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 2016 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. In the further opinion of Bond Counsel, interest on the Series 2016 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 2016 Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. 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 2016 Bonds. See "TAX MATTERS" herein.

$1,383,105,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS

$1,133,105,000	$50,000,000	$100,000,000	$100,000,000
SERIES 2016A	**SERIES 2016B-1**	**SERIES 2016B-2**	**SERIES 2016B-3**

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

The Trustees of the California State University Systemwide Revenue Bonds, Series 2016A (the "Series 2016A Bonds") and the Trustees of the California State University Systemwide Revenue Bonds, Series 2016B-1, Series 2016B-2, and Series 2016B-3 (collectively, the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Series 2016 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 Twenty-First Supplemental Indenture in respect of the Series 2016A Bonds and a Twenty-Second Supplemental Indenture in respect of the Series 2016B Bonds, each dated as of April 1, 2016 (collectively, the "Indenture"), between the Board and the Treasurer of the State of California, as trustee (the "State Treasurer"). The Series 2016 Bonds are being issued to finance and refinance the acquisition, construction, renovation and improvement of certain facilities of the California State University through the refunding of certain outstanding lease revenue bonds issued by the State Public Works Board of the State of California (the "State Public Works Board") on behalf of the Board and to refinance certain Outstanding Systemwide Revenue Bonds. See Appendix H—"BONDS REFUNDED WITH SERIES 2016 BONDS."

The Series 2016 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. **Effective with the issuance of the Series 2016 Bonds, the Board has added the Tuition Fee, the basic enrollment charge paid by all students who attend CSU, to Gross Revenues pledged under the Indenture to secure all Systemwide Revenue Bonds.** See "SECURITY FOR THE SERIES 2016 BONDS— Parity Lien Indebtedness; No Senior Lien Indebtedness."

The Series 2016 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 2016 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 2016 Bonds purchased. See "THE SERIES 2016 BONDS—Book Entry Only System."

The Series 2016 Bonds will bear interest at the rates and, with respect to the Series 2016B Bonds, at the initial Term Rates as set forth herein. Interest on the Series 2016 Bonds is payable semiannually on May 1 and November 1 of each year, commencing on November 1, 2016. Principal of and interest on the Series 2016 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 2016 Bonds, as described herein. See Appendix G—"BOOK-ENTRY ONLY SYSTEM."

The Series 2016A Bonds are subject to optional and mandatory sinking fund redemption as described herein. The Series 2016B Bonds are subject to optional redemption prior to their stated maturity and to mandatory tender, all as further described herein. See "THE SERIES 2016 BONDS—Redemption" and Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Provisions Applicable to the Series 2016B Bonds." THIS OFFICIAL STATEMENT IS NOT INTENDED TO AND DOES NOT PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2016B BONDS AFTER ADJUSTMENT TO ANY NEW INTEREST RATE PERIOD, OTHER THAN THE INITIAL RATE PERIOD DESCRIBED HEREIN.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS — SEE INSIDE COVER

THE SERIES 2016 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 2016 BONDS NOR ANY PART THEREOF, NOR ANY INTEREST THEREON, CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA. THE SERIES 2016 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 2016 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 2016 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 Hawkins Delafield & Wood LLP, as Underwriters' Counsel, and Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Board. It is anticipated that the Series 2016 Bonds will be available for delivery to DTC in New York, New York, on or about April 20, 2016.

Barclays **BofA Merrill Lynch** **Raymond James**

Hutchinson, Shockey, Erley & Co.

Academy Securities, Inc.	**Alamo Capital**	**Backstrom McCarley Berry & Co., LLC**
Blaylock Beal Van, LLC	**Citigroup**	**Fidelity Capital Markets**
FTN Financial Capital Markets	**Goldman, Sachs & Co.**	**J.P. Morgan**
Loop Capital Markets	**Morgan Stanley**	**Prager & Co., LLC**
Ramirez & Co., Inc.	**RBC Capital Markets**	**Siebert Brandford Shank & Co., LLC**
The Williams Capital Group, L.P.	**US Bancorp**	**Wells Fargo Securities**
	William Blair	

Dated: April 8, 2016

MATURITY SCHEDULE

SERIES 2016A BONDS

$867,200,000 Series 2016A Serial Bonds

Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP† (13077C)	Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP† (13077C)
2017	$ 1,855,000	2.00%	0.60%	2Y9	2028	$ 3,210,000	2.50%	2.50%	3K8
2018	9,495,000	4.00	0.77	2Z6	2028	42,885,000	5.00	2.21[C]	4A9
2019	19,085,000	5.00	0.92	3A0	2029	48,415,000	5.00	2.29[C]	3L6
2020	5,605,000	2.00	1.10	3B8	2030	50,890,000	5.00	2.34[C]	3M4
2020	14,365,000	5.00	1.10	3V4	2031	53,505,000	5.00	2.42[C]	3N2
2021	20,925,000	5.00	1.24	3C6	2032	56,235,000	5.00	2.49[C]	3P7
2022	3,110,000	3.00	1.38	3D4	2033	33,335,000	3.00	3.05	3Q5
2022	18,855,000	5.00	1.38	3W2	2033	24,540,000	5.00	2.55[C]	4F8
2023	23,050,000	5.00	1.53	3E2	2034	60,210,000	4.00	2.95[C]	3R3
2024	2,460,000	4.00	1.68	3F9	2035	58,845,000	4.00	2.96[C]	3S1
2024	21,760,000	5.00	1.68	3X0	2036	30,190,000	3.125	3.20	4G6
2025	5,365,000	4.00	1.81	3G7	2036	28,610,000	5.00	2.70[C]	3T9
2025	20,060,000	5.00	1.81	3Y8	2037	20,000,000	3.20	3.28	4D3
2026	9,000,000	4.00	1.96[C]	3H5	2037	41,120,000	4.00	3.04[C]	4E1
2026	32,795,000	5.00	1.96[C]	3Z5	2038	63,530,000	4.00	3.05[C]	4H4
2027	43,895,000	5.00	2.08[C]	3J1					

$136,890,000 5.00% Term Bond due November 1, 2041 Yield 2.80%[C], CUSIP† 13077C3U6
$71,560,000 4.00% Term Bond due November 1, 2045 Yield 3.18%[C], CUSIP† 13077C4B7
$57,455,000 5.00% Term Bond due November 1, 2045 Yield 2.85%[C], CUSIP† 13077C4C5

[C] Yield computed to first optional redemption date of May 1, 2026 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. CUSIP® data herein are provided by CUSIP Global Services. The data presented are not intended to create a database and do 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 2016 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 2016 Bonds.

SERIES 2016B-1 BONDS

Maturity (November 1)	Principal Amount	Initial Term Rate	Term Rate Scheduled Mandatory Tender Date	Term Rate Call Protection Date	Yield	CUSIP† (13077C)
2047	$50,000,000	3.00%	November 1, 2019	May 1, 2019	1.15%[C]	4J0

[C] Yield computed to first optional redemption date of May 1, 2019 at par.

SERIES 2016B-2 BONDS

Maturity (November 1)	Principal Amount	Initial Term Rate	Term Rate Scheduled Mandatory Tender Date	Term Rate Call Protection Date	Yield	CUSIP† (13077C)
2049	$100,000,000	4.00%	November 1, 2021	May 1, 2021	1.50%[C]	4K7

[C] Yield computed to first optional redemption date of May 1, 2021 at par.

SERIES 2016B-3 BONDS

Maturity (November 1)	Principal Amount	Initial Term Rate	Term Rate Scheduled Mandatory Tender Date	Term Rate Call Protection Date	Yield	CUSIP† (13077C)
2051	$100,000,000	4.00%	November 1, 2023	May 1, 2023	1.80%[C]	4L5

[C] Yield computed to first optional redemption date of May 1, 2023 at par.

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[*] Subject to confirmation by the State Senate.
[**] Term expired March 31, 2016.

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 2016 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 2016 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 2016 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 2016 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 2016 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2016 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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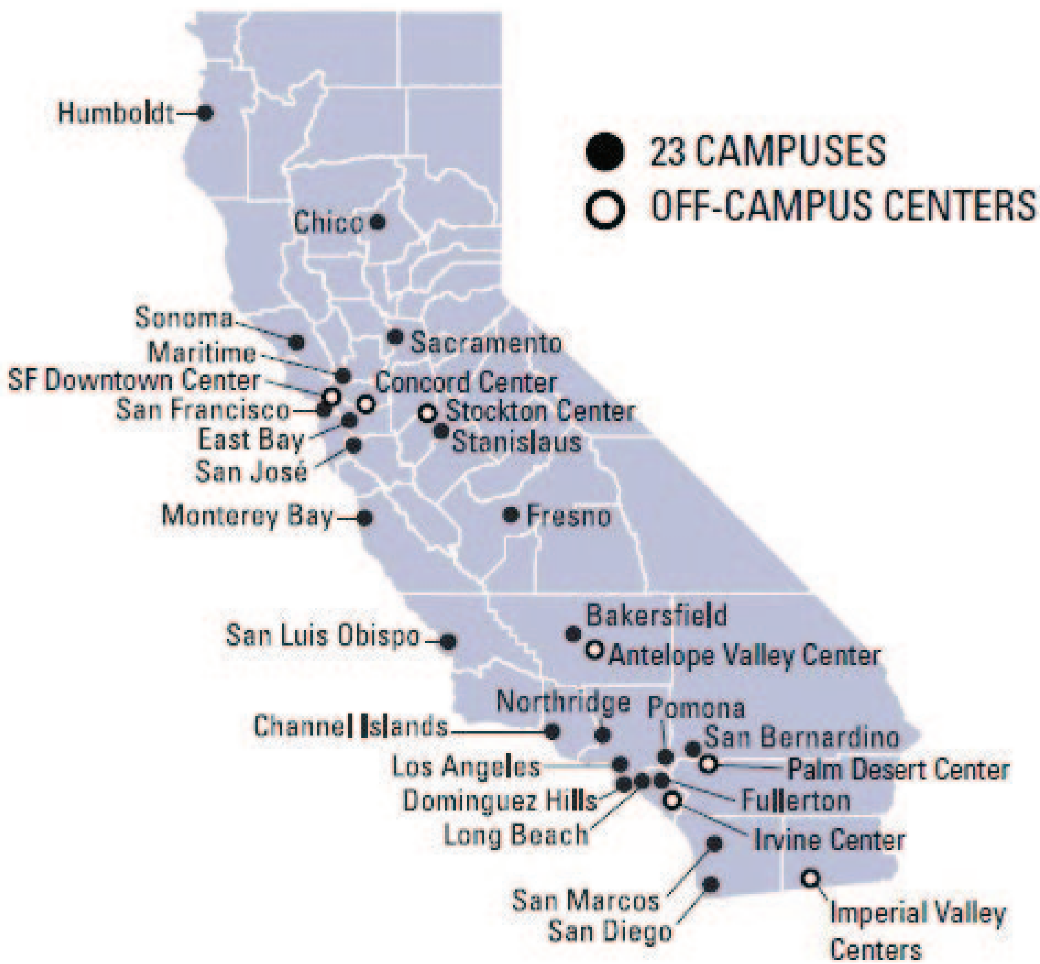
CSU The California State University

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



OFFICIAL STATEMENT

$1,383,105,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS

$1,133,105,000
TRUSTEES OF THE
CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2016A

$50,000,000
TRUSTEES OF THE
CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2016B-1

$100,000,000
TRUSTEES OF THE
CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2016B-2

$100,000,000
TRUSTEES OF THE
CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2016B-3

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Series 2016 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 2016A (the "Series 2016A Bonds") and the Trustees of the California State University Systemwide Revenue Bonds, Series 2016B (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Series 2016 Bonds"). The Series 2016 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 2015-16 academic year, CSU provided instruction to approximately 412,293 undergraduate students and approximately 44,630 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 2016 Bonds represent the twenty-second and twenty-third 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 an efficient borrowing structure with a diverse revenue base. The Board retains the right to finance projects outside of the Systemwide Financing Program. The Board expects the Systemwide Financing Program to continue to be the primary long-term financing method for CSU revenue generating capital projects and also to be the primary long-term financing method for future academic, administrative and certain other non-revenue generating capital projects. See "—New Capital Financing Authorities" below.

Revenues pledged under the Systemwide Financing Program have historically included 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. As of the date of delivery of the Series 2016 Bonds, the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, will be added to the pledge of revenues under the Systemwide Financing Program. See "—New Capital Financing Authorities" below. See also "SECURITY FOR THE SERIES 2016 BONDS," "THE PROJECTS" and Appendix A – "CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS."

