOR THE SERIES 2015 BONDS—Rate Covenant" and "—Parity Lien Indebtedness; No Senior Lien Indebtedness" and Appendix A—"CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations

Program and Other Entities." There are currently 17 auxiliary organizations that are Designated Auxiliary Organizations with Designated Auxiliary Revenues and Designated Auxiliary Debt, the same 17 auxiliary organizations that make loan or lease payments that have been designated as Gross Revenues by the Board.

For information on certain approval procedures, the acquisition and construction process and the operation and maintenance of the Projects, see Appendix A—"CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS."

Excluded Facilities

Under the Indenture, the Board may, at any time, without the consent of owners of the Series 2015 Bonds, designate any existing or future facilities as Excluded Facilities. Certain facilities operated by the Board, because they were not a part of the facilities that provide funds for repayment of the Board's debt programs, have been designated in the past as Excluded Facilities. Although the Excluded Facilities may change from time to time at the discretion of the Board, there are currently no Excluded Facilities. The revenues derived from Excluded Facilities do not constitute a part of the Gross Revenues, and therefore the historic Gross Revenues set forth in Table 8 in Appendix A do not include any revenues derived from Excluded Facilities. As described further in Appendix A under the heading "SYSTEMWIDE REVENUE BOND PROGRAMS—Debt Management Program" the Board adopted a policy in March 2002 that restricts the designation of Excluded Facilities by the Board. As more fully described above under the heading "SECURITY FOR THE SERIES 2015 BONDS—Rate Covenant," the Board has covenanted to set rates, charges and fees for Projects at levels necessary to generate Gross Revenues sufficient to meet debt service obligations of the Systemwide Revenue Bonds.

Effect of Damage to or Loss of Projects

Damage to or destruction of one or more Projects as a result of seismic or other events could result in a reduction in the Gross Revenues collected, and a major disaster could have a material adverse effect on the ability of CSU to collect sufficient Gross Revenues.

Under the Indenture, CSU is required to maintain property and casualty insurance in such amounts and against such risks as are appropriate, as determined by the Board, for facilities of similar size and nature as the Projects, in the event and to the extent that such insurance is customarily maintained by the Board for facilities of similar size and nature as the Projects. See Appendix A—"CALIFORNIA STATE UNIVERSITY—OTHER MATTERS—Insurance" for a description of the insurance currently maintained by CSU and Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Particular Covenants of the Board of Trustees." Notwithstanding this insurance program, losses could be incurred due to uninsured events or damage in excess of any coverage then in effect. CSU does not currently insure the Projects against risk of loss due to earthquakes.

TAX MATTERS

Series 2015A Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2015A Bonds substantially in the form set forth in Appendix F hereto.

To the extent the issue price of any maturity of the Series 2015A Bonds is less than the amount to be paid at maturity of such Series 2015A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2015A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2015A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2015A Bonds is the first price at which a substantial amount of such maturity of the Series 2015A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2015A Bonds accrues daily over the term to maturity of such Series 2015A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2015A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2015A Bonds. Owners of the Series 2015A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2015A Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2015A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2015A Bonds is sold to the public.

Series 2015A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2015A Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2015A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2015A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2015A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2015A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2015A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2015A Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2015A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Series 2015A Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2015A Bonds. Prospective purchasers of the Series 2015A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2015A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2015A Bonds ends with the issuance of the Series 2015A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the beneficial owners regarding the tax-exempt status of the Series 2015A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Board and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2015A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2015A Bonds, and may cause the Board or the beneficial owners to incur significant expense.

Series 2015B Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015B Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2015B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2015B Bonds. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2015B Bonds substantially in the form set forth in Appendix F hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series 2015B Bonds that acquire their Series 2015B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2015B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2015B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2015B Bonds pursuant to this offering for the issue price that is applicable to such Series 2015B Bonds (i.e., the price at which a substantial amount of the Series 2015B Bonds are sold to the public) and who will hold their Series 2015B Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Series 2015B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Series 2015B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2015B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2015B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2015B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2015B Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Series 2015B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2015B Bonds is less than the amount to be paid at maturity of such Series 2015B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2015B Bonds), the difference may constitute original issue discount ("OID"). U.S. Holders of Series 2015B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Series 2015B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2015B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2015B Bond.

Sale or Other Taxable Disposition of the Series 2015B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition of a Series 2015B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2015B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2015B Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2015B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2015B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2015B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2015B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2015B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments on the Series 2015B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2015B Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the Series 2015B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2015B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," payments of principal of, and interest on, any Series 2015B Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the Board through stock ownership and (2) a bank which acquires such Series 2015B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Series 2015B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Series 2015B Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition of a Series 2015B Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Series 2015B Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Series 2015B Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Series 2015B Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Series 2015B Bond or a financial institution holding the Series 2015B Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 28%.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code, impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Series 2015B Bonds and sales proceeds of Series 2015B Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (iii) certain "pass-thru" payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2015B Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2015B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery by the Board of the Series 2015 Bonds and with regard to the tax status of interest on the Series 2015 Bonds under existing laws are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for the Board. The form of opinion Bond Counsel proposes to render with respect to the Series 2015 Bonds is attached as Appendix F hereto.

CONTINUING DISCLOSURE

The Board will covenant for the benefit of the Holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) of the Series 2015 Bonds to provide certain financial information and operating data relating to CSU by not later than January 1 following the end of CSU's fiscal year (which fiscal year as of the date hereof ends June 30) (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed directly with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Pursuant to the Indenture, failure of the Board to comply with its obligations under the Continuing Disclosure Certificate will not be considered an event of default under the Indenture. However, the Trustee and any holder or Beneficial Owner (as defined in the Continuing Disclosure Certificate) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under the Continuing Disclosure Certificate.

In the previous five years, the Board has complied in all material respects with all previous undertakings with regard to providing the Annual Reports and notices of enumerated events in accordance with Rule 15c2-12 of the Securities and Exchange Commission.

LEGALITY FOR INVESTMENT

Under provisions of the Act, the Series 2015 Bonds are legal investments in California for commercial and savings banks, all trust funds, for the funds of all insurance companies, trust companies, and for State school funds. Any moneys or funds which may by law be invested in bonds of a county, municipality or school district may be invested in the Series 2015 Bonds, and the Series 2015 Bonds may also be used as security for the deposit of public moneys in banks in California.

LITIGATION

There is no litigation of any nature pending against the Board as of the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Series 2015 Bonds or in any way contesting or affecting the validity of the Series 2015 Bonds or the security thereof, or any proceedings of the Board taken with respect to the issuance or sale thereof. At the time of delivery of the Series 2015 Bonds, the Board will furnish a certificate to the effect that no such litigation is then pending.

At any given time, including the present, there are certain other claims and disputes, including those currently in litigation, that arise in the normal course of CSU's activities. Such matters could, if determined adversely to the Board, affect expenditures by the Board, and in some cases, its Gross Revenues. The Board and its General Counsel are of the opinion that no pending actions are likely to have a material adverse effect on the Board's ability to pay the principal of, premium, if any, and interest on the Series 2015 Bonds when due.

RATINGS

The Series 2015 Bonds have been assigned ratings of "Aa2" and "AA-" by Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., respectively. Such ratings reflect only the views of the respective rating agencies, and explanations of the significance of the ratings must be obtained from the rating agencies furnishing such ratings. There is no assurance that such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies circumstances so warrant. A downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Series 2015 Bonds.

UNDERWRITING

The Series 2015 Bonds are being purchased by an underwriting group represented by J.P. Morgan Securities LLC (collectively called the "Underwriters") from the State Treasurer, who is authorized pursuant to the Act to sell the Series 2015 Bonds on behalf of the Board. The Underwriters have agreed to purchase the Series 2015 Bonds at a price of $1,180,762,165.05. The price represents the principal amount of the Series 2015 Bonds, plus net original issue premium of $120,100,712.35, less an Underwriters' discount of $3,013,547.30. The purchase contract pursuant to which the Series 2015 Bonds are being sold provides that the Underwriters will purchase all of the Series 2015 Bonds if any such Series 2015 Bonds are purchased with the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

Several of the Underwriters have provided letters to the Board and the State Treasurer relating to their distribution practices or other affiliations for inclusion in this Official Statement, which are set forth in Appendix I. The Board does not guarantee the accuracy or completeness of the information contained in such letters and the information therein is not to be construed as a representation of the Board or any Underwriter other than the Underwriter providing such representation.

FINANCIAL ADVISOR

The Board has entered into an agreement with KNN Public Finance (the "Financial Advisor"), a division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Series 2015 Bonds, timing of sale, bond market conditions, costs of issuance and other factors related to the sale of the Series 2015 Bonds. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement.

FINANCIAL INTERESTS

The fees payable to the Underwriters, Underwriters' Counsel, Bond Counsel, Disclosure Counsel and the Financial Advisor are contingent upon the issuance of the Series 2015 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C. (the "Verification Agent"), a firm of independent public accountants, will deliver to the Board, on or before the settlement date of the Series 2015 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Defeasance Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Bonds to be Refunded, and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Series 2015A Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the Board and its representatives. The Verification Agent will restrict its procedures to recalculating the computations provided by the Board and its representatives and will not evaluate or examine the assumptions or information used in the computations.

AUDITED FINANCIAL STATEMENTS

The audited financial statements for Fiscal Year 2013-14 for CSU included in Appendix C-1 of this Official Statement have been audited by KPMG LLP (the "Auditor"), certified public accountants, independent auditor, as stated in its reports included in Appendix C-1 herein. The audited financial statements for the Fiscal Year ended June 30, 2014 for the CSU Systemwide Revenue Bond Program Fund included in Appendix C-2 of this Official Statement have also been audited by the Auditor, as stated in its report included in Appendix C-2 herein. The Auditor has not consented to the inclusion of its reports herein and has not undertaken to update its reports. No opinion is expressed by the Auditor with respect to any event subsequent to its report dated October 15, 2014 of CSU. See Appendix C-1. No opinion is expressed by the Auditor with respect to any event subsequent to its report dated October 15, 2014 of the Systemwide Revenue Bond Program. See Appendix C-2. Except as disclosed herein, CSU believes that there has not been any material adverse change in the financial condition of CSU or the Systemwide Financing Program since June 30, 2014.

Financial statements with detailed campus information can be found at: http://www.calstate.edu/SFSR/GAAP/Audited_Financial_Statements/14AudFS.pdf.

[Remainder of Page Intentionally Blank]

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Series 2015 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Board.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

By: /s/ Dr. Timothy P. White
Dr. Timothy P. White
Chancellor

APPENDIX A

CALIFORNIA STATE UNIVERSITY

APPENDIX A

CALIFORNIA STATE UNIVERSITY

TABLE OF CONTENTS

Page

APPENDIX A

CALIFORNIA STATE UNIVERSITY

GENERAL

California State University ("CSU") is the nation's largest system of public higher education serving almost 460,000 students and employing more than 57,000 faculty and staff. CSU spans the entire State of California (the "State") and includes the State's oldest public higher education institution. Its estimated annual budget for fiscal year 2015-16 is approximately $8.7 billion.

The CSU system (the "CSU System") is an agency of the State created by the Donahoe Higher Education Act of 1960, which reorganized higher education in California. At that time, twelve existing schools, previously under the jurisdiction of the State Board of Education, were brought under the stewardship of the Board of Trustees (the "Board"). Today there are 23 campuses and eight off-campus centers in the CSU System. See Appendix B for an overview of each campus.

Education Program

The educational responsibilities of CSU are to provide undergraduate and graduate instruction through bachelor's and master's degrees in the liberal arts and sciences, in applied fields, and the professions. CSU offers more than 1,800 bachelor's and master's degree programs in over 357 subject areas, as well as teaching credentials. Over 60 doctoral degrees are offered jointly with the University of California and with private institutions in California, including offering a Doctor of Education (Ed.D.) degree, and Doctor of Nursing and Doctor of Physical Therapy programs. CSU has two polytechnic campuses, California Polytechnic State University, San Luis Obispo and California State Polytechnic University, Pomona that emphasize the applied fields of agriculture, engineering, business, home economics and other occupational and professional programs.

The mission statement of CSU lists the following general objectives:

- To advance and extend knowledge, learning, and culture, especially throughout California.
- To provide opportunities for individuals to develop intellectually, personally, and professionally.
- To prepare significant numbers of educated, responsible people to contribute to California's schools, economy, culture, and future.
- To encourage and provide access to an excellent education to all who are prepared for and wish to participate in collegiate study.
- To offer undergraduate and graduate instruction leading to bachelor's and higher degrees in the liberal arts and sciences, the applied fields, and the professions, including doctoral degrees when authorized.
- To prepare students for an international, multi-cultural society.
- To provide public services that enrich the university and its communities.

Accreditation

The regional accrediting body for California, Hawaii, and certain Pacific Islands is the Western Association of Schools and Colleges ("WASC"), which is one of the six major regional college accreditation agencies in the United States. WASC's Accrediting Commission for Senior Colleges and Universities has granted institutional accreditation to all 23 CSU campuses on an individual basis.

GOVERNANCE AND ADMINISTRATION

The Board of Trustees

CSU is governed by the Board through the Chancellor, who is the chief executive officer of the CSU System.

Under present law there are 24 voting Trustees and one non-voting Trustee. Nineteen of the Trustees are appointed by the Governor for staggered terms of office. The Alumni Trustee is appointed by the CSU Statewide Alumni Council. Appointments are for eight years, except for the Student Trustees, the Alumni Trustee and the Faculty Trustee whose terms are for two years. After the expiration of their terms, Trustees remain on the Board until a replacement is named, provided, however, that a Trustee subject to State Senate confirmation may not remain on the Board longer than 60 days without reappointment. All appointments, except for the Student, Alumni and Faculty Trustees, must be confirmed by the State Senate. There are five vacancies on the Board of Trustees.

Five voting Trustees are ex officio members: the Governor, the Lieutenant Governor, the Speaker of the Assembly, the State Superintendent of Public Instruction and the Chancellor.

The Governor is designated as the President of the Board. The Executive Vice Chancellor, Administration and Finance, and Chief Financial Officer, Steve Relyea, serves as Treasurer, and Framroze Virgee serves as Secretary.

The following individuals serve as voting members of the governing Board of CSU:

Central Administration

The Board appoints the Chancellor, who is the Chief Executive Officer of CSU, and the President of each campus, each of whom is the Chief Executive Officer of the respective campus. The Board, the Chancellor, and the Presidents develop systemwide policy, with actual implementation at the campus level taking place through broad-based consultative procedures. Principal staff members of the CSU System are located in CSU offices at 401 Golden Shore, Long Beach, California. They include:

Dr. Timothy P. White, Chancellor and member of the Board. Dr. White joined CSU in December 2012 after having served as chancellor of the University of California, Riverside since 2008. Previously, Dr. White was the president of the University of Idaho from 2004 to 2008. He also served at Oregon State University from 1996 to 2004 as a dean, the provost and executive vice president, and with an interim appointment as president. White is a product of California's Master Plan, having pursued his higher education from Diablo Valley Community College, Fresno State University, CSU East Bay (formally CSU, Hayward), and his Ph.D. from the University of California, Berkeley.

Steve Relyea, Treasurer of the Board and Executive Vice Chancellor and Chief Financial Officer for Business and Finance, joined the Chancellor's Office in April 2014. Prior to joining CSU, Mr. Relyea had over thirty years of experience in administration and finance in the University of California system and most recently served as Vice Chancellor of External and Business Affairs at the University of California, San Diego.

Dr. Loren J. Blanchard, Executive Vice Chancellor for Academic and Student Affairs, was recently appointed in July 2015. Prior to his appointment, Dr. Banchard was the provost and senior vice president for academic affairs at the Xavier University of Louisiana. He previously was the associate vice chancellor for academic and multicultural affairs at Louisiana State University Health Sciences Center and was the provost and senior vice president for academic affairs at the University of Louisiana System of Colleges and Universities.

Framroze Virjee, Secretary of the Board and Executive Vice Chancellor, General Counsel, was appointed in January 2014. Prior to joining CSU, Mr. Virjee was a partner in private practice for almost 30 years at O'Melveny & Myers where he specialized in labor and employment law, with an emphasis in representing educational institutions in the areas of collective bargaining, Education Code compliance, discrimination and employment litigation and preventative advice.

Garrett P. Ashley, Vice Chancellor, University Relations and Advancement, was appointed to the position in November 2008. Prior to joining CSU, Mr. Ashley was Undersecretary for International Trade in the Business and Housing Agency for the State of California and worked for former Governor Arnold Schwarzenegger as Deputy Chief of Staff for Operations. Mr. Ashley's public policy and government experience extends to the United States Congress and other Governor-appointed positions prior to 1991.

Lorretta (Lori) Lamb, Vice Chancellor, Human Resources, was appointed in July 2014. Ms. Lamb brings more than 20 years of experience in higher education human resource administration and labor relations. Prior to joining CSU, she was the Director of Human Resource Operations for the University of Minnesota. Ms. Lamb has a Juris Doctor from the Gonzaga University School of Law.

Larry Mandel, Vice Chancellor and Chief Audit Officer, is the chief audit executive of CSU. Mr. Mandel has worked in the internal audit area for more than 30 years and in higher education for more than 40 years, spending the first ten years in academic program and resource administration.

Campus Administration

Campus presidents are the chief executive officers of their respective campuses. They are responsible to the Chancellor and the Board for all activities on their campuses, including those educational activities funded from State appropriations and a variety of support activities funded from non-State resources. As a result, campus presidents are required to develop and oversee non-State self-supporting services and programs.

The laws applicable to CSU include provisions for the establishment of auxiliary organizations, which are chartered by their respective campus to perform many non-State self-supporting activities under the supervision of their respective campus president. Auxiliary organizations operate pursuant to special written agreements with their respective campus and perform specific functions that contribute to the educational mission of the campus. They are subject to certain specific statutes, regulations and policies established by the Board, the Chancellor, and the campus presidents and almost all are classified as non-profit for tax purposes. Due to restrictions on the use of State funds, activities conducted by the auxiliary organizations must be self-supporting. Revenue in excess of expenditures for a fiscal year is used to establish working capital and reserves and to pay for capital expenditures or special campus programs as developed through a campus program budget review process. Auxiliary organization financial activity is audited annually and incorporated in the CSU audited financial statements. For additional information, see "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities" and Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2014."

THE CSU SYSTEM AND CAMPUSES

Enrollment

The following table sets forth Fall enrollment figures for each CSU campus for the years 2010 to 2014.

TABLE 1
CALIFORNIA STATE UNIVERSITY
SIZE AND ENROLLMENT
2010 through 2014

Present Name	Date Institution Opened	Size of Campus Including Agricultural & Reserve Acres	Fall Enrollment (Headcount)				
			2010	2011	2012	2013	2014
CSU, Bakersfield	1970	376	7,906	8,002	8,520	8,371	8,720
CSU Channel Islands	2002	1,189	3,828	4,179	4,920	5,140	5,879
CSU, Chico	1889	776	15,989	15,920	16,470	16,356	17,287
CSU, Dominguez Hills	1965	356	13,854	14,364	13,933	14,670	14,687
CSU, East Bay	1959	355	12,889	13,160	13,851	14,526	14,823
CSU, Fresno	1911	1,397	20,932	21,981	22,565	23,060	23,179
CSU, Fullerton	1959	241	35,590	36,156	37,677	38,325	38,128
Humboldt State University	1914	231	7,903	8,046	8,116	8,293	8,485
CSU, Long Beach	1949	319	33,416	34,870	36,279	35,586	36,809
CSU, Los Angeles	1947	160	20,142	21,284	21,755	23,258	24,488
California Maritime Academy	1929	88	856	886	973	1,046	1,047
CSU, Monterey Bay	1995	1,054	4,790	5,173	5,609	5,732	6,631
CSU, Northridge	1958	338	35,272	36,911	36,164	38,310	40,131
California State Polytechnic University, Pomona	1938	1,302	20,747	21,107	22,156	22,501	23,966
CSU, Sacramento	1947	294	27,033	28,016	28,539	28,811	29,349
CSU, San Bernardino	1965	442	16,400	17,250	18,234	18,398	18,952
San Diego State University	1897	539	30,016	31,303	31,597	32,759	33,483
San Francisco State University	1899	163	29,718	29,541	30,500	29,905	29,465
San Jose State University	1862	150	29,076	30,236	30,448	31,278	32,713
California Polytechnic State University, San Luis Obispo	1901	5,965	18,360	18,762	18,679	19,703	20,186
CSU, San Marcos	1990	303	9,722	10,276	10,610	11,300	12,154
Sonoma State University	1961	4,216	8,395	8,668	9,021	9,120	9,290
CSU, Stanislaus	1960	227	8,305	9,246	8,882	8,917	9,045
Total:			411,139	425,337	435,498	445,365	458,897

(1) The above data include undergraduate, post-baccalaureate and graduate students but exclude the non-campus programs of CalState Teach and International Studies, which for Fall 2014 had enrollments of 794 and 509 students, respectively.

Source: California State University

In Fall 2010, enrollment at CSU decreased by approximately 4.8% in response to reduced funding from the State. Late in Fall 2010, CSU received partial budget restoration from the State, which permitted CSU campuses to admit and enroll new students in Spring 2011. Since then, overall enrollment has been increasing due to improvements in State funding. In the Fall 2014, enrollment increased by 3% from prior year as noted above. See "GENERAL CSU FINANCIAL INFORMATION –State Budget Acts for Recent Fiscal Years" and "—State Budget Act for Fiscal Year 2015-16." Each CSU campus has the ability to seek adjustments to student fees and other charges constituting Gross Revenues in order to mitigate adverse effects of declining enrollment on Gross Revenues. See Table 8 below.

Table 2 below sets forth total enrollment and full time undergraduate enrollment information for CSU and the University of California for the years 2010 to 2014.

TABLE 2
ENROLLMENT IN
PUBLIC UNIVERSITIES IN CALIFORNIA
Fall 2010 through 2014

	Fall 2010		Fall 2011		Fall 2012		Fall 2013		Fall 2014[(1)]	
	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad
California State University	411,139	289,255	425,337	309,355	435,498	321,719	445,365	333,556	458,897	345,109
University of California	219,326	173,115	221,524	175,282	223,359	177,513	228,998	182,420	236,900	188,199

(1) For CSU, the above data exclude the non-campus programs of CalState Teach and International Studies, which for Fall 2014 had enrollments of 794 and 509 students, respectively.

Source: California State University

Table 3 below sets forth full time equivalent student enrollment ("FTES") data for CSU graduate and undergraduate students for academic years 2009 to 2013. FTES is a measurement of enrollment derived by dividing total student credit hours for a term by twelve for graduate and fifteen for undergraduate students, and is used for budgeting and accounting for actual educational activity. Approximately 95 percent of FTE students are California residents and 5 percent are classified as non-residents.

TABLE 3
CALIFORNIA STATE UNIVERSITY
FULL TIME EQUIVALENT STUDENTS
Academic Year[(1)] 2009-10 through 2013-14[(2)]

2009-10	2010-11	2011-12	2012-13	2013-14
339,231	338,246	349,784	352,272	365,224

(1) Academic year FTES; excludes summer term FTES. FTES data reflected in Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2014" presents college year FTES, which includes summer term FTES, and is shown on a fiscal year basis.
(2) Preliminary, subject to change. Excludes the non-campus programs of CalState Teach and International Studies, which for academic year 2013-14 had FTES enrollments of 605 and 490 students, respectively.

Source: California State University

Student Tuition Fees and Other Education Costs

Charges for attending CSU are set by the Board, or by the Chancellor or campus presidents under delegations from the Board. Students who are classified as California residents pay charges based upon whether they are full or part-time students and, to some degree, which campus they are attending. Based on provisions in the CSU Fee Policy (adopted in May 2010 by the Board and effective January 2011), the "State University Fee" became known as the "Tuition Fee" paid by undergraduate, graduate, post-baccalaureate, credential and doctoral students to support basic instruction and other mandatory CSU costs.

Since the 2011-12 academic year, the Tuition Fee has not increased with part-time undergraduate students (taking up to 6 units) paying a Tuition Fee of $3,174 and full-time undergraduate students (taking 6.1 units or more) paying a Tuition Fee of $5,472. The Tuition Fee revenues are not pledged as security for Systemwide Revenue Bonds issued pursuant to the Indenture. See "SECURITY FOR THE SERIES 2015 BONDS."

Table 4 sets forth the systemwide part-time/full-time CSU Tuition Fee for California resident undergraduate students for academic years 2011-12 to 2015-16.

TABLE 4
CALIFORNIA STATE UNIVERSITY
TUITION FEE PER ACADEMIC YEAR
FOR CALIFORNIA RESIDENT UNDERGRADUATES
2011-12 through 2015-16

	Tuition Fee[(1)]	
Academic Year	Part-time	Full time
2011-12	$3,174	$5,472
2012-13	3,174	5,472
2013-14	3,174	5,472
2014-15	3,174	5,472
2015-16	3,174	5,472

(1) Does not include other fees.

Source: California State University

For the 2015-16 academic year, graduate students will pay a Tuition Fee of $3,906 (part-time) and $6,738 (full-time). Doctoral students have a Tuition Fee per academic year ranging from $11,118 to $16,148 for 2015-16 depending upon the program. See "GENERAL CSU FINANCIAL INFORMATION – State Budget Act for Fiscal Year 2015-16."

Nonresident students will pay additional out-of-state tuition of $248 per quarter unit or $372 per semester unit in the 2015-16 academic year. The Tuition Fee and the out-of-state tuition are set by the Board or by the Chancellor or campus presidents under delegations from the Board.

In addition to the Tuition Fees, campus-based fees are charged to each enrolled student for services or programs that are available to or provided for all students on each campus. These fees ranged from $491 to $3,446 per year for 2014-15. As such, in academic year 2014-15, the Tuition Fee for California residents plus these campus-based fees averaged $6,759, ranging from a low of $5,963 at California State University, Monterey Bay to a high of $8,918 at California Polytechnic State University, San Luis Obispo.

Other campus-based charges and fees may also be incurred by students, such as: application fees, graduation and diploma fees, transcript fees, Summer session and extension fees, dormitory fees, late registration fees, catalog fees, identification card fees, and miscellaneous fees for courses not fully funded out of operating expense (e.g., lab, field trips, art materials, instrument fees).

The total cost of attending CSU varies based upon the student's academic program, where the student will live, the location of the campus the student will attend and other factors unique to each student. The amount charged by CSU remains low in comparison to other institutions of higher education, both inside and outside the State. CSU believes the attractive price of education it offers supports the strong demand for its services.

The Tuition Fees, out-of-state tuition and some of the other campus-based fees described above are not pledged to secure the Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2015 BONDS."

Revenue Management and Investments

Charges for attending CSU are collected at the time of registration for each academic term and deposited into local university bank accounts. Campuses with facilities that were acquired through the issuance of the Board's revenue bonds also deposit revenues, including Gross Revenues, for those programs into local university bank accounts, which are swept daily for investment through CSU's investment program, and operating expenses are paid from local university bank accounts, with funds drawn from CSU's investment program.

CSU's investment portfolio consists primarily of investments in the State of California Surplus Money Investment Fund and CSU's investment program. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2014" at Note (3)(b). CSU's investment program is managed through contracts with two investment managers, each of whom provides investment management services for the program. Funds available for investment are invested by the investment managers through a bank custodian on behalf of the Board according to the permitted investments outlined in the Government Code of the State and CSU investment policy. The permitted investments consist primarily of highly rated, fixed-income securities, which could include variable rate instruments. The CSU investment policy states that the primary objective of the CSU investment program shall be the safeguarding of principal and the secondary objective shall be liquidity. Because of this emphasis on asset quality and liquidity, the CSU investment program has not had, nor does it expect to have, any material exposure in the value of its investments as a result of illiquidity or volatility in certain investment sectors of the financial markets. Funds held in CSU's investment program are subject to changes in market valuation. See Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2014" at Notes (2) and (3).

As bond trustee, the State Treasurer invests and disburses proceeds of the Board's revenue bond program during the construction phase of projects constructed by CSU, according to the permitted investments outlined in the Government Code of the State. CSU receives interest on a quarterly basis from the State Controller's Office on amounts invested by the State Treasurer.

Student Admissions

Table 5 below sets forth application and enrollment data for first time freshmen, undergraduate transfers, graduates and other students for the academic years indicated for CSU.

TABLE 5
CALIFORNIA STATE UNIVERSITY
UNDERGRADUATE AND GRADUATE ADMISSIONS

Fall Term		Applications Received[1]	Applications Accepted[1]	Percent Accepted	Accepted Enrolled	Percent of Accepted Enrolled[2]
2010						
	First Time Freshmen	419,219	196,109	47%	49,477	25%
	Undergrad Transfers	202,611	85,892	42%	42,599	50%
	Graduates	73,280	34,419	47%	21,215	61%
	Other	5,628	2,689	48%	2,106	78%
	Total	700,738	319,109	46%	115,397	36%
2011						
	First Time Freshmen	436,642	219,974	50%	56,381	26%
	Undergrad Transfers	198,040	95,313	48%	41,925	44%
	Graduates	72,778	33,494	46%	19,679	59%
	Other	3,375	3,255	96%	2,683	82%
	Total	710,835	352,036	50%	120,668	34%
2012						
	First Time Freshmen	482,695	249,428	52%	57,345	23%
	Undergrad Transfers	203,203	111,750	55%	45,407	41%
	Graduates	71,742	33,704	47%	19,244	57%
	Other	3,825	3,219	84%	3,929	122%
	Total	761,465	398,101	52%	125,925	32%
2013						
	First Time Freshmen	523,135	277,998	53%	62,182	22%
	Undergrad Transfers	242,094	130,588	54%	52,999	41%
	Graduates	74,127	35,872	48%	20,917	58%
	Other	4,414	3,837	87%	4,614	120%
	Total	843,770	448,295	53%	140,712	31%
2014						
	First Time Freshmen	540,574	287,390	53%	64,254	22%
	Undergrad Transfers	244,482	127,727	52%	51,524	40%
	Graduates	78,768	35,436	45%	20,690	58%
	Other	4,408	3,907	89%	4,952	127%
	Total	868,232	454,460	52%	141,420	27%

(1) Includes duplicated applications received and accepted as a result of students applying to more than one campus.
(2) Cases where enrollment is greater than 100% are due to students enrolling in classes as transitory students, after not being admitted into a campus.

Source: California State University

CSU AND RELATED ENTITY INDEBTEDNESS

CSU has various revenue bonds and other obligations outstanding, as listed below. These special obligations are secured by and payable from revenues of the facilities financed, investment income, student charges and rental payments.

In addition to the debt the Board issues directly, there are several other sources of capital that historically have been available to CSU. From time to time, voter-approved general obligation bonds are issued by the State (and repaid from taxes and other funds of the State) and used to pay capital costs of new academic and other facilities of CSU. Another significant source of capital for facilities has been through the issuance of State Public Works Board Lease Revenue Bonds, debt service on which the State Legislature appropriated annually. The Board expects that the State will continue to issue such bonds from time to time, however, State law now requires that debt service on such bonds, issued on behalf of CSU, be paid from CSU appropriations. As part of the new State plan, CSU receives additional State funding to pay the debt service on State general obligation bonds and State Public Works Board Lease Revenue Bonds. See "GENERAL CSU FINANCIAL INFORMATION – State Budget Acts for Recent Fiscal Years." There are also 87 auxiliary organizations that provide certain essential services to individual campuses. Approximately ten percent of these auxiliary organizations have issued their own debt generally secured by project revenue to finance projects for CSU's campuses. CSU is not obligated to pay debt service on any such bonds. The following table lists the outstanding public indebtedness of CSU and related entities as of July 1, 2015,

TABLE 6
CALIFORNIA STATE UNIVERSITY
OBLIGATIONS ISSUED AND OUTSTANDING
as of July 1, 2015

Revenue Bonds and Bond Anticipation Notes Issued by the Board		Amount Outstanding
Systemwide Revenue Bonds		
Housing System Revenue Bonds		$4,908,000
Systemwide Revenue Bonds, Series 2004A through 2014A		3,682,600,000
Total Systemwide Revenue Bonds [1]		$3,687,508,000
Bond Anticipation Notes (BANs) [2]		149,285,000
Total Revenue Bonds and BANs		$3,836,793,000
Other Obligations [3]		
Auxiliary Organization Bonds [4]		$39,090,000
State Public Works Board Lease Revenue [5]		1,045,520,000
Commercial Paper Equipment Financing		5,154,000
Other Capital Lease Obligations [6]		135,745,000
	Total:	$5,062,302,000

(1) Does not reflect defeasance of Systemwide Revenue Bonds with proceeds of the Series 2015 Bonds; see "REFUNDING PLAN" and Appendix H.
(2) Issued in conjunction with a commercial paper program issued by the California State University Institute, an auxiliary organization of CSU, and secured by a Subordinate Lien on Gross Revenues. See the following discussion under the subheading "Commercial Paper."
(3) These Other Obligations are not secured by a pledge of Gross Revenues. Does not reflect defeasance of outstanding auxiliary organization bonds with proceeds of the Series 2015 Bonds. See "REFUNDING PLAN" and Appendix H.
(4) For information on CSU auxiliary organizations, see "GOVERNANCE AND ADMINISTRATION—Campus Administration" and "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Programs and Other Entities." Does not reflect defeasance of certain auxiliary organization bonds with proceeds of the Series 2015 Bonds; see "REFUNDING PLAN" and Appendix H.
(5) Debt that is currently supported by appropriations from the State Legislature.
(6) As of June 30, 2014.

Source: California State University

Commercial Paper

The Board utilizes a commercial paper ("CP") program for various financing activities through the CSU Institute, an auxiliary organization of CSU (the "Institute"). To minimize debt service costs during construction periods, the Board may initially finance capital improvements with proceeds of commercial paper notes issued by the Institute and which are secured by bond anticipation notes issued by the Board, certain of which are secured by a subordinate lien on Gross Revenues. Such short-term debt is generally refinanced with long-term fixed rate Systemwide Revenue Bonds when capacity in the commercial paper program is required for other projects or during periods of low interest rates. In a few cases, financing for certain projects may remain in commercial paper and be fully amortized over short to medium term periods from project revenues. The Board also utilizes commercial paper issued by the Institute to finance certain equipment and software needs of CSU as an alternative to other capital lease and installment sale financing resources. CSU enters into installment purchase obligations and makes installment payments over terms consistent with the useful life of the financed equipment or software (typically 5-7 years). These installment payments are applied to repay the commercial paper.

Currently, the CP program is secured by a letter of credit and liquidity facility of $300 million issued on a several but not joint basis by State Street Bank and Trust Company and Wells Fargo Bank, National Association. The letter of credit has a stated termination date of July 18, 2017, subject, in certain circumstances, to early termination, suspension or extension. The CP program is currently authorized up to $500 million, subject to any lower limit as set forth in the then-applicable letter of credit. Therefore, the Institute expects to operate the CP program at no more than $300 million through the term of the current letter of credit. The Board and the Institute expect to continue to utilize the CP program for the foreseeable future.