Security for the Series 2016 Bonds

The Series 2016 Bonds are limited obligations of the Board. The Series 2016 Bonds are being issued as Additional Bonds pursuant to the Indenture and will be secured on a parity with the $4,246,055,000 aggregate principal amount of revenue bonds that are issued and outstanding pursuant to the Indenture as of March 10, 2016 (and without taking into account the issuance of the Series 2016 Bonds or any refunding of certain of such revenue bonds as described under "REFUNDING PLAN," herein). These revenue bonds together with the Series 2016 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 2016 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 2016 Bonds

Proceeds of the Series 2016 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 2016 Bonds, together with certain other moneys, will be applied to finance and refinance the acquisition or construction of all or a portion of certain facilities of CSU, including to provide funds for CSU's acquisition of unencumbered ownership interests in certain facilities currently under lease from the State Public Works Board of the State of California (the "State Public Works Board"), and to pay certain related expenses, through the refunding of certain outstanding lease revenue bonds issued by the State Public Works Board on behalf of the Board and/or to refund certain Outstanding Systemwide Revenue Bonds (the "Bonds to be Refunded"). Projects originally financed from proceeds of the bonds of the State Public Works Board are primarily non-revenue producing capital facilities such as academic and administrative buildings. See "—New Capital Financing Authorities" below. See also "REFUNDING PLAN," Appendix A—"CALIFORNIA STATE UNIVERSITY—CSU AND RELATED ENTITY INDEBTEDNESS—Commercial Paper" and Appendix H—"BONDS REFUNDED WITH SERIES 2016 BONDS."

New Capital Financing Authorities

In July 2014, the State Legislature passed Senate Bill 860 ("SB 860"), which changed the State's approach to funding non-revenue generating capital facilities at CSU, such as campus infrastructure projects, academic and administrative buildings, and other capital facilities that are essential to the CSU's operations (collectively, "Academic Facilities"). Historically, the State has funded Academic Facilities with proceeds of State Public Works Board lease revenue bonds and State general obligation bonds for which, in each case, the State made all debt service payments directly or through appropriations to CSU.

SB 860 provided CSU with the statutory authority to issue bonds to finance Academic Facilities, as well as providing CSU with the ability to pledge additional revenues to support its debt obligations, including but not limited to student tuition. At the same time, SB 860 shifted budgetary responsibility for paying debt service on State Public Works Board lease revenue bonds and State general obligation bonds issued on behalf of CSU from the State to CSU.

Effective as of the date of delivery of the Series 2016 Bonds, the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, will be added to "Gross Revenues" pledged under the Indenture to secure all Systemwide Revenue Bonds (including prior issues). Going forward, the Systemwide Financing Program is expected to be the primary long-term financing vehicle for Academic Facilities.

Redemption; Tender of Series 2016B Bonds

The Series 2016A Bonds are subject to optional and mandatory sinking account redemption as described herein. The Series 2016B Bonds are subject to optional redemption as described herein. See "THE SERIES 2016 BONDS—Redemption."

The Series 2016B Bonds are subject to mandatory tender for purchase on the applicable Term Rate Scheduled Mandatory Tender Date. Failure to pay the Purchase Price of all such Series 2016B Bonds tendered on a Term Rate Scheduled Mandatory Tender Date does not constitute an Event of Default. See "THE SERIES 2016 BONDS—Mandatory Tender of Series 2016B Bonds" and Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Provisions Applicable to the Series 2016B Bonds—Mandatory Tender of the Series 2016B Bonds."

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 2016 Bonds to provide certain financial information and operating data relating to the Series 2016 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, 2016, 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 2016 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 2016 Bonds, security for the Series 2016 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, 2015 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, 2015 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."

THE SERIES 2016 BONDS

General

The Series 2016 Bonds are issued in fully registered form in denominations of $5,000 and any integral multiple thereof. The Series 2016 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 2016 Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2016. The record date for the payment of such interest on the Series 2016 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 2016 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 2016 Bonds.

The Series 2016 Bonds will bear interest at the rates set forth on the inside cover page hereof. The Series 2016B-1 Bonds, Series 2016B-2 Bonds and Series 2016B-3 will initially bear interest at a Term Rate for the Initial Term Rate Period commencing on the Date of Issuance and ending on the day immediately preceding the applicable Term Rate Scheduled Mandatory Tender Date as set forth on the inside cover page hereof. Additional terms of the Series 2016B Bonds are set forth in Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Provisions Applicable to the Series 2016B Bonds." The Series 2016B Bonds are subject to adjustment to another interest rate period, as further described herein. **THIS OFFICIAL STATEMENT IS NOT INTENDED**

TO AND DOES NOT PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2016B BONDS AFTER ADJUSTMENT TO ANY NEW INTEREST RATE PERIOD.

Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016 Bonds. The ownership of one fully registered Series 2016 Bond for each maturity in each series set forth on the inside cover page hereof, in the aggregate principal amount of the Series 2016 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 2016A Bonds

Series 2016A Bonds—Optional Redemption. The Series 2016A Bonds maturing on or before November 1, 2025 are not subject to redemption prior to their respective stated maturities. The Series 2016A 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 May 1, 2026 (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 2016A Bonds—Sinking Account Redemption. The Series 2016A Bonds maturing on November 1, 2041 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
Series 2016A Term Bonds Maturing November 1, 2041

Redemption Date (November 1)	Principal Amount
2039	$56,570,000
2040	50,360,000
2041†	29,960,000

†Maturity

The Series 2016A Bonds maturing on November 1, 2045 and bearing interest at 4.00% 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, 2042 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2016A 4.00% Term Bonds Maturing November 1, 2045

Redemption Date (November 1)	Principal Amount
2042	$17,345,000
2043	18,135,000
2044	18,960,000
2045†	17,120,000

†Maturity

The Series 2016A Bonds maturing on November 1, 2045 and bearing interest at 5.00% 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, 2042 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2016A 5.00% Term Bonds Maturing November 1, 2045

Redemption Date (November 1)	Principal Amount
2042	$14,060,000
2043	14,700,000
2044	15,365,000
2045†	13,330,000

†Maturity

Series 2016A Bonds – Notice of Redemption.

If DTC or its nominee is the registered owner of any Series 2016A Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such Series 2016A 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 2016A Bond to be redeemed shall not affect the validity of the redemption of such Series 2016A 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 2016A 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 2016A Bonds of such maturity, to be redeemed and, in the case of Series 2016A 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 2016A Bonds the principal thereof or of said specified portion of the principal thereof, in the case of a Series 2016A 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 2016A Bonds be then surrendered.

With respect to any notice of optional redemption of Series 2016A 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 2016A 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 2016A 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 2016A Bond to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for redemption of any other Series 2016 Bond.

Selection of Series 2016A Bonds for Redemption. Under the Indenture, the Series 2016A 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 2016A Bonds of such series as shall be selected by the Board. Whenever provision is made in the Indenture for the redemption of the Series 2016A Bonds or a portion thereof by lot, and less than all of the Series 2016A Bonds of such series or portion thereof are called for redemption, and if the Series 2016A Bonds of such series 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 2016A Bonds of any series and maturity are to be redeemed prior to maturity and if the Series 2016A Bonds of such series are not then in book-entry form at the time of such redemption, on each redemption date, the State Treasurer shall select the Series 2016A Bonds to be redeemed, from the Outstanding Series 2016A Bonds of such series, 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.

As described in Appendix G—"BOOK-ENTRY ONLY SYSTEM," DTC shall select Series 2016A 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 2016A Bonds for redemption.

Effect of Redemption of Series 2016A 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 2016A 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 2016A 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 2016A Bonds (or portions thereof) so called for redemption shall cease to accrue, said Series 2016A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of said Series 2016A Bonds shall have no rights in respect thereof except to receive payment of said principal amount and accrued interest.

Series 2016B Bonds

Series 2016B Bonds—Optional Redemption. The Series 2016B Bonds are subject to redemption during the initial Term Rate period on or after the related Term Rate Call Protection Date or any Business Day thereafter, at a redemption price of 100% of the principal amount thereof.

Series 2016B Bonds — Notice of Redemption.

If DTC or its nominee is the registered owner of any Series 2016B Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such Series 2016B 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 2016B Bond to be redeemed shall not affect the validity of the redemption of such Series 2016B 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 2016B 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 2016B Bonds of such maturity, to be redeemed and, in the case of Series 2016B 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 2016B Bonds the principal thereof or of said specified portion of the principal thereof, in the case of a Series 2016B 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 2016B Bonds be then surrendered.

With respect to any notice of optional redemption of Series 2016B 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 and interest on such Series 2016B 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 2016B 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 2016B Bond to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for redemption of any other Series 2016 Bond.

Selection of Series 2016B Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of the Series 2016B Bonds or a portion thereof by lot, and less than all of the Series 2016B Bonds of such series or portion thereof are called for redemption, and if the Series 2016B Bonds of such series 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 less than all of the Bonds of any Subseries 2016B Bonds are called for redemption, and any Series 2016B Bonds of such series are not then in book-entry form at the time of such redemption, the State Treasurer shall select the Bonds or any given portion thereof to be redeemed, from the Outstanding Bonds of such Series 2016B-1, 2016B-2 or 2016B-3 Bonds, as applicable, not previously called for redemption, by lot in such manner as the State Treasurer may determine. For the purpose of any such selection, the State Treasurer shall assign a separate number for each minimum Authorized Denomination of each Bond of a denomination of more than such minimum; provided that following any such selection, both the portion of such Bond to be redeemed and the portion remaining shall be in Authorized Denominations.

As described in Appendix G—"BOOK-ENTRY ONLY SYSTEM," DTC shall select Series 2016B 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 2016B Bonds for redemption.

Effect of Redemption of Series 2016B 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 2016B 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 2016B 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 2016B Bonds (or portions thereof) so called for redemption shall cease to accrue, said Series 2016B Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of said Series 2016B Bonds shall have no rights in respect thereof except to receive payment of said principal amount and accrued interest.

Mandatory Tender of Series 2016B Bonds

The Series 2016B Bonds are subject to mandatory tender for purchase at a Purchase Price equal to 100% of the principal amount thereof, plus accrued interest to the Purchase Date, on the applicable Term Rate Scheduled Mandatory Tender Date. Failure to pay the Purchase Price of all such Series 2016B Bonds tendered on a Term Rate Scheduled Mandatory Tender Date does not constitute an Event of Default. The owner of any Series 2016B Bonds subject to mandatory tender may not elect to retain such 2016B Bonds and is required to tender such Series 2016B Bond on the related Purchase Date. In the event of a failure to pay the Purchase Price of all of such Series 2016B Bonds tendered for purchase on a Term Rate Scheduled Mandatory Tender Date, a Term Rate Delayed Remarketing Period shall commence on such date as provided in the Indenture.

Following the related Call Protection Date, the Interest Rate Period for any subseries of the Series 2016B Bonds may be adjusted to another interest rate period, on any date on which such Series 2016B Bonds are subject to optional redemption as provided above, in which event such Series 2016B Bonds shall be subject to mandatory tender for purchase at the applicable price set forth above. **THIS OFFICIAL STATEMENT IS NOT INTENDED TO AND DOES NOT PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2016B BONDS AFTER ADJUSTMENT TO ANY NEW INTEREST RATE PERIOD**. See Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE— Provisions Applicable to the Series 2016B Bonds—Mandatory Tender of the Series 2016B Bonds."

SECURITY FOR THE SERIES 2016 BONDS

Limited Obligations

As described in this section, the Series 2016 Bonds are limited obligations of the Board, payable from Gross Revenues and other amounts pledged under the Indenture. The Series 2016 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 2016 Bonds together with all other Systemwide Revenue Bonds issued outstanding under the Indenture 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. **As of the date of issuance of the Series 2016 Bonds, the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, will be added to the pledge of Gross Revenues under the Indenture**.

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. In 2015, the Board began designating certain Academic Facilities as Projects under the Indenture.

"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 (a) mandatory and user fees collected from students attending CSU campuses and (b) 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."

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, 2015 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, 2015", 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.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

	Series 2016A Bonds	Series 2016B Bonds	Total
Principal Amount of Bonds	$1,133,105,000.00	$250,000,000.00	$1,383,105,000.00
Net Original Issue Premium/Discount	$186,202,499.55	$29,283,000.00	$215,485,499.55
Moneys Related to Bonds to be Refunded and Funds on Hand	$66,102,435.60	$10,644,870.73	$76,747,306.33
Total Sources of Funds	$1,385,409,935.15	$289,927,870.73	$1,675,337,805.88

USES

	Series 2016A Bonds	Series 2016B Bonds	Total
Escrow Fund[(1)]	$1,380,975,212.82	$289,083,973.70	$1,670,059,186.52
Series 2016 Costs of Issuance[(2)]	$4,434,722.33	$843,897.03	$5,278,619.36
Total Uses of Funds	$1,385,409,935.15	$289,927,870.73	$1,675,337,805.88

(1) Certain moneys related to the Bonds to be Refunded, together with proceeds of the Series 2016 Bonds deposited into the Escrow Funds, will be used to defease or repay the Bonds to be Refunded listed in Appendix H.

(2) 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 $689,135,000 aggregate principal amount of certain Outstanding Systemwide Revenue Bonds for debt service savings and to finance and refinance the acquisition or construction of certain facilities of the California State University through the refunding of $773,285,000 aggregate principal amount of certain outstanding lease revenue bonds issued by the State Public Works Board, as identified in Appendix H (collectively, the "Bonds to be Refunded"). To refund the Bonds to be Refunded, a portion of the proceeds of the Series 2016 Bonds, together with certain moneys held in connection with certain of the Bonds to be Refunded, will be deposited in trust with the State Treasurer, as trustee for the Bonds to be Refunded, as escrow agent (the "Escrow Agent"), in one or more Escrow Funds created pursuant to a related Escrow Agreement, dated as of April 1, 2016, between the Escrow Agent and the State Public Works Board (in respect of the refunding of the bonds of the State Public Works Board) or between the Escrow Agent and the Board (in respect of the refunding of the prior Systemwide Revenue Bonds). The money so deposited will either be held as cash, uninvested, in an amount sufficient, or be used to purchase certain defeasance securities (the "Escrow Securities") 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. 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 Escrow 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—"BONDS REFUNDED WITH SERIES 2016 BONDS."

THE PROJECTS

General Description

On and after the date of delivery of the Series 2016 Bonds, Gross Revenues will consist primarily of (a) revenues derived directly from Projects, as more fully described below, and (b) the Tuition Fee, the basic enrollment charge paid by all students who attend CSU.

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. Some Projects, such as Academic Facilities, do not independently generate revenues. All Projects are owned by the Board and are operated by CSU or an auxiliary organization. Projects are generally described as follows:

Student Housing: Twenty-two of the 23 campuses comprising the CSU system operate, and collect revenues from, the operation of housing facilities under the State University Revenue Bond Act of 1947. 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, 2015—Schedule 1."

Student Union: As of Fall 2015, 22 of the 23 campuses in the CSU system operated student union facilities and collected student body center fees.

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.

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.

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.

Academic Facilities: All 23 CSU campuses include, as part of their physical plant, non-revenue generating facilities such as campus infrastructure, academic buildings, administrative buildings, and other capital assets that are essential to the CSU's operations. Certain of these facilities constitute "Projects" under the Indenture, but these Projects do not typically generate revenue independently.

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 2016 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 2016 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 2016 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

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 2016 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 2016 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 when calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2016 Bonds substantially in the form set forth in Appendix F hereto.

To the extent the issue price of any maturity of the Series 2016 Bonds is less than the amount to be paid at maturity of such Series 2016 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2016 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2016 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 2016 Bonds is the first price at which a substantial amount of such maturity of the Series 2016 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 2016 Bonds accrues daily over the term to maturity of such Series 2016 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 2016 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2016 Bonds. Beneficial Owners of the Series 2016 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2016 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2016 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2016 Bonds is sold to the public.

Series 2016 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 Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial 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 2016 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 2016 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 2016 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2016 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 2016 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2016 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 2016 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 2016 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 2016 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 2016 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 2016 Bonds. Prospective purchasers of the Series 2016 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 2016 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 2016 Bonds ends with the issuance of the Series 2016 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 2016 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 IRS, including but not limited to selection of the Series 2016 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 2016 Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery by the Board of the Series 2016 Bonds and with regard to the tax status of interest on the Series 2016 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 2016 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 2016 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 2016 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 2016 Bonds, and the Series 2016 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 2016 Bonds or in any way contesting or affecting the validity of the Series 2016 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 2016 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 2016 Bonds when due.

RATINGS

The Series 2016 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 2016 Bonds.

UNDERWRITING

The Series 2016 Bonds are being purchased by an underwriting group represented by Barclays Capital Inc. (collectively called the "Underwriters") from the State Treasurer, who is authorized pursuant to the Act to sell the Series 2016 Bonds on behalf of the Board. The Underwriters have agreed to purchase the Series 2016 Bonds at a price of $1,594,858,478.12. The price represents the principal amount of the Series 2016 Bonds, plus net original issue premium of $215,485,499.55, less an Underwriters' discount of $3,732,021.43. The purchase contract pursuant to which the Series 2016 Bonds are being sold provides that the Underwriters will purchase all of the Series 2016 Bonds if any such Series 2016 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, LLC (the "Financial Advisor"), whereunder the Financial Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Series 2016 Bonds, timing of sale, bond market conditions, costs of issuance and other factors related to the sale of the Series 2016 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 2016 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 2016 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 Escrow 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 2016 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 2014-15 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, 2015 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 February 15, 2016 of CSU. See Appendix C-1. No opinion is expressed by the Auditor with respect to any event subsequent to its report dated February 15, 2016 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, 2015.

Financial statements with detailed campus information can be found at: https://www.calstate.edu/SFSR/GAAP/financial_statements.shtml.

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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 2016 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

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APPENDIX A

CALIFORNIA STATE UNIVERSITY

GENERAL

California State University ("CSU") is the nation's largest system of public higher education serving over 473,000 students and employing more than 61,300 faculty and staff. CSU spans the entire State of California (the "State") and includes the State's oldest public higher education institution. Its annual budget for fiscal year 2015-16 is over $8.8 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 a Doctor of Education (Ed.D.) degree, a Doctor of Nursing program and Doctor of Physical Therapy program. 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.

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:

The Honorable Edmund G. Brown, Jr.	*Governor of California*
The Honorable Gavin Newsom	*Lieutenant Governor*
The Honorable Toni G. Atkins	*Speaker of the Assembly*
The Honorable Tom Torlakson	*State Superintendent of Public Instruction*
Dr. Timothy P. White	*CSU Chancellor*
Lou Monville	*Chair, Alumni, CSU Board of Trustees*
Rebecca D. Eisen	*Vice Chair, CSU Board of Trustees*
Dr. Silas H. Abrego	*Member, CSU Board of Trustees*
Kelsey M. Brewer	*Student, CSU Board of Trustees*
Jane Carney[1]	*Member, CSU Board of Trustees*
Adam Day	*Member, CSU Board of Trustees*
Dr. Douglas Faigin	*Member, CSU Board of Trustees*
Dr. Debra S. Farar	*Member, CSU Board of Trustees*
Jean Picker Firstenberg[1]	*Member, CSU Board of Trustees*
Margaret Fortune[2]	*Member, CSU Board of Trustees*
Lupe C. Garcia	*Member, CSU Board of Trustees*
Lillian Kimbell	*Member, CSU Board of Trustees*
Thelma Meléndez de Santa Ana[1]	*Member, CSU Board of Trustees*
Hugo N. Morales	*Member, CSU Board of Trustees*
J. Lawrence Norton	*Member, CSU Board of Trustees*
Lateefah Simon[1]	*Member, CSU Board of Trustees*
Steven G. Stepanek	*Faculty, CSU Board of Trustees*
Peter J. Taylor	*Member, CSU Board of Trustees*

(1) Subject to confirmation by the State Senate.
(2) Term expires March 31, 2016.

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 that is implemented at the campus level 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 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 campus activities, including 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 all 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. Due to restrictions on the use of State funds, activities conducted by the auxiliary organizations must be self-supporting. 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; almost all auxiliary organizations are classified as non-profit for tax purposes. 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, 2015."

THE CSU SYSTEM AND CAMPUSES

Enrollment

The following table sets forth Fall enrollment figures for each CSU campus for the years 2011 to 2015.

TABLE 1
CALIFORNIA STATE UNIVERSITY
SIZE AND ENROLLMENT
2011 through 2015[(1)]

Present Name	Date Institution Opened	Size of Campus Including Agricultural & Reserve Acres	Fall Enrollment (Headcount)				
			2011	2012	2013	2014	2015
CSU, Bakersfield	1970	376	8,002	8,520	8,371	8,720	9,228
CSU Channel Islands	2002	1,189	4,179	4,920	5,140	5,879	6,167
CSU, Chico	1889	776	15,920	16,470	16,356	17,287	17,220
CSU, Dominguez Hills	1965	356	14,364	13,933	14,670	14,687	14,635
CSU, East Bay	1959	355	13,160	13,851	14,526	14,823	15,528
CSU, Fresno	1911	1,397	21,981	22,565	23,060	23,179	24,136
CSU, Fullerton	1959	241	36,156	37,677	38,325	38,128	38,948
Humboldt State University	1914	231	8,046	8,116	8,293	8,485	8,790
CSU, Long Beach	1949	319	34,870	36,279	35,586	36,809	37,446
CSU, Los Angeles	1947	160	21,284	21,755	23,258	24,488	27,680
California Maritime Academy	1929	88	886	973	1,046	1,047	1,075
CSU, Monterey Bay	1995	1,054	5,173	5,609	5,732	6,631	7,102
CSU, Northridge	1958	338	36,911	36,164	38,310	40,131	41,548
California State Polytechnic University, Pomona	1938	1,302	21,107	22,156	22,501	23,966	23,717
CSU, Sacramento	1947	294	28,016	28,539	28,811	29,349	30,284
CSU, San Bernardino	1965	442	17,250	18,234	18,398	18,952	20,024
San Diego State University	1897	539	31,303	31,597	32,759	33,483	34,254
San Francisco State University	1899	163	29,541	30,500	29,905	29,465	30,256
San Jose State University	1862	150	30,236	30,448	31,278	32,713	32,773
California Polytechnic State University, San Luis Obispo	1901	5,965	18,762	18,679	19,703	20,186	20,944
CSU, San Marcos	1990	303	10,276	10,610	11,300	12,154	12,793
Sonoma State University	1961	4,216	8,668	9,021	9,120	9,290	9,408
CSU, Stanislaus	1960	227	9,246	8,882	8,917	9,045	9,282
Total:			425,337	435,498	445,365	458,897	473,238

(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 2015 had estimated enrollments of 846 and 487 students, respectively.

Source: California State University

Since Spring 2011, overall enrollment has been increasing due to improvements in State funding. In Fall 2015, enrollment increased by more than 3% from the prior year. 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 2011 to 2015.

TABLE 2
ENROLLMENT IN
PUBLIC UNIVERSITIES IN CALIFORNIA
Fall 2011 through 2015[(1)]

	Fall 2011		Fall 2012		Fall 2013		Fall 2014		Fall 2015	
	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad
California State University	425,337	309,355	435,498	321,719	445,365	333,556	458,897	345,109	473,238	357,812
University of California	221,524	175,282	223,359	177,513	228,998	182,420	236,900	188,199	241,876	192,154

(1) For CSU, the above data exclude the non-campus programs of CalState Teach and International Studies, which for Fall 2015 had enrollments of 846 and 487 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 2010-11 through 2014-15. 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 94 percent of FTE students are classified as California residents and six percent are classified as non-residents.

TABLE 3
CALIFORNIA STATE UNIVERSITY
FULL TIME EQUIVALENT STUDENTS
Academic Year[(1)] 2010-11 through 2014-15[(2)]

2010-11	2011-12	2012-13	2013-14	2014-15
338,246	349,784	352,272	365,224	377,731

(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, 2015" presents college year FTES, which includes summer term FTES, and is shown on a fiscal year basis.
(2) Excludes the non-campus programs of CalState Teach and International Studies, which for academic year 2014-15 had FTES enrollments of 701 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. Effective with the issuance of the Series 2016 Bonds, Tuition Fee revenues are being pledged as security for Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2016 BONDS."

Since the 2011-12 academic year, the basic 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.

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. Effective with the issuance of the Series 2016 Bonds, Tuition Fee revenues are being pledged as security for Systemwide Revenue Bonds. See "SYSTEMWIDE REVENUE BOND PROGRAMS – Tuition Fees."

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

	Tuition Fee	
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

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." For nonresident students, the Tuition Fee is increased by $248 per quarter unit or $372 per semester unit in the 2015-16 academic year. The Tuition Fee, including the amount constituting such nonresident tuition, is set by the Board or by the Chancellor or campus presidents under delegations from the Board.

In addition to the Tuition Fee, other 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 $647 to $3,529 per year for 2015-16. In academic year 2015-16, the Tuition Fee for California residents, plus such other campus-based fees, averaged a total of $6,815, ranging from a low of $6,119 at California State University, Monterey Bay to a high of $9,001 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). Such other campus-based fees are generally not pledged to the repayment of Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2016 BONDS."

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.

Revenue Management and Investments

Charges for attending CSU are collected at the time of registration for each academic term, and are 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. 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, 2015" 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, 2015" 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 amounts invested by the State Treasurer from the State Controller's Office on a quarterly basis.

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.

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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]
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%
2015						
	First Time Freshmen	565,644	286,334	51%	65,606	23%
	Undergrad Transfers	262,606	145,181	55%	52,038	36%
	Graduates	78,670	35,067	45%	20,482	58%
	Other	7,893	3,940	50%	4,765	121%
	Total	914,813	470,522	51%	142,891	30%

(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 obligations are secured by and payable from revenues of the financed facilities, investment income, student charges and rental payments.