As of July 1, 2015, CP was outstanding for the following purposes:

BANs (Expected to be Refunded from Series 2015)	$147,785,000
BANs (Expected to Remain in CP)	1,500,000
Equipment	5,154,000
Total	$154,439,000

Authorized but Unissued Debt

As of the date of the Official Statement, the Board has authorized but unissued Systemwide Revenue Bonds and Bond Anticipation Notes in the aggregate principal amount of $752,990,000 for approved projects (not including $15,160,000 in authorized refundings of certain stand-alone auxiliary organization bonds). Following the issuance of the Series 2015 Bonds, approximately $147 million is expected to remain authorized but unissued for approved projects. The Board may issue a portion or all of these additional Systemwide Revenue Bonds as well as other additional bonds for other new money projects or refunding purposes. The Board expects to authorize the issuance of additional Systemwide Revenue Bonds from time to time in the future. There is no limit on the amount of Systemwide Revenue Bonds that the Board may authorize.

Capital Improvement Program

The Board has a capital improvement program that it approves annually in the Fall for its State and non-State funded facilities that focuses on a five year period. Additionally, the program is amended and approved throughout the year by the Board to reflect the needs and priorities of the campuses. Campus administration works closely with the Chancellor's Office to identify projects, justify the project demand and related budgets. The Board anticipates that it will use future borrowings to fund its capital improvement program.

SYSTEMWIDE REVENUE BOND PROGRAMS

Debt Management Program

Under the CSU Policy on Financing Activities, adopted by the Board in March 2002, responsibility for the management of CSU debt obligations continues to be centralized in the CSU Chancellor's Office, with oversight and ultimate approval provided by the Board. Debt is planned pursuant to annual funding requirements in accordance with the capital improvements program. Issuance of debt requires approval of the Board.

Historically, the Board has been authorized to issue revenue bonds to finance housing, parking, health centers, student body centers, continuing education facilities, and other special projects related to the educational mission of CSU. In March 2002, the Board approved a the long-term debt issuance program of systemwide revenue bonds that, together with the then existing housing system bonds issued under a bond resolution adopted by the Board during 1968, constitute the "Systemwide Revenue Bonds." In April 2002, CSU sold its first series of Systemwide Revenue Bonds under the new program. The Series 2015A Bonds is the twentieth series and the Series 2015B Bonds is the twenty-first series of Systemwide Revenue Bonds. The Systemwide Revenue Bonds replaced the previous practice of single project or program revenue bonds. As the security for the Systemwide Revenue Bonds, the Board has pledged student housing fees, student union fees, parking fees, health center facility fees, and fees from the continuing education program, as well as payments from various auxiliary organizations and special purpose governmental entities. Under the Board's March 2002 financing policy, the Board uses Systemwide

Revenue Bonds to finance other projects that previously may have been financed by auxiliary organizations. The Board has limited the possible use of non-Systemwide Revenue Bond financing for campus revenue-based projects (whether on-campus or off-campus), with the effect of restricting the designation of Excluded Facilities by the Board. Pursuant to the Board's financing policy, the Chancellor has established minimum debt service coverage and other requirements for the Systemwide Revenue Bond program. The Board has no outstanding Indebtedness secured by a Senior Lien and has covenanted in the Indenture not to issue any Indebtedness secured by a Senior Lien so long as any Systemwide Revenue Bonds remain outstanding.

In June 2014, the State enacted legislation that granted additional capital financing authorities to CSU. These new authorities include the ability to issue bonds to pay the cost of academic facilities related to CSU's educational mission and pledge the CSU's annual general fund support appropriation, less the amount of that appropriation required to meet State general obligation bond payments and State Public Works Board rental payments, to secure the payment of debt obligations issued by CSU pursuant to the Act. No more than twelve percent of CSU's annual general fund support appropriation, less the amount of that appropriation that is required to fund State general obligation bond payments and State Public Works Board rental payments, may be used for debt service for, or to directly fund, certain capital expenditures. These new authorities also allow CSU to pledge any other revenues that CSU chooses to pledge to secure the payment of debt obligations issued by CSU pursuant to the Act and provide flexibility to utilize these new authorities through the Systemwide Revenue Bond program. As a result of the new capital authorities, the Board has approved financing for a first group of projects which will be funded with the 2015 Bonds. The Board continues to evaluate to implementation of the new authorities and related pledge.

The following is a brief description of the programs that generate the current Gross Revenues. The Board may from time to time designate additional revenue sources as Gross Revenues. Generally, campuses deposit the revenues generated by these programs to the CSU investment program, periodically setting aside appropriate amounts for debt service, and otherwise directly managing the expenditure of such funds in accordance with campus budgets.

Housing Program

Twenty-two of the 23 campuses comprising the CSU System operate housing facilities under the State University Revenue Bond Act of 1947. The responsibility for fiscal management, budgeting and operations with respect to these facilities is given to each respective campus, with the Chancellor's Office retaining overall responsibility for financing activities of the Housing Program and ensuring continuing compliance with bond-related requirements and covenants.

All proposed new housing projects are subject to a peer review. The Housing Proposal Review Committee is a standing committee (chaired by a campus president with membership of two campus vice presidents and four campus housing officers representing student housing and faculty/staff housing programs) has the charge to evaluate proposed housing projects and to provide advice to the Chancellor and the respective campus president on the merits of the project. The scope of the committee review includes both programmatic and financial feasibility.

Certain of the housing facilities under the Housing Program include dining facilities. All or a portion of the revenues from certain of those dining facilities also constitute a portion of the Gross Revenues for the Systemwide Revenue Bonds.

Rates and Charges

The responsibility for the financial viability of the Housing Program on each CSU campus is delegated by the Board to each respective campus president, each of whom has the flexibility and the responsibility to increase housing rental rates and charges as needed.

Table 7 below sets forth average room rates charged for the past five academic years. In academic year 2014-15, average room rates range from a high of $10,445 at the Fullerton campus to a low of $4,595 at the Fresno campus. Substantially all of the housing rental rates and charges constitute Gross Revenues for the Systemwide Revenue Bonds.

TABLE 7
CALIFORNIA STATE UNIVERSITY
HOUSING SYSTEM AVERAGE ROOM RATES
2010-11 through 2014-15

Academic Year	Average Room Rate[(1)]
2010-11	$5,782
2011-12	6,029
2012-13	6,325
2013-14	6,705
2014-15	7,075

(1) Represents average annual cost of double occupancy for residence halls. The average annual cost of double occupancy for apartments is reflected if residence hall data are not available.

Source: California State University

Capacity and Occupancy

In Fall 2014, the design capacity for the student housing facilities (including auxiliary organizations) was 48,389 spaces, which was approximately 10.5% of the Fall 2014 enrollment for CSU. The average Fall 2014 occupancy rate was 99%. Additionally, there are 959 apartment units at San Francisco State University that are leased. Details related to operational capacity and occupancy by campus for the prior fiscal year is set forth in APPENDIX C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2014" at Schedule 1.

Student Union Program

The Education Code of the State provides that students enrolled at an individual campus of CSU may vote to authorize the Board to impose student body center fees (also termed student union fees), if two-thirds of those voting approve this levy. Under statutory terms such fees may be used for the purpose of financing, operating, and maintaining student union or student body center facilities. Currently, students of 22 campuses in the CSU System have voted in favor of imposing student union fees.

Rates and Charges

The student union annual fees range from $44 to $770 per student in 2014-15 and are collected at 22 of the 23 campuses of the CSU System. All student union annual fee revenues constitute Gross Revenues for the Systemwide Revenue Bonds.

Operations and Maintenance

As a matter of practice, with the recommendation of the campus president, the Board contracts with auxiliary organization not-for-profit corporations for most campuses to operate and maintain student unions. See the information below in this section under the subheading "Auxiliary Organizations Program and Other Entities."

Parking Program

The parking program provides parking facilities to all CSU campuses as authorized under the provisions of the California Education Code. The program is self-supporting and derives its revenues from parking fees paid by students, faculty, staff and visitors.

Consistent with CSU objectives to increase accountability at the campus level, management of all operations of the parking program is decentralized to each CSU campus. Campus spending of the parking fee revenue is for the acquisition, construction, operation, and maintenance of campus parking facilities.

Parking Utilization

Because of the large number of commuters to CSU campuses each day (less than 11% of Fall 2014 enrollment lived in CSU housing facilities), the demand for parking spaces on the campuses continues to be much higher than the number of spaces available. Since parking availability may be limited during peak hours, students are encouraged to utilize alternative transportation options when traveling to campuses and when choosing their housing. As of June 30, 2014, there were approximately 158,245 parking spaces comprising the parking projects designated under the Indenture.

Rates and Charges

Establishment of parking rates is delegated by the Board to the Chancellor, who further delegates the authority to each respective campus president. Fees for employees and faculty, except the management group employees, however, are subject to certain collective bargaining negotiations. All parking revenues constitute Gross Revenues for the Systemwide Revenue Bonds.

Health Center Facilities Program

Prior to 1996, the health center facility fee was a uniform fee set at $6 per academic year and charged at all CSU campuses. In 1996, the Chancellor was delegated authority to establish health center facility fees at a specific campus level. At that time, the $6 health center facility fee was re-established by the Chancellor for all campuses previously having the systemwide fee in place. Each campus president has the authority and responsibility to adjust this fee after consultation with the campus community. In accordance with the CSU System policy, the campus president is responsible to set this fee to provide for the repayment of any debt incurred in accordance with applicable CSU System debt management policies. As of 2014-15, the $6 health center facility fee remains in place at 13 campuses, one campus does not have a health center facility fee, and the rest of the campuses have health center facility fees ranging from $9 to $113. The health center facility fee is included in Gross Revenues of the Systemwide Revenue Bond program. Campuses may also charge a separate Health Services fee, which is used to operate the campus student health programs and is not part of Gross Revenues.

Extended and Continuing Education

Since the inception of the CSU System in 1961, CSU has operated Extended and Continuing Education programs as a way to provide educational opportunities that extend beyond both the physical and programmatic boundaries of a traditional college education. The programs, implemented at each of the 23 campuses, are designed to address the unique needs of individuals in pursuing their educational goals, especially those students who otherwise may not be able to complete their goal through a regular university environment. CSU offers a variety of Extended and Continuing Education programs including credit degree and certificate programs, off-campus and online programs, professional development, corporate training and programs for international students. Each campus offers educational programs that meet the needs of their local region as well as a global audience. The Assistant Vice Chancellor/Dean for Extended and Continuing Education provides leadership and guidance to the campus Extended and Continuing Education units.

Rates and Charges

Extended and Continuing Education programs are supported entirely by course fees or user fees charged to the respective students or enrollees. The programs and course offerings are developed on a self-supporting basis so that the fees charged cover the full cost of developing and presenting the course offerings. Fees range in amount depending upon various factors, such as the nature of the course and the materials used. Generally, fees range between $150 to $1,000 per unit. The State does not provide direct support for these programs through the budget allocation process, and Extended and Continuing Education must reimburse the State for use of any State-supported facilities or services. All of the course fees and user fees related to the Extended and Continuing Education programs constitute Gross Revenues for the Systemwide Revenue Bonds.

Auxiliary Organizations Program and Other Entities

As described previously under the caption "GOVERNANCE AND ADMINISTRATION — Campus Administration," the Board has a longstanding program utilizing auxiliary organizations to support a broad range of functions for CSU. In some cases, auxiliary organizations may become involved in the financing of campus facilities, such as student and faculty/staff housing, bookstores, food services facilities, academic facilities and event centers, as well as off-campus facilities serving the needs of the campus. Few of these facilities are financed with auxiliary debt obligations that are not part of the Systemwide Revenue Bond program. In nearly all other cases, these facilities are financed or refinanced by the Board with Systemwide Revenue Bonds using either a lease or loan structure. In the lease structure, the financed facility is leased from the Board, as lessor, to an auxiliary organization or governmental unit, as lessee. Under the terms of the lease, the lessee agrees to operate the facility and to make certain rental payments to the Board, which constitute Gross Revenues under the Indenture. In the loan structure, facilities are financed or refinanced by a loan of Systemwide Revenue Bond proceeds from the Board to the auxiliary organization pursuant to a loan agreement. Under the terms of the loan agreement, in return for the loan from the Board, the auxiliary organization agrees to acquire, construct and/or maintain the facility and to repay the loan to the Board, which repayments will constitute Gross Revenues under the Indenture. At the time the lease or loan agreement is entered into, certain auxiliary organizations may have outstanding debt and the obligation to make rental payments or loan repayments to the Board may be on a parity with, or junior and subordinate to, such debt of the auxiliary organization. Upon the issuance of the Series 2015 Bonds, there will continue to be 17 auxiliary organizations with leases or loan agreements with the Board for facilities financed or refinanced with Systemwide Revenue Bonds with aggregate annual payments for all such leases and loan agreements of approximately \$37,400,000 in fiscal year 2015-16, a drop from prior year. To date, each such auxiliary organization with facilities financed or refinanced with Systemwide Revenue Bonds has made each of its periodic loan repayments or lease rental payments in accordance with its respective lease or loan agreement with the Board.

In addition, for certain auxiliary organizations, their debt and revenues may be designated by the Board pursuant to the Indenture as Designated Auxiliary Organizations, Designated Auxiliary Revenues and Designated Auxiliary Debt, respectively, and once so designated, such revenues and debt will be included in the rate covenant and additional borrowing test under the Indenture. See “SECURITY FOR THE SERIES 2015 BONDS—Rate Covenant” and “—Parity Lien Indebtedness; No Senior Lien Indebtedness.” There are 17 auxiliary organizations that are Designated Auxiliary Organizations with Designated Auxiliary Revenues and Designated Auxiliary Debt, the same 17 auxiliary organizations that make loan or lease payments that have been designated as Gross Revenues by the Board.

Additionally, from time to time, certain facilities serving CSU are owned, operated or financed with the participation of special purpose governmental entities. In the past, the lease structure described above has been used by the Board and such governmental entities to finance these facilities with Systemwide Revenue Bonds. There are currently two governmental units with leases with the Board for such facilities, namely, the California State University Headquarters Building Authority and the California State University Channel Islands Site Authority, with aggregate annual rental payments for all such leases of approximately \$14 million in fiscal year 2015-16.

FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES

Table 8 below sets forth for the five fiscal years ended June 30, 2010 through June 30, 2014 (i) the Gross Revenues received and expenditures made with respect to the Projects from which Gross Revenues were produced during these fiscal years and (ii) certain auxiliary organization revenues (some of which are Gross Revenues) and expenditures for auxiliary organizations participating in the Systemwide Revenue Bond program. Gross Revenues include (i) revenues from the housing, student union, parking, health center and continuing education programs and (ii) revenues from certain auxiliary organizations, as discussed above. See “SYSTEMWIDE REVENUE BOND PROGRAMS.”

Student union/recreation center and health center revenues shown in Table 8 do not include revenues derived from operations of student unions/recreation centers or student health centers, and student union/recreation center and health center operating expenditures shown in Table 8 include only those expenditures that are paid from the revenues shown. Parking revenues shown in Table 8 do not include fines and forfeitures that are collected separately from parking fees.

Table 8 includes the revenues (exclusive of research grant and contract activity and restricted gifts), expenditures and stand-alone (non Systemwide Revenue Bond) auxiliary debt service for the 16 auxiliary organizations with facilities that had been financed with Systemwide Revenue Bond proceeds (as of June 30, 2014), starting with the fiscal year in which each such financing occurred. With the issuance, last fall, of the Series 2014 Bonds, there is now a 17th auxiliary organization with facilities that have been financed with Systemwide Revenue

Bond proceeds. See "SYSTEMWIDE REVENUE BOND PROGRAMS – Auxiliary Organizations Program and Other Entities." Only the payments under the leases and loan agreements between the Board and such auxiliary organizations and certain other entities (approximately $50 million for the fiscal year ended June 30, 2014, and generally equal to the amount needed to pay debt service on the corresponding Systemwide Revenue Bonds) have been designated by the Board as Gross Revenues pledged under the Indenture. However, under each such lease or loan agreement the auxiliary organization makes a broader revenue pledge to the Board (subject to any senior or parity indebtedness of the auxiliary organization) to secure the auxiliary's obligation to make the lease rental payments or loan repayments. With respect to certain of the auxiliary projects, the Board has the right to increase the amount of lease rental payments or loan repayments if necessary, and therefore cause an additional portion of the auxiliary revenues reflected in Table 8 to be designated as Gross Revenues under the Indenture. In addition, the Board has the right under certain circumstances to direct the use of such auxiliary revenues or take control of the project generating such revenues.

TABLE 8
CALIFORNIA STATE UNIVERSITY
HISTORICAL GROSS REVENUES AND EXPENDITURES[1]
(Fiscal Years Ended June 30)

	2010	2011	2012	2013	2014
Total Gross Revenues :					
Housing System	$ 274,820,796	$ 283,019,719	$ 325,027,647	$ 346,767,293	$ 377,380,513
Student Unions/Recreation Ctrs.	125,622,153	137,475,697	156,581,587	170,607,106	185,032,413
Parking	87,977,965	92,541,021	95,106,346	98,398,760	102,627,589
Health Centers	7,254,578	8,382,845	9,248,612	9,560,632	9,875,231
Continuing Education	204,873,559	285,076,515	297,642,404	325,889,355	340,079,344
Auxiliary[2]	471,297,363	493,214,514	477,985,622	510,372,629	542,991,219
Related Governmental Units[3]	12,606,218	12,848,893	13,064,268	13,374,612	13,361,006
Total Gross Revenues	$1,184,452,632	$1,312,559,204	$1,374,656,486	$1,474,970,387	1,571,347,315
Debt Service:					
Auxiliary – Other[4]	11,466,503	7,452,153	6,115,718	3,304,225	3,343,218
Systemwide Revenue Bonds[5]	169,102,086	197,596,752	219,677,662	239,705,443	255,560,008
Total Debt Service	$ 180,568,589	$ 205,048,905	$ 225,793,380	$ 243,009,668	$258,903,226
Operating Expenditures[6]:					
Housing System	$176,332,367	$170,121,752	$195,175,881	$210,480,786	$238,585,005
Student Union	63,579,523	66,965,695	70,605,750	75,683,866	86,892,873
Parking	51,791,220	53,760,813	59,218,847	61,520,009	65,871,685
Health Centers	3,973,419	3,698,105	4,199,893	3,623,067	3,194,566
Continuing Education	167,657,113	217,847,639	255,861,221	288,140,515	305,881,555
Auxiliary[2]	399,384,888	405,439,492	414,334,559	439,032,832	443,572,097
Total Operating Expenditures	$ 862,718,530	$ 917,833,496	$ 999,396,151	$1,078,481,075	$1,143,997,781

(1) Unaudited figures, which may differ from the audited figures included in Appendices C-1 and C-2. See Schedule 3 in Appendix C-2 for further detail about Gross Revenues and expenditures for the fiscal year ended June 30, 2014.

(2) Revenues and expenditures shown are for those auxiliary organizations that have financed with Systemwide Revenue Bonds through a lease or loan and exclude research grant and contract activity and restricted gifts. Gross Revenues under the Indenture are a smaller amount derived from payments under certain leases or loans with the Board of Trustees.

(3) Includes revenues derived from leases with California State University, Channel Islands Site Authority and the Headquarters Building Authority, which are used solely to pay debt service on Systemwide Revenue Bonds; operating expenditures are not paid from Gross Revenues.

(4) Includes 16 auxiliary organizations as of fiscal year ended June 30, 2014.

(5) Debt service shown excludes interest that has been funded from bond proceeds. Cash subsidy payments from the U.S. Treasury under the Build America Bonds program are not pledged to Systemwide Revenue Bonds and are neither included as Gross Revenues nor deducted from Systemwide Revenue Bonds debt service in Table 8 above.

(6) Operating Expenditures include both extraordinary maintenance and repair projects, which are generally paid from existing program fund balances, and which totaled $42.7 million in the fiscal year ended June 30, 2014, and an Annual Required Contribution (ARC) related to other postemployment benefits (OPEB) in an approximate amount of $35 million as of June 30, 2014, pursuant to GASB Statement No. 45.

Source: California State University

Table 9 sets forth the scheduled debt service payable from Gross Revenues on a fiscal year basis, commencing with the fiscal year ended June 30, 2015. The Board may issue additional indebtedness secured on a parity by Gross Revenues under the terms of the Indenture. There is no limit on the maximum principal amount of Systemwide Revenue Bonds that may be issued under the Indenture.

TABLE 9
CALIFORNIA STATE UNIVERSITY
DEBT SERVICE PAYABLE FROM GROSS REVENUES
(Upon the Issuance of the Series 2015 Bonds)

	Previous Systemwide Revenue Bonds [1]				
Fiscal Year Ending June 30	Including Refunded Bond Debt Service	Refunded Bond Debt Service	Excluding Refunded Bond Debt Service	Series 2015 Bonds	Total Systemwide Revenue Bonds[1]
2015	$ 272,000,832	--	$ 272,000,832	--	$ 272,000,832
2016	281,884,544	$ 32,997,834	248,886,711	$ 52,760,238	301,646,949
2017	284,312,955	37,238,939	247,074,017	68,526,328	315,600,344
2018	286,242,097	38,569,919	247,672,178	72,969,407	320,641,585
2019	286,361,601	38,296,350	248,065,251	74,680,673	322,745,925
2020	284,498,381	37,093,406	247,404,975	76,523,431	323,928,406
2021	282,428,609	36,354,656	246,073,953	75,831,684	321,905,636
2022	281,779,100	36,631,906	245,147,194	75,946,801	321,093,995
2023	277,402,568	32,524,281	244,878,287	72,121,081	316,999,368
2024	274,131,003	30,419,906	243,711,097	70,282,786	313,993,882
2025	272,548,121	29,434,031	243,114,089	69,382,575	312,496,664
2026	266,966,034	26,618,204	240,347,830	66,966,083	307,313,913
2027	263,908,573	26,491,125	237,417,448	66,844,291	304,261,739
2028	260,486,397	25,539,625	234,946,772	66,038,310	300,985,082
2029	259,841,193	26,087,250	233,753,943	66,401,692	300,155,635
2030	258,407,514	26,099,338	232,308,177	66,397,678	298,705,855
2031	255,709,441	26,033,625	229,675,816	66,214,709	295,890,525
2032	248,246,876	24,810,450	223,436,426	65,367,934	288,804,360
2033	221,142,934	12,634,075	208,508,859	54,690,137	263,198,996
2034	210,500,624	10,670,200	199,830,424	52,698,635	252,529,059
2035	204,824,677	10,677,950	194,146,727	52,719,167	246,865,894
2036	191,201,109	10,419,950	180,976,159	54,723,118	235,699,277
2037	150,611,867	9,468,313	140,948,554	53,765,650	194,714,204
2038	147,764,899	9,474,050	138,290,849	53,776,750	192,067,599
2039	129,990,415	6,020,025	123,970,390	50,060,000	174,030,390
2040	98,846,224	--	98,846,224	44,545,925	143,392,149
2041	86,720,781	--	86,720,781	44,546,550	131,267,331
2042	58,621,886	--	58,621,886	44,541,225	103,163,111
2043	44,425,894	--	44,425,894	42,280,850	86,706,744
2044	24,473,150	--	24,473,150	42,284,250	66,757,400
2045	20,642,763	--	20,642,763	42,288,875	62,931,638
2046	--	--	--	42,285,375	42,285,375
2047	--	--	--	41,330,375	41,330,375
2048	--	--	--	19,485,250	19,485,250
TOTALS[2]	$6,486,923,064	$600,605,407	$5,886,317,657	$1,909,277,831	$7,795,595,488

(1) Includes interest funded from bond proceeds and thus differs from the information reflected in Table 8. Does not include any deduction for the federal subsidy associated with the Series 2010B Build America Bonds.
(2) Totals reflect rounding.

Financial Statements Related to Gross Revenues

The most recent audited financial statements of the California State University Systemwide Revenue Bond Program Fund as of June 30, 2014, are attached to this Official Statement as Appendix C-2.

GENERAL CSU FINANCIAL INFORMATION

Budgeting Process

Each Fall the Board approves a budget request and sends it to the State Department of Finance for the coming fiscal year as input for development of the Governor's Budget. The Board's proposed budget identifies a base funding level built on prior year costs for full-time equivalent student enrollment targets, mandatory cost increases, costs generated by changes in programs, and funding needs for capital projects. The Board annually approves capital project plans for self-supporting programs, including those of the Systemwide Revenue Bond program, in a rolling five-year capital outlay non-State funded plan, which is sent to the State for information.

Governor's Budget/Budget Act

The Governor's Budget, with input from CSU and other State agencies, is usually developed and presented to the State Legislature each January and then revised in early May. The Governor's Budget is usually debated during legislative hearings each Spring and in June the State Legislature is required by California law to send its own recommended budget back to the Governor. At that point, the Governor may delete, but not add, funded items. A two-thirds vote by the State Legislature can override the Governor's veto of funds. Following the Governor's action, if any, on the State Legislature's recommended budget, it becomes final as the "State Budget Act."

Negotiations With the State and Legislative Budget Hearings

Throughout the year, CSU staff engages in discussion of issues and priorities with staff in the State Department of Finance, the Legislative Analyst's Office, and with Legislative committee staff. Usually in February, the Legislative Analyst publishes an analysis of, and recommendations for legislative action on, the Governor's Budget. This analysis is the principal agenda for the legislative hearings, including hearings on the budget recommended for CSU by the Governor. Differences between the two houses of the State Legislature are resolved in a conference committee, after which the budget is returned to the Governor for the action noted above.

Allocations to Campuses

Campuses are informed by the Chancellor's Office of the Governor's budget decisions and allocations are identified for planning purposes. Final allocations are usually made by the Chancellor's Office promptly after the State Budget Act is signed.

State Budget Acts for Recent Fiscal Years

After providing funding increases to CSU in fiscal years 2005-06 through 2007-08, the State reduced its support of CSU from fiscal years 2008-09 through 2011-12, held funding flat in fiscal year 2012-13, and provided funding increases in 2013-14 and 2014-15.

The State Budget Act for fiscal year 2009-10 reduced CSU appropriations to approximately $2.4 billion, an 18% reduction from the fiscal year 2008-09 enacted budget level. To mitigate the impact of these State reductions, CSU increased student Tuition Fee rates by 32% and nonresident tuition rates by 10% in fiscal year 2009-10, which yielded $257 million in new tuition fee revenue after discounting for financial aid, and implemented cost reductions measures, such as employee furloughs, which reduced operating expenses by approximately $273 million. In conjunction with these actions, CSU also reduced its base resident student enrollment target for fiscal year 2010-11 by roughly 25,000 FTES to approximately 310,000 FTES.

The State Budget Act for fiscal year 2010-11 restored $305 million of cuts made in fiscal year 2009-10. The fiscal year 2010-11 State Budget Act also provided for $61 million in funding for enrollment growth. The result was an overall increase in the State appropriations support for CSU in fiscal year 2010-11 to approximately $2.7 billion.

The State Budget Act for fiscal year 2011-12, reduced CSU appropriations by $750 million, or 27% below the fiscal year 2010-11 enacted budget level to approximately $1.95 billion. To mitigate the impact of these State reductions, CSU took the following measures: (1) increased Tuition Fee rates, including a 10% increase approved by the Board in November 2010 and an additional 12% increase approved by the Board in July 2011, both effective for fiscal year 2011-12, which together yielded approximately $265 million in new Tuition Fee revenue after discounting for financial aid; (2) reduced its base resident student enrollment target for fiscal year 2011-12 by roughly 10,000 FTES to approximately 332,000 FTES; and (3) took systemwide expense reduction measures of approximately $292 million.

The State Budget Act for fiscal year 2012-13 held CSU appropriations flat relative to the fiscal year 2011-12 enacted budget level at approximately $2.01 billion. The State Budget Act for fiscal year 2012-13 assumed the approval by voters at the November 2012 election of an initiative State Constitutional amendment that would temporarily increase tax rates on the State's high-income taxpayers and increase the State's sales and use tax rate by one-half percent. In November 2012, the ballot initiative was approved.

In addition, the State Budget Act for fiscal year 2012-13 provided for $125 million in additional funding for CSU in fiscal year 2013-14 if Tuition Fees were not raised during fiscal year 2012-13 and if voters approved the tax initiative in November 2012. The Board had already adopted a Tuition Fee rate increase of 9% effective for fiscal year 2012-13 and had already collected that higher Tuition Fee from enrolled students by the time the State Budget Act for fiscal year 2012-13 was adopted. With the voters' approval of the tax initiative in November 2012, the Board made the decision to rescind the Tuition Fee rate increase of 9% effective for fiscal year 2012-13.

The State Budget Act for fiscal year 2013-14 provided additional funding for CSU as part of a multi-year funding plan for higher education. The State Budget Act for fiscal year 2013-14 included the $125 million referenced in the State Budget Act for fiscal year 2012-13, contingent upon CSU's foregoing any Tuition Fee increases in fiscal year 2012-13 and upon the passage of the tax initiative in November 2012. The State Budget Act for fiscal year 2013-14 also included an additional $125 million in new funding, $10 million of which was earmarked for expanded use of technology and online initiatives, which brought total State appropriations support for CSU in fiscal year 2013-14 to $2.3 billion.

The State Budget Act for fiscal year 2014-15 provided additional funding of $142 million for CSU as part of the multi-year funding plan for higher education. In addition, the State Budget Act for fiscal year 2014-15 provided additional funding of $297 million to CSU as part of a new State plan to pay debt service on State general obligation bonds and State Public Works Board Lease Revenue Bonds that have been issued on behalf of CSU from the CSU's annual appropriations. This amount of additional funding brought total State appropriations support for CSU in fiscal year 2014-15 to $2.7 billion.

State Budget Act for Fiscal Year 2015-16

The State Budget Act for fiscal year 2015-16 provides for additional funding of $217 million for CSU. In addition, the State Budget Act for fiscal year 2015-16 provides additional one-time funding of $25 million to CSU for capital needs. This amount of additional funding brings total State appropriations support for CSU in fiscal year 2015-16 to $2.9 billion.

CSU Financial Statements

The most recent audited financial statements of CSU are attached to this Official Statement. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2014." The audited financial statements of CSU are included as general background concerning the CSU System. Owners of the Series 2015 Bonds may rely solely on Gross Revenues specifically pledged for repayment of principal and interest on the Series 2015 Bonds. See Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2014." No other assets or revenues of CSU are pledged to the repayment of the Series 2015 Bonds. See "SECURITY FOR THE SERIES 2015 BONDS."

CSU Grants, Contracts and Fundraising Activity

Table 10 below sets forth the grant and contract proceeds received by CSU and fundraising activity of CSU for fiscal years ended June 30, 2010 to 2014. Amounts shown are not included as part of the Gross Revenues and generally are restricted to specified uses.

TABLE 10
CALIFORNIA STATE UNIVERSITY
GRANTS, CONTRACTS AND FUNDRAISING ACTIVITY[(1)]
2009-10 through 2013-14

Sources	2009-10	2010-11	2011-12	2012-13	2013-14
Federal grants and contracts	$ 1,482,559,000	$ 1,280,311,000	$ 1,195,641,000	$ 1,211,063,000	$ 1,262,971,000
State and local grants and contracts	398,623,000	444,657,000	534,265,000	548,967,000	638,092,000
Private gifts, grants and contracts	220,235,000	258,273,000	247,590,000	291,975,000	289,955,000
Total	$2,101,417,000	$ 1,983,241,000	$1,977,496,000	$2,052,005,000	$2,191,018,000

(1) Includes Auxiliary Organizations.

Source: California State University

CSU Endowment Assets

As of June 30, 2014, the market value of the endowment assets of CSU and its related foundations was approximately $1.367 billion, an increase from approximately $1.181 billion as of June 30, 2013. The market value of the endowment assets of CSU and its related foundations as of June 30, 2012, June 30, 2011, and June 30, 2010 were approximately $1.026 billion, $1.024 million, and $846 million, respectively. Changes in the market value of the endowment assets of CSU and its related foundations over the last five fiscal years have been primarily a result of movements in the financial markets. Because CSU does not rely significantly upon endowment funds to meet its operating needs, changes in the market value of CSU endowment assets are not expected to have a material impact on CSU operations. Furthermore, because endowment funds are not part of the Gross Revenues, changes in the market value of CSU endowment assets are not expected to have a material adverse effect on the Board's ability to pay the principal of, premium, if any, and interest on the Series 2015 Bonds when due.

OTHER MATTERS

Insurance

CSU has elected to: commercially insure property with deductibles; self-insure its general liability and errors & omissions liability; and self-insure its workers' compensation exposures. CSU's vehicle liability is self-insured by the State's vehicle liability self-insurance program. As a State agency, CSU, the Office of the Chancellor, the Board, and its system of campuses are included in these insurance and self-insured programs.

The office of Risk Management in the Chancellor's Office administers the property, general liability and workers' compensation programs. The State Office of Risk and Insurance Management administers the motor vehicle liability program.

The current coverage limits for CSU's insurance programs are as follows:

Property: $1,000,000,000 per occurrence (excluding earthquake), deductibles ranging from $100,000 to $1,000,000.

General Liability: $200,000,000 per occurrence, Self Insured Retention ranging from $35,000 to $900,000.

Workers' Compensation: Statutory benefits and $5 million for Employers Liability, with a $2.5 million self-insured retention.

Under this form of insurance, the State and its employees (as defined in Section 810.2 of the Government Code) are insured for any tort liability that may develop through carrying out official activities, including State official operations on non-State owned property.

Audits and Compliance Reviews

At all times, including the date of this Official Statement, there are audits and compliance reviews that arise in the normal course of CSU's activities. Such audits and compliance reviews may relate to any activity at CSU, and may be conducted by persons within or outside CSU, including but not limited to the CSU Office of the University Auditor, the California Bureau of State Audits and a variety of other federal and State governmental agencies. CSU is not aware of any pending audit or review concerning matters that are likely to have a material adverse effect on the Board's ability to pay the principal of, premium, if any, and interest on the Series 2015 Bonds when due.

Seismicity

New and renovated buildings designed for CSU adhere to the latest seismic requirements as detailed in Title 24 of the California Code of Regulations. CSU maintains a standing body of seismic engineers collectively known as the Seismic Review Board to advise on earthquake related construction matters relative to its systemwide capital program. Each capital project involving structural elements is seismically peer reviewed by a member of this board as an additional measure beyond the building code plan check review that also occurs for each project. Seismic peer review is an objective technical review by an independent, knowledgeable reviewer experienced in the structural design, analysis and performance issues involved. The purpose of the seismic review is to assure project quality and provide a measure of additional assurance regarding code compliance, best practices and the performance and safety of the completed project relative to CSU standards.

CSU does not currently purchase commercial policies of insurance for damage caused by earthquakes.

Labor Relations

There are approximately 60,297 CSU employees that are both non-represented and represented employees. Exclusive bargaining unit representatives include:

- The California Federation of the Union of American Physicians and Dentists (UAPD)
- California State University Employees' Union (CSUEU)
- California Faculty Association (CFA)
- Academic Professionals of California, Local 1002 (APC)
- State Employees' Trades Council (SETC)
- Statewide University Police Association (SUPA)
- International Union of Operating Engineers, Local 39, AFL-CIO (IUOE)
- International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, AFL-CIO and its Local Union 4123 (UAW).