In addition to the debt the Board issues directly, several other sources of capital have historically 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. The issuance of State Public Works Board Lease Revenue Bonds has been another significant source of capital for facilities, for which debt service is appropriated annually by the State Legislature. In 2014, the State Legislature shifted budgetary responsibility for paying debt service on State Public Works Board Lease Revenue Bonds and voter-approved general obligation bonds issued on behalf of CSU from the State to CSU. 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. Going forward, the Board expects the Systemwide Revenue Bond program to be the primary long-term financing vehicle academic and other facilities of the type that were previously financed with voter-approved general obligation bonds and State Public Works Board Lease Revenue Bonds. The State may continue to issue such bonds from time to time, but State law now requires that debt service on such bonds, issued on behalf of CSU, be paid from CSU appropriations. 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 in the past issued their own debt generally secured by project revenue to finance projects for CSU's campuses. These bonds have been refunded into the Systemwide Revenue Bond program or matured. At this point, there is only one auxiliary organization with bonds outstanding. CSU is not obligated to pay debt service on any auxiliary organization bonds. The following table lists the outstanding public indebtedness of CSU and related entities as of March 10, 2016.

TABLE 6
CALIFORNIA STATE UNIVERSITY
OBLIGATIONS ISSUED AND OUTSTANDING
as of March 10, 2016

Revenue Bonds and Bond Anticipation Notes Issued by the Board	Amount Outstanding
Systemwide Revenue Bonds	
Housing System Revenue Bonds	$4,143,000
Systemwide Revenue Bonds, Series 2004A through 2015A/B	4,246,055,000
Total Systemwide Revenue Bonds (1)	$4,250,198,000
Bond Anticipation Notes (BANs) (2)	$1,200,000
Total Revenue Bonds and BANs	$4,251,398,000
Other Obligations (3)	
Auxiliary Organization Bonds (4)	$22,420,000
State Public Works Board Lease Revenue (5)	982,730,000
Commercial Paper Equipment Financing	2,136,000
Other Capital Lease Obligations (6)	159,735,000
Total:	$5,418,419,000

(1) Does not reflect defeasance of Systemwide Revenue Bonds with proceeds of the Series 2016 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 State Public Works Board Bonds with proceeds of the Series 2016 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."
(5) Debt that is currently supported by appropriations from the State Legislature.
(6) As of June 30, 2015.

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 March 10, 2016, CP was outstanding for the following purposes:

BANs	$0
BANs (Expected to Remain in CP)	1,200,000
Equipment	2,136,000
Total	$3,336,000

Authorized but Unissued Debt

As of March 10, 2016, the Board has Systemwide Revenue Bonds and Bond Anticipation Notes authorized but unissued in the aggregate principal amount of $1,802,805,000 for approved projects. Such amount includes authorization of up to $1.2 billion in Systemwide Revenue Bonds solely for the purpose of refunding certain State Public Works Board bonds (see Table 6). Following the issuance of the Series 2016 Bonds, approximately $1.07 billion is expected to remain authorized but unissued for approved projects, of which approximately $470 million authorization will remain for the purpose of refunding certain bonds of the State Public Works Board not refunded by the Series 2016 Bonds. The Board may issue all or a portion of these authorized 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 academic and self-support projects (previously referred to as 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 and to justify the project demand and related budgets. The Board anticipates that it will use future borrowings to fund its capital improvement program.

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SYSTEMWIDE REVENUE BOND PROGRAMS

Debt Management Program

Under the CSU Policy on Financing Activities, originally adopted by the Board in March 2002 and revised in November 2014, 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." 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 financing policy, the Board uses Systemwide Revenue Bonds to finance other projects that previously may have been financed by auxiliary organizations. Pursuant to the Board's financing policy, the Chancellor has established minimum benchmark 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 approved financing for a first group of projects which were funded with the 2015A Bonds. Effective with the issuance of the Series 2016 Bonds, Tuition Fee revenues are being pledged as security for the Systemwide Revenue Bonds. General fund support appropriations are not currently included in Gross Revenues and are not pledged as security for the Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2016 BONDS."

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) that evaluates proposed housing projects and provides 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 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 2015-16, average room rates range from a high of $11,238 at the Fullerton campus to a low of $4,709 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
2011-12 through 2015-16

Academic Year	Average Room Rate[1]
2011-12	$6,029
2012-13	6,325
2013-14	6,705
2014-15	7,075
2015-16	7,474

(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 2015, the design capacity for the student housing facilities (including auxiliary organizations) was 50,904 spaces, which was approximately 11% of the Fall 2015 enrollment for CSU. The average Fall 2015 occupancy rate was 98%. Additionally, there are 585 leased apartment units at San Francisco State University. 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, 2015" at Schedule 1.

Student Union Program

The Education Code of the State provides that students enrolled at an individual CSU campus may authorize the Board to impose student body center fees (also termed student union fees) by a two-thirds vote approving such fees. 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 at 22 campuses in the CSU System have voted in favor of imposing student union fees.

Rates and Charges

Student union annual fees range from $157 to $776 per student in 2015-16 and are collected at 22 CSU System campuses. 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 parking program operations is decentralized to each CSU campus. Campus spending of the parking fee revenue is applied to 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, 2015, there were approximately 157,216 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 2015-16, 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 $17 to $116. 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 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 and $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 above under "GOVERNANCE AND ADMINISTRATION—Campus Administration," the Board has a longstanding program of utilizing auxiliary organizations to support a broad range of functions for CSU. In some cases, auxiliary organizations 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. There are currently 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 the 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.

Pursuant to the Indenture, the Board may designate such an auxiliary organization as a Designated Auxiliary Organization, and its revenues and debt as 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 2016 BONDS—Rate Covenant" and "—Parity Lien Indebtedness; No Senior Lien Indebtedness." There are currently 17 auxiliary organizations that are Designated Auxiliary Organizations with Designated Auxiliary Revenues and Designated

Auxiliary Debt; the loan or lease payments made by such auxiliary organizations 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.

Tuition Fees

Effective with the issuance of the Series 2016 Bonds, Tuition Fee revenues are being pledged as security for Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2016 BONDS." In 2015-16, Tuition Fee revenue is expected to total approximately $2.5 billion. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2015" and https://www.calstate.edu/SFSR/GAAP/financial_statements.shtml for prior years student tuition and fees.

FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES

Table 8 below sets forth for the five fiscal years ended June 30, 2011 through June 30, 2015 (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." Effective with the issuance of the Series 2016 Bonds, Tuition Fee revenues are being pledged as security for Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2016 BONDS."

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 17 auxiliary organizations with facilities that had been financed with Systemwide Revenue Bond proceeds (as of June 30, 2015), starting with the fiscal year in which each such financing occurred. Only the payments under the leases and loan agreements between the Board and such auxiliary organizations and certain other entities (approximately $52.6 million for the fiscal year ended June 30, 2015, 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.

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TABLE 8
CALIFORNIA STATE UNIVERSITY
HISTORICAL GROSS REVENUES AND EXPENDITURES[1][2]
(FISCAL YEARS ENDED JUNE 30)

	2011	2012	2013	2014	2015
Total Gross Revenues :					
Housing System	$283,019,719	$325,027,647	$346,767,293	$377,380,513	$417,974,720
Student Unions/Recreation Ctrs.	137,475,697	156,581,587	170,607,106	185,032,413	205,309,379
Parking	92,541,021	95,106,346	98,398,760	102,627,589	109,657,635
Health Centers	8,382,845	9,248,612	9,560,632	9,875,231	10,301,741
Continuing Education	285,076,515	297,642,404	325,889,355	340,079,344	366,185,698
Auxiliary[3]	493,214,514	477,985,622	510,372,629	542,991,219	578,279,217
Related Governmental Units[4]	12,848,893	13,064,268	13,374,612	13,361,006	13,391,403
Total Gross Revenues	$1,312,559,204	$1,374,656,486	$1,474,970,387	$1,571,347,315	$1,701,099,793
Debt Service:					
Auxiliary – Other[5]	7,452,153	6,115,718	3,304,225	3,343,218	3,343,612
Systemwide Revenue Bonds[6]	197,596,752	219,677,662	239,705,443	255,560,008	262,357,559
Total Debt Service	$205,048,905	$225,793,380	$243,009,668	$258,903,226	$265,701,171
Operating Expenditures[7] :					
Housing System	$170,121,752	$195,175,881	$210,480,786	$238,585,005	$247,153,214
Student Union	66,965,695	70,605,750	75,683,866	86,892,873	88,848,432
Parking	53,760,813	59,218,847	61,520,009	65,871,685	64,163,570
Health Centers	3,698,105	4,199,893	3,623,067	3,194,566	3,980,073
Continuing Education	217,847,639	255,861,221	288,140,515	305,881,555	333,015,213
Auxiliary	405,439,492	414,334,559	439,032,832	443,572,097	493,993,480
Total Operating Expenditures	$917,833,496	$999,396,151	$1,078,481,075	$1,143,997,781	$1,231,153,982

(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, 2015.
(2) Does not include Tuition Fee revenue to be pledged upon the issuance of Series 2016 Bonds.
(3) 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.
(4) 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.
(5) Includes 17 auxiliary organizations as of fiscal year ended June 30, 2015.
(6) 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.
(7) Operating Expenditures include both extraordinary maintenance and repair projects, which are generally paid from existing program fund balances, and which totaled $38.8 million in the fiscal year ended June 30, 2015, and an Annual Required Contribution (ARC) related to other postemployment benefits (OPEB) in an approximate amount of $37 million as of June 30, 2015, pursuant to GASB Statement No. 45.

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 2016 Bonds)

	Previous Systemwide Revenue Bonds[1]				
Fiscal Year Ending June 30	Including Refunded Bond Debt Service	Refunded Bond Debt Service[2]	Excluding Refunded Bond Debt Service	Series 2016 Bonds	Total Systemwide Revenue Bonds[1]
2015	$ 272,000,832	$ 0	$272,000,832	$ 0	$272,000,832
2016	301,646,949	-	301,646,949	-	301,646,949
2017	315,600,344	35,710,838	279,889,507	62,843,648	342,733,154
2018	320,641,585	35,710,838	284,930,747	62,816,838	347,747,585
2019	322,745,925	44,110,463	278,635,462	70,248,388	348,883,850
2020	323,928,406	54,165,919	269,762,488	79,046,363	348,808,850
2021	321,905,636	54,164,869	267,740,767	78,914,063	346,654,830
2022	321,093,995	54,166,963	266,927,032	78,368,263	345,295,295
2023	316,999,368	54,165,460	262,833,908	77,992,113	340,826,020
2024	313,993,882	54,158,150	259,835,732	77,982,838	337,818,570
2025	312,496,664	54,160,069	258,336,595	78,108,388	336,444,983
2026	307,313,913	54,161,800	253,152,113	78,423,888	331,576,001
2027	304,261,739	54,165,281	250,096,458	93,185,213	343,281,670
2028	300,985,082	54,170,781	246,814,301	93,187,963	340,002,263
2029	300,155,635	54,162,188	245,993,448	93,178,338	339,171,785
2030	298,705,855	54,159,011	244,546,845	93,175,713	337,722,557
2031	295,890,525	54,163,975	241,726,550	93,168,088	334,894,638
2032	288,804,360	54,152,156	234,652,204	93,173,213	327,825,416
2033	263,198,996	54,150,756	209,048,240	93,159,713	302,207,953
2034	252,529,059	53,150,106	199,378,953	92,280,313	291,659,266
2035	246,865,894	53,160,925	193,704,969	92,297,588	286,002,556
2036	235,699,277	48,935,088	186,764,189	88,551,488	275,315,677
2037	194,714,204	46,255,294	148,458,910	86,142,649	234,601,559
2038	192,067,599	46,253,969	145,813,630	86,133,250	231,946,880
2039	174,030,390	46,242,575	127,787,815	86,130,250	213,918,065
2040	143,392,149	35,313,700	108,078,449	76,485,400	184,563,849
2041	131,267,331	25,276,200	105,991,131	67,602,150	173,593,281
2042	103,163,111	-	103,163,111	45,194,150	148,357,261
2043	86,706,744	-	86,706,744	45,191,750	131,898,494
2044	66,757,400	-	66,757,400	45,193,150	111,950,550
2045	62,931,638	-	62,931,638	45,189,625	108,121,263
2046	42,285,375	-	42,285,375	45,190,975	87,476,350
2047	41,330,375	-	41,330,375	45,188,250	86,518,625
2048	19,485,250	-	19,485,250	45,190,175	64,675,425
2049	-	-	-	45,189,763	45,189,763
2050	-	-	-	45,190,350	45,190,350
2051	-	-	-	45,195,100	45,195,100
2052	-	-	-	45,192,263	45,192,263
TOTALS[3]	$7,795,595,488	$1,228,387,371	$6,567,208,117	$2,569,701,659	$9,136,909,776

(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) Fiscal Year ending June 30, 2016 excludes cash deposits made to refunding escrows for May 1, 2016 payments.
(3) 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, 2015, 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 informational purposes.

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 the Legislative committee. 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

The Chancellor's Office informs all CSU campuses of the Governor's budget decisions, at which time 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, 2014-15, and 2015-16.

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 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. The level of funding related to the State Public Works Board Lease Revenue Bonds will not be affected by the refunding of bonds. The total State appropriations support for CSU in fiscal year 2014-15 increased to $2.7 billion.

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

Governor's Proposed Budget for Fiscal Year 2016-17

The Governor's Budget for fiscal year 2016-17, as released in January 2016, proposes $140 million in additional funding for CSU. In addition, the Governor's Budget for fiscal year 2016-17 proposes additional one-time funding of $35 million to CSU for deferred maintenance.

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, 2015." The audited financial statements of CSU are included as general background concerning the CSU System. Owners of the Series 2016 Bonds may rely solely on Gross Revenues specifically pledged for repayment of principal and interest on the Series 2016 Bonds. See Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2015." No other assets or revenues of CSU are pledged to the repayment of the Series 2016 Bonds. See "SECURITY FOR THE SERIES 2016 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, 2011 to 2015. 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]
2010-11 through 2014-15

Sources	2010-11	2011-12	2012-13	2013-14	2014-15[2]
Federal grants and contracts	$ 1,280,311,000	$ 1,195,641,000	$ 1,211,063,000	$ 1,262,971,000	$ 1,322,414,000
State and local grants and contracts	444,657,000	534,265,000	548,967,000	638,092,000	766,153,000
Private gifts, grants and contracts	258,273,000	247,590,000	291,975,000	289,955,000	315,052,000
Total	$ 1,983,241,000	$1,977,496,000	$2,052,005,000	$2,191,018,000	$2,403,619,000

(1) Includes Auxiliary Organizations.
(2) Estimated.

Source: California State University

CSU Endowment Assets

As of June 30, 2015, the market value of the endowment assets of CSU and its related foundations was approximately $1.41 billion, an increase from approximately $1.38 billion as of June 30, 2014. The market value of the endowment assets of CSU and its related foundations as of June 30, 2013, June 30, 2012, and June 30, 2011 were approximately $1.17 billion, $1.03 billion, and $1.02 billion, 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 2016 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. Further, CSU procures excess and/or reinsurance on its general and errors & omissions liability as well as workers' compensation to provide coverage for large losses. 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. As of January 1, 2015, the CSU has placed primary workers' compensation coverage through risk transfer to the CSAC Excess Insurance Authority.

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 Audit and Advisory Services, the California State Auditor 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 2016 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 undergoes seismic peer review 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 61,300 CSU employees, including those represented by bargaining units and non-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 would have expired on June 30, 2017. CFA salary and benefits were subject to re-opener negotiations for both 2015-16 and 2016-17, and a tentative agreement was announced on April 8, 2016, averting a systemwide strike which had been scheduled to occur April 13-15 and 17-18, 2016. The tentative agreement, which provides for a 10.5% general salary increase to be phased in over three Fiscal Years, is subject to ratification by CFA, which is expected to vote on the agreement before the end of April 2016, and to approval by the Board, which is expected to consider the tentative agreement at its May 2016 meeting. If approved, the new agreement with CFA will expire on June 30, 2018. The contract between APC, as exclusive representative for employees in the Academic Support unit, and CSU has been extended until March 30, 2016. A Tentative Agreement for a successor agreement has been reached with APC that, if subsequently ratified by the union and the CSU, will expire on June 30, 2017. The SETC, which represents employees in the Skilled Crafts unit, has an agreement with CSU that expired on August 31, 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

The CSU, as an agency of the State, contributes to a pension plan administered by the Board of Administration of the California Public Employees Retirement System (CalPERS). The State's pension plan with CalPERS is an agent multiple-employer defined-benefit pension plan (State Miscellaneous Tier 1 and Peace Officers & Firefighters Plan) and CalPERS functions as an investment and administrative agent for its members. For CSU, the pension 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 CSU employees. The plan also provides for survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits.

In general, full-time employees of CSU, who are employed to work for more than six months, and part-time employees averaging 20 hours per week for one year participate in the CalPERS pension plan, which 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 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 CalPERS board's contribution rates and authorize the appropriation in the Budget

Act. Most CSU CalPERS eligible employees (approximately 98 percent) are in the State Miscellaneous Tier 1 category and contribute 5 percent of annual compensation in excess of $513 per month to CalPERS. 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 State 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 and employee contributions. The rates for these benefits are established by federal regulations and are currently equally shared by the employer and employees.

CSU's total employer contribution from all funds (i.e., General Fund, Trust Operating Fund, CSU Lottery Education Fund, Continuing Education Revenue Fund, and Dormitory Revenue Fund--Housing and Parking) totaled approximately $602,995,000 for CalPERS (reported as deferred outflows of resources as of June 30, 2015) and $188,875,000 for OASDI and Medicare for the fiscal year ended June 30, 2015. The retirement expenditures for fiscal year ended June 30, 2015 increased as a result of an increase in CalPERS employer-paid rates during 2014-15 and social security expenditures increased slightly due to CSU salary growth during 2014-15. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2015" at Note (12) for fiscal year 2014-15 information.

The size of CalPERS' unfunded pension 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. At June 30, 2014, after reflecting new assumptions adopted by the CalPERS Board (reference CalPERS November 15, 2015 "Annual Review of Funding Levels and Risks"), pension funds were 76 percent funded on a market value basis. This number was an average of all plans that are part of the pension fund. The State contributed above the CalPERS recommended contribution rates again in 2015-16 to reduce the unfunded pension and other postemployment benefit liability, pursuant to Government Code Section 20683.2.

Further, there is 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 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.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the CSU's fiscal year beginning July 1, 2014. This Statement revised existing standards for measuring and reporting pension liabilities for pension plans provided by the University to its employees. This Statement required recognition of a liability equal to the net position 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. 27, Pension Transition Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*, which went into effect for the CSU fiscal year beginning July 1, 2014. This Statement stated that if it was not practical to determine the beginning balances for deferred inflows of resources or deferred outflows of resources, these should not be reported on the year of implementation of the Standard.

Net pension liability is measured as CSU's proportionate share of total pension liability, less its proportionate share of the pension plan's fiduciary net position. The effect of the implementation of GASB Statement Nos. 68 and 71 on the CSU's financial statements for the year ended June 30, 2015 resulted in a restatement and reduction of beginning net position by $6,181,670,000. The net pension liability amounted to $5,513,655,000 as of June 30, 2015. The net difference between projected and actual earnings on pension plan investments amounted to $1,086,744,000 which was reported as deferred inflows of resources as of June 30, 2015. For the year ended June 30, 2015, the CSU recognized pension expense of $418,729,000 which was reported as benefits expense. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE

UNIVERSITY AS OF JUNE 30, 2015" at Note 2(c) and Note 12(a) and Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2015" at Note 1(o) and Note 8(a).

Postretirement Healthcare Plan

The State provides retiree healthcare benefits to statewide employees, including the CSU employees, through the programs administered by CalPERS. The State's substantive plan represents a substantive single-employer defined-benefit OPEB Plan to the retired employees.

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. The percentage of annual OPEB costs contributed during the fiscal year ended June 30, 2015 is 41.85 percent. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2015" at Note 2(q) and Note 12(b) and Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2015" at Note 8(b).

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, 2015

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CALIFORNIA STATE UNIVERSITY

Financial Statements and Supplementary Information

June 30, 2015

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY

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LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

The California State University is an extraordinary system of 23 campuses providing an outstanding education to over 450,000 students in the academic year 2014-15. The University is dedicated to providing opportunities and opening doors for our students to learn and grow. As the nation's largest and most diverse university, it has become the economic engine for California; creating jobs, companies, and innovation. With more than three million degrees awarded since inception, 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 in 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. This investment helps ensure an educated and successful California populace that leads to economic and social prosperity.

Recent estimates by the California Public Policy Institute suggest that the state will require an additional 1,000,000 baccalaureates by 2030, well above current levels. Additional investments in the California State University will increase access to an excellent education and help meet the need for an educated workforce critical to California's success.

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 an affordable, 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

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, 2015, 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 88 of the 90 aggregate discretely presented component units, which reflect total assets constituting 92% and total revenues constituting 94% of the aggregate discretely presented component units 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 88 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. The financial statements of 46 discretely presented component units are not audited in accordance with *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.

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, 2015, 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.

Emphasis of a Matter

Adoption of New Accounting Pronouncements

As discussed in the note 2 to the financial statements, in fiscal year 2015, the California State University and its discretely presented component units adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4–19, and the schedules of University's proportionate share of the net pension liability and employer contributions on pages 61–62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 February 15, 2016 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

Irvine, California
February 15, 2016

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, 2015, including 23 campuses and the Office of the Chancellor (together referred to as the University), and 90 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, 2015 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 reported as net position (equity). Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally reported at book value, except investments, which are reported at fair 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 requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

(Continued)

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 and indirect methods 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. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. The proceeds from the issuance of Systemwide Revenue Bond (SRB) that will be passed through to the discretely presented component units for capital purposes are reported as noncapital financing activities.

Capital and related financing sources include debt proceeds, state capital appropriations, capital grants and gifts, proceeds from sale of capital assets, and principal and interest payments received on capital leases. Within the capital and related financing activities, uses of funds consist of acquisition of capital assets, and debt repayments. 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

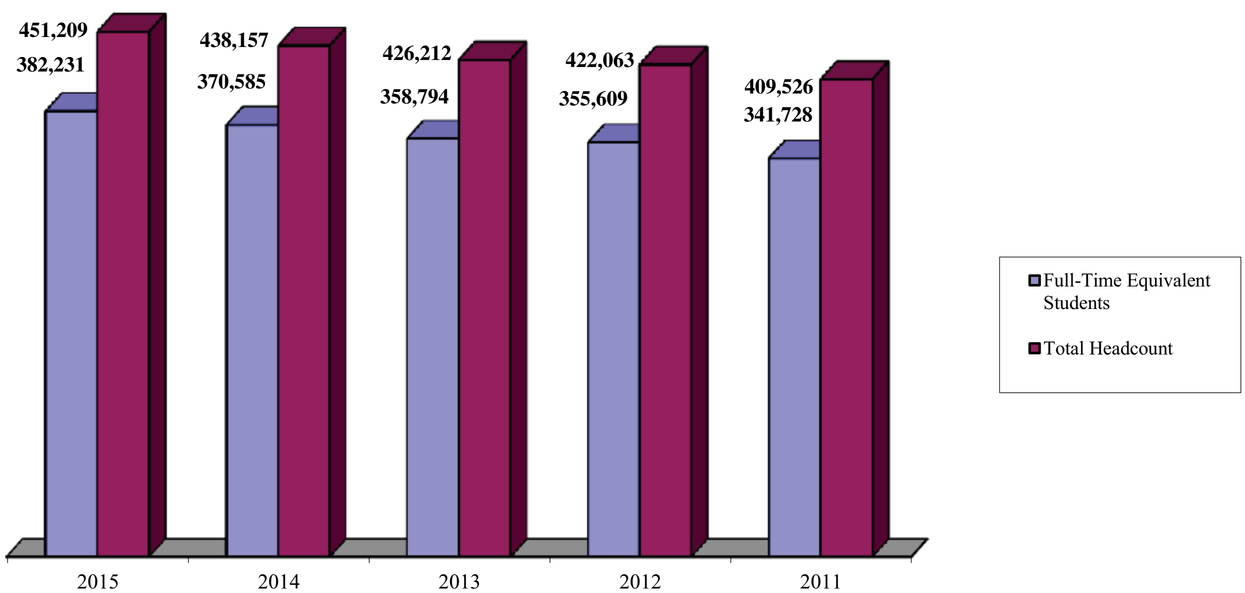
Effective July 1, 2014, the University changed its pension accounting policies with the implementation of new accounting standards, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. Changes in accounting policies for pensions are designed to improve transparency regarding pension liability by requiring 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 for the University's defined-benefit plans. This standard requires recognition of pension expense using systematic method, designed to match the cost of pension benefits with service periods for eligible employees. The net position, without the changes in accounting policies, would have been $5.82 billion. The accounting changes related to net pension liability reduced the net position by $5.99 billion resulting to a net deficit of $175.72 million as of June 30, 2015. These accounting policy changes do not impact the University's funding requirements for the pension plans.

The noncapital state appropriation for the University in fiscal year 2015 was $2.76 billion, $416.26 million higher than in fiscal year 2014. This increase consists of $197.24 million to pay the cost of State's General Obligation Bond debt service attributable to the University's capital projects, $142.66 million increase in general noncapital operating budget support, $66.26 million for employer-paid retirement costs, $9.72 million for State Public Works Board (SPWB) capitalized lease bond payments, and $0.38 million for other items.

The student tuition fee revenues increased by $26.57 million in fiscal year 2015, mainly due to student enrollment growth. Headcount enrollment increased from 438,157 in fiscal year 2014 to 451,209 in fiscal year 2015, as reflected in the following chart. At the same time, Full-Time Equivalent Students increased from 370,585 in fiscal year 2014 to 382,231 in fiscal year 2015.