The UAPD has an agreement with CSU covering the terms and conditions of employment for its members, the Physicians unit, that will expired on June 30, 2017. Employees in the Health Care Support, Operations & Support Services, Clerical/Administrative Support Services, and Technical & Support Services units are represented by the CSUEU, which negotiated a contract with CSU that will expire on June 30, 2017. CSUEU also represents the English Language Program Instructors in Extended Education, Not-for-credit at Los Angeles, which negotiated a contract with CSU that will expire on June 30, 2016. CFA, exclusive representative for the Faculty unit, and CSU entered into an agreement, which will expire on June 30, 2017. The contract between APC, exclusive representative for employees in the Academic Support unit, and CSU, expired on June 30, 2015. The SETC, which represents employees in the Skilled Crafts unit, has an agreement with CSU that expired on June 30, 2015. The SUPA, exclusive representative for employees in the Public Safety unit, has an agreement with CSU that expires on June 30, 2018. The IUOE represents trades-works at the California Maritime Academy and has an agreement with CSU that expires on June 30, 2017. The contract between the UAW, the exclusive representative for academic student employees, and CSU, expires on September 30, 2016. The terms of expired contracts remain in effect pending the outcome of successor contract negotiations.

Retirement System

In general, full-time employees of CSU participate in a pension plan administered by the Board of Administration of the California Public Employees Retirement System (CalPERS) if they are employed to work for more than six months. Part-time employees also participate in the pension plan if they are employed to work for one year or longer. CalPERS is a statewide retirement system governed and operated pursuant to Part 3 (commencing with Section 20000), Division 5, Title 2 of the California Government Code.

CalPERS retirement benefits are funded from employer-paid contributions, employee contributions, and the plan's investment earnings. CalPERS State employer contribution rates applicable to CSU are based upon actuarial studies and adjusted each year by CalPERS in order to meet defined pension benefit obligations. California Government Code Section 20814 states that the Governor shall include the contribution rates adopted by the CalPERS board for the liability of benefits on account of employees of the State (General Fund supported salaries), and the Legislature shall adopt the board's contribution rates and authorize the appropriation in the Budget Act. Most CSU CalPERS eligible employees (approximately 98 percent) are in the Miscellaneous Tier 1 category and contribute 5 percent of compensation in excess of $513 per month for pension benefits. For employees that fall under the California Public Employees' Pension Reform Act of 2013 (PEPRA), Government Code Sections 7522-7522.74, and with a start date of January 1, 2013 or later, the Miscellaneous Tier 1 contribution rate is currently higher at 6 percent. Per PERPA Section 7522.30, equal sharing of normal costs between public employers and public employees shall be the standard. The standard shall be that employees pay at least 50 percent of "normal costs" determined by an annual actuarial valuation.

Social security (OASDI and Medicare) benefits are funded from employer-paid and employee contributions. The rates for these benefits are established by federal regulations and are currently equally shared by the employer and employees.

The total employer contribution from all funds (i.e., General Fund, CSU Lottery Education Fund, Continuing Education Revenue Fund, and Dormitory Revenue Fund--Housing and Parking) totaled approximately $493,922,000 for CalPERS and $175,993,000 for OASDI and Medicare for the fiscal year ended June 30, 2014. The retirement expenditures for fiscal year ended June 30, 2014 increased as a result of an increase in CalPERS employer-paid rates during 2013-14 and social security expenditures increased slightly due to CSU salary growth during 2013-14. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2014" at Note (12) for fiscal year 2013-14 information.

The size of CalPERS' unfunded pension and other postemployment benefits liability varies from year to year and is affected by various factors, including investment returns, benefit levels, and the number of retirees compared to active employees. In February 2014, the CalPERS Board adopted new assumptions, which included longer post-retirement life expectancy, earlier retirement ages, and higher-than-expected wage growth for public safety officers. The impact of the assumptions changes will be phased over three years, with a 20-year amortization beginning in fiscal year 2014-15. As of June 30, 2014, the overall funded status was about 77 percent based on CalPERS actuarial estimates. The State contributed above the CalPERS recommended contribution rates in 2014-15 to reduce the unfunded pension and other postemployment benefit liability, pursuant to Government Code Section 20683.2.

Further, CSU will experience a slight change in the level of State funded retirement expenses due to the provisions in the State Budget Act for fiscal year 2013-14 to freeze the CSU salary base to the actual fiscal year 2013-14 General Fund pensionable payroll for purposes of calculating annual CalPERS retirement adjustments beginning in fiscal year 2014-15. The CSU administration does not believe that this change will have a material impact on CSU operations, Gross Revenues, or the CSU Board of Trustees' ability to pay the principal of, premium, if any, and interest on Systemwide Revenue Bonds when due. Additional information concerning CalPERS may be found on its website at http://www.calpers.ca.gov.

The State funds the employer-paid cost share of post-retirement healthcare benefits and CSU pays the cost of dental benefits for eligible CSU retirees with retirees covering their applicable cost share. CSU reimburses the

State for the portion of the postretirement healthcare benefits attributable to billable accounts as the CSU has non-State revenue sources. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2014" at Note (12) and Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2014" at Note (8).

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67, Financial Reporting for Pension Plans and GASB Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 67 relates to financial reporting by governmental pension plans, whereas No. 68 relates to accounting and financial reporting by governmental entities with pension plans. As such, GASB Statement No. 68 is applicable to CSU.

GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers and GASB Statement No. 50, Pension Disclosures. It addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts, and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. According to GASB Statement No. 68, CSU, as an agency of the State contributing to CalPERS, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing multiple-employer plan with CalPERS. Application of this proportionate share concept will result in two types of potential changes in employer net pension liability unique to cost-sharing multiple-employer plans: 1) net effect of a change in the employer's proportion of the plan's collective net pension liability and deferred outflows or inflows of resources, and 2) difference between actual employer contributions and the employer's proportionate share of collective employer contributions recognized as a deferred outflow or inflow of resources in the period of difference. GASB Statement No. 68 is effective for CSU beginning with the fiscal year ending June 30, 2015. An initial assessment of the impact of GASB Statement No. 68 on CSU's audited financial statements in preliminary form is expected to be made in late July 2015. However, like many public employers, although not yet quantified, the CSU expects that implementation is likely to result in a significant pension liability and related expense in the CSU financial statements, possibly causing a negative balance in Unrestricted Net Position and a corresponding reduction in the net position of the Systemwide Revenue Bond Program. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2014" at Note (2(c)) and Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2014" at Note (1(o)).

APPENDIX B

INFORMATION REGARDING THE CAMPUSES OF THE CALIFORNIA STATE UNIVERSITY

California State University, Bakersfield

California State University, Bakersfield was founded in 1965 and in September 1970 became the nineteenth campus of the California State University system. The campus consists of four academic schools: Arts and Humanities; Business and Public Administration; Natural Sciences, Mathematics and Engineering; Social Sciences and Education.

California State University, Channel Islands

California State University Channel Islands opened its doors in Fall 2002 as the 23rd and newest campus of the CSU system. The campus consists of three schools: Arts and Sciences; Business and Economics; and Education.

California State University, Chico

California State University, Chico began in 1887 as the northern branch of the California State Normal School (a network of two-year preparatory schools for teachers). Since then it has progressed from an independent normal to a state teachers college in 1921; a state college in 1935; and finally into California State University, Chico in 1972. The campus is composed of seven colleges: Agriculture; Behavioral and Social Sciences; Business; Communication and Education; Engineering, Computer Science, and Construction Management; Humanities and Fine Arts; and Natural Sciences.

California State University, Dominguez Hills

Established by the State Legislature in 1960, the California State University, Dominguez Hills opened its doors as the California State College at Palos Verdes in 1965. The following year, the college moved to the City of Carson and was renamed California State College, Dominguez Hills. The campus is organized into five colleges: Arts and Humanities; Business Administration and Public Policy; Education; Natural and Behavioral Sciences; and Health, Human Services and Nursing.

California State University, East Bay

California State University, East Bay was established by the State Legislature in 1957 and opened its doors to its first students in 1959 as the State College for Alameda County. The campus moved to its Hayward site in 1963, becoming California State College at Hayward in 1964. The campus received university status in 1972 and was renamed California State University, Hayward. In 2005, it was renamed California State University, East Bay. The campus is organized into four academic colleges: Letters, Arts, and Social Sciences; Business and Economics; Education and Allied Studies; and Science.

California State University, Fresno

Established in 1911, California State University, Fresno is located in the heart of the State, which makes it convenient to all major points in California. The campus consists of six colleges—Agricultural Sciences and Technology; Arts and Humanities; Engineering; Health and Human Services; Science and Mathematics; and Social Sciences—and two schools—Business; and Education and Human Development.

California State University, Fullerton

California State University, Fullerton was established by legislation enacted in 1957. The campus is located in north Orange County and has eight colleges: Arts; Communications; Education; Engineering and Computer Science; Health and Human Development; Humanities and Social Sciences; Natural Sciences and Mathematics; and the Mihaylo College of Business and Economics.

Humboldt State University

Humboldt State University, the northernmost campus of the California State University system, was established in 1913 as a normal school and became Humboldt State Teacher's College and Junior College in 1921. In 1935, the campus name was changed to Humboldt State College and in 1974 it became Humboldt State University. The campus is comprised of three colleges: Arts, Humanities, and Social Sciences; Natural Resources and Sciences; and Professional Studies.

California State University, Long Beach

California State University, Long Beach first began instruction in September 1949. In 1950, the campus moved to its present site donated to the State by the City of Long Beach and in 1972 was named CSU, Long Beach. The campus is organized into seven colleges: Arts; Business Administration; Education; Engineering; Health and Human Services; Liberal Arts; and Natural Sciences and Mathematics.

California State University, Los Angeles

Los Angeles State College was founded by an act of the State Legislature in July 1947. In 1955, the campus broke ground on its current site and officially became California State University, Los Angeles in 1972. California State University, Los Angeles is organized into six colleges: Arts and Letters; Business and Economics; Education; Engineering, Computer Science, and Technology; Health and Human Services; and Natural and Social Sciences.

California Maritime Academy

Established by the State legislature in 1929 as the California Nautical School, the California Maritime Academy became an independent state institution of higher education in 1972. While continuing its role in the preparation of students for the maritime industry, it joined CSU as a campus in 1995. Maritime offers six majors leading to Bachelor of Science degrees in Business Administration / International Business and Logistics; Facilities Engineering Technology; Marine Engineering Technology; Marine Transportation; Mechanical Engineering; and a Bachelor of Arts degree in Global Studies and Maritime Affairs.

California State University, Monterey Bay

In 1994, a plan to convert former military base Fort Ord into a university was passed and a year later California State University, Monterey Bay admitted its first students. The campus consists of six colleges: Arts, Humanities and Social Sciences; Business; Education; Health Sciences and Human Services; and Science, Media Arts and Technology.

California State University, Northridge

Created in 1956 as the San Fernando Valley Campus of Los Angeles State College of Applied Arts and Sciences, the campus separated from its parent institution on July 1, 1958, as San Fernando Valley State College. By action of the State Legislature, the Governor, and the Board of Trustees, the campus became California State University, Northridge, in 1972. It is composed of eight colleges: Arts, Media, and Communication; Business and Economics; Education; Engineering and Computer Science; Health and Human Development; Humanities; Science and Mathematics; and Social and Behavioral Sciences.

California State Polytechnic University, Pomona

California State Polytechnic University, Pomona opened in 1938 as the Voorhis Unit of the California State Polytechnic College. In 1949, cereal magnate W.K. Kellogg deeded 813 acres of land located three miles south of the Voorhis campus to the State of California. In 1956, the campus community moved to the Kellogg Ranch campus. In 1966, Cal Poly Pomona separated from the San Luis Obispo campus to become California's sixteenth state college. University status was granted in 1972. Cal Poly Pomona comprises eight colleges: Agriculture; Business Administration; Engineering; Environmental Design; Letters, Arts, and Social Sciences; Science; Education and Integrative Studies; and Hospitality Management.

California State University, Sacramento

California State University, Sacramento was founded in 1947 and, shortly thereafter, moved to the southwest bank of the American River, to better serve its region and be close to the State Capitol. The campus is organized into seven colleges: Arts and Letters; Natural Sciences and Mathematics; Social Sciences and Interdisciplinary Studies; Business Administration; Education; Engineering and Computer Science; and Health and Human Services.

California State University, San Bernardino

In 1960, the State Legislature authorized the establishment of the State College for San Bernardino and Riverside counties. The San Bernardino campus opened in 1965. In 1984 the campus earned university status, and became CSU, San Bernardino. The campus is composed of five academic colleges: Arts and Letters; Business and Public Administration; Education; Natural Sciences; and Social and Behavioral Sciences.

San Diego State University

Established in 1897 as a normal school, San Diego State University was temporarily quartered in downtown San Diego while its campus site was under construction north of Balboa Park. The normal school was reorganized as a four-year state teachers college in 1921 and moved to its present site ten years later. In 1935, the name was changed to San Diego State College. University status was achieved in 1972, and the campus was renamed San Diego State University in 1974. The campus is composed of seven academic colleges: Arts and Letters; Business Administration; Education; Engineering; Health and Human Services; Professional Studies and Fine Arts; and Sciences.

San Francisco State University

Founded in 1899 as San Francisco State Normal School and renamed San Francisco State Teachers College in 1921, the campus was granted full university status in 1972, and the name San Francisco State University was authorized in 1974. The campus has six colleges: Business; Education; Ethnic Studies; Health and Social Sciences; Liberal and Creative Arts; and Science and Engineering.

San José State University

Founded in 1857, San José State is the oldest public institution of higher education on the West Coast. San José State began as Minns' Evening Normal School in San Francisco in 1857 and became a state school — the California Normal School —by the State Legislature in 1862. After several changes to the name, the present name San José State University was adopted through legislation in 1974. The campus is comprised of seven colleges: Applied Sciences and Arts; Business; Education; Engineering; Humanities and the Arts; Science; and Social Sciences.

California Polytechnic State University, San Luis Obispo

California Polytechnic State University, San Luis Obispo was established in 1901 by the State Legislature as a school at San Luis Obispo to provide practical instruction in many technical fields. The first classes met October 1, 1903. The campus is comprised of six colleges: Agriculture, Food and Environmental Sciences; Architecture and Environmental Design; Engineering; Liberal Arts; Science and Mathematics; and the Orfalea College of Business.

California State University, San Marcos

California State University, San Marcos was established in 1989 as the twentieth campus of the California State University system. The campus is composed of four colleges: Business Administration; Science and Mathematics; Humanities, Arts, Behavioral and Social Sciences; and Education, Health and Human Services.

Sonoma State University

Sonoma State University, established by the State Legislature in 1960, first opened in 1961 in temporary facilities located in Rohnert Park. The move to its permanent campus site took place in 1966. The campus is organized into five schools: Arts and Humanities; Business and Economics; Education; Science and Technology; and Social Sciences.

California State University, Stanislaus

California State University, Stanislaus was established by the State Legislature in 1957 and first offered classes in September of 1960 in temporary quarters at the Stanislaus County Fairgrounds in Turlock. The campus moved to its permanent site in Turlock in 1965. The campus is organized into four colleges: Arts, Humanities and Social Sciences; Business Administration; Education; and Science.

APPENDIX C-1

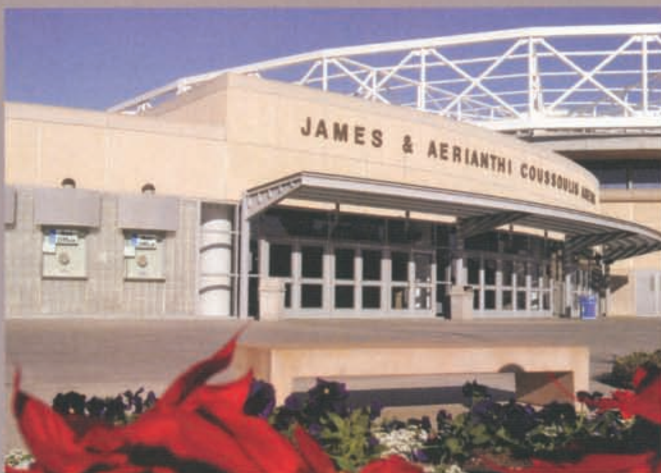
AUDITED FINANCIAL STATEMENTS

OF THE CALIFORNIA STATE UNIVERSITY

AS OF JUNE 30, 2014

[THIS PAGE INTENTIONALLY LEFT BLANK]

CSU The California State University



CSU SAN BERNARDINO


CSU CHICO

FINANCIAL STATEMENTS

JUNE 30, 2014


CSU SACRAMENTO


CSU MONTEREY BAY


CSU NORTHRIDGE

Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay
Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy
Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego
San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

The California State University is a remarkable institution that is comprised of 23 campuses offering an outstanding education to 438,157 students in College Year 2013-14. As the nation's largest university, it has become the economic engine for California; creating jobs, companies, and innovation. The majority of California's leaders and policymakers received their degrees from one of the 23 campuses of the California State University.

The investment of tax dollars into the California State University is the best investment Californians can make in their future. For every $1 invested in the California State University, $5.43 is invested by the University back into California's economy. And that investment keeps California competitive with the rest of the world, as well as contributes to the nation's economy and security.

For this reason, California needs to look carefully at how it invests its precious resources in the future of the State and its citizens. Additional investments in the California State University will increase access to an excellent education for many additional students and provide the necessary facilities for their studies.

I am happy to say that the California State University's financial position is very strong, and the new financial authority granted to the University by the State will allow us to optimally use our resources for our highest priorities. While we continue to increase our enrollment capacity, the demand for admission to our campuses continues to increase at a much higher rate.

The campuses and University system are working hard to improve and streamline our operations so that we can best serve the academic enterprise. We are investing in innovative new ways to provide students with tools to shorten the time it takes to get their degree, and provide faculty with the resources they need to be successful.

Our commitment to the people of California is to build on the foundation of a great University; to increase access to a high-quality education, and to help solve the State's greatest challenges in the years ahead.

Steve Relyea
Executive Vice Chancellor, CFO
The California State University

CSU The California State University

CALIFORNIA STATE UNIVERSITY

Table of Contents

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

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California (the State), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audit. We did not audit the financial statements of 90 of the 92 aggregate discretely presented component units, which statements reflect total assets constituting 91.2% and total revenues constituting 94.2% of the aggregate discretely presented totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 90 discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit 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 opinions.

KPMG

Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the California State University, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of the University'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 University's internal control over financial reporting and compliance.

KPMG LLP

October 15, 2014

The following discussion and analysis provides an overview of the financial position and performance of the California State University as of and for the year ended June 30, 2014, including 23 campuses and the Office of the Chancellor (together referred to as the University), and 92 discretely presented component units (primarily recognized auxiliary organizations). The discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The financial statements of the University as of and for the year ended June 30, 2014 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

Financial Statements

This discussion and analysis is intended to serve as an introduction to the University's financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all sources of revenue, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

The Statement of Net Position is the University's balance sheet. It presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these four are reported as net position (equity). Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally reported at their book value, except investments, which are reported at their fair market value. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the University.

The University's net position is classified into three categories:

- Net investment in capital assets
- Restricted
- Unrestricted

Changes from one year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB Statement No. 35 reporting model

(Continued)

requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year. This statement is prepared using the direct method of cash flows. The statement breaks out the sources and uses of the University's cash and cash equivalents into four categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

The University's routine activities appear in the operating and noncapital financing categories. Capital and related financing sources include debt proceeds, state capital appropriations, capital grants and gifts, proceeds from sale of capital assets, principal and interest payments received on capital leases, and notes receivable. Within the capital and related financing activities, uses of funds consist of acquisition of capital assets, debt repayments, and issuance of notes receivable. Sales and purchases of investments are part of investing activities.

The Statement of Cash Flows for the discretely presented component units is not included in the University's financial statements.

Financial Highlights

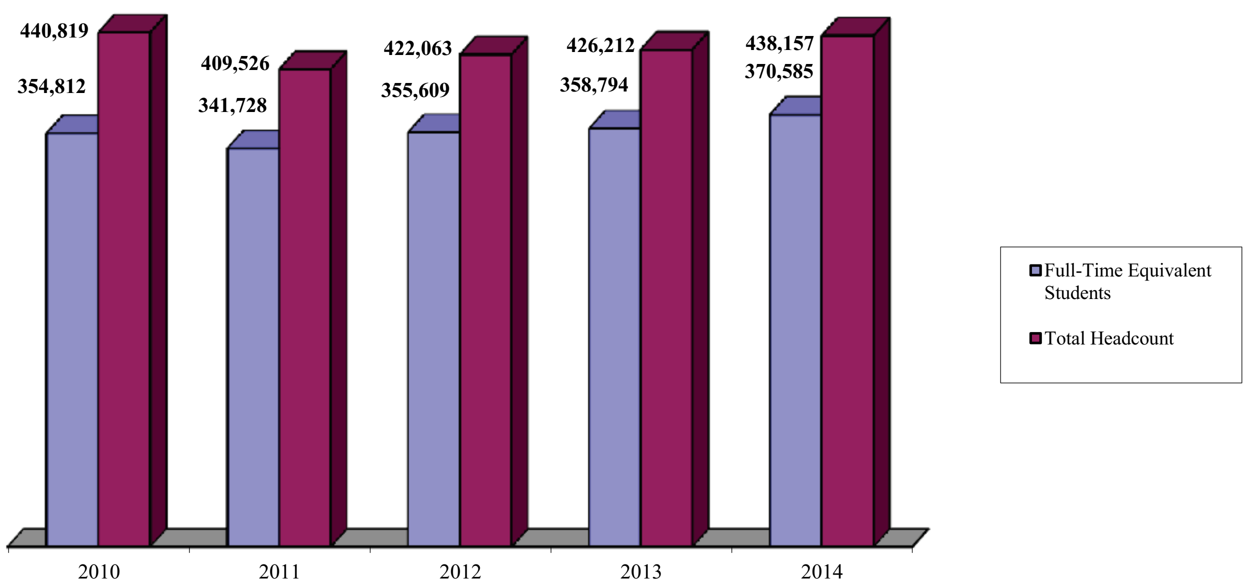
The noncapital state appropriation for the University in fiscal year 2014 was $2.35 billion, $277.3 million higher than in fiscal year 2013. This increase consists of $125.0 million to restore the University's revenue loss from the fiscal year 2013 tuition fee rollback, $125.0 million increase in general noncapital operating budget support, and $27.3 million for other items.

The student tuition fee revenues increased by $42.0 million in fiscal year 2014, mainly due to student enrollment growth. Headcount enrollment increased from 426,212 in fiscal year 2013 to 438,157 in fiscal year 2014, as reflected in the chart on the following page. At the same time, Full-Time Equivalent Students increased from 358,794 in fiscal year 2013 to 370,585 in fiscal year 2014.

(Continued)

The following chart displays the University's historical enrollment data by fiscal year:

Enrollment



Financial Analysis

The following sections provide additional details on the University's financial position and activities for fiscal years 2014 and 2013 and a look ahead at economic conditions that are expected to affect the University in the future:

I. Condensed Schedules of Net Position

II. Condensed Schedules of Revenues, Expenses, and Changes in Net Position

I. Condensed Schedules of Net Position

	University 2014	University 2013	Discretely Presented Component Units 2014	Discretely Presented Component Units 2013
	(In thousands)			
Current assets	$ 3,125,495	2,862,724	1,227,635	1,065,568
Capital assets, net	7,820,312	7,689,116	811,405	796,835
Other noncurrent assets	1,435,131	1,568,821	2,077,887	1,869,282
Total assets	12,380,938	12,120,661	4,116,927	3,731,685
Deferred outflows of resources	45,426	32,020	5,204	5,071
Current liabilities	1,294,577	1,073,707	479,949	352,489
Noncurrent liabilities	5,388,743	5,395,972	1,019,365	1,059,656
Total liabilities	6,683,320	6,469,679	1,499,314	1,412,145
Deferred inflows of resources	—	—	1,561	2,481
Net position:				
Net investment in capital assets	3,625,543	3,693,066	181,825	182,928
Restricted:				
Nonexpendable	16,218	20,627	924,853	847,651
Expendable	114,485	87,510	906,097	759,064
Unrestricted	1,986,798	1,881,799	608,481	532,487
Total net position	$ 5,743,044	5,683,002	2,621,256	2,322,130

Current and Other Noncurrent Assets

Current and other noncurrent assets are assets that are not capital assets and are used to meet current and noncurrent obligations. These assets consist of cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, notes receivable, leases receivable, student loans receivable, pledges receivable, prepaid expenses, and other assets.

The total current and other noncurrent assets of $4.56 billion for the University represents an increase of $129.1 million compared to $4.43 billion in fiscal year 2013. Investments represent 70.4% of the total current and other noncurrent assets. The University invests its funds mainly through the California State University (CSU) Consolidated Investment Pool whose objective is to maximize current income while preserving and prioritizing asset safety and liquidity. In addition, funds are invested in Surplus Money Investment Fund (SMIF), which is managed by the State Treasurer to invest funds in a short-term pool. The total investment increased by $168.3 million due to an overall increase in operating resources provided by the State of California (the State) through noncapital appropriation as previously discussed.

The other major factors contributing to the increase in current and other noncurrent assets include the $23.0 million increase in notes receivable. Majority of the net increase in notes receivable are the proceeds from the issuance of new Bond Anticipation Notes (BAN) loaned to certain discretely presented component units amounting to $46.7 million and collection of $22.0 million during the year. The other assets increased by $18.2 million mainly due to the new construction reserve funds held by the State Public Works Board (SPWB) in connection with the new capital leases under the SPWB Lease Revenue Bonds Program. These increases were offset by the $70.6 million decrease in accounts receivable, which is mainly due to collection of funds from the State utilized for operations and capital related projects including those under the SPWB Lease Revenue Bonds Program. These are offset by the net decrease of $9.8 million in other items.

Current and other noncurrent assets for the discretely presented component units increased by $370.7 million mainly due to $265.8 million increase in gifts and contributions to endowments managed mostly by Foundations. The endowment investments are mostly given to and managed by the discretely presented component units to maximize the return on these investments. The accounts receivable also increased by $85.7 million due to issuance of BANs by the California State University Institute, which increased its accounts receivable by $122.0 million and offset by net decrease of $36.3 million on receivables of the other discretely presented component units. The cash and cash equivalents increased by $28.7 million increase, which is attributable to increase in gifts noncapital. These are offset by the net decrease of $9.5 million in other items.

Capital Assets, Net

The University's capital assets, net of accumulated depreciation and amortization, as of June 30, 2014 and 2013, comprise the following:

		2014	2013
		(In thousands)	
Land and land improvements	$	261,990	256,976
Buildings and building improvements		6,028,032	5,823,857
Improvements other than buildings		167,728	166,195
Infrastructure		583,453	587,858
Equipment		210,875	202,809
Library books and materials		37,163	39,196
Works of art and historical treasures		30,341	28,697
Intangible assets		31,426	29,551
Construction work in progress		469,304	553,977
Total	$	7,820,312	7,689,116

Total capital assets, net of accumulated depreciation and amortization, increased by $131.2 million during fiscal year 2014 as a result of additions on various capital projects including the following:

- Completion of the $119.0 million San Luis Obispo Center for Science
- Completion of the $102.4 million San Diego Aztec Center Student Union
- Completion of the $62.3 million Sonoma Student Center

- Construction in progress on the $89.0 million San Jose Student Union Expansion and Renovation
- Construction in progress on the $63.1 million San Diego Storm/Nasatir Halls Renovation
- Construction in progress on the $63.8 million San Jose Spartan Complex Renovation
- Construction in progress on the $56.6 million Pomona Recreation Center

Deferred Outflows of Resources

Deferred outflows of resources are consumption of net assets that is applicable to a future reporting period, which has a positive effect on the net position. The University's deferred outflows of resources consist of unamortized loss on debt refunding in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective as of June 30, 2013. The unamortized loss on debt refunding increased by $13.4 million from $32.0 million in fiscal year 2013 to $45.4 million in fiscal year 2014, mainly due to the partial refunding of Systemwide Revenue Bonds Series 2005A and 2005C through the issuance of Series 2013A in July 2013 amounting to $18.3 million offset by the current year amortization.

Current and Noncurrent Liabilities

Current liabilities (liabilities due within one year) and noncurrent liabilities (liabilities due in more than one year) include accounts payable, accrued salaries and benefits, accrued compensated absences, unearned revenues, grants refundable, capitalized lease obligations, long-term debt obligations, claims liability for losses and loss adjustment expenses, depository accounts, other postemployment benefit obligations, and other liabilities.

Current and noncurrent liabilities of $6.68 billion for the University represent an increase of $213.6 million compared to $6.47 billion in fiscal year 2013. This is mainly due to the $104.6 million increase in capitalized lease obligation related to the SPWB and $58.4 million increase in long-term debt from issuance of BANs. Other major factors include the $48.0 million increase in other postemployment benefits obligations allocated from the State, $31.3 million combined increase in accrued salaries and benefits and accrued compensated balance due to increase in salary and benefit rates, $11.9 million in unearned revenues due to the increase in student enrollment, offset by $40.6 million decrease mainly in other liabilities for future obligations related to SPWB.

Current and other noncurrent liabilities for the discretely presented component units increased by $87.2 million mainly due to $94.7 million increase in long-term debt obligations, $12.2 million increase in claims liability for losses and loss adjustment expenses, $13.1 million increase in capitalized lease obligations and offset by $27.0 million in other liabilities, and $5.8 million net decrease in other items.

(Continued)

Long-Term Debt Obligations

The University's long-term debt obligations are summarized as follows:

		2014	2013
		(In thousands)	
Systemwide Revenue Bonds	$	3,507,043	3,604,708
Bond Anticipation Notes		168,511	27,055
Other		72,898	80,352
Total		3,748,452	3,712,115
Unamortized bond net premium		156,073	133,989
Total long-term debt obligations		3,904,525	3,846,104
Less current portion		(260,601)	(98,747)
Long-term debt obligations, net of current portion	$	3,643,924	3,747,357

The University's total long-term debt obligations increased by $58.4 million in fiscal year 2014, mainly due to the issuance of Systemwide Revenue Bonds Series 2013A of $351.0 million, issuance of Bond Anticipation Notes of $153.3 million to finance capital related projects, new debt of $5.3 million, which were offset by the $323.1 million advance debt refunding of Systemwide Revenue Bonds Series 2005A and 2005C, $114.0 million debt repayment, and $14.1 million amortization of bond premium.

The table above does not include the University's capitalized lease obligations. Capitalized lease obligations for the University increased by $104.6 million in fiscal year 2014, consisting primarily of new capital lease obligations of $174.9 million with the SPWB, offset by current year repayments and amortization of premium.

In addition, the State General Obligation Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and thus is not recorded in the University's financial statements. The total General Obligation Bond debt carried by the State related to University projects at June 30, 2014 and 2013 is approximately $2.60 billion.

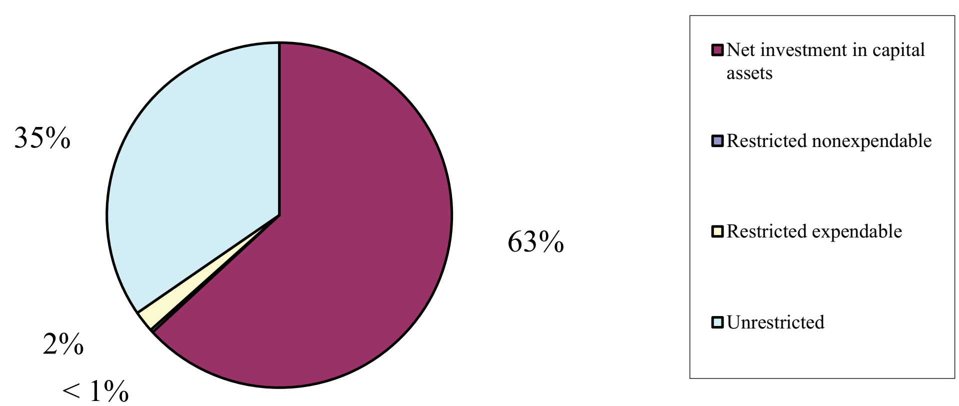
No fundamental changes occurred in the revenues and expenditures of the revenue bond programs during fiscal year 2014. Repayment of specific programmatic revenue bonds is legally limited to the sources of revenue from operations of the projects including specific mandatory fees pledged to the revenue bond programs. For the Systemwide Revenue Bonds, revenues pledged generally include student housing fees, parking fees, student union fees, health center facilities fees, and continuing education fees, as well as other revenues designated by the Trustees for inclusion in the Systemwide Revenue Bonds program.

Moody's Investors Service currently provides an intrinsic rating of Aa2, with a stable outlook, for the Systemwide Revenue Bonds. Standard & Poor's Ratings Services currently provides an intrinsic rating of AA-, with a positive outlook, for the Systemwide Revenue Bonds. With the exception of certain maturities of Series 2008A, and Series 2009A, and all maturities of Series 2010A, Series 2010B, Series 2011A, Series 2012A, Series 2012B, and Series 2013A, all Systemwide Revenue Bonds are insured. Since the middle of fiscal year 2008, some providers of insurance for Systemwide Revenue Bonds have been downgraded to ratings below Aaa/AAA. Those bonds that are uninsured bear the intrinsic ratings of the Systemwide Revenue Bonds, which are Aa2 from the Moody's Investors Service and AA- from the Standard & Poor's Ratings Services.

Net Position

As noted earlier, net position may serve over time as a useful indicator of the University's financial position. As of June 30, 2014, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5.74 billion for the University, an increase of $60.0 million from prior year.

University Net Position
June 30, 2014



Total Net Position: $5,743,044,000

Net investment in capital assets

The net position category "Net investment in capital assets" represents the University's capital assets, net of accumulated depreciation, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The University uses these capital assets in its day-to-day operations. This category is the largest portion of the University's net position year-over-year. The net investment in capital assets decreased by $67.5 million as a result of depreciation of capital assets at a faster rate than repayment of the long-term debt.

Restricted

Restricted net position has constraints on its use that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for specific purposes. Such restrictions are primarily related to endowments, scholarships, capital projects, loans, and debt service funds. The restricted net position category consists of two subcategories: "Restricted nonexpendable" and "Restricted expendable."

i. Restricted nonexpendable

The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. Generally speaking, the University's foundations, which are discretely presented component units, hold the significant majority of the University-related endowments. In the current year, there was no significant change in the University's restricted nonexpendable net position.

ii. Restricted expendable

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. Such restrictions are primarily related to scholarships, capital projects, loans, and debt service funds. In the current year, there was no significant change in the University's restricted expendable net position.

Unrestricted

The unrestricted net position represents all other net resources available to the University for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated for specific programs or projects related to certain revenue sources, as further explained in the following paragraphs. The unrestricted net position for the University increased by $105.0 million to $1.99 billion as of June 30, 2014, which consists of $1.30 billion designated resources from various funds and $691.0 million undesignated resources mainly from the operating fund. The undesignated resources provide a prudent reserve for contingencies, such as the uncertain direction of future state appropriations, as well as the effects of an uncertain economic environment.

Within the unrestricted net position category, the designated resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities. For example, students pay fees including Housing and Parking fees, campus activities fees, all of which are to be used for specific designated purposes as described in the Education Code. The University also has certain designated resources that represent amounts pledged to support the Systemwide Revenue Bonds program.

Of the $1.30 billion in designated unrestricted net position, approximately 62.7% was designated for supporting enterprise activities (i.e., Continuing Education, Housing, Parking, and Student Union), 12.3% was designated for campus-based projects or programs, and 10.6% was designated for special capital projects. The remaining 14.4% was designated for supporting activities related to education, financial aid, and other programs.

(Continued)

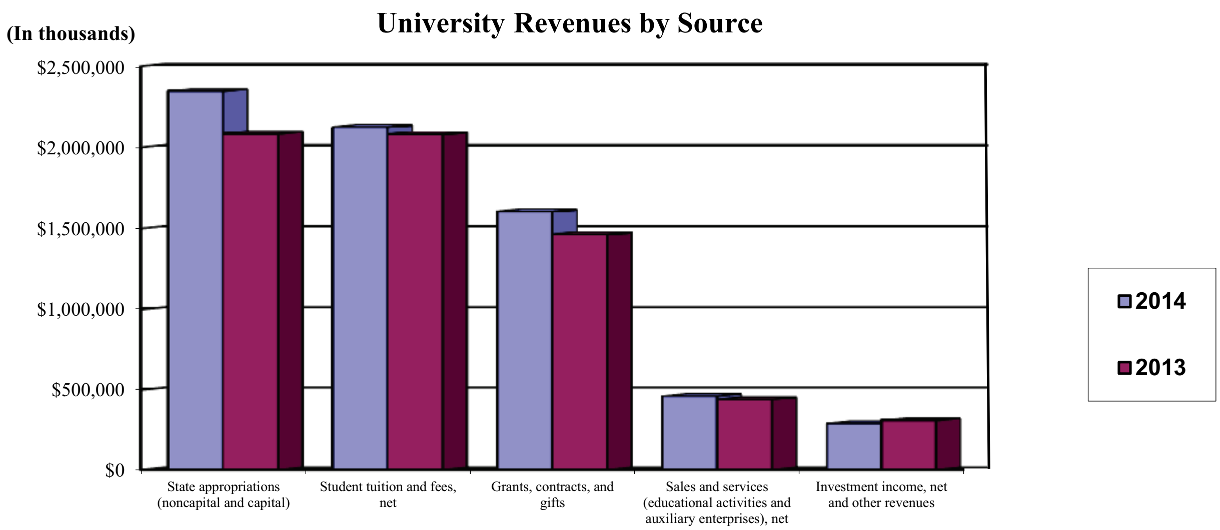
II. Condensed Schedules of Revenues, Expenses, and Changes in Net Position

	University		Discretely presented component units	
	2014	2013	2014	2013
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	$ 2,123,212	2,081,251	170,703	185,213
Grants and contracts, noncapital	73,343	91,361	475,835	476,416
Sales and services of educational activities	42,227	35,355	34,458	28,595
Sales and services of auxiliary enterprises, net	416,300	402,626	476,237	459,091
Other operating revenues	178,657	187,155	233,327	228,771
Total operating revenues	2,833,739	2,797,748	1,390,560	1,378,086
Operating expenses	6,534,506	6,208,408	1,509,773	1,490,919
Operating loss	(3,700,767)	(3,410,660)	(119,213)	(112,833)
Nonoperating revenues (expenses):				
State appropriations, noncapital	2,345,755	2,068,465	—	—
Federal financial aid grants, noncapital	885,327	810,838	1,198	1,541
State financial aid grants, noncapital	521,796	437,517	1,310	1,333
Local financial aid grants, noncapital	—	—	269	233
Nongovernmental and other financial aid grants, noncapital	34,784	30,831	325	172
Other federal nonoperating grants, noncapital	3,925	3,326	—	—
Gifts, noncapital	39,636	47,861	182,424	168,392
Investment income, net	43,610	41,522	94,335	59,102
Endowment income, net	86	129	136,027	85,241
Interest expense	(226,268)	(244,187)	(27,047)	(29,547)
Other nonoperating revenues (expenses)	66,417	79,702	(19,858)	(26,420)
Net nonoperating revenues	3,715,068	3,276,004	368,983	260,047
Income (loss) before other revenues and expenses	14,301	(134,656)	249,770	147,214

	University		Discretely presented component units	
	2014	2013	2014	2013
	(In thousands)			
State appropriations, capital	$ 1,896	16,983	—	—
Grants and gifts, capital	45,728	40,832	8,166	17,021
Additions (reductions) to permanent endowments	(1,883)	(576)	47,392	56,211
Change in net position	60,042	(77,417)	305,328	220,446
Net position – beginning of year, as previously reported	5,683,002	5,818,777	2,322,130	2,050,840
Restatements	—	(58,358)	(6,202)	50,844
Net position – beginning of year, as restated	5,683,002	5,760,419	2,315,928	2,101,684
Net position – end of year	$ 5,743,044	5,683,002	2,621,256	2,322,130

Revenues (Operating and Nonoperating)

The following chart displays the components of the University's revenues for fiscal years 2014 and 2013:



		2014	Percentage of total	2013	Percentage of total
		(In thousands)		(In thousands)	
State appropriations (noncapital and capital)	$	2,347,651	34.4%	2,085,448	32.7%
Student tuition and fees, net		2,123,212	31.1	2,081,251	32.7
Grants, contracts, and gifts		1,602,656	23.5	1,461,990	22.9
Sales and services (educational activities and auxiliary enterprises), net		458,527	6.7	437,981	6.9
Investment income, net and other revenues		288,770	4.3	308,508	4.8
Total revenues (operating and nonoperating)	$	6,820,816	100.0%	6,375,178	100.0%

The two largest components of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 65.5% of the University's revenues in fiscal year 2014. State appropriations are received for both noncapital and capital purposes. Noncapital appropriations increased by $277.3 million, or 13.4%, from $2.07 billion to $2.35 billion in the current year. Capital appropriations decreased by $15.1 million, or 88.8%, from $17.0 million to $1.9 million in the current year. The student tuition and fees net of scholarship and allowances, increased by $42.0 million, or 2.0%, mainly due to increase in overall student enrollment.

A significant portion of the University's grants, contracts and gifts revenue is managed through its discretely presented component units. Of the total reporting entity's grants, contracts and gifts revenue (before elimination) of $2.32 billion, 30.9% is managed by these related entities. Grants, contracts, and gifts revenue for the University have increased $140.7 million or 9.6% in the current year.

Auxiliary enterprise operations such as student housing may be run by the University or by the discretely presented component units depending on the campus, whereas student unions are run by the discretely presented component units. There was no significant change in sales and services of auxiliary enterprises revenue for the total reporting entity (either the University or the discretely presented component units) in the current fiscal year.

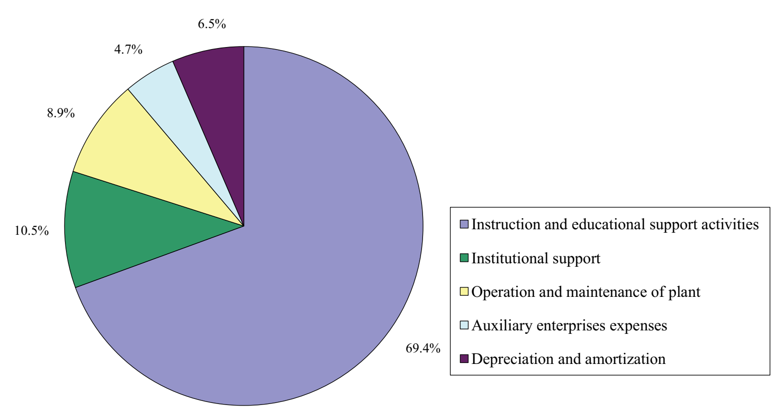
Investment income, net and other revenues for the University, which consists of investment income, endowment income, other operating revenues, and other nonoperating revenues, decreased by $19.7 million to $288.8 million in the current year. The decrease was primarily due to a decrease of $13.3 million in other nonoperating revenues and $8.5 million decrease in other operating revenues, offset by an increase of $2.1 million in investment income, net, in the current year.

The University's investment portfolio consists primarily of investments held in the State of California SMIF and the CSU Consolidated Investment Pool. The University's strategy is to continue in investing in securities with low interest rates and short maturities.

Operating Expenses

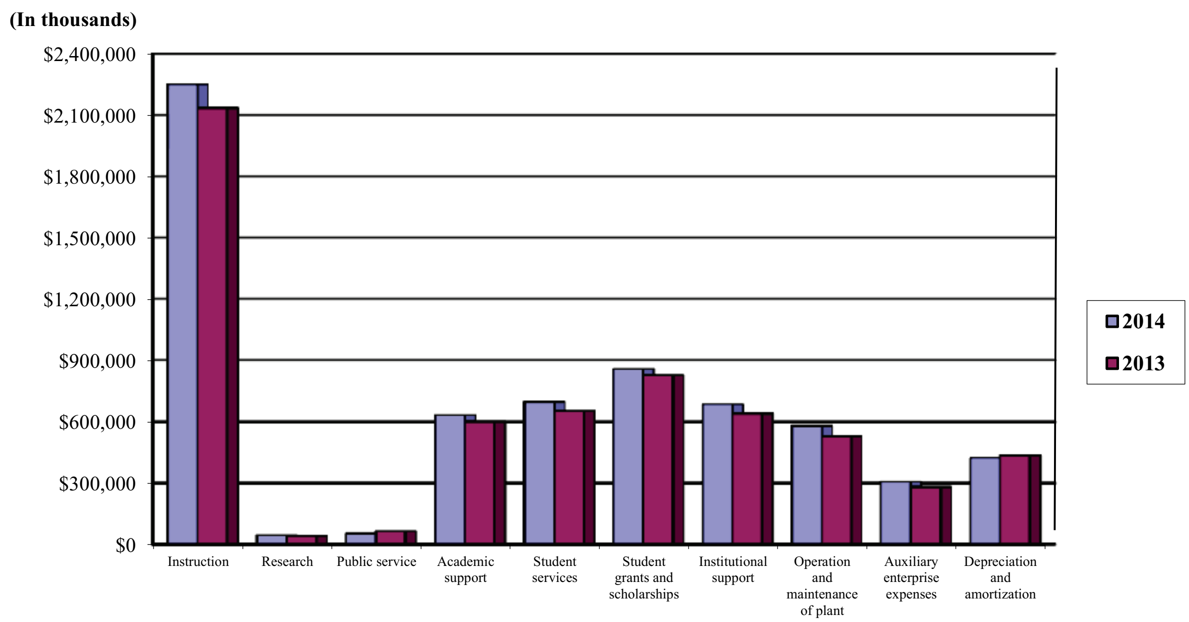
When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, total instruction and educational support activities account for 69.4% of the total operating expenses of the University as shown below:

	2014	Percentage of total
	(In thousands)	
Instruction	$ 2,250,218	34.4%
Research	45,306	0.7
Public service	53,834	0.8
Academic support	632,081	9.7
Student services	697,481	10.7
Student grants and scholarships	857,856	13.1
Total instruction and educational support activities	4,536,776	69.4
Institutional support	686,059	10.5
Operation and maintenance of plant	580,449	8.9
Auxiliary enterprises expenses	307,425	4.7
Depreciation and amortization	423,797	6.5
Total operating expenses	$ 6,534,506	100.0%



Total operating expenses for the University increased by $326.1 million in the current year. The increase was a result of primarily the increase in employees' salaries, employees' and retirees' benefit costs, and insurance premiums resulting in an increase of $116.9 million in instruction expenses, $30.9 million in academic support, $44.3 million in student services, and $45.6 million in institutional support. Other factors included increases in auxiliary enterprise expenses due to housing and parking lot improvements of $26.1 million, student grants and scholarships of $30.9 million, maintenance and repair expenses of $51.7 million, $11.7 million decrease in depreciation and amortization, and $8.6 million net decrease in other items. These increases were offset by overall cost reductions measures in various functional categories. The chart below displays the University's operating expenses by program for fiscal years 2014 and 2013:

University Operating Expenses by Program



Factors Impacting Future Periods

State Budget Act for Fiscal Year 2015

The State Budget Act for fiscal year 2015, approved by the Governor on June 20, 2014, resulted in noncapital state appropriation of $2.7 billion, which represents an increase of $350.0 million over the fiscal year 2014 enacted budget. This increase consists of $197 million to pay the cost of General Obligation bond debt service attributable to the University's capital projects, another $142.7 million increase in general noncapital operating budget support, and $10 million for increased new SPWB capitalized lease bond payments and other items. The University also projects student tuition and fee revenues to increase by $41.6 million in fiscal year 2015 primarily due to student enrollment growth.

In June 2014, the State enacted legislation that granted additional capital financing authorities to the University. These new authorities include the ability to pledge the University's annual general fund support appropriation, less the amount of that appropriation required to meet State general obligation bond payments and SPWB capitalized lease payments, to secure the payment of debt obligations issued by the University pursuant to the State University Revenue Bond Act of 1947 (Act). No more than 12 percent of the University's annual general fund support appropriation, less the amount of that appropriation that is required to fund State General Obligation bond payments and SPWB capitalized lease payments, may be used for debt service for, or to directly fund, certain capital expenditures. These new authorities also allow the University to pledge any other revenues that the University chooses to pledge to secure the payment of debt obligations issued by the University pursuant to the Act and provide flexibility to utilize these new authorities through the Systemwide Revenue Bond program. The University is still evaluating the new authorities and has taken no action to utilize them.

New Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the University's fiscal year beginning July 1, 2014. This Statement revises existing standards for employer financial statements relating to measuring and reporting pension liabilities for pension plans provided by the University to its employees. The Statement requires recognition of a liability in the University's financial statements equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's net position.

As the University participates with the State of California in California Public Employees' Retirement System (CalPERS), the University is reliant on both CalPERS and the State Controller's Office for determining the effects of implementing this Statement in future financial statements. The University has not yet determined the impact of GASB Statement No. 68 will have on the University's financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Net Position

June 30, 2014

Assets	University	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	$ 4,074,000	228,831,000	232,905,000
Short-term investments	2,855,578,000	576,288,000	3,431,866,000
Accounts receivable, net	144,726,000	336,804,000	481,530,000
Leases receivable, current portion	11,442,000	2,559,000	14,001,000
Notes receivable, current portion	51,319,000	3,225,000	54,544,000
Pledges receivable, net	240,000	48,009,000	48,249,000
Prepaid expenses and other assets	58,116,000	31,919,000	90,035,000
Total current assets	3,125,495,000	1,227,635,000	4,353,130,000
Noncurrent assets:			
Restricted cash and cash equivalents	90,000	26,725,000	26,815,000
Accounts receivable, net	298,608,000	41,382,000	339,990,000
Leases receivable, net of current portion	358,915,000	67,946,000	426,861,000
Notes receivable, net of current portion	249,367,000	24,985,000	274,352,000
Student loans receivable, net	88,251,000	1,229,000	89,480,000
Pledges receivable, net	960,000	101,701,000	102,661,000
Endowment investments	16,218,000	1,273,389,000	1,289,607,000
Other long-term investments	340,935,000	498,285,000	839,220,000
Capital assets, net	7,820,312,000	811,405,000	8,631,717,000
Other assets	81,787,000	42,245,000	124,032,000
Total noncurrent assets	9,255,443,000	2,889,292,000	12,144,735,000
Total assets	12,380,938,000	4,116,927,000	16,497,865,000
Deferred Outflows of Resources			
Deferred outflows of resources	45,426,000	5,204,000	50,630,000
Liabilities			
Current liabilities:			
Accounts payable	195,073,000	81,173,000	276,246,000
Accrued salaries and benefits	297,794,000	23,532,000	321,326,000
Accrued compensated absences, current portion	119,690,000	14,074,000	133,764,000
Unearned revenue	256,641,000	62,110,000	318,751,000
Capitalized lease obligations, current portion	70,042,000	15,906,000	85,948,000
Long-term debt obligations, current portion	260,601,000	172,542,000	433,143,000
Claims liability for losses and loss adjustment expenses, current portion	—	32,971,000	32,971,000
Depository accounts, current portion	7,264,000	12,866,000	20,130,000
Other liabilities	87,472,000	64,775,000	152,247,000
Total current liabilities	1,294,577,000	479,949,000	1,774,526,000
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	98,553,000	3,471,000	102,024,000
Unearned revenue	11,460,000	13,051,000	24,511,000
Grants refundable	93,504,000	6,883,000	100,387,000
Capitalized lease obligations, net of current portion	1,180,232,000	360,020,000	1,540,252,000
Long-term debt obligations, net of current portion	3,643,924,000	400,151,000	4,044,075,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	67,395,000	67,395,000
Depository accounts	2,125,000	13,228,000	15,353,000
Other postemployment benefits obligation	267,013,000	96,293,000	363,306,000
Other liabilities	91,932,000	58,873,000	150,805,000
Total noncurrent liabilities	5,388,743,000	1,019,365,000	6,408,108,000
Total liabilities	6,683,320,000	1,499,314,000	8,182,634,000
Deferred Inflows of Resources			
Deferred inflows of resources	—	1,561,000	1,561,000
Net Position			
Net position:			
Net investment in capital assets	3,625,543,000	181,825,000	3,807,368,000
Restricted for:			
Nonexpendable – endowments	16,218,000	924,853,000	941,071,000
Expendable:			
Scholarships and fellowships	14,671,000	248,176,000	262,847,000
Research	35,000	31,388,000	31,423,000
Loans	14,310,000	1,943,000	16,253,000
Capital projects	64,778,000	40,150,000	104,928,000
Debt service	139,000	9,987,000	10,126,000
Other	20,552,000	574,453,000	595,005,000
Unrestricted	1,986,798,000	608,481,000	2,595,279,000
Total net position	$ 5,743,044,000	2,621,256,000	8,364,300,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014

	University	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of $1,234,193,000)	$ 2,123,212,000	170,703,000	(11,413,000)	2,282,502,000
Grants and contracts, noncapital:				
Federal	42,917,000	329,793,000	(189,000)	372,521,000
State	15,360,000	79,046,000	(13,000)	94,393,000
Local	7,109,000	13,215,000	—	20,324,000
Nongovernmental	7,957,000	53,781,000	(1,602,000)	60,136,000
Sales and services of educational activities	42,227,000	34,458,000	—	76,685,000
Sales and services of auxiliary enterprises (net of scholarship allowances of $71,734,000)	416,300,000	476,237,000	(7,094,000)	885,443,000
Other operating revenues	178,657,000	233,327,000	(2,257,000)	409,727,000
Total operating revenues	2,833,739,000	1,390,560,000	(22,568,000)	4,201,731,000
Expenses:				
Operating expenses:				
Instruction	2,250,218,000	154,318,000	(3,568,000)	2,400,968,000
Research	45,306,000	211,179,000	(726,000)	255,759,000
Public service	53,834,000	146,517,000	(2,429,000)	197,922,000
Academic support	632,081,000	63,466,000	(1,810,000)	693,737,000
Student services	697,481,000	162,706,000	(31,290,000)	828,897,000
Institutional support	686,059,000	185,399,000	(6,911,000)	864,547,000
Operation and maintenance of plant	580,449,000	47,099,000	(13,428,000)	614,120,000
Student grants and scholarships	857,856,000	51,190,000	(26,489,000)	882,557,000
Auxiliary enterprise expenses	307,425,000	439,513,000	(13,149,000)	733,789,000
Depreciation and amortization	423,797,000	48,386,000	—	472,183,000
Total operating expenses	6,534,506,000	1,509,773,000	(99,800,000)	7,944,479,000
Operating loss	(3,700,767,000)	(119,213,000)	77,232,000	(3,742,748,000)
Nonoperating revenues (expenses):				
State appropriations, noncapital	2,345,755,000	—	—	2,345,755,000
Federal financial aid grants, noncapital	885,327,000	1,198,000	—	886,525,000
State financial aid grants, noncapital	521,796,000	1,310,000	—	523,106,000
Local financial aid grants, noncapital	—	269,000	—	269,000
Nongovernmental and other financial aid grants, noncapital	34,784,000	325,000	(17,979,000)	17,130,000
Other federal nonoperating grants, noncapital	3,925,000	—	—	3,925,000
Gifts, noncapital	39,636,000	182,424,000	(45,414,000)	176,646,000
Investment income, net	43,610,000	94,335,000	—	137,945,000
Endowment income	86,000	136,027,000	—	136,113,000
Interest expense	(226,268,000)	(27,047,000)	—	(253,315,000)
Other nonoperating revenues (expenses)	66,417,000	(19,858,000)	4,012,000	50,571,000
Net nonoperating revenues	3,715,068,000	368,983,000	(59,381,000)	4,024,670,000
Income before other revenues and expenses	14,301,000	249,770,000	17,851,000	281,922,000
State appropriations, capital	1,896,000	—	—	1,896,000
Grants and gifts, capital	45,728,000	8,166,000	(17,851,000)	36,043,000
Additions (reduction) to permanent endowments	(1,883,000)	47,392,000	—	45,509,000
Increase in net position	60,042,000	305,328,000	—	365,370,000
Net position:				
Net position at beginning of year, as previously reported	5,683,002,000	2,322,130,000	—	8,005,132,000
Restatements	—	(6,202,000)	—	(6,202,000)
Net position at beginning of year, as restated	5,683,002,000	2,315,928,000	—	7,998,930,000
Net position at end of year	$ 5,743,044,000	2,621,256,000	—	8,364,300,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2014

	University
Cash flows from operating activities:	
Student tuition and fees	$ 2,125,685,000
Federal grants and contracts	45,937,000
State grants and contracts	21,364,000
Local grants and contracts	7,138,000
Nongovernmental grants and contracts	10,196,000
Payments to suppliers	(1,204,403,000)
Payments to employees	(3,951,506,000)
Payments to students	(863,098,000)
Collections of student loans	3,806,000
Sales and services of educational activities	39,970,000
Sales and services of auxiliary enterprises	417,656,000
Other receipts	178,298,000
Net cash used in operating activities	(3,168,957,000)
Cash flows from noncapital financing activities:	
State appropriations	2,345,696,000
Federal financial aid grants	887,986,000
State financial aid grants	521,801,000
Nongovernmental and other financial aid grants	34,791,000
Other federal nonoperating grants	4,108,000
Gifts and grants received for other than capital purposes	36,976,000
Federal loan program receipts	1,300,769,000
Federal loan program disbursements	(1,301,982,000)
Monies received on behalf of others	112,854,000
Monies disbursed on behalf of others	(118,561,000)
Other noncapital financing activities	75,568,000
Net cash provided by noncapital financing activities	3,900,006,000
Cash flows from capital and related financing activities:	
Proceeds from capital debt	464,372,000
State appropriations	36,488,000
State appropriations – SPWB Lease Revenue Bonds Program	104,566,000
Capital grants and gifts	24,393,000
Proceeds from sale of capital assets	164,000
Acquisition of capital assets	(526,947,000)
Issuance of notes receivable	(6,284,000)
Transfers to escrow agent	(349,703,000)
Principal paid on capital debt and leases	(171,309,000)
Interest paid on capital debt and leases	(216,097,000)
Principal collection on capital leases	12,150,000
Interest collection on capital leases	17,595,000
Principal collection on notes receivable	6,190,000
Interest collection on notes receivable	11,543,000
Net cash used in capital and related financing activities	(592,879,000)

(Continued)

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2014

		University
Cash flows from investing activities:		
Proceeds from sales of investments	$	7,580,114,000
Purchases of investments		(7,743,216,000)
Investment income proceeds		20,721,000
Net cash used in investing activities		(142,381,000)
Net decrease in cash and cash equivalents		(4,211,000)
Cash and cash equivalents at beginning of year		8,375,000
Cash and cash equivalents at end of year	$	4,164,000
Summary of cash and cash equivalents at end of year:		
Cash and cash equivalents	$	4,074,000
Restricted cash and cash equivalents		90,000
Total cash and cash equivalents at end of year	$	4,164,000
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(3,700,767,000)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization		423,797,000
Change in assets and liabilities:		
Accounts receivable, net		11,217,000
Notes receivable		4,825,000
Student loans receivable, net		(1,374,000)
Pledges receivable, net		(692,000)
Prepaid expenses and other assets		(3,511,000)
Accounts payable		(4,946,000)
Accrued salaries and benefits		18,838,000
Accrued compensated absences		10,425,000
Unearned revenue		15,728,000
Depository accounts		196,000
Other postemployment benefits obligation		47,995,000
Other liabilities		9,312,000
Net cash used in operating activities	$	(3,168,957,000)
Supplemental schedule of noncash transactions:		
Proceeds to fund new SPWB capitalized leases held by State	$	174,857,000
Contributed capital assets		20,588,000
Amortization of loss on debt refundings		6,572,000
Change in accrued capital asset purchases		8,914,000
Increase in SPWB construction reserve funds held by State		16,090,000
Acquisition of capital assets through capitalized lease		2,485,000
Acquisition of capital assets through long-term debt obligations		1,140,000
Gifts in kind		1,020,000
Amortization of net bond premium		16,468,000
Capitalized interest applied against debt service		19,213,000
Notes receivable forgiven		4,825,000
Issuance of notes receivable through proceeds from long-term debt		40,464,000
Collection of notes receivable used to directly pay long-term debt		11,685,000
Proceeds from long-term debt received directly by discretely presented component units		40,464,000
Payment of long-term debt made directly by discretely presented component units		11,685,000

See accompanying notes to financial statements.

(1) Organization

California State University (the University) was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, the chief executive officer of the University, and the University Presidents, the chief executive officers of the respective campuses. In addition to the Office of the Chancellor, the following 23 campuses comprise the California State University at June 30, 2014:

- California State University, Bakersfield
- California State University, Channel Islands
- California State University, Chico
- California State University, Dominguez Hills
- California State University, East Bay
- California State University, Fresno
- California State University, Fullerton
- Humboldt State University
- California State University, Long Beach
- California State University, Los Angeles
- California Maritime Academy
- California State University, Monterey Bay
- California State University, Northridge
- California State Polytechnic University, Pomona
- California State University, Sacramento
- California State University, San Bernardino
- San Diego State University
- San Francisco State University
- San Jose State University
- California Polytechnic State University, San Luis Obispo
- California State University, San Marcos
- Sonoma State University
- California State University, Stanislaus

(Continued)

The University provides instruction for baccalaureate, masters', doctorate, and certificate programs, and operates various auxiliary enterprises, such as student housing and parking facilities. In addition, the University administers a variety of financial aid programs that are funded primarily through state and federal programs.

(2) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities — an amendment of GASB Statement No.34*, the accompanying financial statements present the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows of the 23 campuses and the Office of the Chancellor of the University.

In addition, the accompanying financial statements include the accounts of the 92 discretely presented component units, which are primarily University-related recognized auxiliary organizations. There are four discretely presented component units that are not auxiliary organizations (identified by asterisk (*) below). These discretely presented component units are legally separate entities that provide services primarily to the University and its students. Such organizations include foundations, associated students, student unions, food service entities, bookstores, and similar organizations. Foundations, whose net position comprises approximately 79.0% of the discretely presented component unit totals, carry out a variety of campus-related activities. Such activities consist primarily of administering grants from governmental and private agencies for research, as well as soliciting and accepting donations, gifts, and bequests for University-related use. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The recognized discretely presented component units are as follows:

- California State University, Bakersfield, Foundation
- Associated Students, California State University, Bakersfield, Inc.
- California State University, Bakersfield Student Union
- California State University, Bakersfield, Auxiliary for Sponsored Programs Administration
- California State University Institute
- California State University Foundation
- California State University Risk Management Authority*
- California State University, Channel Islands Foundation
- Associated Students of California State University, Channel Islands, Inc.
- California State University Channel Islands Financing Authority*

- California State University Channel Islands Site Authority*
- California State University Channel Islands University Glen Corporation
- The CSU, Chico Research Foundation
- The University Foundation, California State University, Chico
- Associated Students of California State University, Chico
- California State University Dominguez Hills Foundation
- Associated Students, Inc., California State University, Dominguez Hills
- The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
- California State University, East Bay Foundation, Inc.
- Associated Students, Inc. of California State University, East Bay
- Cal State East Bay Educational Foundation, Inc.
- California State University, Fresno Foundation
- Associated Students, Inc. of California State University, Fresno
- California State University, Fresno Association, Inc.
- The Agricultural Foundation of California State University, Fresno
- California State University, Fresno Athletic Corporation
- The Bulldog Foundation (Fresno)*
- Fresno State Programs for Children, Inc.
- Cal State Fullerton Philanthropic Foundation
- Associated Students, California State University, Fullerton, Inc.
- Titan Student Centers Associated Students California State University, Fullerton, Inc.
- CSU Fullerton Housing Authority
- CSU Fullerton Auxiliary Services Corporation
- Humboldt State University Sponsored Programs Foundation
- Associated Students of Humboldt State University
- Humboldt State University Center Board of Directors
- Humboldt State University Advancement Foundation
- California State University, Long Beach Research Foundation
- CSULB 49er Foundation

(Continued)

- Associated Students, Inc., California State University, Long Beach
- Forty-Niner Shops, Inc. (Long Beach)
- Cal State L.A. University Auxiliary Services, Inc.
- California State University, Los Angeles Foundation
- Associated Students of California State University, Los Angeles, Inc.
- University – Student Union at California State University, Los Angeles
- California Maritime Academy Foundation, Inc.
- Associated Students of the California Maritime Academy
- University Corporation at Monterey Bay
- Foundation of California State University, Monterey Bay
- California State University, Northridge Foundation
- Associated Students, Inc., California State University, Northridge
- University Student Union, California State University, Northridge
- North Campus – University Park Development Corporation (Northridge)
- The University Corporation (Northridge)
- Cal Poly Pomona Foundation, Inc.
- Associated Students, Inc., California State Polytechnic University, Pomona
- The University Foundation at Sacramento State
- University Enterprises, Inc. (Sacramento)
- Associated Students of California State University, Sacramento
- University Union Operation of California State University, Sacramento
- Capital Public Radio, Inc. (Sacramento)
- Santos Manuel Student Union of California State University, San Bernardino
- Associated Students, Incorporated, California State University, San Bernardino
- CSUSB Philanthropic Foundation
- University Enterprises Corporation at CSUSB
- San Diego State University Research Foundation
- The Campanile Foundation (San Diego)
- Associated Students of San Diego State University

- Aztec Shops, Ltd. (San Diego)
- The University Corporation, San Francisco State
- Associated Students of San Francisco State University
- San Francisco State University Student Center
- San Francisco State University Foundation
- Associated Students of San Jose State University
- The Student Union of San Jose State University
- The Tower Foundation of San Jose State University
- San Jose State University Research Foundation
- Spartan Shops, Inc. (San Jose)
- California Polytechnic State University Foundation (San Luis Obispo)
- Cal Poly Corporation (San Luis Obispo)
- Associated Students, Inc., California Polytechnic State University, San Luis Obispo
- University Auxiliary and Research Services Corporation (San Marcos)
- Associated Students, Inc. of California State University, San Marcos
- San Marcos University Corporation
- California State University San Marcos Foundation
- Sonoma State University Academic Foundation, Inc.
- Associated Students of Sonoma State University
- Sonoma State Enterprises, Inc.
- California State University, Stanislaus Foundation
- Associated Students Incorporated of California State University, Stanislaus
- University Student Union of California State University, Stanislaus
- California State University, Stanislaus Auxiliary and Business Services

These component units are presented in the accompanying financial statements as discretely presented component units of the University due to the nature and significance of their relationship with the University. The relationships are such that exclusion of these organizations from the reporting entity would render the financial statements incomplete, primarily due to their close affiliation with the University. These organizations are discretely presented to allow the financial statement users to distinguish between the University and the component units. None of the component units are considered individually significant to the total discretely presented component units.

All significant nonexchange transactions have been eliminated.

The accompanying financial statements also include the Stockton Center Site Authority, Fullerton Arboretum, and California State Student Association, which are included as blended component units. These organizations primarily provide services to the University in the areas of asset management and student support. The University is financially accountable for these organizations.

(b) Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

As a public institution, the University is considered a special-purpose government under the provisions of GASB Statement Nos. 34 and 35. The University records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present financial statements using the reporting model for special-purpose governments engaged in business-type activities. This model allows all financial information for the University to be reported in a single column in each of the financial statements, accompanied by aggregated financial information for the discretely presented component units, as discussed above. The effect of internal activities between funds or groups of funds has been eliminated from these financial statements.

(c) New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the University’s fiscal year beginning July 1, 2014. This Statement revises existing standards for measuring and reporting pension liabilities for pension plans provided by the University to its employees. This Statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan’s fiduciary net position.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. This is effective for the University’s fiscal year beginning July 1, 2014. This Statement states that if it is not practical to determine the beginning balances for deferred inflows of resources and deferred outflows of resources these should not be reported on the year of implementation of the standard.

The University is evaluating the effect that GASB Statement Nos. 68 and 71 will have on its financial statements.

(d) Discretely Presented Component Units Restatements

The beginning net position of the discretely presented component units has been restated by $6.2 million for reasons explained below. A summary of those restatements to net position at the beginning of the year related to the discretely presented component units is as follows:

Net position as of June 30, 2013, as previously reported	$ 2,322,130,000
Adjustment due to ineligible grant claims for post retirement health benefits	(4,510,000)
Adjustment in OPEB obligation due to conversion from FASB to GASB	(1,120,000)
Other adjustments	(572,000)
Net position at beginning of year, as restated	$ 2,315,928,000

(e) Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities

The University considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statement of Net Position date. Liabilities that reasonably can be expected, as part of normal University business operations, to be liquidated within 12 months of the Statement of Net Position date are considered to be current. All other assets and liabilities are considered noncurrent. For classification of current and noncurrent investments, refer to note 2(g).

(f) Cash and Cash Equivalents and Statement of Cash Flows

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the CSU Consolidated Investment Pool to be investments. The Statement of Cash Flows does not include the cash flows of the discretely presented component units. Certain transactions recorded as revenue or expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position include transactions between the University and its discretely presented component units that are also participants in the CSU Consolidated Investment Pool. The University considers changes in the respective participant's equity in the CSU Consolidated Investment Pool resulting from these transactions to represent cash flows of the University in the accompanying Statement of Cash Flows.

(g) Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, and restricted as to the liquidity of the investments are classified as other long-term investments.

(h) Accounts Receivable

The University maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable based on type of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: type of receivable, state guidelines, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The University reviews its allowance for doubtful accounts annually. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility.

(i) Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or, if donated, at estimated fair value at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of $5,000 or more and with a useful life of one year or more, are capitalized. Such cost includes, where applicable, interest capitalized as part of the cost of constructed capital assets. Title to all University assets, whether purchased, constructed, or donated, is held by the State. Although title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets and thus has recorded the cost of these assets in the accompanying financial statements. Capital assets, with the exception of land and land improvements, works of art and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical treasures are valued at cost, if purchased, or the fair market value at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation and amortization expense is shown separately in the Statement of Revenues, Expenses, and Changes in Net Position rather than being allocated among other categories of operating expenses.