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 2015 and 2014:

I. Condensed Schedules of Net Position

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

I. Condensed Schedules of Net Position

	University		Discretely presented component units	
	2015	2014	2015	2014
	(In thousands)			
Current assets	$ 3,212,249	3,125,495	1,248,946	1,227,635
Capital assets, net	8,046,000	7,820,312	813,195	811,405
Other noncurrent assets	1,515,826	1,435,131	2,098,681	2,077,887
Total assets	12,774,075	12,380,938	4,160,822	4,116,927
Deferred outflows of resources	648,757	45,426	10,091	5,204
Current liabilities	1,384,897	1,294,577	489,131	479,949
Noncurrent liabilities	11,126,911	5,388,743	1,011,072	1,019,365
Total liabilities	12,511,808	6,683,320	1,500,203	1,499,314
Deferred inflows of resources	1,086,744	—	15,898	1,561
Net position:				
Net investment in capital assets	3,614,410	3,625,543	191,711	181,825
Restricted:				
Nonexpendable	13,448	16,218	981,900	924,853
Expendable	82,280	114,485	914,518	906,097
Unrestricted	(3,885,858)	1,986,798	566,683	608,481
Total net position	$ (175,720)	5,743,044	2,654,812	2,621,256

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 $4.73 billion for the University represents an increase of $167.45 million compared to $4.56 billion in fiscal year 2014. Investments represent 74.97% 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.

Total investments increased by $331.70 million due to an overall increase in operating resources provided by the State of California (the State) through noncapital appropriation as previously discussed. In addition, new issuances of notes receivable of $46.53 million contributed to the increase in total current and other noncurrent assets.

This increase is offset by the decrease of $132.93 million in accounts receivable, which is mainly due to the collection of funds from the State utilized for operations and capital-related projects (including those under the SPWB Lease Revenue Bonds program), $55.37 million of collections of notes receivable, a decrease of $13.33 million in prepaid expenses and other assets due to the amortization of capitalized interest related to SPWB capital lease obligations, a $5.68 million net collection of leases receivable, a $2.86 million net collection of student loans receivable, and a net decrease of $0.61 million in other items.

Current and other noncurrent assets for the discretely presented component units increased by $42.11 million mainly due to the increase in gifts and contributions to endowments managed mostly by Foundations. The endowment investments increased by $41.78 million. In addition, nonendowment investments increased by $21.44 million. Other assets also increased by $21.74 million. This is offset by a $12.61 million decrease in pledges receivable, the net collection of Bond Anticipation Notes (BANs) issued by the California State University Institute of $26.71 million and a decrease in other items of $3.53 million.

Capital Assets, Net

The University's capital assets, net of accumulated depreciation and amortization, as of June 30, 2015 and 2014, comprise the following:

		2015	2014
		(In thousands)	
Land and land improvements	$	271,059	261,990
Buildings and building improvements		6,050,976	6,028,032
Improvements other than buildings		170,916	167,728
Infrastructure		596,876	583,453
Equipment		223,108	210,875
Library books and materials		35,997	37,163
Works of art and historical treasures		33,719	30,341
Intangible assets		31,210	31,426
Construction work in progress		632,139	469,304
Total	$	8,046,000	7,820,312

Total capital assets, net of accumulated depreciation and amortization, increased by $225.69 million during fiscal year 2015 as a result of additions on various capital projects including the following:

- Completion of the $41.31 million Bakersfield Student Housing Northeast Phase 1
- Completion of the $39.33 million Maritime Academy Physical Education Replacement Building
- Completion of the $56.60 million Pomona Recreation Center
- Construction in progress on the $142.70 million San Diego South Campus Plaza
- Construction in progress on the $126.19 million San Jose Campus Village, Phase 2
- Construction in progress on the $90.55 million San Jose Student Union Expansion and Renovation

- Construction in progress on the $63.80 million San Jose Spartan Complex Renovation
- Construction in progress on the $55.69 million Chico Taylor II Replacement Building
- Construction in progress on the $53.29 million San Diego Zura Hall Renovation

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*, and the pension contributions made by the University subsequent to the measurement date of the net pension liability in accordance with GASB Statement No. 68 as amended by GASB Statement No. 71 effective in fiscal year 2015.

The deferred outflows of resources increased by $603.33 million from fiscal year 2014. The increase is due mainly to the deferred outflows of resources of $602.99 million of University's pension contributions subsequent to the measurement date of the net pension liability. The unamortized loss on debt refunding increased slightly by $0.34 million due to the partial refunding of SRB Series 2004A, 2005A, and 2005C through the issuance of SRB Series 2014A in August 2014 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 benefits obligations, net pension liability, and other liabilities.

Current and noncurrent liabilities of $12.51 billion for the University represent an increase of $5.83 billion compared to $6.68 billion in fiscal year 2014. This is mainly due to the $5.51 billion net pension liability recognized in accordance with GASB Statements Nos. 68 and 71 effective as of July 1, 2014. The other major factors include $221.75 million increase in long-term debt obligations as further discussed in the following paragraphs, $46.35 million increase in other postemployment benefits obligations, $40.08 million combined increase in accrued salaries and benefits and accrued compensated balance due to increase in salary and benefit rates, $28.66 million increase in unearned revenues due to the increase in student enrollment, and $17.86 million increase in other items. Capitalized lease obligations for the University decreased by $39.87 million in fiscal year 2015, consisting primarily of new capital lease obligations of $33.41 million (not related to SPWB), offset by current year repayments of $70.99 million, and amortization of net premium of $2.29 million.

Current and other noncurrent liabilities for the discretely presented component units increased by $0.89 million mainly due to $71.13 million increase in net pension liability. Grants refundable also increased by $2.19 million and $1.64 million in other items. These are offset by a decrease in long-term debt of $37.28 million due to repayments, in other liabilities of $12.10 million, in other postemployment benefits obligations of $11.30 million, in capitalized lease obligations of $8.14 million, and in claims liability for losses and loss adjustment expenses of $5.25 million.

Long-Term Debt Obligations

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

		2015	2014
		(In thousands)	
Systemwide Revenue Bonds (SRB)	$	3,687,508	3,507,043
Bond Anticipation Notes (BANs)		149,285	168,511
Others		65,988	72,898
Total		3,902,781	3,748,452
Unamortized net bond premium		223,491	156,073
Total long-term debt obligations		4,126,272	3,904,525
Less current portion		(259,535)	(260,601)
Long-term debt obligations, net of current portion	$	3,866,737	3,643,924

The University's total long-term debt obligations increased by $221.75 million in fiscal year 2015, mainly due to the issuance of SRB Series 2014A of $844.09 million (including premium of $96.35 million), issuance of BANs of $134.41 million to finance capital-related projects, new debt of $4.68 million, which were offset by the $484.11 million (including $14.74 million unamortized premium) debt refunding of SRB Series 2004A, 2005A, and 2005C, $263.14 million debt repayment, and $14.18 million amortization of net bond premium.

In addition, the State's 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, 2015 and 2014 is approximately $2.53 billion and $2.60 billion, respectively.

No fundamental changes occurred in the revenues and expenditures of the revenue bond programs during fiscal year 2015. 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 SRB, 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 of California State University (Trustees) for inclusion in the SRB program.

Moody's Investors Service currently provides an intrinsic rating of Aa2, with a stable outlook, for the SRB. Standard & Poor's Ratings Services currently provides an intrinsic rating of AA-, with a stable outlook, for the SRB. All maturities in SRB Series 2005A, Series 2005B, Series 2005C, Series 2007A, Series 2007B, Series 2007C, and Series 2007D and certain maturities in 2008A and 2009A were insured. Since the middle of fiscal year 2008, some providers of insurance for SRB have been downgraded to ratings below Aaa/AAA. Those bonds that are uninsured bear the intrinsic ratings of the SRB, which are Aa2 from the Moody's Investors Service and AA-, from the Standard & Poor's Ratings Services.

In August 2015, the University issued its SRB Series 2015A (Tax-Exempt) and Series 2015B (Taxable). The proceeds were used to refund certain maturities of SRB Series 2005A, 2005B, 2005C, and 2007A, fund new capital projects, payment of BANs, refund outstanding bond indebtedness issued by the discretely presented component units, for capitalized interest, and payment of cost of issuance.

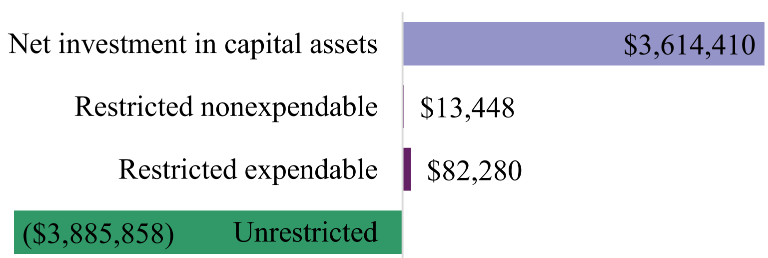
Deferred Inflows of Resources

Deferred inflows of resources are related to the University's changes in the net pension liability. Deferred inflows of resources in fiscal year 2015 increased by $1.09 billion due to higher than expected earnings on pension plan investments.

Net Position

As noted earlier, net position may serve over time as a useful indicator of the University's financial position. Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. As of June 30, 2015, the net position is in a deficit position of $175.72 million. The deficit is mainly due to the recognition of net pension liability. Net position for fiscal year 2014 was restated and reduced by $6.18 billion as a result of adopting GASB Statement Nos. 68 and 71.

University Net Position
June 30, 2015
(in thousands)



Total Net Position: ($175,720,000)

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 amortization, 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 $11.13 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.

As of June 30, 2015, the unrestricted net position is in a deficit position of \$3.89 billion, mainly due to the recognition of net pension liability. Unrestricted net position as of June 30, 2014 was restated and reduced by \$6.18 billion as a result of adopting the new accounting standards.

The unrestricted net position consists of \$1.07 billion designated resources from various funds and deficit of \$4.96 billion in undesignated resources mainly from the operating fund. The undesignated resources would generally 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. However, the net undesignated resources is in deficit position due mainly to the adoption of the new accounting standards.

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 SRB program.

Of the $1.07 billion in designated unrestricted net position, approximately 63.00% was designated for supporting enterprise activities (i.e., Continuing Education, Housing, Parking, and Student Union), 9.29% was designated for campus-based projects or programs, and 12.00% was designated for special capital projects. The remaining 15.71% was designated for supporting activities related to education, financial aid, and other programs.

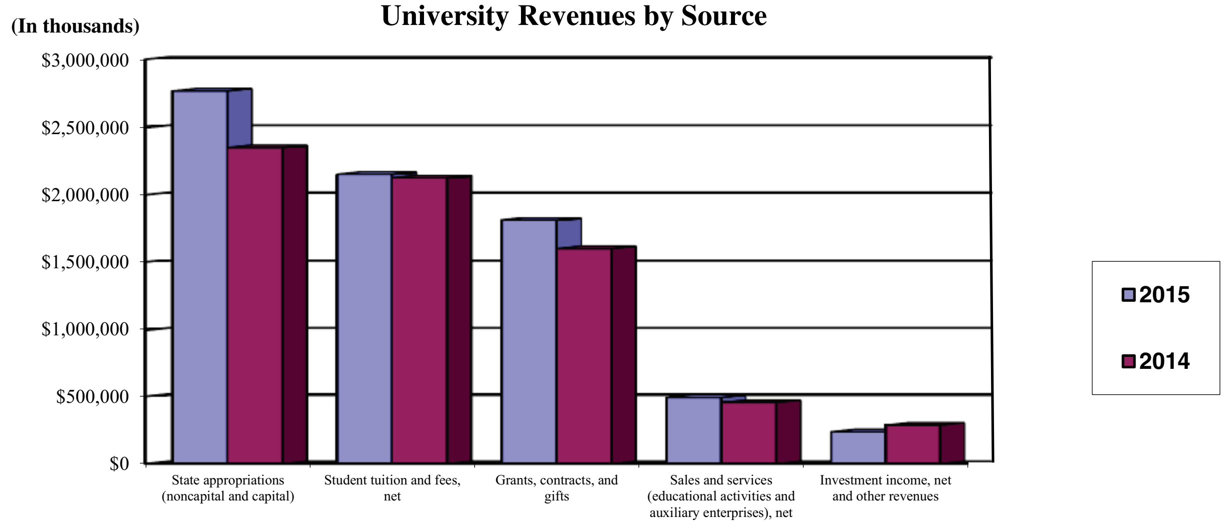
II. Condensed Schedules of Revenues, Expenses, and Changes in Net Position