(j) Unearned Revenue

Unearned revenue consists primarily of fees collected in advance for summer and fall terms and continuing education programs.

(k) Compensated Absences

Compensated absences are recognized when the right to receive the compensation is earned by the employees. Vacation is accrued on a monthly basis. The University uses an employee’s current pay rate as of July 1, 2014 to calculate the liability for accrued compensated absences. The University employee’s pay rates are based on length of service and job classifications.

(l) Grants Refundable

The University periodically receives contributions from the Federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The federal government has the ability to terminate its support of these programs at any time and to request that the University return those contributions on a cumulative basis. Accordingly, the federal contributions received and retained by the University at year-end are considered liabilities of the University and are reflected as such in the accompanying Statement of Net Position.

(m) Claims Liability for Losses and Loss Adjustment Expenses

The claims liability for losses and loss adjustment expenses included in the aggregate discretely presented component units column of the financial statements includes California State University Risk Management Authority's (CSURMA) estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2014. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In the estimate of the unpaid losses and loss adjustment expenses, CSURMA and its consulting actuary have employed methods and assumptions they considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

(n) Net Position

The University's net position is classified into the following categories:

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources.
- Restricted:

  Nonexpendable: Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the University or its related auxiliaries.

  Expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

- Unrestricted: All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the University. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. University housing programs are a primary example of operations that have unrestricted net position with designated uses.

(o) Classification of Revenues and Expenses

The University considers operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions and from other activities that are connected directly to the University's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include the University's capital and noncapital appropriations from the State, financial aid, net investment income, noncapital gifts, interest expense, and capital grants and gifts.

The State appropriates funds to the University on an annual basis. The appropriations are, in turn, allocated among the campuses by the Office of the Chancellor. Appropriations are recognized as revenue in general when authorization is received and are reported as either noncapital appropriations when used to support general operations or capital appropriations when used for capital projects.

Student tuition and fee revenue, and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarships and fellowships applied to student accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are reflected as expenses.

(p) Other Postemployment Benefits

The University's other postemployment benefit obligation included in the accompanying financial statements reflects the University's estimated funding liability of the State administered and sponsored plan as of the fiscal year ended. The State's actuary has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future amounts may deviate from those estimates.

(q) Grant Revenues and Expenses

The University records grant revenue when all applicable grant eligibility requirements are met. Expenses are recorded as expenditures are incurred. Expenditure-driven grant revenue is recorded after the expenditures are incurred, in amounts equal to the expenditures.

(r) Internal Services Activities

Certain institutional internal service providers offer goods and services to University departments, as well as to their external customers. These include activities such as copy centers, postal services, and telecommunications. All internal service activities to University departments have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the internal service sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

(s) ***Income Taxes***

The University is an agency of the State and is treated as a governmental entity for tax purposes. As such, the University is generally not subject to federal or state income taxes pursuant to IRC §115. However, the University remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded. If there is net income from any unrelated trade or business, such provision, in the opinion of management, is not material to the financial statements taken as a whole.

(t) ***Eliminations***

All significant nonexchange transactions between the University and the discretely presented component units have been eliminated from the total column and are separately presented in the eliminations column in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

(u) ***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

(3) Cash, Cash Equivalents, and Investments

The University's cash, cash equivalents, and investments as of June 30, 2014 are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	$	4,074,000
Restricted cash and cash equivalents		90,000
Total cash and cash equivalents		4,164,000
Short-term investments		2,855,578,000
Endowment investments		16,218,000
Other long-term investments		340,935,000
Total investments		3,212,731,000
Total cash, cash equivalents, and investments	$	3,216,895,000

(a) ***Cash and Cash Equivalents***

At June 30, 2014, cash and cash equivalents consisted of demand deposits held at the State Treasury and commercial banks, and petty cash. Total cash and cash equivalents of $4,164,000 had a corresponding carrying balance with the State Treasury and commercial banks of $15,825,000 at June 30, 2014. The difference was primarily related to deposits in transit and outstanding checks.

(Continued)

Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of the custodian, the deposits may not be returned to the University. The University deposits are maintained at financial institution that are Federal Deposit Insurance Corporation (FDIC) secured. As a result, custodial credit risk for deposits is remote.

(b) Investments

At June 30, 2014, the University's investment portfolio consists primarily of investments in the State of California SMIF and the CSU Consolidated Investment Pool. For the CSU Consolidated Investment Pool, separate accounting is maintained as to the amounts allocable to the various University funds and programs.

Investment Policy

State law and regulations require that surplus monies of the University must be invested. The primary objective of the University's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the University. The third objective is to return an acceptable yield. The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high quality domestic corporate and fixed income securities, and certain other investment instruments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University's investment guidelines manage its interest rate risk. The guidelines include limits on the maximum maturity of any individual investment in the portfolio and average duration of the portfolio. The effective maturity date reflects a bond with features such as a call, put or reset date, and prepayment speed resulting in the maturity of a bond being less than the final maturity date. Duration is a measure of the sensitivity of the price of fixed income investment relative to changes in interest rates. The University manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Weighted average maturity is the average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount of the asset. As a result, the interest rate risk is remote. The weighted average maturity of the University's investment portfolio for each investment type as of June 30, 2014 is presented in the table on the following page.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The following table presents the fair value, weighted average maturity, and actual rating by investment type of the University's allocated share of the CSU Consolidated Investment Pool and the SMIF as of June 30, 2014:

Investment type	Fair value	Weighted average maturity (in years)	Rating as of year-end			
			AAA	AA	A	Not rated
Money market	$ 31,629,000	0.06	$ 1,087,000	—	21,306,000	9,236,000
Repurchase agreements	2,274,000	—	—	—	2,042,000	232,000
Certificates of deposit	180,184,000	0.66	—	18,093,000	162,091,000	—
Commercial paper	3,646,000	0.03	—	—	3,646,000	—
U.S. agency securities	742,877,000	1.55	—	742,877,000	—	—
State of California: Surplus Money Investment Fund	441,900,000	0.64	—	—	—	441,900,000
Corporate and fixed income securities	1,011,356,000	2.08	210,093,000	221,929,000	579,334,000	—
U.S. Treasury securities	774,713,000	1.58	—	—	—	774,713,000
Municipal securities	21,856,000	2.02	—	21,856,000	—	—
Mortgage-backed securities	2,296,000	7.62	—	2,296,000	—	—
Total	$ 3,212,731,000		$ 211,180,000	1,007,051,000	768,419,000	1,226,081,000

By law, the University invests in low credit risk securities such as: U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptance, and negotiable certificates of deposit. As a result, the credit risk is remote.

By law, the SMIF only invests in: U.S. government securities, securities of federally sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks, savings and loan associations and credit unions, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit, and loans to various bond funds.

Concentration of Credit Risk

Concentration of credit risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counter-party, or sovereign nation and is best mitigated by diversification. The University's investment policy has concentration limits that provide sufficient diversification. As such, the concentration of credit risk is remote.

As of June 30, 2014, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the University's investment portfolio: Federal National Mortgage Association notes ($254,651,000 or 7.9%), and Federal Home Loan Mortgage Corporation ($227,281,000 or 7.1%).

Risk and Uncertainties

The University may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

The University, through the CSU Consolidated Investment Pool, invests in securities with contractual cash flows, such as asset-backed securities and mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Custodial Credit Risk for Investments

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. Substantially all of the University's securities are registered in the University's name by the custodial bank as an agent for the University. As a result, custodial credit risk for such investments is remote.

Discretely Presented Component Units' Investments

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2014:

	Current	Noncurrent	Total
State of California Local Agency Investment Fund	$ 174,654,000	2,073,000	176,727,000
CSU Consolidated Investment Pool	77,331,000	734,000	78,065,000
Money market funds	64,745,000	12,220,000	76,965,000
Certificates of deposit	16,605,000	27,990,000	44,595,000
Mutual funds	151,937,000	897,835,000	1,049,772,000
Exchange traded funds	—	25,290,000	25,290,000
Common fund	1,595,000	20,292,000	21,887,000
Debt securities	25,837,000	110,469,000	136,306,000
Equity securities	35,332,000	231,725,000	267,057,000
Fixed income securities	17,130,000	225,732,000	242,862,000
Partnership interests	6,288,000	29,671,000	35,959,000
Alternative investments	937,000	80,562,000	81,499,000
Hedge funds	1,061,000	21,828,000	22,889,000
Real estate	955,000	41,527,000	42,482,000
Agency pass-through	969,000	—	969,000
Others	912,000	43,726,000	44,638,000
Total	$ 576,288,000	1,771,674,000	2,347,962,000

For additional information regarding the investments of the individual discretely presented component units, refer to their separately issued financial statements.

Approximately $40.5 million of the investments reported by the University in the Statement of Net Position at June 30, 2014 are invested under contractual agreements on behalf of the discretely presented component units of the University.

(4) Accounts Receivable

Accounts receivable of the University at June 30, 2014 consisted of the following:

	Current	Noncurrent	Total
State appropriations	$ 1,581,000	16,914,000	18,495,000
State appropriation – SPWB Lease Revenue Bond program	3,641,000	278,158,000	281,799,000
Auxiliary organizations	36,091,000	2,542,000	38,633,000
Student accounts	43,451,000	—	43,451,000
Government grants and contracts	20,294,000	—	20,294,000
Others	45,738,000	994,000	46,732,000
	150,796,000	298,608,000	449,404,000
Less allowance for doubtful accounts	(6,070,000)	—	(6,070,000)
Total	$ 144,726,000	298,608,000	443,334,000

(5) Leases Receivable

The University has entered into capital lease agreements with certain discretely presented component units to lease existing and newly constructed facilities to the discretely presented component units. Interest rates range from 1.50% to 5.55%. Lease payments are due twice a year on May 1 and November 1.

Under the lease agreements, lease payments are due to the University as follows:

Fiscal year ending:	
2015	$ 29,305,000
2016	26,639,000
2017	26,930,000
2018	27,014,000
2019	27,039,000
2020–2024	144,956,000
2025–2029	145,181,000
2030–2034	114,458,000
2035–2039	36,895,000
2040–2044	22,465,000
2045–2049	4,495,000
Total minimum lease payments to be received	605,377,000
Less amounts representing interest	(235,020,000)
Present value of future minimum lease payments to be received	370,357,000
Less current portion	(11,442,000)
Lease receivable, net of current portion	$ 358,915,000

(6) Notes Receivable

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities for the discretely presented component units. Interest rates range from 0.39% to 5.45%. Note payments are due twice a year, on May 1 and November 1.

Under the note agreements, note payments are due to the University as follows:

Fiscal year ending:	
2015	$ 63,526,000
2016	32,794,000
2017	19,302,000
2018	19,308,000
2019	19,317,000
2020–2024	93,563,000
2025–2029	87,268,000
2030–2034	72,738,000
2035–2039	43,478,000
2040–2044	6,497,000
Total minimum note payments to be received	457,791,000
Less amounts representing interest	(157,105,000)
Present value of future minimum note payments to be received	300,686,000
Less current portion	(51,319,000)
Notes receivable, net of current portion	$ 249,367,000

(7) Capital Assets

Capital assets activity for the University for the year ended June 30, 2014 consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	$ 256,976,000	4,979,000	—	35,000	261,990,000
Works of art and historical treasures	28,697,000	1,647,000	(36,000)	33,000	30,341,000
Construction work in progress	553,977,000	393,143,000	(1,830,000)	(475,986,000)	469,304,000
Intangible assets	6,691,000	7,606,000	(97,000)	(3,171,000)	11,029,000
Total nondepreciable/ nonamortizable capital assets	846,341,000	407,375,000	(1,963,000)	(479,089,000)	772,664,000
Depreciable/amortizable capital assets:					
Buildings and building improvements	10,070,239,000	88,824,000	(15,794,000)	432,978,000	10,576,247,000
Improvements other than buildings	547,003,000	8,367,000	(25,000)	16,227,000	571,572,000
Infrastructure	974,641,000	12,283,000	(6,018,000)	16,803,000	997,709,000
Personal property:					
Equipment	712,195,000	47,839,000	(24,587,000)	9,846,000	745,293,000
Library books and materials	387,838,000	6,335,000	(2,518,000)	—	391,655,000
Intangible assets	312,454,000	5,123,000	(3,040,000)	3,235,000	317,772,000
Total depreciable/ amortizable capital assets	13,004,370,000	168,771,000	(51,982,000)	479,089,000	13,600,248,000
Total cost	13,850,711,000	576,146,000	(53,945,000)	—	14,372,912,000
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(4,246,382,000)	(303,127,000)	1,294,000	—	(4,548,215,000)
Improvements other than buildings	(380,808,000)	(23,036,000)	—	—	(403,844,000)
Infrastructure	(386,783,000)	(31,655,000)	4,182,000	—	(414,256,000)
Personal property:					
Equipment	(509,386,000)	(47,312,000)	22,280,000	—	(534,418,000)
Library books and materials	(348,642,000)	(8,442,000)	2,592,000	—	(354,492,000)
Intangible assets	(289,594,000)	(10,225,000)	2,444,000	—	(297,375,000)
Total accumulated depreciation/ amortization	(6,161,595,000)	(423,797,000)	32,792,000	—	(6,552,600,000)
Net capital assets	$ 7,689,116,000	152,349,000	(21,153,000)	—	7,820,312,000

(Continued)

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2014 consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	$ 105,671,000	13,630,000	(7,823,000)	267,000	111,745,000
Works of art and historical treasures	8,264,000	44,000	—	93,000	8,401,000
Construction work in progress	14,077,000	14,236,000	(3,269,000)	(15,153,000)	9,891,000
Intangible assets	5,082,000	—	—	—	5,082,000
Total nondepreciable/ nonamortizable capital assets	133,094,000	27,910,000	(11,092,000)	(14,793,000)	135,119,000
Depreciable/amortizable capital assets:					
Buildings and building improvements	754,338,000	38,698,000	(18,530,000)	7,356,000	781,862,000
Improvements other than buildings	114,451,000	5,390,000	(10,162,000)	4,830,000	114,509,000
Infrastructure	67,575,000	—	(11,000)	—	67,564,000
Personal property:					
Equipment	187,636,000	17,694,000	(15,314,000)	5,461,000	195,477,000
Library books and materials	3,018,000	—	—	(3,018,000)	—
Intangible assets	10,790,000	446,000	(729,000)	179,000	10,686,000
Total depreciable/ amortizable capital assets	1,137,808,000	62,228,000	(44,746,000)	14,808,000	1,170,098,000
Total cost	1,270,902,000	90,138,000	(55,838,000)	15,000	1,305,217,000
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(248,426,000)	(26,818,000)	4,394,000	(337,000)	(271,187,000)
Improvements other than buildings	(56,073,000)	(5,751,000)	8,203,000	(258,000)	(53,879,000)
Infrastructure	(14,067,000)	(1,689,000)	—	—	(15,756,000)
Personal property:					
Equipment	(147,746,000)	(13,265,000)	15,423,000	595,000	(144,993,000)
Intangible assets	(7,755,000)	(806,000)	579,000	(15,000)	(7,997,000)
Total accumulated depreciation/ amortization	(474,067,000)	(48,329,000)	28,599,000	(15,000)	(493,812,000)
Net capital assets	$ 796,835,000	41,809,000	(27,239,000)	—	811,405,000

(Continued)

For additional information regarding the capital assets of the individual discretely presented component units of the University, refer to their separately issued financial statements.

(8) Lease Obligations

The University is obligated under various capital and operating leases and installment purchase agreements for the acquisition of equipment and facility rentals. A substantial amount of the capital leases is a result of the University's participation with the State in the State Public Works Board (SPWB) Lease Revenue Bond program. The University has participated in this program since 1986 in connection with the construction of campus facilities and related equipment. Current California law permits the SPWB to authorize the sale of bonds to construct certain state facilities if there is a revenue stream that can be pledged to repay the obligations. The process in general is described in brief as follows:

- The University and the State of California Department of Finance agree to the construction of one or more facilities to be funded by SPWB bonds. The projects are approved as part of the University's capital outlay budget.
- The SPWB approves the sale of bonds for the project(s) and the University agrees to execute certain legal documents in connection with the financing, including a site lease to the SPWB, a construction agreement to construct the facility for the SPWB, and a facility lease to lease the completed facility from the SPWB for annual rental payments.
- Prior to the execution of the facility lease, the University receives a short-term loan from the State of California Pooled Money Investment Board to provide working capital for initial phases of the construction and in some cases the entire construction.
- Generally, during the construction phase of the project, the bonds are sold by the SPWB, the construction loan is repaid, and site leases and facility leases are executed requiring semiannual lease payments, beginning upon completion of the facilities, by the Trustees that are used to pay principal and interest on the bonds.
- As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required lease payments.

The capital lease obligation related to the SPWB Lease Revenue Bond Program amounted to $1,132,015,000. The University also enters into capital leases with financial institutions and via commercial paper issued by the California State University Institute (the Institute), a discretely presented component unit of the University.

Overall capital leases consist primarily of leases of campus facilities, but also include certain computer, energy efficiency, and telecommunications equipment. Total assets related to capital leases have a carrying value of $808,064,000 at June 30, 2014. The leases bear interest at rates ranging from 2.00% to 12.62% and have terms expiring in various years through 2041.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various fiscal years through 2099. The leases can be canceled if the State does not provide adequate funding. Some of these leases are with related auxiliary organizations for the rental of office space used in the operations of the University. Total operating lease expenditures for the year ended

June 30, 2014 were $27,387,000 of which $15,117,000 was paid to related discretely presented component units.

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year as of June 30, 2014 are as follows:

	Capital leases	Operating leases
Year ending June 30:		
2015	$ 132,459,000	23,737,000
2016	132,086,000	17,625,000
2017	127,679,000	16,501,000
2018	127,196,000	13,842,000
2019	103,219,000	10,551,000
2020–2024	439,038,000	30,890,000
2025–2029	385,756,000	16,373,000
2030–2034	347,503,000	9,941,000
2035–2039	149,000,000	3,031,000
2040–2044	4,775,000	968,000
2045–2049	—	397,000
2050–2054	—	178,000
2055–2059	—	32,000
2060–2099	—	257,000
Total minimum lease payments	1,948,711,000	$ 144,323,000
Less amount representing interest	(731,807,000)	
Present value of future minimum lease payments	1,216,904,000	
Unamortized net premium	33,370,000	
Total capital lease obligation	1,250,274,000	
Less current portion	(70,042,000)	
Capital lease obligation, net of current portion	$ 1,180,232,000	

(9) Long-Term Debt Obligations

(a) General Obligation Bond Program

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through State of California General Obligation Bonds is not allocated to the University by the State. This debt remains the obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total General

Obligation Bond debt carried by the State related to the University projects is approximately $2,604,535,000 as of June 30, 2014.

(b) Revenue Bond Programs

The Revenue Bond Act of 1947 provides the Trustees with the ability to issue revenue bonds to fund specific self-supporting programs. The statute has enabled the Trustees to finance student housing, student unions, parking facilities, health facilities, continuing education facilities, and designated auxiliary organization facilities.

The Systemwide Revenue Bond program, formerly the Housing Revenue Bond program, was approved by the Trustees in fiscal year 2003. This program provides funding for various construction projects, including student residence and dining halls facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities at certain campuses within the University system as specified by the individual bond documents. It is designed to provide lower cost debt and greater flexibility to finance revenue bond projects at the University. Rather than relying on specific pledged revenues to support specific debt obligations, this program pools several sources of revenue as the pledge for the revenue-producing projects. The University's total outstanding balance of revenue bond indebtedness under the Systemwide Revenue Bond program was $3,507,043,000 at June 30, 2014.

The University has pledged future continuing education, healthcare facilities, housing, parking, and student union revenues plus designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay $4,204,868,000 in Systemwide Revenue Bonds issued through fiscal year 2014.

(c) Bond Anticipation Notes (BANs)

The Trustees have authorized the issuance of BANs to provide short-term financing to the University System for certain projects. The BANs are purchased by the Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. In fiscal year 2010, the Trustees authorized three projects for financing with maturities beyond three years and they will remain in BANs until the debt is retired. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2014 were 0.17% and 0.07%, respectively. The University's BANs totaled $168,511,000 at June 30, 2014. The not-to-exceed amounts related to the outstanding amounts totaled $254,225,000 of which $71,899,000 has not been issued and $13,815,000 has been issued and paid back.

Long-term debt obligations of the University as of June 30, 2014 consisted of the following:

Description	Interest rate percentage	Final maturity date		Original issue amount	Amount outstanding
Systemwide Revenue Bonds, Housing Series J – Q	3.00%	2019/20–2021/22	$	17,273,000	5,663,000
Systemwide Revenue Bonds, Series 2004A	3.50–5.25	2018/19–2026/27		57,435,000	34,665,000
Systemwide Revenue Bonds, Series 2005A	3.75–5.00	2016/17–2037/38		658,635,000	373,605,000
Systemwide Revenue Bonds, Series 2005B	5.00	2015/16–2021/22		134,805,000	61,380,000
Systemwide Revenue Bonds, Series 2005C	4.50–5.25	2017/18–2038/39		540,900,000	365,800,000
Systemwide Revenue Bonds, Series 2007A	4.00–5.00	2024/25–2044/45		254,770,000	239,395,000
Systemwide Revenue Bonds, Series 2007B	5.27–5.55	2027/28–2037/38		13,165,000	11,375,000
Systemwide Revenue Bonds, Series 2007C	5.00	2020/21–2028/29		63,275,000	50,875,000
Systemwide Revenue Bonds, Series 2007D	4.00–5.00	2037/38		80,360,000	73,105,000
Systemwide Revenue Bonds, Series 2008A	3.50–5.00	2022/23–2039/40		375,160,000	342,945,000
Systemwide Revenue Bonds, Series 2009A	3.50–6.00	2015/16–2040/41		465,365,000	441,265,000
Systemwide Revenue Bonds, Series 2010A	3.00–5.00	2019/20–2031/32		146,950,000	127,255,000
Systemwide Revenue Bonds, Series 2010B	5.45–6.48	2035/36–2041/42		205,145,000	205,145,000
Systemwide Revenue Bonds, Series 2011A	2.50–5.25	2020/21–2042/43		429,855,000	413,815,000
Systemwide Revenue Bonds, Series 2012A	0.39–5.00	2021/22–2042/43		436,220,000	435,550,000
Systemwide Revenue Bonds, Series 2012B	2.79–4.17	2036/37		16,700,000	16,350,000
Systemwide Revenue Bonds, Series 2013A	1.50–5.00	2024/25 – 2026/27		308,855,000	308,855,000
				4,204,868,000	3,507,043,000
Bond Anticipation Notes	Variable	2014/15 – 2018/19		182,326,000	168,511,000
Others	Variable	Various		122,057,000	72,898,000
Total			$	4,509,251,000	3,748,452,000

Description	Interest rate percentage	Final maturity date	Original issue amount	Amount outstanding
Unamortized bond net premium				$ 156,073,000
Total long-term debt				3,904,525,000
Less current portion				(260,601,000)
Long-term debt, net of current portion				$ 3,643,924,000

Long-term debt principal and interest are payable and mature in the following fiscal years:

	Principal	Interest
2015	$ 260,601,000	173,866,000
2016	122,824,000	169,315,000
2017	115,442,000	164,380,000
2018	120,135,000	159,281,000
2019	124,397,000	153,958,000
2020–2024	651,890,000	676,577,000
2025–2029	736,617,000	505,922,000
2030–2034	805,920,000	309,247,000
2035–2039	610,830,000	125,581,000
2040–2044	195,400,000	17,795,000
2045–2049	4,396,000	99,000
	$ 3,748,452,000	2,456,021,000

Long-term debt obligations of the individual discretely presented component units have been issued to purchase or construct facilities for University-related uses. For additional information regarding long-term debt obligations of the individual discretely presented auxiliary organizations, refer to their separately issued financial statements.

(10) Advanced Refundings

(a) Current Year Refundings

In July 2013, the University partially defeased certain (Series 2005A and 2005C) Systemwide Revenue Bonds by placing a portion of the proceeds from the issuance of the Systemwide Revenue Bonds Series 2013A refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2013A refunding bonds were used to purchase U.S. federal, state, and local government securities that were placed in escrow accounts. The investments and fixed earnings from the investments are considered sufficient to fully service the defeased debt until the debt is called or matured. These transactions will reduce the University's total financing cost by approximately $22,391,000 over the life of the bonds. The economic gain (difference between net present values of the debt service payments on the old debt and new debt) from these transactions was approximately $19,188,000. Accordingly, the refunded bonds have been considered defeased and, therefore, removed as a liability from the accompanying financial statements. The amount of defeased bonds outstanding as of date of refunding totaled $317,130,000.

The unamortized loss on the refundings of $44,680,000 was included in deferred outflows of resources in the Statement of Net Position. The loss represents the difference between the proceeds of the new bond issue, as adjusted for premium or discount, and the principal amounts of the bonds being defeased. The loss is being amortized over the life of the new bond issuance or the old bond issuance, whichever is shorter.

(11) Long-Term Liabilities Activity

Long-term liabilities activity of the University for the year ended June 30, 2014 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 205,815,000	134,513,000	(122,085,000)	218,243,000	119,690,000
Capitalized lease obligations (note 8)	1,145,638,000	177,397,000	(72,761,000)	1,250,274,000	70,042,000
Long-term debt obligations (note 9):					
Systemwide Revenue Bonds	3,604,708,000	308,863,000	(406,528,000)	3,507,043,000	96,090,000
Bond Anticipation Notes	27,055,000	153,271,000	(11,815,000)	168,511,000	153,541,000
Others	80,352,000	5,291,000	(12,745,000)	72,898,000	10,970,000
	3,712,115,000	467,425,000	(431,088,000)	3,748,452,000	260,601,000
Unamortized bond premium	133,989,000	42,137,000	(20,053,000)	156,073,000	—
Total long-term debt obligations	3,846,104,000	509,562,000	(451,141,000)	3,904,525,000	260,601,000
Total long-term liabilities	$ 5,197,557,000	821,472,000	(645,987,000)	5,373,042,000	450,333,000

Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2014 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 17,525,000	12,103,000	(12,083,000)	17,545,000	14,074,000
Claims liability for losses and loss adjustment expenses	88,157,000	53,198,000	(40,989,000)	100,366,000	32,971,000
Capitalized lease obligations	385,824,000	11,777,000	(21,675,000)	375,926,000	15,906,000
Long-term debt obligations:					
Revenue bonds	45,535,000	—	(5,025,000)	40,510,000	2,253,000
Commercial paper	83,176,000	811,825,000	(713,851,000)	181,150,000	160,895,000
Notes payable	214,090,000	46,748,000	(22,010,000)	238,828,000	7,110,000
Others	103,026,000	6,978,000	(7,259,000)	102,745,000	2,284,000
	445,827,000	865,551,000	(748,145,000)	563,233,000	172,542,000
Unamortized bond premium	9,697,000	381,000	(618,000)	9,460,000	—
Total long-term debt obligations	455,524,000	865,932,000	(748,763,000)	572,693,000	172,542,000
Total long-term liabilities	$ 947,030,000	943,010,000	(823,510,000)	1,066,530,000	235,493,000

For additional information regarding the long-term liabilities of the individual discretely presented component units of the University, refer to their separately issued financial statements.

(12) Pension Plan and Postretirement Benefits

(a) Pension Plan

Plan Description

The University, as an agency of the State, contributes to CalPERS. The State's plan with CalPERS is an agent multiple-employer defined-benefit pension plan and CalPERS functions as an investment and administrative agent for its members. For the University, the plan acts as a cost-sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible University employees. The plan also provides survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits.

CalPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

University personnel are required to contribute 5.0% of their annual earnings in excess of $513 per month to CalPERS. Effective January 1, 2013, all new employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Miscellaneous Member is 6.0% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate; the current rate for State Miscellaneous is approximately 24.3% of annual covered payroll. The contribution requirements of the plan members are established and may be amended by CalPERS. The contractual maximum contribution required for the University is determined by the annual CalPERS compensation limit(s) which are based on provisions of Assembly Bill (AB) 340 and the Internal Revenue Code (IRC) 401 (a) 17 limits.

The University's contributions to CalPERS for the most recent three fiscal years were equal to the required contributions and were as follows:

2012	$ 411,926,000
2013	462,607,000
2014	493,922,000

(b) Postretirement Healthcare Plan

In accordance with GASB pronouncements, the University is required to recognize the cost of other postemployment benefits (OPEB) on an accrual basis.

Plan Description

The State provides retiree healthcare benefits to statewide employees, including the University employees, through the programs administered by CalPERS. The State's substantive plan represents a substantive single-employer defined benefit OPEB Plan, which includes medical and prescription drug benefits (collectively, healthcare benefits) to the retired University employees. The University provides dental benefits to eligible University's retirees. Eligible retirees receive healthcare and dental benefits upon retirement at age 50 with 5 years of service credit.

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties); for dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans to the University's retirees. Health plans offered, covered benefits, monthly rates, and copayments are determined by the CalPERS Board, which reviews health plan contracts annually.

The contribution requirements of retirees and the State are established and may be amended by the State legislature. For healthcare benefits, the State makes a contribution toward the retiree's monthly health premiums, with the retirees covering the difference between the State's contribution and the actual healthcare premium amount. The State contribution is normally established through collective bargaining agreements. No retiree contribution is required for dental benefits.

Funding Policy

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts.

The University is responsible for paying the cost of dental benefits for all University retirees using funds provided by the State through general fund appropriations. The University makes payments directly to Delta Dental for the retiree's monthly dental premiums. The University is paying these benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the total annual required contribution (ARC) for the University's allocated portion of the postretirement healthcare plan, the amount contributed to the plan by the University, and changes in the University's net OPEB obligation (NOO) for the fiscal years ended 2014, 2013, and 2012 :

		2014	2013	2012
Annual required contribution (ARC):				
Billable accounts	$	38,942,000	35,602,000	32,802,000
Nonbillable accounts (dental only)		40,057,000	40,055,000	39,710,000
Total ARC		78,999,000	75,657,000	72,512,000
Contributions:				
Billable accounts		(14,584,000)	(13,175,000)	(12,385,000)
Nonbillable accounts (dental only)		(16,420,000)	(16,051,000)	(16,085,000)
Total contributions		(31,004,000)	(29,226,000)	(28,470,000)
Increase in net OPEB obligation (NOO)		47,995,000	46,431,000	44,042,000
NOO – beginning of year		219,018,000	172,587,000	128,545,000
NOO – end of year:				
Billable accounts		127,308,000	102,950,000	80,523,000
Nonbillable accounts (dental only)		139,705,000	116,068,000	92,064,000
Total NOO	$	267,013,000	219,018,000	172,587,000
Percentage of annual OPEB cost contributed during the years ended June 30, 2014, 2013 and 2012		39.2%	38.6%	39.3%

Actuarial Methods and Assumptions and Plan Funding Information

As an agency of the State, the University was included in the State's OPEB actuarial study. The analysis of the statewide ARC by accounts is performed by the State Controller's Office (SCO) and a portion related to billable accounts is allocated to the University. Since the ARC allocated by the SCO does not provide a breakdown of the ARC for health and dental benefits separately, the ARC for the nonbillable accounts, which related only to dental benefits, was estimated based on dental contributions as a percentage of the total OPEB contributions.

Projections of benefits for financial statement reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the State and the plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective. In the June 30, 2013 actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.25% investment rate of return, and 4.25% discount rate. Both rates included a 2.75% annual inflation assumption. Annual wage inflation is assumed to be 3.00%. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

Funding progress information specifically related to the University's portion of the statewide OPEB plan is not available. For more details about the actuarial methods and assumptions used by the State as well as the statewide plans' funding progress and status, refer to the State of California's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended 2014.

(13) Claims Liability for Losses and Loss Adjustment Expenses

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The claims liability included in the discretely presented component unit column reflects the estimated ultimate cost of settling claims related to events that have occurred on or before June 30, 2014. The liability includes estimated amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. Although considerable variability is inherent in such estimates, management believes that the liability is a reasonable estimate at June 30, 2014.

The information of the change in claims liability for losses and loss adjustment expenses may be obtained from the separate financial statements issued for CSURMA.

(14) Commitments and Contingencies

The State is a defendant in multiple lawsuits involving University matters not covered by the CSURMA as discussed in note 13. Management of the University is of the opinion that the liabilities, if any, arising from litigation will not have a material effect on the financial position of the University.

Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the University.

Authorized but unexpended expenditures for construction projects as of June 30, 2014 totaled $265,118,000. These expenditures will be funded primarily by State appropriations and bond proceeds.

In order to secure access to natural gas and electricity used for normal operation, the University participates in forward purchase contracts of natural gas and electricity operated by the Department of General Service and Shell Energy North America, respectively. The University's obligation under these special purchase arrangements requires it to purchase an estimated total of $22,728,000 and $21,195,000 of natural gas and electricity at fixed prices through June 2017 and December 2015, respectively. The University estimates that the special purchase contracts in place represent approximately 28.0% and 13.5% of its total annual natural gas and electricity expenses, respectively.

(15) Classification of Operating Expenses

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2014, operating expenses by natural classification consisted of the following:

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total
Functional classification:						
Instruction	$ 1,455,211,000	598,769,000	—	196,238,000	—	2,250,218,000
Research	20,213,000	7,752,000	—	17,341,000	—	45,306,000
Public service	29,596,000	7,962,000	—	16,276,000	—	53,834,000
Academic support	328,708,000	145,603,000	—	157,770,000	—	632,081,000
Student services	345,835,000	157,785,000	—	193,861,000	—	697,481,000
Institutional support	346,344,000	160,130,000	—	179,585,000	—	686,059,000
Operation and maintenance of plant	186,267,000	104,416,000	—	289,766,000	—	580,449,000
Student grants and scholarships	—	—	857,856,000	—	—	857,856,000
Auxiliary enterprise expenses	69,185,000	51,877,000	—	186,363,000	—	307,425,000
Depreciation and amortization	—	—	—	—	423,797,000	423,797,000
Total	$ 2,781,359,000	1,234,294,000	857,856,000	1,237,200,000	423,797,000	6,534,506,000

(16) Transactions with Related Entities

The University is an agency of the State and receives about 34.4% of total revenues through state appropriations. State appropriations allocated to the University aggregated approximately $2,347,651,000 for the year ended June 30, 2014. State appropriations receivable aggregated $300,294,000 at June 30, 2014.

(17) Subsequent Events

In August 2014, the University issued its Systemwide Revenue Bonds Series 2014A with a par amount of $747,740,000 and net proceeds of $850,450,000. The proceeds were used to refund certain maturities of Systemwide Revenue Bonds Series 2004A, 2005A, and 2005C of $496,377,000, fund new capital projects of $178,468,000, payment of Bond Anticipation Notes of $153,168,000, refund outstanding bond indebtedness issued by the discretely presented component unit of $2,896,000, capitalized interest of $18,541,000, and cost of issuance of $1,000,000.

CSU The California State University

CAL POLY SAN LUIS OBISPO

HUMBOLDT STATE UNIVERSITY

CSU LOS ANGELES

CSU EAST BAY

CSU LONG BEACH

CSU Office of the Chancellor
Division of Financial Services
Systemwide Financial Standards & Reporting
401 Golden Shore, Long Beach, CA 90802-4210

www.calstate.edu

APPENDIX C-2

AUDITED FINANCIAL STATEMENTS

OF THE CALIFORNIA STATE UNIVERSITY

SYSTEMWIDE REVENUE BOND PROGRAM FUND

AS OF JUNE 30, 2014

[THIS PAGE INTENTIONALLY LEFT BLANK]

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Financial Statements and Supplementary Information

June 30, 2014

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Table of Contents

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

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Systemwide Revenue Bond Program Fund, which comprise the statement of net position as of June 30, 2014, and the related statement of revenues, expenses, and changes in net position, and statement of cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors consider 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 California State University Systemwide Revenue Bond Program Fund as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in note 1, the financial statements present only the California State University Systemwide Revenue Bond Program Fund, and do not, present fairly the financial position of the California State University as of June 30, 2014, the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The California State University Systemwide Revenue Bond Program Fund has not presented the management's discussion and analysis that U.S. generally accepted accounting principles require to supplement, although not required to be part of, the basic financial statements.

As discussed in the financial statements, the cost of equipment, buildings, and improvements financed by the California University Systemwide Revenue Bond Program Fund is not capitalized in this fund, as the constructed assets are not owned by the fund and are not pledged as security for the outstanding bonds, resulting in liabilities exceeding assets in the amount of $2,975,849,751 at June 30, 2014. Certain future revenues are pledged to the retirement of outstanding bonds.

KPMG LLP

Irvine, California
October 15, 2014

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Net Position

June 30, 2014

Assets:		
Current assets:		
Cash and cash equivalents	$	268,506
Short-term investments		1,096,151,741
Accounts receivable, net of allowance for doubtful accounts of $4,775,204		44,963,375
Prepaid expenses and other assets		1,396,074
Total current assets		1,142,779,696
Noncurrent assets:		
Prepaid bond insurance		5,793,204
Other assets		5,031,282
Long-term investments		81,201,090
Total assets		1,234,805,272
Deferred outflows of resources:		
Unamortized loss on debt refundings		41,095,873
Total deferred outflows of resources		41,095,873
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities		64,876,679
Accrued salaries, wages, and benefits		20,303,831
Accrued compensated absences, current portion		7,011,164
Unearned revenue		115,053,609
Revenue bond anticipation notes payable, current portion		153,541,000
Revenue bonds payable, current portion		107,737,750
Interest payable		29,043,683
Construction loan payable, current portion		66,953
Other current liabilities		14,560,135
Depository accounts		827,361
Total current liabilities		513,022,165
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		5,851,191
Revenue bond anticipation notes payable, net of current portion		14,970,000
Revenue bonds payable, net of current portion		3,591,138,769
Other postemployment benefits obligation		115,480,413
Construction loan payable, net of current portion		9,317,866
Other noncurrent liabilities		1,970,492
Total liabilities		4,251,750,896
Net position:		
Unrestricted:		
Designated for building maintenance and repair		165,548,405
Undesignated		(3,141,398,156)
Total net position	$	(2,975,849,751)

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014

Operating revenues:	
Residences and dining halls	$ 375,666,945
Continuing education programs	339,160,825
Student unions	183,544,927
Parking programs	101,744,689
Health facilities	9,643,279
Auxiliary organizations	49,692,831
Total operating revenues	1,059,453,496
Operating expenses:	
Salaries, wages, and benefits	293,923,880
Construction	186,738,986
Repairs and replacements	115,165,047
Services	169,116,397
Other operating costs	213,371,409
Interest	168,448,533
Total operating expenses	1,146,764,252
Operating loss	(87,310,756)
Nonoperating revenues:	
Investment income, net	6,308,100
Contributions and other nonoperating revenues	26,843,887
Total nonoperating revenues	33,151,987
Loss before transfers	(54,158,769)
Transfers from auxiliary organizations	8,654,089
Transfer to other funds, net	(4,151,965)
Total transfers	4,502,124
Decrease in net position	(49,656,645)
Net position:	
Net position at beginning of year	(2,926,193,106)
Net position at end of year	$ (2,975,849,751)

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Cash Flows

Year ended June 30, 2014

Cash flows from operating activities:	
Residences and dining halls	$ 374,259,096
Continuing education programs	336,574,649
Student unions	183,984,665
Parking programs	101,976,634
Health facilities	9,747,466
Auxiliary organizations	50,573,805
Salaries, wages, and benefits	(268,621,823)
Construction	(142,784,110)
Repairs and replacements	(106,266,162)
Services	(169,116,397)
Other operating costs	(203,503,248)
Interest payments	(173,423,991)
Net cash used in operating activities	(6,599,416)
Cash flows from noncapital financing activities:	
Deposits	(1,566,310)
Transfers, net	(4,109,068)
Contributions and other nonoperating revenues	26,813,906
Net cash provided by noncapital financing activities	21,138,528
Cash flows from capital and related financing activities:	
Proceeds from issuance of revenue bonds and bond anticipation notes (BAN)	442,604,719
Payment to escrow agent for the refunding of revenue bonds	(349,701,569)
Payment to Auxiliary's escrow agent for the refunding of revenue bonds	(3,073,808)
Payment of principal on long term debt	(89,452,895)
Net cash provided by capital and related financing activities	376,447
Cash flows from investing activities:	
Proceeds from the sale of investments	2,685,427,149
Purchases of investments	(2,706,636,203)
Investment income, net	6,365,755
Net cash used in investing activities	(14,843,299)
Net increase in cash and cash equivalents	72,260
Cash and cash equivalents at beginning of year	196,246
Cash and cash equivalents at end of year	$ 268,506

(Continued)

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Cash Flows

Year ended June 30, 2014

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(87,310,756)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Amortization of bond insurance costs		291,784
Amortization of bond premium and discount		(11,627,736)
Amortization of loss on debt refundings		3,129,923
Noncash construction expense		54,750,000
Interest expense paid from escrow		1,319,815
Changes in assets and liabilities:		
Accounts receivable		(3,853,275)
Prepaid expenses		74,227
Other assets		375,718
Accounts payable and accrued liabilities		1,274,179
Accrued compensated absences		872,836
Accrued salaries, wages, and benefits		2,162,691
Unearned revenue		948,028
Interest payable		1,910,747
Construction loans payable		(66,953)
Other liabilities		6,882,826
Other postemployment benefits obligation		22,266,530
Net cash used in operating activities	$	(6,599,416)
Supplemental disclosures of noncash capital and related financing activities:		
BAN proceeds wired directly to auxiliary organizations	$	54,750,000
BAN retirements wired directly by auxiliary organizations		(11,685,000)

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of the Program

The Systemwide Revenue Bond Program Fund (the Program), formerly, the Housing Revenue Bond Program, has debt outstanding from May 1980 to present as a result of the California State University (the University) Board of Trustees issuing bonds for the benefit of the California State University Housing System to finance the construction, repair, and maintenance of student housing facilities. The Program was approved by the Board of Trustees in April 2003 concurrent with the issuance of the Systemwide Revenue Bonds, Series 2003A. The Program provides funding for various construction projects, including student residence and dining hall facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities at designated campuses within the system as specified by the individual bond documents. It is designed to provide lower cost debt and greater flexibility to finance revenue bond projects at campuses within the system. Rather than relying on specific pledged revenues to support specific debt obligations, the Program pools several sources of revenue as the pledge for the related revenue producing projects.

(b) Basis of Presentation

The accompanying financial statements of the Program include the Systemwide Revenue Bonds Series J-Q, Series 2004A, 2005A, 2005B, 2005C, 2007A, 2007B, 2007C, 2007D, 2008A, 2009A, 2010A, 2010B, 2011A, 2012A, 2012B, and 2013A, and the Revenue Bond Anticipation Notes. The financial statements also include the revenues and expenses of the activities pledged to repay these bonds, including student residence and dining halls, continuing education, student unions, parking, health facilities, and auxiliary organization facilities. These statements have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The financial statements only present the Program, and do not, present fairly the financial statements of the University as of and for the year ended June 30, 2014, in conformity with U.S. generally accepted accounting principles.

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The Program is considered a special-purpose government under the provisions of GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities an amendment of GASB Statement No.34*. The Program records revenue primarily from fees collected from students and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Program to be reported in a single column in each of the financial statements. In accordance with the business-type activities reporting model, the Program prepares its statement of cash flows using the direct method.

(c) Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities

The Program considers current assets that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that can reasonably be expected, as part of the Program's normal business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to paragraph (d).

(d) Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position as investment income, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, the acquisition or construction of noncurrent assets, the liquidation of the noncurrent portion of long-term debt, or restricted as to the liquidity of the investments are classified as other long-term investments.

(e) Prepaid Bond Insurance

Prepaid bond insurance is capitalized and amortized on a straight-line basis over the life of the bonds.

(f) Unearned Revenue

Unearned revenue consists primarily of fees collected in advance for summer and fall terms of the programs.

(g) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist primarily of amounts owed to third-party vendors for goods purchased and services performed in the construction and operations of the facilities of the pledged programs.

(h) Net Position

The Program reports net position into the following categories:

Restricted – Net position is subject to restrictions based on the bond indenture document, such as debt service during construction periods and capital projects for which bonds were issued.

Unrestricted – The unrestricted net position represents all other net resources available to the Program for general obligations. Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated for specific programs or projects related to certain revenue sources. The designated resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. The Program's net deficit is a result of the constructed asset costs recorded by the Program as construction expenses, whereas the asset is capitalized by the individual campus.

The Program has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

(i) *Cash and Cash Equivalents and Statement of Cash Flows*

The Program considers highly liquid investments with an original maturity date of three months or less to be cash equivalents. The Program considers accounts included in the CSU Consolidated Investment Pool (Investment Pool) to be investments. Certain transactions recorded as revenue or expenses in the accompanying statements of revenues, expenses, and changes in net position include transactions between entities that are also participants in the Investment Pool. The Program considers changes in the respective participants' entity in the Investment Pool resulting from these transactions to represent cash flows of the Program in the accompanying statement of cash flows.

(j) *Revenue Sources*

Revenues pledged under the Program include student residence and dining hall fees, continuing education fees, student union fees, parking fees, health facility fees, and auxiliary organization lease and loan revenues derived from the projects designated by the Trustees of the California State University for inclusion in the Program. These projects are located at all 23 campuses of the University and the Office of the Chancellor.

The housing program provides on-campus housing primarily for students. Housing is a self-supporting program deriving its revenues from fees collected for the use of the residence facilities. Funds are used for current operating expenses, maintenance and repair, improvements to facilities, and interest and principal payments on outstanding bonds. Available balances after payment of all operating expenses and required charges remain available for future program expenses and capital needs.

The student union program provides facilities and programs aimed at creating and enhancing learning experiences outside the classroom by promoting interaction among students, faculty, and staff. The student union program is self-supporting and derives its revenues primarily from student body center fees. Funds are used for maintenance and repair, improvements to facilities, and interest and principal payments on outstanding bonds. Generally, after payment of authorized charges, the balances of these funds are available for distribution to the campus or auxiliary organization that has contracted with the University to operate the facility. The operating entity may derive additional revenue from facility subrental, recreational and commercial activities, and interest income. Student union fees, which are collected at 22 of the 23 campuses of the University, ranged from $44 to $758 per student for the year ended June 30, 2014.

The parking program provides parking facilities. The parking program is self-supporting and derives its revenues primarily from parking permits. Funds are used for construction, repair and maintenance, and interest and principal payments on outstanding bonds. Available balances after payment of all operating expenses and required charges remain available for future program expenses and capital needs.

The health facilities program provides facilities on campus to provide health services to students. The health facilities program derives its revenues primarily from health facility fees. Funds are used for current operating expenses, maintenance and repair, improvements to facilities, and interest and principal payments on outstanding bonds. Available balances after payment of all operating expenses and required charges remain available for future program expenses and capital needs. Health facility fees are charged at 22 of the 23 campuses of the University; 13 of the campuses charged fees of $6, and at the remaining 9 campuses, fees ranged from $9 to $111 during the fiscal year ended June 30, 2014.

The continuing education program provides nonstate-supported courses to students. The continuing education program is self-supporting and derives its revenues primarily from student fees. Funds are used for current operating expenses, development of new courses, maintenance and repair, improvements to facilities, and interest and principal payments on outstanding bonds. Available balances after payment of all operating expenses and required charges remain available for future program expenses and capital needs.

The auxiliary organization program provides for certain additional facilities on campus for the benefit of students and staff. The auxiliary organization program derives its revenues primarily from lease and loan revenue received by the campus and the Office of the Chancellor from the auxiliary organizations using the facility.

The Systemwide Revenue Bonds are payable solely from continuing education, health facilities, housing, parking and student union, and designated auxiliary net income available for debt service and are payable through 2044/2045. The Program has pledged continuing education, health facilities, housing, parking, and student union revenues plus designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay $4,204,868,000 in Systemwide Revenue Bonds originally issued in 1980 through 1984 for old housing bonds and 2002 through 2013 for Systemwide Revenue Bonds (note 3). Proceeds from the bonds provided financing for the construction of the continuing education, health facilities, housing, parking, student union, and auxiliary organizations projects. The Systemwide Revenue Bond indenture requires net income available for debt service to be at least equal to aggregate debt service for all indebtedness each fiscal year. As presented in note 3, the total debt service remaining to be paid on the bonds for the Program is $5,954,018,925. In fiscal year 2014, total debt service paid and net income available for debt service, which excluded the designated auxiliary net income, for the Program were $261,249,139 and $327,930,411, respectively.

(Continued)

(k) Classification of Revenues and Expenses

The Program considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Program's primary functions. Exchange transactions include interest expense, charges for services rendered, and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities primarily include the Program's net investment income, contributions, and transfers.

(l) Transfers, Net

The Program records transfers to/from other funds and auxiliary organizations primarily to support the operations of the programs discussed in note 1(j).

(m) Fiscal Year, Principal, and Interest Payment Dates

The end of the fiscal year of the Program is specified in the bond resolutions as June 30. Interest ranging from 0.39% to 6.48% on the bonds is paid semiannually on May 1 and November 1. The principal payments are made on November 1 of each year with the final payment due November 1, 2044.

(n) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

(o) New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the Program's fiscal year beginning July 1, 2014. This statement revises existing standards for measuring and reporting pension liabilities for pension plans provided by the Program to its employees. This statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. This is effective for the Program's fiscal year beginning July 1, 2014. This statement states that if it is not practical to determine the beginning balances for deferred inflows of resources and deferred outflows of resources these should not be reported on the year of implementation of the standard.

The Program is evaluating the effect that GASB Statement Nos. 68 and 71 will have on its financial statements.

(2) Cash, Cash Equivalents, and Investments

The Program's cash, cash equivalents, and investments as of June 30, 2014 are classified in the accompanying statements of net position as follows:

Cash and cash equivalents	$	268,506
Short-term investments		1,096,151,741
Long-term investments		81,201,090
Total investments		1,177,352,831
Total cash, cash equivalents, and investments	$	1,177,621,337

(a) Cash and Cash Equivalents

The deposits of the Program that are maintained at financial institutions are fully insured or collateralized as required by state law. At June 30, 2014, the Program's cash and cash equivalents balance consisted of demand deposits held at financial institutions, at the State Treasury, and petty cash. Cash and cash equivalents balance had a carrying value of $268,506 at June 30, 2014.

Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

(b) Custodial Credit Risk for Deposits

Custodial credit risk is the risk that in the event of failure of the custodian, deposits may not be returned to the Program. The Program deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation (FDIC) secured. As a result, custodial credit risk for deposits is remote.

(c) Investments

At June 30, 2014, the Program's investment portfolio consists primarily of investments in the State of California Surplus Money Investment Fund (SMIF) and the CSU Consolidated Investment Pool. For the CSU Consolidated Investment Pool, separate accounting is maintained as to the amounts allocable to the various funds and programs.

(d) Custodial Credit Risk for Investments

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned to the Program. Substantially all of the Program's securities are registered in the Program's name by the custodial bank as an agent for the Program. As a result, custodial credit risk for investments is remote.

(e) Investment Policy

State law and regulations require that surplus monies of the Program be invested. The primary objective of the Program's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Program. The third objective is to return an acceptable yield. The Program's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the Program's investment policy permits investments in obligations of the federal and California state governments, certificates of deposit, high-grade corporate and fixed income securities, and certain other investment instruments.

(f) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of any investment. Generally, the longer the maturity of any investment, the greater the sensitivity of its fair value to changes in market interest rates. The Program has formal duration guidelines to manage its interest rate risk. The duration guidelines include limits on the maximum maturity of any individual investment in the pool, and the average duration of the investment pool. One of the ways that the Program manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Program identifies and manages the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Weighted average maturity is based on the stated maturity date, assuming that callable investments will not be called. The weighted average maturity of the Program's investment portfolio for each investment type as of June 30, 2014 is presented in the table on the following page.

(g) Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

By law, the program invests in low credit risk securities such as: U.S. governmental securities; securities of federally sponsored agencies; highly rated domestic corporate bonds; prime-rated commercial paper, repurchase and reverse repurchase agreements; banker's acceptances; and negotiable certificates of deposits. Therefore, occurrence of credit risk is remote.

The following table presents the fair value, weighted average maturity, and actual rating by investment type of the Program's prorated share of the investment portfolio as of June 30, 2014:

Investment type	Fair value	Weighted average maturity (in years)	AAA	Aa	A	Not rated
Money market	$ 3,032,747	—	$ 110	—	—	3,032,638
Repurchase agreements	913,678	0.003	—	—	820,318	93,360
Commercial paper	1,464,812	0.027	—	—	1,464,812	—
Certificates of deposit	72,395,052	0.658	—	7,269,458	65,125,593	—
U.S. agency securities	298,476,309	1.550	—	298,476,309	—	—
U.S. Treasury securities	311,267,324	1.585	—	—	—	311,267,324
Corporate and fixed income securities	406,346,906	2.082	84,411,817	89,167,721	232,767,368	—
Municipal securities	8,781,323	2.019	—	8,781,323	—	—
Mortgage-backed securities	922,399	7.620	—	922,399	—	—
State of California Surplus Money Investment Fund	73,752,281	0.636	—	—	—	73,752,281
Total	$ 1,177,352,831		$ 84,411,927	404,617,210	300,178,091	388,145,603

(h) *Concentration of Credit Risk*

Concentration of credit risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counter-party, or sovereign nation and is best mitigated by diversification. The Program's investment policy has concentration limits that provide sufficient diversification. Therefore, the occurrence of concentration of credit risk is remote.

The Program's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2014, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Program's investment portfolio: Federal National Mortgage Association ($102,314,910 or 8.69%) and Federal Home Loan Mortgage Corporation ($91,317,834 or 7.76%).

(i) *Risks and Uncertainties*

The Program may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

The Program invests in securities with contractual cash flows such as asset-backed securities and mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

(3) Revenue Bonds Payable

Revenue bonds payable of the Program as of June 30, 2014 consist of the following:

Description	Interest rate	Final maturity date	Original issue amount	Amount outstanding
Systemwide Revenue Bonds, Housing Series J-Q	3.00%	2019/20–2021/22	$ 17,273,000	5,663,000
Systemwide Revenue Bonds, Series 2004A	3.50%–5.25%	2018/19–2026/27	57,435,000	34,665,000
Systemwide Revenue Bonds, Series 2005A	3.75%–5.00%	2016/17–2037/38	658,635,000	373,605,000
Systemwide Revenue Bonds, Series 2005B	5.00%	2015/16–2021/22	134,805,000	61,380,000
Systemwide Revenue Bonds, Series 2005C	4.50%–5.25%	2017/18–2038/39	540,900,000	365,800,000
Systemwide Revenue Bonds, Series 2007A	4.00%–5.00%	2024/25–2044/45	254,770,000	239,395,000
Systemwide Revenue Bonds, Series 2007B	5.27%–5.55%	2027/28–2037/38	13,165,000	11,375,000
Systemwide Revenue Bonds, Series 2007C	5.00%	2020/21–2028/29	63,275,000	50,875,000
Systemwide Revenue Bonds, Series 2007D	4.00% –5.00%	2037/38	80,360,000	73,105,000
Systemwide Revenue Bonds, Series 2008A	3.50%–5.00%	2022/23–2039/40	375,160,000	342,945,000
Systemwide Revenue Bonds, Series 2009A	3.50%–6.00%	2015/16–2040/41	465,365,000	441,265,000
Systemwide Revenue Bonds, Series 2010A	3.00%–5.00%	2019/20–2031/32	146,950,000	127,255,000
Systemwide Revenue Bonds, Series 2010B	5.45%–6.48%	2035/36–2041/42	205,145,000	205,145,000
Systemwide Revenue Bonds, Series 2011A	2.50%–5.25%	2020/21–2042/43	429,855,000	413,815,000
Systemwide Revenue Bonds, Series 2012A	0.39%–5.00%	2021/22–2042/43	436,220,000	435,550,000
Systemwide Revenue Bonds, Series 2012B	2.79%–4.17%	2036/37	16,700,000	16,350,000
Systemwide Revenue Bonds, Series 2013A	1.50%–5.00%	2024/25–2026/27	308,855,000	308,855,000
Total Revenue bonds payable			$ 4,204,868,000	3,507,043,000
Less current portion				(96,090,000)
Revenue bonds payable, net of current portion				$ 3,410,953,000

Revenue Bonds payable activity for the year ended June 30, 2014 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Revenue bonds payable	$ 3,604,708,000	308,855,000	(406,520,000)	3,507,043,000	96,090,000
Premium on bonds, net	171,072,326	45,674,719	(24,913,526)	191,833,519	11,647,750
	$ 3,775,780,326	354,529,719	(431,433,526)	3,698,876,519	107,737,750

Revenue bonds payable at June 30, 2014 mature as follows:

	Principal	Interest	Total
Fiscal years:			
2015	$ 96,090,000	172,029,098	268,119,098
2016	99,135,000	167,680,992	266,815,992
2017	105,455,000	163,024,240	268,479,240
2018	110,215,000	158,128,821	268,343,821
2019	115,625,000	152,849,064	268,474,064
2020–2024	635,233,000	675,177,339	1,310,410,339
2025–2029	732,855,000	505,572,767	1,238,427,767
2030–2034	803,915,000	309,091,666	1,113,006,666
2034–2039	608,725,000	125,527,990	734,252,990
2040–2044	195,400,000	17,795,060	213,195,060
2045	4,395,000	98,888	4,493,888
	$ 3,507,043,000	2,446,975,925	5,954,018,925

As specified in the bond resolution, the revenue bonds payable at June 30, 2014 are secured by the future revenue streams rather than by the constructed assets. Additionally, the bonds are subject to special mandatory redemption prior to their respective maturity dates, in whole or in part, at a redemption price equal to the principal amount, and accrued interest to the redemption date, plus a premium as specified in the bond resolution.

(4) Revenue Bond Anticipation Notes Payable

The CSU Board of Trustees (the Trustees) has authorized the issuance of Revenue Bond Anticipation Notes (BANs) to provide short-term financing to the University for certain projects. The BANs are issued to the CSU Institute, an auxiliary organization of the University, to secure the issuance of commercial paper (CP) by the CSU Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. There are currently two authorized projects for financing with maturity beyond three years; these projects will remain as BANs until the debt is retired. Interest is variable and changes based upon the cost of the CSU Institute's CP program. The CP interest rate is determined by the CP dealer at each issuance of the CP. The maximum and minimum weighted average interest rates for the year ended June 30, 2014 were 0.17% and 0.07%, respectively.

BANs activity for the year ended June 30, 2014 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Revenue Bond Anticipation Notes	$ 37,371,000	142,825,000	(11,685,000)	168,511,000	153,541,000

Revenue BANs payable as of June 30, 2014 mature as follows:

	Principal
Fiscal years:	
2015	$ 153,541,000
2016	13,870,000
2017	400,000
2018	400,000
2019	300,000
Revenue bond anticipation notes payable	168,511,000
Less current portion	(153,541,000)
Revenue bond anticipation notes payable, net of current portion	$ 14,970,000

(5) Buildings, Improvements, Equipment, and Construction in Progress

The original capitalized cost of buildings, improvements, and equipment, during construction and upon completion of construction, is recorded by the University. As the constructed assets are not owned by the Program and do not act as security for the Systemwide Revenue Bond Program debt, construction costs are recorded as expenses in the accompanying statement of revenues, expenses, and changes in net position.

(6) Construction Loan Payable

At June 30, 2014, the Program had an outstanding construction loan payable to the Affordable Student Housing Program bearing interest at rates ranging from 0.18% to 6.80%. The loan is to be repaid over a 40-year period, primarily from future residence and dining hall revenues and interest earned thereon.

Construction loan payable activity for the year ended June 30, 2014 was as follows:

		Beginning balance	Additions	Reductions	Ending balance	Current portion
Construction loan payable	$	9,447,714	—	(62,895)	9,384,819	66,953

Payments on the construction loan are scheduled as follows:

		Principal
Fiscal years:		
2015	$	66,953
2016		71,274
2017		243,754
2018		291,551
2019		297,144
2020–2024		1,582,202
2025–2029		1,554,394
2030–2034		1,080,784
2035–2039		1,090,546
2040–2044		1,100,396
2045–2049		1,110,336
2050–2053		895,485
Construction loan payable		9,384,819
Less current portion		(66,953)
Construction loan payable, net of current portion	$	9,317,866

(7) Refundings

In August 2013, the Program partially defeased certain (Series 2005A and 2005C) Systemwide Revenue Bonds by placing a portion of the proceeds from the issuance of the Systemwide Revenue Bonds Series 2013A refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2013A refunding bonds were used to purchase U.S. federal, state, and local government securities that were placed in escrow accounts. The investments and fixed earnings from the investments are considered sufficient to fully service the defeased debt until the debt is called or matured. These transactions will reduce the Program's total financing cost by approximately $22,391,000 over the life of the bonds. The economic gain (difference between net present values of the debt service payments on the old debt and new debt) from these transactions was approximately $19,188,000. Accordingly, the refunded bonds have been considered defeased and, therefore, removed as a liability from the accompanying financial statements. The amount of the Program's current year defeased bonds outstanding as of June 30, 2014 totaled $317,130,000.

The accompanying financial statements include a total unamortized loss on debt refundings of $41,095,873. The loss represents the difference between the proceeds of the new bond issue, as adjusted for premiums or discounts, and the principal amounts of the bonds being defeased. The loss is being amortized over the life of the new bond issuance or the old bond issuance, whichever is shorter.

(8) Pension Plan and Other Postemployment Benefits (OPEB)

(a) Pension Plan

Plan Description

The University, as an agency of the State, contributes to the CalPERS. The State's plan with CalPERS is an agent multiple-employer defined benefit pension plan and CalPERS functions as an investment and administrative agent for its members. For the University, the plan acts as a cost-sharing multiple-employer defined benefit pension plan, which provides a defined benefit pension and postretirement program for substantially all eligible University employees. The plan also provides Survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits.

CalPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

University personnel are required to contribute 5.0% of their annual earnings in excess of $513 per month to CalPERS. Effective January 1, 2013 all new employees are required to contribute 6.0% of their annual earnings per month to CalPERS. The University is required to contribute at an actuarially determined rate; the current rate is approximately 24.3% of annual covered payroll. The contribution requirements of the plan members are established and may be amended by CalPERS. There is no contractual maximum contribution required for the University by CalPERS.

The Program's contributions to CalPERS for the most recent three fiscal years were equal to the required contributions and were as follows:

2012	$	16,198,000
2013		19,246,340
2014		21,208,838

(b) Other Postemployment Benefits (OPEB)

The The Program has adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, relating to other postemployment benefits (OPEB). Under this statement, public employers sponsoring and subsidizing retiree healthcare benefit programs will need to recognize the cost of such benefits on an accrual basis.

Plan Description

The State of California (State) provides retiree healthcare benefits to statewide employees, including employees of the University, through the programs administered by the California Public Employees' Retirement System (CalPERS). The State's substantive plan represents a substantive single-employer defined-benefit OPEB plan, which includes medical and prescription drug benefits (collectively, healthcare benefits) to the retired University employees. The University provides dental benefits to eligible University retirees. Eligible retirees receive healthcare and dental benefits upon retirement at age 50 with five years of service credit.

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties); for dental benefits, CalPERS offers a Dental Maintenance Organization (DMO) and dental indemnity plans to the University retirees. Health plans offered, covered benefits, monthly rates, and copayments are determined by the CalPERS board, which reviews health plan contracts annually.

The contribution requirements of retirees and the State are established and may be amended by the State legislature. For healthcare benefits, the State makes a contribution towards the retiree's monthly health premiums, with the retirees covering the difference between the State's contribution and the actual healthcare premium amount. The State contribution is normally established through collective bargaining agreements. No retiree contribution is required for dental benefits.

Funding Policy

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts.

The University is responsible for paying the cost of dental benefits for all University retirees using funds provided by the State through general fund appropriations. The University makes payments directly to Delta Dental for the retiree's monthly dental premiums. The University is funding these benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation for the Program

The following table shows the components of the total annual required contribution (ARC) for the Program's allocated portion of the postretirement healthcare plan and the Chancellor's Office billable dental plan, the amount contributed to the plan by the Program, and changes in the Program's net OPEB obligation (NOO) for the fiscal year ended 2014:

ARC:		
Housing	$	13,106,189
Student union		328,539
Parking		3,909,774
Continuing education		18,253,787
Total ARC		35,598,289
Contributions:		
Housing		(4,908,342)
Student union		(123,040)
Parking		(1,464,232)
Continuing education		(6,836,147)
Total contributions		(13,331,761)
Increase in NOO		22,266,528
NOO – beginning of year		93,213,885
NOO – end of year	$	115,480,413

The Program's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Program	Fiscal year	Annual ARC	Percentage of annual ARC contributed	NOO
Housing	2012	$ 12,089,792	37.1%	$ 29,539,859
	2013	12,418,234	37.0	37,362,557
	2014	13,106,189	37.5	45,560,405
Student union	2012	217,800	37.8	401,806
	2013	161,485	37.0	503,532
	2014	328,539	37.5	709,032
Parking	2012	3,607,121	37.8	10,965,294
	2013	3,721,120	37.0	13,309,363
	2014	3,909,774	37.5	15,754,904
Continuing education	2012	13,886,250	37.8	31,706,221
	2013	16,300,734	37.0	41,974,649
	2014	18,253,787	37.5	53,392,288
Auxiliary organizations	2012	—	—	63,784
	2013	—	—	63,784
	2014	—	—	63,784

Actuarial Methods and Assumptions and Plan Funding Information

As an agency of the State, the University was included in the State's OPEB actuarial study. The analysis of the statewide ARC by accounts is performed by the State Controller's Office (SCO) and a portion related to billable accounts is allocated to the University. The University allocates to the Program the ARC, which only includes the health benefit portion for the billable accounts. Since the ARC allocated by the SCO does not provide a breakdown of the ARC for health and dental benefits separately, the ARC for the nonbillable accounts, which related only to dental benefits, was estimated based on dental contributions as a percentage of the total OPEB contributions.

Projections of benefits for financial statement reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the State and the plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective. In the June 30, 2013 actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.25% investment rate of return, 4.25% discount rate. Both rates included a 2.75% annual inflation assumption. Annual wage inflation is assumed to be 3.00%. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

Funding progress information specifically related to the Program's portion of the statewide OPEB plan is not available. For more details about the actuarial methods and assumptions used by the State as well as the statewide plans' funding progress and status, refer to the State of California's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended 2014.

(9) Subsequent Events

In August 2014, the University issued its Systemwide Revenue Bonds Series 2014A with a par amount of \$747,740,000 and net proceeds of \$850,450,000. The majority of the proceeds were used to refund certain maturities of Systemwide Revenue Bonds Series 2004A, 2005A and 2005C (\$496.4 million), fund new capital projects (\$178.5 million), pay Bond Anticipation Notes (\$153.2 million), refund outstanding bond indebtedness issued by an auxiliary organization (\$2.9 million), and pay capitalized interest (\$18.5 million) and cost of issuance (\$1.0 million).

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Residence and Dining Halls Operating Data by Campus[1]

Year ended June 30, 2014

(Unaudited)

	Operating revenue	Operating expenditures (5)	Excess (deficiency) of revenue over (under) expenditures	Design capacity	Operational capacity (2)	Average number of spaces occupied	Percentage of spaces occupied	Average annual rates per academic year (3): Residence halls Single	Residence halls Double	Residence halls Suite	Apartments Single	Apartments Double	Apartments Suite
CSU, Bakersfield	$ 3,482,687	2,652,906	829,781	350	352	331	94%	$ 9,265	5,578	—	—	—	—
CSU, Channel Islands	11,222,705	4,847,141	6,375,564	820	1,212	1,136	94	10,100	9,160	—	10,980	9,580	—
CSU, Chico	21,904,874	16,143,927	5,760,947	1,839	2,126	2,056	97	8,730	7,210	—	8,730	7,210	—
CSU, Dominguez Hills	4,348,411	3,430,915	917,496	712	655	612	93	—	—	—	9,204	7,872	—
CSU, East Bay	11,288,502	5,583,978	5,704,524	1,297	1,457	1,423	98	—	—	7,374	8,213	6,423	—
CSU, Fullerton	23,651,967	11,588,661	12,063,306	1,918	1,916	1,885	98	—	9,168	—	9,951	7,481	—
Humboldt State University	13,524,264	8,140,211	5,384,053	2,013	2,049	1,985	97	7,058	5,700	—	7,058	5,700	—
CSU, Long Beach	22,701,730	12,387,132	10,314,598	1,962	1,962	1,933	99	8,650	7,650	—	—	—	—
CSU, Los Angeles	7,081,154	3,689,006	3,392,148	1,069	1,007	968	96	—	—	—	7,902	6,105	—
California Maritime Academy	7,682,836	4,694,869	2,987,967	749	749	695	93	6,850	5,150	—	—	—	—
CSU, Northridge	20,763,540	10,340,145	10,423,395	3,431	2,954	2,881	98	—	—	5,532	9,749	5,736	—
CSU, Pomona	21,783,017	9,083,553	12,699,464	2,281	2,485	2,373	95	9,300	7,653	12,318	—	—	—
CSU, Sacramento	11,864,186	6,976,342	4,887,844	1,672	1,671	1,633	98	6,760	6,538	—	8,080	—	—
CSU, San Bernardino	9,301,598	4,746,256	4,555,342	1,529	1,458	1,322	91	5,985	4,806	—	8,010	—	8,109
San Diego State University	34,111,326	22,577,308	11,534,018	3,091	3,347	3,062	91	9,464	7,352	—	10,769	7,040	—
San Francisco State University (4)	42,589,333	27,151,439	15,437,894	2,747	2,723	2,704	99	—	7,556	—	10,530	9,426	—
San Jose State University	32,635,076	14,782,106	17,852,970	3,370	3,721	3,663	98	7,564	6,634	—	13,214	10,503	—
CSU, San Luis Obispo	46,192,559	24,295,425	21,897,134	6,239	7,246	7,138	99	9,650	6,430	—	7,438	5,950	—
Sonoma State University	25,418,306	13,227,860	12,190,446	3,146	3,107	3,001	97	7,734	5,886	—	9,128	7,280	—
CSU, Stanislaus	4,118,874	3,415,983	702,891	460	475	373	79	7,121	5,572	—	7,584	6,347	—
	375,666,945	209,755,163	165,911,782	40,695	42,672	41,174	96%	$ 8,159	6,753	8,408	9,159	7,332	8,109
Systemwide Offices	—	438,738	(438,738)										
Interest income	1,713,568	—	1,713,568										
Total	$ 377,380,513	210,193,901	167,186,612										

(1) Housing facilities at the Fresno, Monterey Bay and San Marcos campuses are operated by Auxiliary Organizations.
(2) This column reflects capacity adjusted for increase or decrease in permanent conversions and temporary adjustments.
(3) This section primarily reflects an average of the more traditional rates to students. Each campus has different rates depending on accommodations, such as super doubles, cluster occupancy, etc.
(4) The operational capacity does not include 740 apartment units that were occupied by students, faculty and staff. The annual rates for the one-bedroom, two-bedroom or three-bedroom units (not bed-spaces) vary between $1,550 and $3,400.
(5) Operating expenditures presented herein exclude construction and major repair and replacements.