	University		Discretely presented component units	
	2015	2014	2015	2014
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	$ 2,149,786	2,123,212	179,383	170,703
Grants and contracts, noncapital	99,545	73,343	477,309	475,835
Sales and services of educational activities	41,797	42,227	32,802	34,458
Sales and services of auxiliary enterprises, net	451,993	416,300	504,282	476,237
Other operating revenues	194,216	178,657	241,490	233,327
Total operating revenues	2,937,337	2,833,739	1,435,266	1,390,560
Operating expenses	6,868,506	6,534,506	1,570,435	1,509,773
Operating loss	(3,931,169)	(3,700,767)	(135,169)	(119,213)
Nonoperating revenues (expenses):				
State appropriations, noncapital	2,762,018	2,345,755	—	—
Federal financial aid grants, noncapital	953,931	885,327	1,167	1,198
State financial aid grants, noncapital	627,321	521,796	1,185	1,310
Local financial aid grants, noncapital	—	—	89	269
Nongovernmental and other financial aid grants, noncapital	30,605	34,784	486	325
Other federal nonoperating grants, noncapital	3,944	3,925	—	—
Gifts, noncapital	48,060	39,636	167,918	182,424

		University		Discretely presented component units	
		2015	2014	2015	2014
		(In thousands)			
Investment income, net	$	42,851	43,610	15,338	94,335
Endowment income, net		61	86	1,006	136,027
Interest expense		(223,034)	(226,268)	(24,579)	(27,047)
Other nonoperating revenues (expenses)		(105,944)	66,417	(35,001)	(19,858)
Net nonoperating revenues		4,139,813	3,715,068	127,609	368,983
Income (loss) before other revenues (expenses)		208,644	14,301	(7,560)	249,770
State appropriations, capital		5,766	1,896	—	—
Grants and gifts, capital		50,492	45,728	38,216	8,166
Additions (reductions) to permanent endowments		(1,996)	(1,883)	51,646	47,392
Change in net position		262,906	60,042	82,302	305,328
Net position – beginning of year, as previously reported		5,743,044	5,683,002	2,621,256	2,322,130
Restatements		6,181,670	—	(48,746)	(6,202)
Net position – beginning of year, as restated		(438,626)	5,683,002	2,572,510	2,315,928
Net position – end of year	$	(175,720)	5,743,044	2,654,812	2,621,256

Revenues (Operating and Nonoperating)

The following chart displays the components of the University's revenues for fiscal years 2015 and 2014:



		2015 (In thousands)	Percentage of total		2014 (In thousands)	Percentage of total
State appropriations (noncapital and capital)	$	2,767,784	37.10%	$	2,347,651	34.42%
Student tuition and fees, net		2,149,786	28.82		2,123,212	31.13
Grants, contracts, and gifts		1,811,902	24.29		1,602,656	23.50
Sales and services (educational activities and auxiliary enterprises), net		493,790	6.62		458,527	6.72
Investment income, net and other revenues		237,128	3.17		288,770	4.23
Total revenues (operating and nonoperating)	$	7,460,390	100.00%	$	6,820,816	100.00%

(Continued)

The two largest components of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 65.92% of the University's revenues in fiscal year 2015. State appropriations are received for both noncapital and capital purposes. The noncapital state appropriation for the University in fiscal year 2015 was $2.76 billion, $416.26 million higher than in fiscal year 2014. This increase consists of $197.24 million to pay the cost of the State's General Obligation Bond debt service attributable to the University's capital projects. Of this amount, the University remitted $189.16 million to the State and recognized under other nonoperating revenues (expense) in the Statement of Revenues, Expenses, and Changes in Net Position. Other factors attributing to the increase in noncapital state appropriation include increase of $142.66 million in general noncapital operating budget support, increase of $66.26 million for employer-paid retirement costs, increase of $9.72 million for SPWB capitalized lease bond payments, and $0.38 million for other items.

Capital appropriations increased by $3.87 million in the current year. The student tuition and fees net of scholarship and allowances, increased by $26.57 million, or 1.25%, mainly due to growth 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 $2.55 billion, 28.94% is managed by these related entities. Grants, contracts, and gifts revenue for the University have increased $209.25 million or 13.06% 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 revenue, decreased by $51.64 million to $237.13 million in the current year.

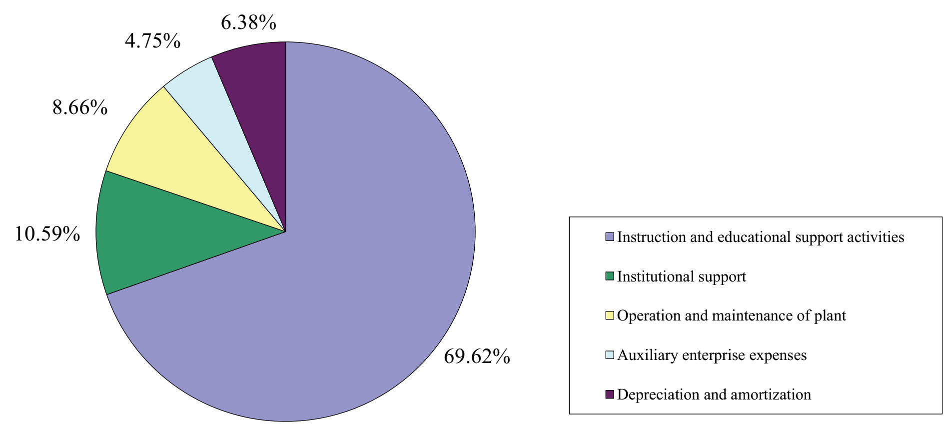
In fiscal year 2014, there was a net other nonoperating revenues of $66.42 million. In fiscal year 2015, however, there was no net other nonoperating revenue. Instead, there was net other nonoperating expense of $105.94 million as a result of the University's payment of the State's General Obligation Bonds of $189.16 million. Further, the investments and endowment income decreased by $0.78 million, offset by an increase of $15.56 million in other operating revenues.

Endowment investments are managed by discretely presented component units (mostly Foundations). Endowment income decreased by $135.02 million in fiscal year 2015 compared to fiscal year 2014 due to changes in investment market conditions.

Operating Expenses

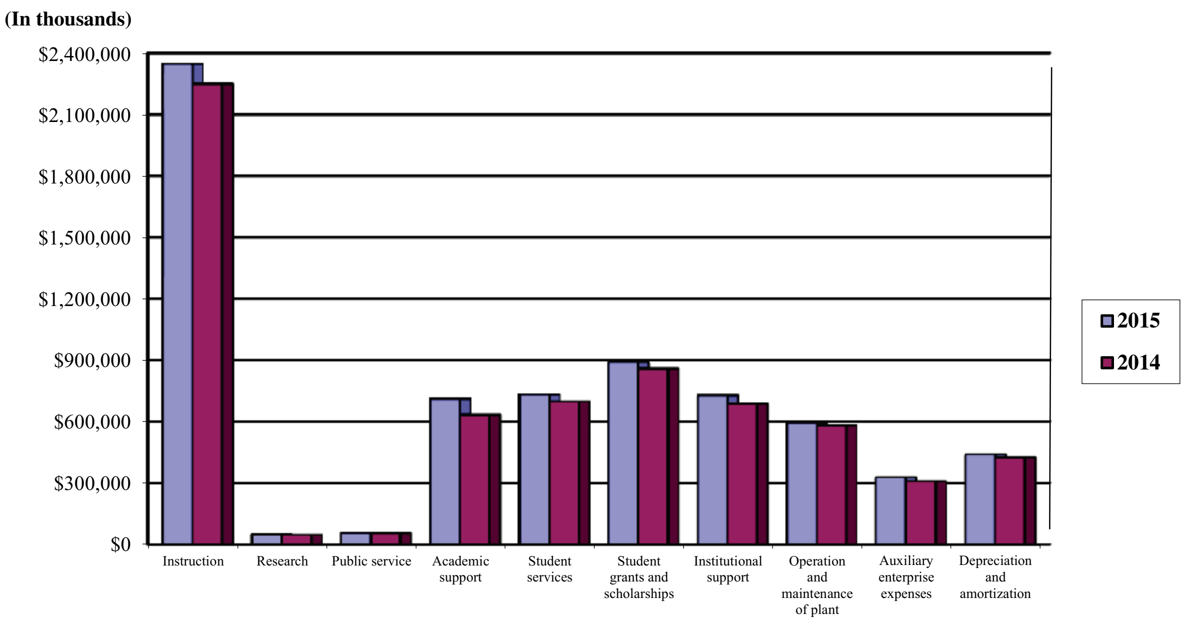
When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, total instruction and educational support activities account for 69.62% of the total operating expenses of the University as shown below:

		2015 (In thousands)	Percentage of total
Instruction	$	2,348,698	34.20%
Research		47,467	0.69
Public service		55,436	0.81
Academic support		709,642	10.33
Student services		731,830	10.65
Student grants and scholarships		888,558	12.94
Total instruction and educational support activities		4,781,631	69.62
Institutional support		727,274	10.59
Operation and maintenance of plant		594,999	8.66
Auxiliary enterprise expenses		326,271	4.75
Depreciation and amortization		438,331	6.38
Total operating expenses	$	6,868,506	100.00%



Total operating expenses for the University increased by $334.00 million in the current year. The increase was a result of primarily the increase in employees' salaries, employees' and retirees' benefit costs, resulting in an increase of $98.48 million in instruction expenses, $77.56 million in academic support, $41.21 million in institutional support, and $34.35 million in student services. Other factors included increases in auxiliary enterprise expenses due to housing and parking lot maintenance of $18.85 million, student grants and scholarships of $30.70 million, maintenance and repair expenses of $14.55 million, $14.54 million increase in depreciation and amortization, and $3.76 million net increase in other items. The following chart displays the University's operating expenses by program for fiscal years 2015 and 2014.

University Operating Expenses by Program



Factors Impacting Future Periods

State Budget Act for Fiscal Year 2016

The State Budget Act of 2015 for fiscal year 2016, approved by the Governor on June 24, 2015, resulted in noncapital state appropriation of $2.99 billion, which represents an increase of $225.05 million over the fiscal year 2015 enacted budget. This increase consists of $65.53 million to pay employee compensation increases, $58.91 million for funded student enrollment growth, $49.15 million to fund Systemwide Initiatives and Performance Program, $20.00 million to fund Student Success and Completion Program, $11.04 million for employer-paid Health Care Premiums, $7.00 million for retirement costs adjustments, $7.63 million to pay SPWB capital lease obligation debt service, $5.04 million for operations and maintenance of new space, and $0.75 million for other items.

Changes in Capital Financing Authorities

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's 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 (the Act). No more than 12% of the University's annual general fund support appropriation, less the amount of that appropriation that is required to fund State's 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 SRB program. The University has taken no action to utilize them in fiscal year 2015.

CALIFORNIA STATE UNIVERSITY

Statement of Net Position

June 30, 2015

Assets		University	Discretely presented component units	Total
Current assets:				
Cash and cash equivalents	$	3,574,000	225,876,000	229,450,000
Short-term investments		2,958,316,000	585,948,000	3,544,264,000
Accounts receivable, net		156,922,000	173,502,000	330,424,000
Leases receivable, current portion		13,915,000	1,783,000	15,698,000
Notes receivable, current portion		27,115,000	155,572,000	182,687,000
Pledges receivable, net		360,000	47,761,000	48,121,000
Prepaid expenses and other current assets		52,047,000	58,504,000	110,551,000
Total current assets		3,212,249,000	1,248,946,000	4,461,195,000
Noncurrent assets:				
Restricted cash and cash equivalents		103,000	29,185,000	29,288,000
Accounts receivable, net		153,481,000	19,944,000	173,425,000
Leases receivable, net of current portion		350,760,000	67,109,000	417,869,000
Notes receivable, net of current portion		264,732,000	29,433,000	294,165,000
Student loans receivable, net		85,389,000	1,035,000	86,424,000
Pledges receivable, net		720,000	89,338,000	90,058,000
Endowment investments		13,448,000	1,315,172,000	1,328,620,000
Other long-term investments		572,670,000	510,061,000	1,082,731,000
Capital assets, net		8,046,000,000	813,195,000	8,859,195,000
Other assets		74,523,000	37,404,000	111,927,000
Total noncurrent assets		9,561,826,000	2,911,876,000	12,473,702,000
Total assets		12,774,075,000	4,160,822,000	16,934,897,000
Deferred Outflows of Resources				
Deferred outflows of resources		648,757,000	10,091,000	658,848,000
Liabilities				
Current liabilities:				
Accounts payable		210,684,000	79,094,000	289,778,000
Accrued salaries and benefits		324,928,000	25,118,000	350,046,000
Accrued compensated absences, current portion		127,694,000	15,560,000	143,254,000
Unearned revenue		283,549,000	68,873,000	352,422,000
Capitalized lease obligations, current portion		74,718,000	13,880,000	88,598,000
Long-term debt obligations, current portion		259,535,000	185,530,000	445,065,000
Claims liability for losses and loss adjustment expenses, current portion		—	26,730,000	26,730,000
Depository accounts		10,051,000	13,413,000	23,464,000
Other liabilities		93,738,000	60,933,000	154,671,000
Total current liabilities		1,384,897,000	489,131,000	1,874,028,000
Noncurrent liabilities:				
Accrued compensated absences, net of current portion		103,494,000	2,801,000	106,295,000
Unearned revenue		13,213,000	6,632,000	19,845,000
Grants refundable		92,659,000	9,070,000	101,729,000
Capitalized lease obligations, net of current portion		1,135,691,000	353,906,000	1,489,597,000
Long-term debt obligations, net of current portion		3,866,737,000	349,884,000	4,216,621,000
Claims liability for losses and loss adjustment expenses, net of current portion		—	68,385,000	68,385,000
Depository accounts		2,210,000	13,651,000	15,861,000
Other postemployment benefits obligations		313,360,000	84,993,000	398,353,000
Net pension liability		5,513,655,000	71,132,000	5,584,787,000
Other liabilities		85,892,000	50,618,000	136,510,000
Total noncurrent liabilities		11,126,911,000	1,011,072,000	12,137,983,000
Total liabilities		12,511,808,000	1,500,203,000	14,012,011,000
Deferred Inflows of Resources				
Deferred inflows of resources		1,086,744,000	15,898,000	1,102,642,000
Net Position				
Net position:				
Net investment in capital assets		3,614,410,000	191,711,000	3,806,121,000
Restricted for:				
Nonexpendable – endowments		13,448,000	981,900,000	995,348,000
Expendable:				
Scholarships and fellowships		14,523,000	233,256,000	247,779,000
Research		37,000	24,743,000	24,780,000
Loans		14,072,000	1,834,000	15,906,000
Capital projects		25,883,000	61,109,000	86,992,000
Debt service		6,102,000	18,774,000	24,876,000
Others		21,663,000	574,802,000	596,465,000
Unrestricted		(3,885,858,000)	566,683,000	(3,319,175,000)
Total net position	$	(175,720,000)	2,654,812,000	2,479,092,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2015