See accompanying independent auditors' report.

Schedule 2

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Insurance Coverage

June 30, 2014

(Unaudited)

Expiration date	Coverage	Amount	Company	Policy number
July 1, 2014*	CSU Master Property Policy, "All Risk" Building, Equipment, and Rental Income	$ 1,000,000,000 per occurrence	Public Entity Property Insurance Program (PEPIP)	PPROP1314
July 1, 2014*	CSU Master Property Policy, Boiler, and Machinery	100,000,000	Public Entity Property Insurance Program (PEPIP)	PBOILER1314
July 1, 2014*	Bodily Injury and Property Damage Liability (Primary)	5,000,000	CSURMA	RMA-SYST-1314-1
July 1, 2014*	Bodily Injury and Property Damage Liability (Excess)	5,000,000	Ironshore	000541303
July 1, 2014*	Bodily Injury and Property Damage Liability (Excess)	10,000,000	Allied World Assurance Company (AWAC)	03057227

* New insurance policies are maintained for the period from July 1, 2014 to June 30, 2015. These policies provide the same coverage indicated above.

See accompanying independent auditors' report.

Schedule 3

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Pledged Income and Expenses against Systemwide Revenue Bonds

Year ended June 30, 2014

(Unaudited)

Gross revenues (1)(11):	
Housing system	$ 377,380,513
Student unions/Recreation Ctrs. (2)	185,032,413
Parking (3)	102,627,589
Health centers (2)	9,875,231
Continuing education	340,079,344
Auxiliary (4)	542,991,219
Related governmental entities (5)	13,361,006
Total gross revenues	$ 1,571,347,315
Debt service:	
Auxiliary – other (6)	$ 3,343,218
Systemwide revenue bonds (7)	255,560,008
Total debt service	$ 258,903,226
Operating expenditures (8) (10):	
Housing system	$ 238,585,005
Student unions/Recreation Ctrs.	86,892,873
Parking	65,871,685
Health centers (9)	3,194,566
Continuing education	305,881,555
Auxiliary (4)	443,572,097
Total operating expenditures	$ 1,143,997,781

(1) Includes interest income.

(2) Gross revenues shown here are derived solely from certain mandatory student fees – not revenues derived from operations of student unions or student health centers.

(3) Excludes fines and forfeitures collected separately from parking fees.

(4) Revenues and expenditures shown are for those auxiliary organizations that have financed with Systemwide Revenue Bonds through a lease or loan and exclude research grant and contract activity and restricted gifts. Gross revenues under the Bond Indenture are a smaller amount derived from payments under certain leases or loans with the board of trustees.

(5) Includes revenues derived from leases with California State University, Channel Islands Site Authority, and the Headquarters Building Authority, which are used solely to pay debt service on Systemwide Revenue Bonds; therefore, operating expenditures are not applicable.

(6) Since June 30, 2004, certain auxiliary organizations have participated in financing and refinancing facilities through the Systemwide Revenue Bond Program. Debt service noted includes outstanding auxiliary organization debt that is not part of the Systemwide Revenue Bond Program.

(7) Debt service shown excludes interest that has been funded from bond proceeds.

(8) Operating expenditures also include extraordinary maintenance and repair projects, and other postemployment benefit obligation, which are generally paid from existing program fund balances.

(9) Operating expenditures shown here are only such expenditures that are paid from certain mandatory student fees shown under total gross revenue.

(10) GASB Statement No. 45, which requires the accrual of costs related to other postemployment benefits, were included in operating expenses in the cumulative amount of $115,480,413 for the fiscal year ended June 30, 2014.

(11) The foregoing table does not include $4,279,409 received for fiscal year ended June 30, 2014, under the Build America Bonds (BABs) program as a cash subsidy payment from the U.S. Treasury.

See accompanying independent auditors' report.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions contained in the Indenture and is not to be considered as a full statement thereof. Reference is made to the Indenture for full details of the terms of the Systemwide Revenue Bonds, the application of Gross Revenues and the security provisions.

CERTAIN DEFINED TERMS

The terms defined below are among those used in the Indenture. The definitions set forth below are intended to generally restate the corresponding definitions in the Indenture unless the context hereof requires otherwise. Because of these contextual variations, the definitions set forth below are not necessarily either definitive or comprehensive for purposes of interpreting the Indenture and are therefore qualified in their entirety by reference to the Indenture for such purposes.

"Act" means The State University Revenue Bond Act of 1947, codified at California Education Code Sections 90010 and following, as in force on the date of the initial execution and delivery of the Indenture and as it may thereafter be amended from time to time.

"Additional Bonds" means Bonds issued pursuant to a Supplemental Indenture.

"Aggregate Debt Service" means, as of any date of calculation and with respect to any period, the sum of amounts of Debt Service for the Indebtedness specified herein for such period.

"Balloon Indebtedness" means Indebtedness or Designated Auxiliary Debt having an original maturity greater than one year or renewable at the option of the Board for a period of greater than one year from the date of original incurrence or issuance thereof, 25% or more of the original principal of which becomes due (either by maturity or mandatory redemption) or may be tendered for purchase or payment at the option of the holder during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness or Designated Auxiliary Debt to be amortized below 25% by mandatory redemption prior to such date.

"Board" means the Trustees of the California State University, an agency of the State of California, its successors and assigns organized and existing under and by virtue of the laws of the State of California.

"Bond Payment Date" means each Interest Payment Date and Principal Payment Date.

"Bonds" means any or all of the Trustees of the California State University Systemwide Revenue Bonds authorized under and secured by the Indenture. The term "Serial Bonds" shall mean the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided. The term "Term Bonds" shall mean the Bonds, if any, payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

"Business Day" means any day of the year other than (i) a Saturday or Sunday, (ii) a State legal holiday, or (iii) any day on which Banks located in Sacramento, California, or the city in which any co-trustee or the relevant office of any paying agent or registrar is located, are required or authorized by law to remain closed, or, with respect to any Series of Bonds, as may be provided by Supplemental Indenture.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed and delivered by the Board on the date of issuance and delivery of the Series 2015 Bonds as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Debt Enhancement Agreement" means any loan agreement, revolving credit agreement, insurance contract, commitment to purchase, purchase or sale agreement, or commitments or other contracts or agreements, including, without limitation, interest rate agreements, including interest rate swap agreements, entered into by the Board in connection with the issuance, payment, sale, resale or exchange of any Indebtedness or Designated Auxiliary Debt to enhance the security for or provide for the payment, prepayment or remarketing of such Indebtedness or Designated Auxiliary Debt and the interest thereon or to reduce or manage the interest thereon.

"Debt Service" means, when used with respect to any Indebtedness or Designated Auxiliary Debt, as of any date of calculation and with respect to any period, the sum of (1) the interest falling due on such Indebtedness or Designated Auxiliary Debt during such period (except to the extent that such interest is payable from the proceeds of such Indebtedness or Designated Auxiliary Debt or other moneys specifically set aside for such purpose), and (2) the principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Indebtedness or Designated Auxiliary Debt during such period (except to the extent that such principal is payable from the proceeds of such Indebtedness or Designated Auxiliary Debt or other moneys specifically set aside for such purpose); computed on the assumption that no portion of such Indebtedness or Designated Auxiliary Debt shall cease to be outstanding during such period except by reason of the application of such scheduled payments; provided, however, that for purposes of such computation if any of the Indebtedness or Designated Auxiliary Debt is Balloon Indebtedness, the computation of Debt Service shall, at the option of the Board, assume that such Balloon Indebtedness is to be amortized over thirty (30) years beginning on the date of maturity of such Balloon Indebtedness or such earlier date as may be specified by the Board, assuming level debt service and the rate of interest on such Balloon Indebtedness; and provided further that if interest on Indebtedness or Designated Auxiliary Debt is payable pursuant to a variable interest rate formula, the interest rate on such Indebtedness or Designated Auxiliary Debt for periods when the actual interest rate cannot be yet determined shall be assumed to be equal to the greater of (a) the current interest rate calculated pursuant to the provisions of such agreement or, (b) if available, the daily average interest rate on such Indebtedness or Designated Auxiliary Debt during the preceding 36 months preceding the date of calculation or, (c) if such Indebtedness or Designated Auxiliary Debt has not been Outstanding for such 36-month period, such daily average interest rate on comparable debt of a state or political subdivision of a state which debt is then rated by a nationally recognized bond rating agency with a rating similar to the rating on such Indebtedness or Designated Auxiliary Debt; and provided further that if any such Indebtedness or Designated Auxiliary Debt is bearing interest at other than a fixed rate and the payments received and made by the Board under a Debt Enhancement Agreement with respect to such Indebtedness or Designated Auxiliary Debt is expected to produce a fixed rate to be paid by the Board, then such Indebtedness or Designated Auxiliary Debt shall be treated as bearing interest at such fixed rate.

"Defeasance Securities" means (i) moneys or noncallable securities of the category specified in clauses (1) or (2) of the definition of the term Investment Securities, or (ii) any other securities, provided that a Rating Agency has rated the defeased Bonds "AAA" or equivalent, without regard to any insurance policy or other credit enhancement securing payment of such defeased Bonds, or (iii) any other securities, with the written consent of the Credit Facility Provider.

"Designated Auxiliary Debt" means any bond, note, lease, installment purchase agreement or other obligation of a Designated Auxiliary Organization which is secured by a pledge of or lien upon Designated Auxiliary Revenues and which is designated in a Certificate of the Board filed with the Trustee; provided that such debt does not constitute Indebtedness under the Indenture.

"Designated Auxiliary Organization" means any duly qualified and recognized auxiliary organization of the Board designated in a Certificate of the Board filed with the Trustee.

"Designated Auxiliary Revenues" means any revenues, income, receipts, or other moneys of a Designated Auxiliary Organization which have been pledged to, or are subject to a lien securing the repayment of, Designated Auxiliary Debt and which are designated in a Certificate of the Board filed with the Trustee; provided that such revenues do not constitute Gross Revenues under the Indenture.

"Escrow Fund" means, collectively, each of the escrow funds into which proceeds of the Series 2015 Bonds are deposited in order to provide for the defeasance and refunding of the Prior Bonds.

"Excluded Facilities" means any facilities which may be designated from time to time by the Board as Excluded Facilities in a Certificate of the Board which is filed with the Trustee.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year of the Board.

"Gross Revenues" means (i) all income, including interest income on Gross Revenues, rentals, fees, rates, charges, insurance proceeds, condemnation proceeds and other moneys derived from the ownership or operation of the Projects, but excluding any refundable deposits, fines or forfeitures or operating revenues from student unions or student centers that are not mandatory student center fees, and (ii) any other revenues, receipts, income or other moneys from time to time designated by the Board for the payment of principal of and interest on the Bonds, in each case subject to the provisions of the Security Documents governing any Indebtedness secured by a Senior Lien.

"Gross Revenue Fund Depositories" means such banking, governmental, financial or other institutions (which may include the Trustee) as the Board shall designate from time to time as the depositories of the funds and accounts comprising the Gross Revenue Fund, all as set forth in a Certificate of the Board filed with the Trustee.

"Indebtedness" means any indebtedness or obligation of the Board which is: (1) secured by a pledge of or other encumbrance on Gross Revenues; and (2) is either (a) classified as a liability on a balance sheet in accordance with generally accepted accounting principles for colleges and universities; or (b) is a Debt Enhancement Agreement.

"Interest Payment Date" means, with respect to the Series 2015 Bonds, November 1, 2015 and each May 1 and November 1 thereafter, until the principal and interest on all Bonds has been paid or payment has been duly provided for such amounts, and such other interest payment date or dates as may be specified in a Supplemental Indenture for a Series of Bonds.

"Investment Securities" means any of the following which at the time are legal investments under the laws of the State of California for moneys held under the Indenture and then proposed to be invested therein: (i) bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest; (ii) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States; (iii) bonds of the State of California or bonds for which the faith and credit of the State of California are pledged for the payment of principal and interest; (iv) bonds or warrants, including but not limited to revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the State of California, municipal utility district or school district of the State of California; (v) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by general land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended, and the bonds of any federal home loan bank established under said act, obligations of the Federal Home Loan Mortgage Corporation, and bonds, notes and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended; (vi) commercial paper rated within the top rating designation by a nationally recognized rating agency and issued by corporations (1) organized and operating within the United States, (2) having total assets in excess of $500,000,000 and (3) approved by the Pooled Money Investment Board, provided, however that eligible commercial paper may not exceed 180 days' maturity, represent more than ten percent (10%) of the outstanding paper of an issuing corporation nor exceed thirty percent (30%) of the resources of an investment program, and that at the request of the Pooled Money Investment Board, such investment shall be secured by the issuer by depositing with the State Treasurer securities authorized by Section 53651 of the California Government Code of a market value of at least ten percent (10%) in excess of the amount of the State's investment; (vii) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the top two rating categories by a nationally recognized rating agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System; (viii) negotiable certificates of deposit issued by a nationally or state-chartered bank or savings and loan association or by a state-licensed branch of a foreign bank which, to the extent they are not insured by federal deposit insurance are issued by an institution the general obligations of which are rated in one of the top two rating categories by a nationally recognized rating agency; (ix) bonds, debentures and notes issued by corporations organized and operating within the United States which securities are rated in one of the top two rating categories by a nationally recognized rating agency; (x) interest-bearing accounts in state or national banks or in state or federal savings and loan associations having principal offices in the State of California, the deposits of which shall be secured at all times and in the same manner as state moneys are by law required to be secured; (xi) deposits in the Surplus Money Investment Fund referred to in Section 15487 of the California Government Code; (xii) repurchase agreements or reverse repurchase agreements, as such terms are defined and pursuant to the terms of Section 16480.4 of the California Government Code; (xiii) collateralized or uncollateralized investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated within the top two rating categories by a nationally recognized rating agency; or (xiv) money market funds that invest solely in obligations described in clause (i) of this definition; or commercial paper rated within the top rating designation by a nationally recognized rating agency and issued by corporations (1) organized and operating within the United States, (2) having total assets in excess of $500,000,000, and (3) approved by the Pooled Money Investment Board, provided, however, that eligible commercial paper may not exceed 180 days' maturity or represent more than ten percent (10%) of the outstanding paper of an issuing corporation, and at the request of the Pooled Money Investment Board, such investment shall be secured by the issuer by depositing with the State Treasurer securities authorized by Section 53651 of the California Government Code of a market value of at least ten percent (10%) in excess of the State's investment.

"Maintenance and Operation Expenses" means necessary operating expenses, maintenance charges, expenses of reasonable upkeep and extraordinary repairs, a properly allocated share of charges for insurance, direct or special administrative expenses directly chargeable to the Projects and all other expenses incident to the operation of the Projects, but shall not include interest, amortization and depreciation expense and other non-cash charges, nor any general administrative expenses of the Board or of the State.

"Mandatory Sinking Account Payment" means, with respect to Bonds of any Series and maturity, the amount required by the Indenture or any Supplemental Indenture to be paid by the Board on any single date for the retirement of Term Bonds of such Series and maturity.

"Net Income Available for Debt Service" means with respect to any period, the sum of: (1) the excess of Gross Revenues over Maintenance and Operation Expenses (before extraordinary items), determined in accordance with generally accepted accounting principles, each item determined in accordance with such generally accepted accounting principles, and excluding (a) any profits or losses on the sale or disposition, not in the ordinary course of business, of investments or fixed or capital assets relating to the Projects or resulting from the early extinguishment of Indebtedness or Designated Auxiliary Debt, (b) gifts, grants, bequests, donations and contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Debt Service, and (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; plus (2) Designated Auxiliary Revenues.

"Nineteenth Supplemental Indenture" means the Nineteenth Supplemental Indenture, dated as of August 1, 2015, by and between the Board and the Trustee.

"Parity Lien" means any pledge, lien, security interest, encumbrance or charge of any kind, on or in any Gross Revenues which is equal and ratable to the lien of the Indenture on or in such Gross Revenues; provided, that the Security Document creating such an equal and ratable lien provides that an Event of Default under the Indenture shall constitute and event of default under such Security Document.

"Principal Payment Date" means, for the Series 2015 Bonds, November 1, 2015 and each November 1 thereafter, until the principal on all Bonds has been paid or payment has been duly provided for such amounts, and such other principal payment date or dates as may be specified in a Supplemental Indenture for a Series of Bonds.

"Prior Bonds" means those certain revenue bonds issued by an auxiliary organization of the Board and those certain Bonds refunded with a portion of the proceeds of the Series 2015A Bonds, as described in "REFUNDING PLAN" and Appendix H hereto.

"Projects" means, on any given date, all of the housing, parking, student union, student center, student health center and continuing education facilities owned or operated by the Board and any other facilities designated by the Board as Projects under the Indenture in a Certificate of the Board filed with the Trustee, except in all cases the Excluded Facilities.

"Record Date" means the fifteenth day of the month next preceding each Interest Payment Date or such other record date as may be established by a Supplemental Indenture with respect to a Series of Bonds.

"Security Documents" means all of the instruments, documents and agreements which, as of any date, have been executed and are then binding upon the Board in connection with any Senior Lien or Parity Lien or Subordinate Lien, including without limitation any indenture, trust agreement, loan agreement, credit agreement or security agreement.

"Senior Lien" means any pledge, lien, security interest, encumbrance or charge of any kind on or in any Gross Revenues which is senior in priority and superior to the lien of the Indenture on or in such Gross Revenues.

"Subordinate Lien" means any pledge, lien, security interest, encumbrance or charge of any kind on or in any Gross Revenues which is subordinate in priority and junior to the lien of the Indenture on or in such Gross Revenues.

"Supplemental Indenture" or "Indenture supplemental hereto" means any indenture hereafter duly authorized and entered into between the Board and the Trustee in accordance with the provisions of the Indenture.

"Tax Certificate" means the certificate signed by the Board on the date any Series of Bonds are issued relating to the requirements of the Code.

"Trustee" means the State Treasurer, any agent of the State Treasurer as provided in the Indenture, or any successor as Trustee under the Indenture as provided in the Indenture.

"Twentieth Supplemental Indenture" means the Twentieth Supplemental Indenture, dated as of August 1, 2015, by and between the Board and the Trustee.

Application of Proceeds of the Series 2015 Bonds

The Board shall deposit the proceeds from the sale of the Series 2015 Bonds in the State Treasury of the State to the credit of the Program Fund within the fund designated as the "California State University Dormitory Construction Fund," which fund was created by Section 90073 of the Education Code of the State and is referred to as the "Program Fund." The Board shall account separately in the Program Fund for the proceeds from the sale of the Series 2015A Bonds and the Series 2015B Bonds.

Proceeds from the sale of the Series 2015A Bonds shall be deposited in an account established within the Program Fund and designated as the "Series 2015A Project Account." Immediately after the receipt of the proceeds from the sale of the Series 2015A Bonds, the Trustee, upon the order of the Controller of the State, and in accordance with the Certificate of the Board, shall withdraw certain moneys from the Series 2015A Project Account and deposit such moneys in separate accounts relating to the Series 2015A Bonds, including the Escrow Fund, which the Trustee will establish in accordance with the Nineteenth Supplemental Indenture. Except as described in this section, the moneys remaining in the Series 2015A Project Account shall be used and applied solely to meet the costs of acquisition and construction of the Series 2015A Projects and expenses and costs incidental to the acquisition and construction of the Series 2015A Projects, including the repayment of the principal of and interest on any interim loan, bond anticipation notes or other financing of such costs, and costs and expenses incident to the issuance and sale of the Series 2015A Bonds (including transfer to any fund or funds from which advances have been made for any such costs and expenses, in repayment of such advances), and for capitalized interest. Moneys shall be paid from the Series 2015A Project Account within the Program Fund upon claims filed by the Board with the Controller of the State and after audit by the Controller of the State in the manner provided by law and upon warrants drawn by the Controller of the State. Any moneys remaining in the Series 2015A Project Account in the Program Fund after all applicable costs and expenses have been transferred shall be used for such other purposes permitted under the Act as the Board may determine (including deposit to the Rebate Fund).

Proceeds from the sale of the Series 2015B Bonds shall be deposited in an account established within the Program Fund and designated as the "Series 2015B Project Account." Immediately after the receipt of the proceeds from the sale of the Series 2015B Bonds, the Trustee, upon the order of the Controller of the State, and in accordance with the Certificate of the Board, shall withdraw certain moneys from the Series 2015B Project Account and deposit such moneys in separate accounts relating to the Series 2015B Bonds. Except as described in this section, the moneys remaining in the Series 2015B Project Account shall be used and applied solely to meet the costs of acquisition and construction of the Series 2015B Projects and expenses and costs incidental to the acquisition and construction of the Series 2015B Projects, including the repayment of the principal of and interest on any interim loan, bond anticipation notes or other financing of such costs, and costs and expenses incident to the issuance and sale of the Series 2015B Bonds (including transfer to any fund or funds from which advances have been made for any such costs and expenses, in repayment of such advances). Moneys shall be paid from the Series 2015B Project Account within the Program Fund upon claims filed by the Board with the Controller of the State and after audit by the Controller of the State in the manner provided by law and upon warrants drawn by the Controller of the State. Any moneys remaining in the Series 2015B Project Account in the Program Fund after all applicable costs and expenses have been transferred shall be used for such other purposes permitted under the Act as the Board may determine.

Program Fund; Project Accounts; Series Project Accounts

The Board shall maintain the Program Fund with the Trustee and, if permitted by law, at such banking institution or other financial, governmental or other institutions as the Board may determine. To the extent required by the Act as determined by the Board, the Program Fund shall constitute an account within the California State University Dormitory Construction Fund required to be maintained under the Act.

With respect to the Series 2015A Bonds, the Board shall establish and maintain a separate account within the Program Fund designated as the "Series 2015A Project Account." With respect to the Series 2015B Bonds, the Board shall establish and maintain a separate account within the Program Fund designated as the "Series 2015B Project Account."

The Trustee shall be under no duty with respect to the use and application of moneys in the Program Fund and shall not be liable for the manner or method in which moneys withdrawn by the Board are in fact used and applied by the Board. Subject to certain conditions of the Indenture, the moneys deposited to the Program Fund may be invested by the Board in Investment Securities or any other lawful investment for funds of the Board. Subject to certain conditions of the Indenture, any moneys remaining in the Program Fund after completion of the Projects shall be promptly deposited to the Revenue Fund.

The amount initially deposited in the Series 2015A Project Account and any investment earnings thereon shall be held by the Trustee. Moneys in the Series 2015A Project Account shall be used and withdrawn by the Board to pay Costs of Issuance, the cost of acquisition or construction of the Series 2015A Projects, including reimbursements of any sums advanced by the Board for such purposes and refunding bond anticipation notes or other obligations incurred for such purposes, and to pay interest on the Series 2015A Bonds in such amounts and on such dates as may be determined by the Board. Notwithstanding any other provision of the Indenture, amounts in the Series 2015A Project Account may be invested in Investment Securities or any other lawful investment for funds of the Board.

The amount initially deposited in the Series 2015B Project Account and any investment earnings thereon shall be held by the Trustee. Moneys in the Series 2015B Project Account shall be used and withdrawn by the Board to pay Costs of Issuance, the cost of acquisition or construction of the Series 2015B Projects, including reimbursements of any sums advanced by the Board for such purposes and refunding bond anticipation notes or other obligations incurred for such purposes, and to pay interest on the Series 2015B Bonds in such amounts and on such dates as may be determined by the Board. Notwithstanding any other provision of the Indenture, amounts in the Series 2015B Project Account may be invested in Investment Securities or any other lawful investment for funds of the Board.

Issuance of Additional Series of Bonds

In addition to the Series 2015 Bonds and other Outstanding Bonds, the Board may by Supplemental Indenture establish one or more other Series of Bonds, and the Board may issue, and the Trustee may authenticate and deliver to, or upon the Written Order of, the Board, Bonds of any Series so established, in such principal amount as shall be determined by the Board, subject to the requirements of the Indenture, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) The Supplemental Indenture providing for the issuance of such Series shall specify the purposes for which such Series is being issued, which shall be one or more of the following: (1) to provide moneys needed to acquire, implement, install, construct or complete Projects, including reimbursements of any sums advanced by the Board for such purposes, by depositing into the Program Fund the proceeds of such Series to be so applied, (2) to refund all or part of the Bonds of any one or more Series then Outstanding, or (3) to provide moneys needed to refund all or part of any other Indebtedness or Designated Auxiliary Debt. Such Supplemental Indenture may, but is not required to, provide for the payment of expenses incidental to such purposes, including the costs of issuance of such Series, interest on Bonds of such series and, in the case of Bonds issued to refund other Bonds or Indebtedness or Designated Auxiliary Debt, expenses incident to calling, redeeming, paying or otherwise discharging the Bonds or Indebtedness or Designated Auxiliary Debt to be refunded.

(b) The Board shall be in full compliance with all covenants and undertakings set forth in the Indenture or any indenture supplemental hereto and with all covenants and undertakings in connection with any Bonds then Outstanding.

(c) Such additional Series of Bonds shall be equally and ratably secured with all other Bonds herein authorized, without preference or priority of any of the Bonds over any other Bonds, except as expressly provided in the Indenture.

(d) Such additional Series of Bonds shall satisfy the requirements for the issuance of Indebtedness secured by a Parity Lien provided in the Indenture.

(e) The aggregate principal amount of Bonds issued under the Indenture shall not exceed any limitation imposed by the Act or by any Supplemental Indenture.

Nothing in the Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of Additional Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of such Additional Bonds or the Bonds or any portion thereof.

Pledge and Assignment; Gross Revenue Fund; Revenue Fund

Subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, the Board hereby pledges to the Trustee to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture, all of the Gross Revenues, all of the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to the Indenture, excluding the Rebate Fund. Said pledge shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act, against all parties having claims of any kind in tort, contract or otherwise against the Board or the Trustee, irrespective of whether the parties have notice thereof; provided, however, that the pledge of Gross Revenues set forth in this section shall in all respects be junior to any Indebtedness secured by a Senior Lien.

The Board agrees that, so long as any of the Bonds remain Outstanding, (i) all of the Gross Revenues not encumbered by any Senior Lien shall be deposited as soon as practicable upon receipt in a fund designated as the "Trustees of the California State University Systemwide Revenue Bonds Gross Revenue Fund" (the "Gross Revenue Fund") which the Board shall establish and maintain and (ii) funds equal to Gross Revenues encumbered by any Senior Lien shall be deposited in the Gross Revenue Fund at the earliest practicable time and to the extent such funds are available pursuant to the terms of the Security Documents evidencing such Senior Lien. To the extent Gross Revenues to be deposited in the Gross Revenue Fund pursuant to the immediately preceding sentence are encumbered by Indebtedness (other than Additional Bonds) secured by a Parity Lien, the Board agrees to allocate and deposit in the Gross Revenue Fund an amount of such Gross Revenues equal to the product of (A) such Gross Revenues multiplied by (B) a fraction, the numerator of which shall be (i) the proceeds of the Bonds, and the denominator of which shall be (ii) the sum of (x) the proceeds of the Bonds and (y) the proceeds of Indebtedness secured by a Parity Lien. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Board grants a security interest to the Trustee in the Gross Revenue Fund to secure the payment of the principal of and interest on the Bonds outstanding and the pledge of Gross Revenues under the Indenture.

To the extent required by the Act, as determined by the Board, the Gross Revenue Fund shall constitute an account within the California State University Dormitory Revenue Fund required to be maintained under the Act.

Amounts in the Gross Revenue Fund may be used and withdrawn by the Board at any time for any lawful purpose (including any use required by a Security Document establishing a Senior Lien or Parity Lien), except as hereinafter described. In the event of the occurrence of an Event of Default of which the Trustee has actual knowledge or has received written notice, the Trustee shall notify the Board and the Gross Revenue Fund Depositories of such delinquency, and the Board shall cause the Gross Revenue Fund Depositories to, and the Gross Revenue Fund Depositories shall, transfer the Gross Revenue Fund to the name and credit of the Trustee. All Gross Revenues shall continue to be deposited by the Board in the Gross Revenue Fund as described herein until all Events of Default known to the Trustee shall have been made good or cured or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Gross Revenue Fund shall be returned to the name and credit of the Board. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw amounts in said fund first to pay fees, expenses and disbursements of the Trustee and its agents in the event such fees, disbursements or expenses have not otherwise been paid by the Board, second to the payment of Maintenance and Operation Expenses, and third to make the transfers and deposits required under the section "Allocation of Gross Revenues to Funds" below. The Trustee will make payments for Maintenance and Operation Expenses upon receipt from the Board of a Certificate stating the nature and amount of such expenses, and the person or persons to whom such expenses are payable, and certifying that such expenses constitute Maintenance and Operation Expenses properly payable from the Gross Revenue Fund. The Board agrees to execute and deliver all instruments as may be required to implement the Section. The Board further agrees that a failure to comply with the terms of this section shall cause irreparable harm to the owners from time to time of the Bonds and shall entitle the Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the Board as described in this section.

On or before the fifteenth day of the month preceding any Bond Payment Date for so long as any of the Bonds remain Outstanding, the Board shall pay to the Trustee for deposit in a special fund designated as "Trustees of the California State University Systemwide Revenue Bonds Revenue Fund" (the "Revenue Fund"), which the Trustee shall establish, maintain and hold in trust, such amount as is required by the Trustee to make or cause the Board to make the transfers and deposits required on such dates under the section "Allocation of Gross Revenues to Funds" below (or to replenish the amounts required to be on deposit in any fund under the Indenture). Each transfer by the Board to the Trustee under the Indenture shall be in lawful money of the United States of America and paid to the Trustee at its Designated Office. All such moneys shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. All moneys deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. If the Board fails to make timely payment of all amounts required to be made pursuant to this section, the Board shall promptly make such payments in full as soon as possible.

To the extent required by the Act, as determined by the Board, the Revenue Fund shall constitute an account within the California State University Dormitory Interest and Redemption Fund required to be maintained under the Act.

Allocation of Gross Revenues to Funds

The Trustee shall transfer or shall cause the Board to transfer from the Revenue Fund, and deposit into one or more of the following respective funds (each of which the Trustee shall establish and maintain and hold in trust, and each of which shall be disbursed and applied only as hereinafter authorized), on or before the fifteenth day of each month preceding any Bond Payment Date, the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Gross Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

First: Into the Interest Fund, the amount, if any, needed to increase the amount in the Interest Fund to the aggregate amount of interest becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date (less the amounts, if any, to be paid from Capitalized Interest Accounts on such date).

Second: Into the Principal Fund, the amount, if any, needed to increase the amount in the Principal Fund to the aggregate amount of principal and Mandatory Sinking Account Payments becoming due and payable on the Outstanding Bonds on the next succeeding Principal Payment Date.

So long as no Event of Default has occurred and is continuing under the Indenture, the Trustee shall transfer, or shall cause the Board to transfer, any moneys remaining in the Revenue Fund on June 30 in each year which are not required for the payment of the Bonds (assuming for purposes of this sentence that the Board shall continue to make the deposits into the Revenue Fund at the times and in the amounts required under this section and the immediately preceding section) to the Board free and clear of the lien of the Indenture to be applied for any lawful purpose of the Board, and the Trustee shall have no obligation or duty to inquire or investigate how such moneys are being used.

Allocation of Interest Fund

All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), and otherwise as described in the section "Investment of Moneys in Funds" below.

With respect to each Series of Bonds for which proceeds of the sale thereof are required to be set aside to pay interest on the Bonds, the Trustee (if so instructed by the Supplemental Indenture providing for the issuance of such Series) shall establish and maintain a separate account within the Interest Fund, designated as the "Series __ Capitalized Interest Account" (inserting therein the Series designation of such Bonds) (a "Capitalized Interest Account"). The Trustee shall transfer, or shall cause the Board to transfer, any moneys in a Capitalized Interest Account for deposit in the Interest Fund in the amounts and at the times specified herein or in the Supplemental Indenture providing for the issuance of such Series.

Moneys in the Series 2015A Capitalized Interest Account established pursuant to the Indenture shall be transferred to the Bond Interest Fund in the amounts and on or before the Interest Payment Dates set forth in the Nineteenth Supplemental Indenture, and shall be used solely for the purpose of paying a portion of the interest on the Series 2015A Bonds Outstanding as the same shall become due and payable (including accrued interest on any Bonds of Series 2015A purchased or redeemed prior to maturity).

Application of Principal Fund

All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of purchasing or redeeming or paying at maturity the Serial Bonds and the Term Bonds as described in this section, and otherwise as described in the section "Investment of Moneys in Funds" below.

The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds, if any, of each Series and maturity, designated as the "Series __ 20__ Sinking Account" (the "Sinking Account"), inserting therein the Series and maturity (if more than one such account is established for such Series) designation of such Bonds. On or before each November 1, commencing as specified in the Indenture or any Supplemental Indenture, the Trustee shall transfer or shall cause the Board to transfer the amount deposited in the Principal Fund pursuant to the section "Allocation of Gross Revenues to Funds" above, for the purpose of making a Mandatory

Sinking Account Payment (if such deposit is required in such month) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee shall apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Board, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Board has deposited Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and delivered by the Trustee to or upon the Written Request of the Board. The Trustee shall withdraw, or shall cause the Board to withdraw, any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer outstanding and shall transfer, or cause the Board to transfer, such amounts to the Revenue Fund. Subject to a different allocation provided for in a Certificate of the Board filed with the Trustee, all Term Bonds purchased from a Sinking Account or deposited by the Board with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Bonds, then pro rata to the remaining Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

Establishment and Application of Redemption Fund

The Trustee shall establish and maintain within the Redemption Fund (which the Trustee shall establish, maintain and hold in trust) an Optional Redemption Account. All amounts deposited in the Optional Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds Outstanding, in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has not been given and at the redemption prices then applicable to redemptions from the Optional Redemption Account; provided that, at any time prior to giving such notice of redemption, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Board, except that the purchase price (exclusive of accrued interest) may not exceed the par value of such Bonds. Any Supplemental Indenture may provide for the establishment of such additional accounts or subaccounts within the Redemption Fund as may be applicable to the Series of Bonds authorized by such Supplemental Indenture. Subject to a different allocation provided for such subaccounts by Supplemental Indentures, all Term Bonds of any Series purchased or redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments pro rata to the Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

The Trustee shall establish and maintain and hold in trust separate accounts for each maturity of Series 2015A Bonds which are Term Bonds (if any) (the "Series 2015A Sinking Accounts") and for each maturity of Series 2015B Bonds which are Term Bonds (if any) (the "Series 2015B Sinking Accounts"). Moneys on deposit in such Sinking Accounts shall be applied to provide for the redemption of the applicable maturity of the Series 2015A Term Bonds or Series 2015B Term Bonds, respectively, in accordance with the "Schedule of Mandatory Sinking Account Payments" contained in this Official Statement.

Investment of Moneys in Funds

All moneys in any of the funds and accounts established pursuant to the Indenture and held by the Trustee shall be invested by the Trustee in Investment Securities as directed by the Board. All moneys in any of the funds and accounts established pursuant to the Indenture and held by the Board shall be invested by the Board in any lawful investment for funds of the Board. All Investment Securities shall be purchased subject to the limitations described in the section "Particular Covenants of the Board of Trustees - Tax Covenants" below, to the limitations as to maturities in this section set forth and to such additional limitations or requirements, consistent with the foregoing, as may be established by Request of the Board (or a telephone request which is promptly confirmed by such Request of the Board). The Trustee shall only invest funds under the Indenture in accordance with directions from the Board and shall have no liability whatsoever with respect to the selection of such investments by the Board.

Investment Securities purchased as an investment of moneys in any fund or account established pursuant to the Indenture shall be credited to such fund or account, subject to the provisions of the immediately succeeding paragraph. Unless otherwise specified in a Supplemental Indenture, for the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued at cost plus or minus accreted discount or amortized premium except that in the case of zero-coupons, Investment Securities shall be valued at cost. The moneys on deposit in the Interest Fund and the Principal Fund shall be invested in Investment Securities such that the principal of such Investment Securities at maturity shall be sufficient to pay the interest on and principal of the Bonds, respectively, payable from the Interest Fund and the Principal Fund, respectively, on the next succeeding Bond Payment Date.

Unless otherwise provided in the Indenture or in a Supplemental Indenture for a Series of Bonds issued pursuant to such Supplemental Indenture and except as described in the section "Rebate Fund" below, the Trustee shall (1) prior to completion of the acquisition and construction of the Projects, transfer, or cause to be transferred by the Board, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture to the Board for deposit into the related Project Account within the Program Fund, and (2) after completion of the Projects, deposit, or cause the Board to deposit, in the Revenue Fund when received all such interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture. Notwithstanding anything to the contrary contained in this paragraph, except as described in the section "Rebate Fund" below, an amount of interest received with respect to an Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell at the best price reasonably obtainable or present for redemption, any Investment Security so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of 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 funds and accounts to which they are credited and otherwise as provided 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 the Rebate Fund. The Board shall cause to be deposited in the Rebate Fund the rebate requirement as provided in the Tax Certificate, if any, for each Series of Bonds. Subject to the provisions of this section, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States government, and the Board and the owners shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the Rebate Fund pursuant to the Request of the Board.

Upon receipt of the rebate instructions required to be delivered to the Trustee by the Tax Certificate, the Trustee shall remit part or all of the balance held in the Rebate Fund to the United States government as so directed. In addition, if the rebate instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of, or shall cause the Board to deposit moneys into or transfer moneys out of, the Rebate Fund from or into such accounts or funds as the rebate instructions direct.

The Trustee shall conclusively be deemed to have complied with the provisions of this section if it follows the directions of the Board set forth in the rebate instructions and shall not be required to take any actions thereunder in the absence of rebate instructions from the Board.

Notwithstanding any provisions of this section, if the Board shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the Trustee and the Board may conclusively rely on such opinion in complying with the requirements of this section, and the covenants under the Indenture shall be deemed to be modified to that extent.

Funds and Accounts and Subaccounts

The Trustee and the Board may from time to time establish such additional funds and accounts under the Indenture and such subfunds or subaccounts therein as the Trustee or the Board may determine to be necessary, appropriate or convenient for the purposes of administering the Gross Revenues or the proceeds of the Bonds or any other moneys related thereto.

Particular Covenants of the Board of Trustees

Additional Indebtedness.

(a) The Board shall not issue or incur any Indebtedness secured by a Senior Lien.

(b) So long as no Event of Default has occurred or is continuing under the Indenture, the Board may issue or incur Indebtedness secured by a Parity Lien if there is filed with the Trustee a Certificate of the Board confirming its expectation that, for the first full Fiscal Year following the date the Project financed or refinanced with the proceeds of such Indebtedness secured by a Parity Lien is placed in service, Net Income Available for Debt Service for such Fiscal year shall be in an amount at least equal to Aggregate Debt Service for such Fiscal Year on all Indebtedness and Designated Auxiliary Debt.

(c) Nothing in the Indenture shall limit the power of the Board to issue or incur (a) any Indebtedness secured by a Subordinate Lien; or (b) any Indebtedness which is not secured by any pledge, lien or encumbrance on Gross Revenues.

Power to Issue Bonds and Make Pledge and Assignment. The Board is duly authorized pursuant to the Act to issue the Bonds and to execute and deliver the Indenture and to pledge and assign the Gross Revenues and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding limited obligations of the Board in accordance with their terms, and the Board shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Gross Revenues and other assets and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever.

Payment of Taxes and Claims. The Board or the Trustee shall, from time to time, but solely from Gross Revenues, duly pay and discharge, or cause to be paid and discharged, any property taxes, assessments or other governmental charges that may be lawfully imposed upon the Gross Revenues or other assets pledged or assigned under the Indenture, when the same shall become due, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the Gross Revenues or such other assets or which might impair the security of the Bonds.

Accounting Records and Financial Statements.

(a) The Board shall keep or cause to be kept proper books of record and account in which complete and accurate entries shall be made in accordance with industry standards of all transactions relating to the proceeds of Bonds, the Gross Revenues, and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Trustee and by any Bondholder, or its agent or representative duly authorized in writing, during any Business Day at reasonable hours and under reasonable circumstances, including at least 24 hours notice.

(b) Not later than two hundred ten (210) days after the end of each Fiscal Year of the Board, commencing with the Fiscal Year ending June 30, 2015, the Board will furnish to the Trustee a detailed, certified report of audit, based on an examination sufficiently complete to comply with generally accepted auditing standards, prepared by an Independent Certified Public Accountant, covering the operations of the Projects for the Fiscal Year next preceding, and showing the Gross Revenues and expenses (by major classification) for such period. There shall also be included with each audit report a written opinion of the Independent Certified Public Accountant, to the effect that in making the examination necessary in connection with said audit, no knowledge of any default by the Board in the fulfillment of any of the terms, covenants, provisions and conditions of the Indenture, or any Supplemental Indenture, was obtained or, if said accountant shall have obtained knowledge of any such default, a statement of the default or defaults thus discovered and the nature thereof.

(c) Not later than two hundred ten (210) days after the end of each Fiscal Year of the Board, the Board shall also furnish to the Trustee a certified report of audit, prepared by an Independent Certified Public Accountant, reflecting the financial condition and record of operation of the Board.

Tax Covenants. The Board will not make any use of the proceeds of the Bonds or any other funds of the Board or of the Projects which will cause any Bond to be an "arbitrage bond" subject to federal income taxation by reason of Section 148 of the Code, or a "federally-guaranteed obligation" under Section 149(b) of the Code, or a "private activity bond" as described in Section 141 of the Code. To that end, the Board, with respect to such proceeds and such other funds and the Projects, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The Board further covenants that it will not use or permit the use of the Projects by any person for a "private business use" within the meaning of Section 141(b) of the Code, in such manner or to such extent as would result in the inclusion of interest received on the Bonds in gross income for federal income tax purposes under Section 103 of the Code.

If at any time the Board is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or under the Indenture, the Board shall so instruct the Trustee or the appropriate officers of the Board in writing, and the Trustee or the appropriate officers of the Board, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the Board set forth above, the Board will comply with the Tax Certificate and will cause the Trustee to comply with the Tax Certificate.

The Board may provide in a Supplemental Indenture for a Series of Bonds that all or a portion of the provisions of this sub-section shall not apply to such Series of Bonds. The Board has provided in the Twentieth Supplemental Indenture that this sub-section does not apply to the Series 2015B Bonds.

Compliance with Indenture, Contracts, Laws and Regulations. The Board shall faithfully observe and perform all the covenants, conditions and requirements of the Indenture, shall not issue any Bonds in any manner other than in accordance with the Indenture, and shall not suffer or permit any default to occur under the Indenture, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to the Indenture. Subject to the limitations end consistent with the covenants, conditions and requirements contained in the Indenture, the Board and the Trustee shall comply with the terms, covenants and provisions of all contracts concerning or affecting the application of proceeds of Bonds or the Gross Revenues.

Maintenance of Projects. The Board shall maintain the Projects in good condition and repair, such condition and repair to be comparable with that of similar types of properties. The Board may from time to time enter into leases of the Projects to a Person upon such terms and conditions as the Board may determine.

Insurance; Use of Insurance or Condemnation Proceeds. The Board shall maintain or cause to be maintained insurance or risk management programs of such type, in such amounts and against such risks as are appropriate, as determined by the Board, for facilities of similar size and nature as the Projects (and in any event as are consistent with the amounts and risks applicable to other similar properties of the Board), including, but not limited to, fire and extended coverage insurance, public liability insurance, workers' compensation insurance and business interruption insurance, in the event and to the extent such insurance is customarily maintained by the Board for facilities of similar size and nature as the Projects. The Board shall pay as the same become due all premiums in respect thereto. In the event of any damage to, or destruction or condemnation of, any Project, the Board will promptly arrange for the application of the insurance proceeds or condemnation awards for the repair, reconstruction or replacement of the damaged, destroyed or taken portion thereof, or for the payment of Indebtedness or such other purpose as the Board may determine.

Rate Covenant. The Board shall set rates, charges, and fees for the Projects for the then current Fiscal Year so as to cause Net Income Available for Debt Service to be in an amount at least equal to Aggregate Debt Service for all Indebtedness and Designated Auxiliary Debt for such Fiscal Year.

Continuing Disclosure for the Series 2015 Bonds. The Board and the Trustee covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Board or the Treasurer to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Treasurer may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Series 2015 Bonds shall) 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 Board or the Treasurer, as the case may be, to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories or other intermediaries).

Events of Default

The following events shall be Events of Default under the Indenture:

(a) default in the due and punctual payment of the principal of, or interest or redemption premium, if any, on, any Bond when due and payable;

(b) default in the due and punctual payment of the principal of, or interest or redemption premium, if any, on, any Indebtedness secured by a Parity Lien when due and payable; or

(c) default by the Board in the observance of any of the covenants, agreements or conditions on its part of the Indenture or in the Bonds contained, other than a default described in (a) or (b) above, and continuance of such default for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Board by the Trustee, or to the Board and the Trustee by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding.

Acceleration of Maturities

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall, upon notice in writing to the Board, declare the principal of all of 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. The Trustee shall immediately give notice of such declaration to Bondholders, in the same manner that notices of redemption are given, specifying the date of such declaration, that as of the Business Day immediately following such declaration the Bonds shall cease to bear interest, and that all principal of and interest on the Bonds to the Business Day immediately following such declaration of acceleration shall be payable upon the surrender thereof at the Designated Office of the Trustee.

Application of Gross Revenues and Other Funds After Default

If an Event of Default shall occur, then, and in every such case during the continuance of such Event of Default, all Gross Revenues and any other moneys then held or thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any compensation and expenses as due to the Trustee under the Indenture;

(b) To the payment of Maintenance and Operation Expenses, provided that the Trustee will make payments for Maintenance and Operation Expenses only upon receipt from the Board of a Certificate stating the nature and amount of such expenses, and the person or persons to whom such expenses are payable, and certifying that such expenses constitute Maintenance and Operation Expenses properly payable from the Gross Revenues; and

(c) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, any stamping thereon of the payment if only partially paid or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over the principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Modification of Indenture without Consent of Bondholders

The Board and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Indenture contained, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, for any one or more or all of the following purposes:

(a) to add to the covenants and agreements of the Board in the Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Board;

(b) to evidence the succession of another governmental unit or entity, whether public or private, to the Board, or successive successions, and the assumption by such successor of the covenants and obligations of the Board contained in the Bonds and in the Indenture;

(c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to any matters or any questions arising under the Indenture, as the Board may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(d) to conform to the terms and conditions of the reimbursement agreements or loan agreements or similar documents relating to letters of credit, lines of credit, bond insurance policies, reserve fund surety bonds or policies, guarantees or similar undertakings for the Bonds provided by a Credit Facility Provider;

(e) to conform to the terms and conditions of the Security Documents evidencing a Parity Lien, provided such modification shall not materially adversely affect the interests of the Holders of the Bonds;

(f) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof or thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if the Board so determines, 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 or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(g) to provide procedures required to permit any Holder, at its option, to utilize an uncertificated system of registration of its Bonds;

(h) to provide for the procedures required to permit any Holder to separate the right to receive interest on the Bonds from the right to receive the principal thereof and to sell or dispose of such rights, as contemplated by Section 1286 of the Code; and

(i) if permitted under the Act, (1) to provide for the issuance of Bonds and the loan of the proceeds of such Bonds to a Designated Auxiliary Organization, which Bonds shall be repaid from Gross Revenues; or (2) to provide for the issuance of Bonds for the acquisition or construction of a Project to be leased or sold to a Designated Auxiliary Organization, which Bonds shall be repaid from Gross Revenues.

Any Supplemental Indenture authorized by the provisions of this section may be executed by the Board and the Trustee without the consent of the owners of any of the Bonds at the time Outstanding 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 of Indenture with Consent of Bondholders

With the consent of the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds at the time Outstanding, the Board and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto 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 stated maturity of the 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 hereof, without the consent of the owner of each Bond so affected, (2) reduce the aforesaid percentage of owners of Bonds required to approve any such Supplemental Indenture, without the consent of the owners of all Bonds then Outstanding, or (3) modify any of the rights or obligations of the Trustee without his written assent thereto. Upon receipt by the Trustee of a Certificate of the Board authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, the Trustee shall join with the Board in the execution of such Supplemental Indenture.

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

Effect of Supplemental Indenture

Upon the execution of any Supplemental Indenture pursuant to the provisions of the sections "Modification of Indenture without Consent of Bondholders" or "Modification of Indenture with Consent of Bondholders" above, the Indenture shall be and be deemed to be modified and amended in accordance therewith, and respective rights, duties and obligations under the Indenture of the Board, the Trustee and all owners of Bonds Outstanding shall thereafter be determined, exercised and endorsed under the Indenture subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Defeasance

Bonds may be paid by the Board in any of the following ways; provided that the Board also pays or causes to be paid any other sums payable under the Indenture by the Board and related to the Bonds:

(a) by paying or causing to be paid the principal and interest on Outstanding Bonds; as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem Outstanding Bonds; or

(c) by delivering to the Trustee, for cancellation by it, Outstanding Bonds.

If the Board shall pay all Bonds Outstanding and shall also pay or cause to be paid all other sums payable under the Indenture by the Board, then and in that case, at the election of the Board (evidenced by a Certificate of the Board, filed with the Trustee, signifying the intention of the Board to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Gross Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Board under the Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Indenture and except for the obligation of the Board to pay any amounts under and to otherwise satisfy all of its obligations to the Trustee under the Indenture. In such event, upon Request of the Board, the Trustee shall cause an accounting for such period or periods as may be requested by the Board to be prepared and filed with the Board and shall execute and deliver to the Board all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee and any paying agents shall pay over, transfer, assign or deliver to the Board all moneys or securities or other property held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture, then all liability of the Board in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the Board, and the Board shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, provided further, however, that the provisions of the Indenture concerning payment of Bonds after discharge of the Indenture shall apply in all events.

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

Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal and all unpaid interest thereon to the redemption date; or

(b) Defeasance Securities, the principal of and interest on which when due will provide money sufficient to pay the principal and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Board) to apply such money to the payment of such principal and interest with respect to such Bonds.

Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal or interest on any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the Board, be repaid to the Board free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease provided, however, that before the repayment of such moneys to the Board as aforesaid, the Trustee, as the case may be, shall at the request of the Board (at the cost of the Board) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Board of the moneys held for the payment thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated August 5, 2015 (the "Disclosure Certificate") is executed and delivered by the Trustees of the California State University (the "Board") in connection with the issuance of $1,034,370,000 principal amount of the Trustees of the California State University Systemwide Revenue Bonds, Series 2015A and $29,305,000 principal amount of the Trustees of the California State University Systemwide Revenue Bonds, Series 2015B (Taxable) (collectively, the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of April 1, 2002, as supplemented, including by a Nineteenth Supplemental Indenture and a Twentieth Supplemental Indenture, each dated as of August 1, 2015 (the "Indenture"), by and between the Board and the Treasurer of the State of California, as trustee. The Board covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is executed for the benefit of the Holders and Beneficial Owners of the Bonds from time to time, but shall not be deemed to create any monetary liability on the part of the Board to any other persons, including Holders or Beneficial Owners of the Bonds based on the Rule (as defined below). The sole remedy in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report filed by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which 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).

"Dissemination Agent" shall mean the Board, or any successor Dissemination Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, 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 underwriters 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.

Section 3. Provision of Annual Reports.

(a) The Board shall, or shall cause the Dissemination Agent to, not later than January 1 of each year in which the Bonds are Outstanding, commencing January 1, 2016, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board with respect to the Gross Revenues (as defined in the Indenture) 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 such financial statements are not available by that date. If the Board'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 15 business days prior to said date, the Board shall provide the Annual Report to the Dissemination Agent (if other than the Board). If the Board is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Board shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Board) file a report with the Board certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. <u>Content of Annual Reports</u>. The Board's Annual Report shall contain or include by reference the following:

(1) The audited financial statements of the Board with respect to the Gross Revenues (as defined in the Indenture) 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 or the Government Accounting Standards Board, as may then be applicable in the judgment of the Board. If these audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements for the prior fiscal year, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) The Board's Annual Reports shall contain updates or changes to certain information contained in Appendix A of the Official Statement relating to the Bonds dated July 15, 2015 (the "Official Statement") concerning the immediately preceding fiscal year, as follows:

(i) in Tables 1, 6, 8 and under the column entitled "Total Systemwide Revenue Bonds" in Table 9 (including information regarding debt service on any debt secured on a parity with the Bonds);

(ii) under the caption "SYSTEMWIDE REVENUE BOND PROGRAMS – Housing Program – <u>Capacity and Occupancy</u>" pertaining to the design capacity and occupancy rate of the Housing Program;

(iii) under the caption "SYSTEMWIDE REVENUE BOND PROGRAMS – Student Union Program – <u>Rates and Charges</u>" pertaining to the range of student body center fees per student; and

(iv) under the caption "SYSTEMWIDE REVENUE BOND PROGRAMS – Health Center Facilities Program" pertaining to the amount of the health center facility fee and the campuses of the California State University system at which such fee is imposed.

(3) Information regarding the issuance by the Board of any debt secured on a parity with the Bonds since the date of the last Annual Report.

(4) Information regarding any amendments to the Indenture made since the date of the last Annual Report.

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 of the Board or related public entities, which have been made available to the public on the MSRB's website. The Board shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner 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 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 Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(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) Whenever the Board obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Board shall determine if such event would be material under applicable federal securities laws.

(d) If the Board has determined that knowledge of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Board 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 subsection (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 the Holders of affected Bonds pursuant to the Indenture.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Board's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Board shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, 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 Board pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), 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, 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 Certificate, the Board 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 Board. 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event or other notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event or other notice in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Certificate 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 11. Default. In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, 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 Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Board agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise of performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board, the Treasurer, the Dissemination Agent, each 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.

IN WITNESS WHEREOF, the Board has caused this Disclosure Certificate to be executed by its authorized representative as of the date first above written.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

By____

Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Trustees of the California State University
Name of Bond Issue:	Trustees of the California State University Systemwide Revenue Bonds, Series 2015A and Trustees of the California State University Systemwide Revenue Bonds, Series 2015B (Taxable)
Date of Issuance:	August 5, 2015

NOTICE IS HEREBY GIVEN that the Trustees of the California State University (the "Board") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed and delivered by the Board with respect to the above-named Bonds. [The Board anticipates that the Annual Report will be filed by _____________.]

Dated: _______________

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

____
Authorized Representative

APPENDIX F

FORM OF BOND COUNSEL OPINION

[Closing Date]

Trustees of the California State University
Long Beach, California

Trustees of the California State University
Systemwide Revenue Bonds, Series 2015A and Series 2015B (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Trustees of the California State University (the "Issuer") in connection with the issuance of $1,034,370,000 aggregate principal amount of Trustees of the California State University Systemwide Revenue Bonds, Series 2015A (the "Series 2015A Bonds") and $29,305,000 aggregate principal amount of Trustees of the California State University Systemwide Revenue Bonds, Series 2015B (Taxable) (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds"), issued pursuant to The State University Revenue Bond Act of 1947 of the State of California, as amended, and pursuant to an Indenture dated as of April 1, 2002, as supplemented, including by a Nineteenth Supplemental Indenture and a Twentieth Supplemental Indenture, each dated as of August 1, 2015 (the "Indenture"), each by and between the Issuer and the Treasurer of the State of California, as trustee (the "State Treasurer"). The Series 2015 Bonds are being issued to finance and refinance the costs of construction of facilities at various campuses of the California State University and certain related expenses. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, certificates of the Issuer, the State Treasurer, and others, the opinion of counsel to the Issuer, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2015A Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Series 2015 Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against agencies of the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2015 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2015 Bonds constitute the valid and binding special obligations of the Issuer payable from Gross Revenues and other amounts pledged under the Indenture, subject to the terms of the Indenture. The Issuer is not obligated to pay the principal of or interest on the Series 2015 Bonds except from such Gross Revenues and any other amounts pledged under the Indenture, subject to the terms of the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2015 Bonds, of the Gross Revenues and any other amounts (including proceeds of the sale of the Series 2015 Bonds) held by the State Treasurer 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.

3. The Series 2015 Bonds are not a lien, charge or liability against the State of California, or against the Issuer or against the property or funds of either, except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2015 Bonds. The Series 2015 Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.

4. Interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Series 2015 Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2015 Bonds.

Faithfully yours,

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Trustees of the California State University Systemwide Revenue Bonds, Series 2015A and the Trustees of the California State University Systemwide Revenue Bonds, Series 2015B (Taxable) (collectively, the "Series 2015 Bonds"). The Series 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2015 Bonds, each in the aggregate principal amount of such maturity, 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"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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 Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015 Bond documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 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 shall be sent to DTC. If less than all of the Series 2015 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2015 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 Board or the Trustee, on payment 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, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest 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 Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2015 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2015 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2015 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2015 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2015 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2015 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Series 2015 Bonds are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Series 2015 Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

APPENDIX H

PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2015 BONDS

New Money and Bond Anticipation Note Projects to be Funded by Series 2015A Bonds

Campus, Project	***Allocation of Principal of Series 2015A Bonds***
CSU Fullerton Auxiliary Services Corporation – Western State University College of Law Acquisition Project	$ 12,010,000
San Diego State University South Campus Plaza	105,370,000
California Polytechnic State University, San Luis Obispo Student Housing South	175,580,000
California State University Channel Islands Student Housing Phase III	52,925,000
California State University Systemwide Infrastructure Improvements Group 1	131,010,000
California State University Channel Islands Dining Commons Expansion	10,405,000
California State University for the California State Polytechnic University, Pomona Parking Structure II	32,880,000
California State University, Northridge, The University Corporation – 9324 Reseda Boulevard Building Acquisition	3,045,000
California State University, Los Angeles, Cal State L.A. University Auxiliary Services, Inc. – Commercial Loan Refinancing	1,685,000
California State University, Sacramento Student Housing, Phase II	42,945,000
San Francisco State University Mashouf Wellness Center	57,285,000
San Diego State University Research Foundation – Engineering and Interdisciplinary Sciences Complex Project	30,265,000
SUBTOTAL	$655,405,000

The final payment dates of the Bonds to be Refunded will be their respective stated maturity dates or, if earlier, designated redemption dates, as shown in the table below.

Systemwide Revenue Bonds to Be Refunded by Series 2015A Bonds

Series	***Principal to be Refunded***	***Expected Redemption Date***	***Redemption Price***	***CUSIP* (Base)***	***Allocation of Principal***
Systemwide Revenue Bonds, Series 2005A[(1)]	$126,890,000	September 4, 2015	100%	13077C	$116,390,000
Systemwide Revenue Bonds, Series 2005B[(1)]	52,620,000	September 4, 2015	100	13077C	48,495,000
Systemwide Revenue Bonds, Series 2005C	139,720,000	November 1, 2015	100	13077C	126,790,000
Systemwide Revenue Bonds, Series 2007A	77,090,000	May 1, 2017	100	13077C	74,830,000
SUBTOTAL	$396,320,000				$366,505,000

Auxiliary Organization Bonds to Be Refunded by Series 2015A Bonds

Organization/Series	***Principal to be Refunded***	***Expected Redemption Date***	***Redemption Price***	***Allocation of Principal***
California State University, Sacramento, University Enterprises, Inc. Auxiliary Organization Bonds, Series 2005A Refunding[(1)]	$15,870,000	October 1, 2015	100%	$ 12,460,000
TOTAL 2015A BONDS	$412,190,000			$1,034,370,000

New Money and Bond Anticipation Note Projects to be Funded by Series 2015B (Taxable) Bonds

Campus, Project	***Allocation of Principal of Series 2015B Bonds***
San Diego State University South Campus Plaza	$26,630,000
Sonoma State University Joan and Sanford I. Weill Commons	2,675,000
TOTAL 2015B BONDS	$29,305,000
TOTAL 2015A & B BONDS	**$1,063,675,000**

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2015 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2015 Bonds.

(1) All outstanding maturities of these series of bonds are expected to be refunded in their entirety.

APPENDIX I

LETTERS FROM UNDERWRITERS

[THIS PAGE INTENTIONALLY LEFT BLANK]

J.P.Morgan

June 17, 2015

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
915 Capitol Mall, Room 110
Sacramento, CA 95814

Ms. Rosa Renaud
Associate Director
California State University
Chancellor's Office
401 Golden Shore, 5th Floor
Long Beach, CA 90802

RE: Trustees of the California State University, Systemwide Revenue Bonds, Series 2015 (the "Bonds")

Dear Mr. Fowler and Ms. Renaud:

As you may know, J.P. Morgan has an agreement with Charles Schwab to use their distribution network in the initial placement of new offerings. These agreements further strengthen our firm's retail distribution capabilities. As a part of our approval process, we seek consent from the issuer to include Charles Schwab in our financings. We have included a formal request for their inclusion as a part of CSU's financings below. Please let us know if we should include anyone else on this request.

J.P. Morgan Securities LLC ("JPMS") has entered into negotiated dealer agreements (each, a "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain municipal securities offerings to the retail customers of CS&Co. at the original issue prices. Subject to your consent, and assuming suitability for retail investors, JPMS expects to invite CS&Co. to participate in all future offerings of California State University for which JPMS participates as underwriter or selling group member. As compensation to CS&Co., JPMS will share a portion of the selling concession with CS&Co. **Please respond by e-mail to acknowledge your consent, which will remain in effect unless you notify JPMS otherwise.**

If you consent, please note that we would need to include the following language in the "Underwriting" section of the Preliminary Official Statement and the Official Statement (if applicable) for future offerings:

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into a negotiated dealer agreement ("Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Dealer Agreement, CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

J.P. MORGAN SECURITIES LLC

Government & Institutional Banking
Public Finance
333 Market Street, 15th Floor
San Francisco, CA 94105
Tel: 415-371-2647
Fax: 866-701-7851

WELLS FARGO SECURITIES

June 23, 2015

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
Public Finance Division, Room 261
915 Capitol Mall
Sacramento, CA 95814

Re: Distribution Agreement and Other Disclosures
Trustees of the California State University
Systemwide Revenue Bonds
Series 2015A and Series 2015B (Taxable) (the "Bonds")

Dear Mr. Fowler:

Wells Fargo Bank, National Association ("WFBNA"), the joint senior underwriter of the Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Certain subsidiaries of Wells Fargo & Company (parent company of Wells Fargo Bank, National Association, joint senior underwriter for the Bonds) have provided, from time to time, investment banking services, commercial banking services or advisory services to the Trustees of the California State University, for which they have received customary compensation. Wells Fargo & Company or its subsidiaries may, from time to time, engage in transactions with and perform services for the Trustees of the California State University in the ordinary course of their respective businesses.

Sincerely,

Wells Fargo Securities

CC: Rosa Renaud, California State University

Together we'll go far

July 9, 2015

Mr. Blake Fowler, Director
Office of the Treasurer of the State of California
Public Finance Division
915 Capitol Mall, Room 261
Sacramento, CA 95814
Email: blake.fowler@treasurer.ca.gov

CC: Ms. Rosa Renaud
California State University
Financing and Treasury, Office of the Chancellor
401 Golden Shore 5th Floor
Long Beach, CA 90802-4210
Email: rrenaud@calstate.edu

Re: California State University Systemwide Revenue Bonds, Series 2015A&B

Dear Sir:

Academy Securities, Inc., Co-Managing Underwriter of California State University Systemwide Revenue Bonds, Series 2015A&B, intends to enter into distribution agreements (the "Distribution Agreements") with Wedbush Securities Inc., Sutter Securities Inc., SWBC Investment Services LLC, W.H. Mell Associates, Inc., TD Ameritrade Inc., Ladenburg Thalmann & Co Inc., R. Seelaus & Co., Winslow Evans & Crocker, Commonwealth Equity Services, Intercoastal Capital Markets, Inc., and Crews & Associates Inc. for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to these Distribution Agreements (if applicable for this transaction), Academy Securities, Inc. may share a portion of its underwriting compensation with these firms.

ACADEMY SECURITIES, INC.

Blaylock BV
Blaylock Beal Van, LLC

June 26, 2015

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
915 Capitol Mall, Room 261
Sacramento, CA 95814

RE: California State University
Systemwide Revenue Bonds, Series 2015

Dear Mr. Fowler:

Blaylock Beal Van, LLC, is providing the following language for inclusion in the Official Statement.

Blaylock Beal Van, LLC ("Blaylock Beal Van" or "BBV") has entered into a distribution agreement (the "Agreement") with TD Ameritrade, Inc. ("TD") for the retail distribution of certain municipal securities offerings underwritten by or allocated to Blaylock Beal Van, including the Series 2015 Bonds. Under the Agreement, Blaylock Beal Van will share with TD a portion of the underwriting compensation paid to BBV.

Sincerely,

Blaylock Beal Van, LLC

Cc: Rosa H. Renaud
Associate Director, Financing & Treasury
California State University

June 29, 2015

Blake Fowler
Director, Public Finance
Office of the Treasurer of the State of California
915 Capitol Mall, Room 110
Sacramento, CA 95814

RE: Trustees of the California State University Systemwide Revenue Bonds, Series 2015 (the "Bonds")

Dear Mr. Fowler:

Citigroup Global Markets Inc. is providing the following language for inclusion in the Offering Statement.

> Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

Citigroup Global Markets Inc.

CC: Rosa Renaud
Associate Director, Financing and Treasury
California State University
401 Golden Shore, 5th Floor
Long Beach, CA 90802

12100 Wilshire Blvd., Suite 430
Los Angeles, CA 90025
T 310.442.1200 **F** 310.442.1208
Toll Free 888.294.8898
www.loopcapital.com

June 22, 2015

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
915 Capitol Mall, Room 110
Sacramento, CA 95814

Re: Trustees of the California State University, Systemwide Revenue Bonds, Series 2015A and 2015B (Taxable) (the "Bonds")

Dear Mr. Fowler:

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Bonds, has entered into a distribution agreement (the "Distribution Agreement") with Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement (if applicable to this transaction), DBS will purchase Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Sincerely,

Loop Capital Markets LLC

CC: Rosa Renaud
California State University

Siebert Brandford Shank & Co., L.L.C.

June 23, 2015

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
915 Capitol Mall, Room 261
Sacramento, CA 95814

Re: California State University
Systemwide Revenue Bonds, Series 2015A&B (the "Bonds")

Dear Mr. Fowler:

Siebert Brandford Shank & Co., L.L.C. ("SBS") has entered into an agreement with Credit Suisse Securities (USA) for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Credit Suisse Securities (USA) will purchase Bonds at the original issue price less the selling concession with respect to any Bonds that Credit Suisse Securities (USA) sells. SBS will share a portion of its underwriting compensation with Credit Suisse Securities (USA).

Sincerely,

Siebert Brandford Shank & Co., L.L.C.

CC: Rosa Renaud, California State University

THE WILLIAMS CAPITAL GROUP

June 26, 2015

Mr. Blake Fowler, Director of Public Finance
Office of the Treasurer of the State of California
Executive Office
915 Capitol Mall, Room 261
Sacramento, CA 95814

RE: California State University Systemwide Revenue Bonds, Series 2015A&B

Dear Mr. Fowler:

The Williams Capital Group, L.P., a Co-Managing Underwriter on the California State University Systemwide Revenue Bonds, Series 2015A&B, has entered into a negotiated dealer agreement ("Dealer Agreement") with TD Ameritrade for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), TD Ameritrade may purchase bonds from Williams Capital at the original issue price less a negotiated portion of the selling concession applicable to any bonds that such firm sells.

The Williams Capital Group, L.P.

cc: Rosa Renaud, California State University

THE WILLIAMS CAPITAL GROUP, L.P.
650 Fifth Avenue, 9th Floor, New York, NY 10019 Telephone 212.830.4500 Facsimile 212.830.4545

U.S. BANK MUNICIPAL SECURITIES GROUP,
A Division of U.S. Bank N.A.
One California Street, Suite 350
San Francisco, CA 94111

June 30, 2015

Mr. Blake Fowler, *Director*
Office of the State Treasurer
Public Finance Division
915 Capital Mall, Room 261
Sacramento, CA 95814

RE: The California State University Systemwide Revenue Bonds, Series 2015 A & B (the "Bonds")

Dear Mr. Fowler:

U.S. Bancorp Investments, Inc. is providing the following provision for inclusion in the Official Statement for the Bonds:

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as one of the Underwriters for the Bonds.

Sincerely,

Esther Berg
Managing Director
U.S. Bancorp Investments, Inc.

Cc: Rosa Renaud, *California State University*

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY • SYSTEMWIDE REVENUE BONDS, SERIES 2015A AND SERIES 2015B (TAXABLE)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com