	University	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of $1,392,151,000)	$ 2,149,786,000	179,383,000	(15,631,000)	2,313,538,000
Grants and contracts, noncapital:				
Federal	41,571,000	321,860,000	(59,000)	363,372,000
State	34,406,000	84,532,000	(1,695,000)	117,243,000
Local	5,655,000	14,660,000	—	20,315,000
Nongovernmental	17,913,000	56,257,000	(5,126,000)	69,044,000
Sales and services of educational activities	41,797,000	32,802,000	—	74,599,000
Sales and services of auxiliary enterprises (net of scholarship allowances of $86,397,000)	451,993,000	504,282,000	(7,787,000)	948,488,000
Other operating revenues	194,216,000	241,490,000	(1,555,000)	434,151,000
Total operating revenues	2,937,337,000	1,435,266,000	(31,853,000)	4,340,750,000
Expenses:				
Operating expenses:				
Instruction	2,348,698,000	165,472,000	(9,330,000)	2,504,840,000
Research	47,467,000	199,075,000	(265,000)	246,277,000
Public service	55,436,000	158,466,000	(3,197,000)	210,705,000
Academic support	709,642,000	66,294,000	(3,387,000)	772,549,000
Student services	731,830,000	168,693,000	(26,646,000)	873,877,000
Institutional support	727,274,000	201,634,000	(11,861,000)	917,047,000
Operation and maintenance of plant	594,999,000	40,327,000	(365,000)	634,961,000
Student grants and scholarships	888,558,000	48,640,000	(28,540,000)	908,658,000
Auxiliary enterprise expenses	326,271,000	472,108,000	(30,991,000)	767,388,000
Depreciation and amortization	438,331,000	49,726,000	—	488,057,000
Total operating expenses	6,868,506,000	1,570,435,000	(114,582,000)	8,324,359,000
Operating loss	(3,931,169,000)	(135,169,000)	82,729,000	(3,983,609,000)
Nonoperating revenues (expenses):				
State appropriations, noncapital	2,762,018,000	—	—	2,762,018,000
Federal financial aid grants, noncapital	953,931,000	1,167,000	—	955,098,000
State financial aid grants, noncapital	627,321,000	1,185,000	—	628,506,000
Local financial aid grants, noncapital	—	89,000	—	89,000
Nongovernmental and other financial aid grants, noncapital	30,605,000	486,000	(17,394,000)	13,697,000
Other federal nonoperating grants, noncapital	3,944,000	—	—	3,944,000
Gifts, noncapital	48,060,000	167,918,000	(39,502,000)	176,476,000
Investment income, net	42,851,000	15,338,000	—	58,189,000
Endowment income	61,000	1,006,000	—	1,067,000
Interest expense	(223,034,000)	(24,579,000)	—	(247,613,000)
Other nonoperating expenses	(105,944,000)	(35,001,000)	7,040,000	(133,905,000)
Net nonoperating revenues	4,139,813,000	127,609,000	(49,856,000)	4,217,566,000
Income (loss) before other revenues (expenses)	208,644,000	(7,560,000)	32,873,000	233,957,000
State appropriations, capital	5,766,000	—	—	5,766,000
Grants and gifts, capital	50,492,000	38,216,000	(32,873,000)	55,835,000
Additions (reductions) to permanent endowments	(1,996,000)	51,646,000	—	49,650,000
Increase in net position	262,906,000	82,302,000	—	345,208,000
Net position:				
Net position at beginning of year, as restated	(438,626,000)	2,572,510,000	—	2,133,884,000
Net position at end of year	$ (175,720,000)	2,654,812,000	—	2,479,092,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2015

	University
Cash flows from operating activities:	
Student tuition and fees	$ 2,167,648,000
Federal grants and contracts	44,000,000
State grants and contracts	31,595,000
Local grants and contracts	3,014,000
Nongovernmental grants and contracts	16,466,000
Payments to suppliers	(1,357,241,000)
Payments to employees	(4,297,931,000)
Payments to students	(885,899,000)
Collections of student loans	2,650,000
Sales and services of educational activities	42,026,000
Sales and services of auxiliary enterprises	454,279,000
Other receipts	197,447,000
Net cash used in operating activities	(3,581,946,000)
Cash flows from noncapital financing activities:	
State appropriations	2,762,350,000
Federal financial aid grants	953,502,000
State financial aid grants	629,323,000
Nongovernmental and other financial aid grants	31,024,000
Other federal nonoperating grants	4,045,000
Gifts and grants received for other than capital purposes	47,016,000
Federal loan program receipts	1,312,167,000
Federal loan program disbursements	(1,309,835,000)
Monies received on behalf of others	172,179,000
Monies disbursed on behalf of others	(169,855,000)
Transfers to escrow agent	(28,754,000)
Proceeds from long-term debt	96,341,000
Principal paid on long-term debt	(62,742,000)
Interest paid on long-term debt	(15,607,000)
Issuance of notes receivable	(42,233,000)
Issuance of capital leases receivable	(7,200,000)
Principal collections on capital leases	20,213,000
Interest collections on capital leases	14,002,000
Principal collections on notes receivable	56,247,000
Interest collections on notes receivable	12,724,000
Other noncapital financing activities	(115,200,000)
Net cash provided by noncapital financing activities	4,359,707,000
Cash flows from capital and related financing activities:	
Proceeds from capital debt	912,241,000
State appropriations	6,387,000
State appropriations – SPWB Lease Revenue Bond program	143,153,000
Capital grants and gifts	14,509,000
Proceeds from sale of capital assets	2,434,000
Acquisition of capital assets	(602,465,000)
Transfers to escrow agent	(468,954,000)
Principal paid on capital debt and leases	(271,219,000)
Interest paid on capital debt and leases	(210,672,000)
Principal collection on capital leases	633,000
Interest collection on capital leases	3,361,000
Net cash used in capital and related financing activities	(470,592,000)

(Continued)

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2015

	University
Cash flows from investing activities:	
Proceeds from sales of investments	$ 8,859,787,000
Purchases of investments	(9,189,606,000)
Investment income proceeds	22,163,000
Net cash used in investing activities	(307,656,000)
Net decrease in cash and cash equivalents	(487,000)
Cash and cash equivalents at beginning of year	4,164,000
Cash and cash equivalents at end of year	$ 3,677,000
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	$ 3,574,000
Restricted cash and cash equivalents	103,000
Total cash and cash equivalents at end of year	$ 3,677,000
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (3,931,169,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	438,331,000
Change in assets and liabilities:	
Accounts receivable, net	(6,459,000)
Student loans receivable, net	131,000
Prepaid expenses and other current assets	(2,560,000)
Other assets	(58,000)
Accounts payable	(7,382,000)
Accrued salaries and benefits	27,136,000
Accrued compensated absences	12,940,000
Unearned revenue	29,766,000
Depository accounts	84,000
Other postemployment benefits obligations	46,347,000
Net pension liability	(184,267,000)
Other liabilities	(4,786,000)
Net cash used in operating activities	$ (3,581,946,000)
Supplemental schedule of noncash transactions:	
Contributed capital assets	$ 36,232,000
Amortization of net bond premium	16,465,000
Change in accrued capital asset purchases	15,458,000
Capitalized interest applied against debt service	14,942,000
Amortization of loss on debt refundings	5,699,000
Issuance of notes receivable through proceeds from long-term debt	4,548,000
Acquisition of capital assets through capitalized lease	2,658,000
Gifts in kind	1,157,000

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, 2015:

- 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 State University 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 José State University
- California Polytechnic State University, San Luis Obispo
- California State University San Marcos
- Sonoma State University
- California State University, Stanislaus

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 90 discretely presented component units, which are primarily University-related recognized auxiliary organizations. There are five 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 except for one component unit identified by (1) below. Although not a legally separate entity, it is considered as a discretely presented component unit in accordance with GASB. Recognized auxiliary organizations include foundations, associated students, student unions, food service entities, bookstores, and similar organizations. Foundations, whose net position comprises approximately 79.65% 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.*(1)
- 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

- 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

(Continued)

- Aztec Shops, Ltd. (San Diego)
- The University Corporation, San Francisco State
- Associated Students of San Francisco State University
- 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.

(Continued)

The accompanying financial statements also include the Stockton Center Site Authority, and Fullerton Arboretum, 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 Statements 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 effects of internal activities between funds or groups of funds have 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 effect of the changes from the implementation of GASB Statement Nos. 68 and 71 on the University's financial statements for the year ended June 30, 2015 was as follows:

Net position as of June 30, 2014, as previously reported	$	5,743,044,000
Adjustment due to implementation of GASB Statement Nos. 68 and 71		(6,181,670,000)
Net position at beginning of year, as restated	$	(438,626,000)

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for the University's fiscal year beginning July 1, 2015. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. The University has not yet determined the impact of GASB Statement No. 72 on the University's financial statements.

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the University's fiscal year beginning July 1, 2017. This Statement establishes how government employers should measure, recognize, display, and disclose the long-term obligations and annual costs arising from their promises to provide other postemployment benefits to their retired employees. The University has not yet determined the impact of GASB Statement No. 75 on the University's financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments*, effective for the University's fiscal year beginning July 1, 2015, and should be applied retroactively. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The University has not yet determined the impact of GASB Statement No. 76 on the University's financial statements.

(d) Discretely Presented Component Units Restatements

The beginning net position of the discretely presented component units has been restated by $48.75 million. A summary of those restatements to beginning net position is as follows:

Net position as of June 30, 2014, as previously reported	$ 2,621,256,000
Adjustment due to implementation of GASB Statement Nos. 68 and 71	(51,463,000)
Other restatements, net	2,717,000
Net position at beginning of year, as restated	$ 2,572,510,000

(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 California State University (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 discretely presented component units are also participants in the CSU Consolidated Investment Pool. The University considers changes in the equity in the CSU Consolidated Investment Pool as investing 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 net investment income.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted from 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.

The University invests in Surplus Money Investment Fund (SMIF), an external investment pool. The State Treasurer invests the funds through the Pooled Money Investment Account (PMIA). PMIA policy sets as primary investment objectives safety, liquidity, and yield. The Investment Division of the State Treasurer's Office manages the PMIA under statutory authority granted by California Government Code Sections 16430 and 16480.4. The Pooled Money Investment Board governs the PMIA. The State Treasurer chairs the Board, which also includes the State Controller and the State Director of Finance.

(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, 2015 to calculate the liability for accrued compensated absences. The University provides vacation 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, 2015. 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) Deferred Outflows of Resources and Deferred Inflows of Resources

The University classifies loss on debt refunding as deferred outflows of resources and amortizes the amount as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Changes in net pension liability not included in pension expense are reported as deferred outflows or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

(o) 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 discretely presented component units.

  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.

(p) 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 fees 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.

(q) Other Postemployment Benefits Obligations

The University's other postemployment benefits obligations 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.

(r) Net Pension Liability

The University records pension liability equal to the net pension liability for its cost sharing defined-benefit plans with the State of California's Miscellaneous Plan and Peace Officers & Firefighters Plan (Agent Multiple-Employer Defined-Benefit Pension Plans). The net pension liability is measured as the University's proportionate share of total pension liability, less the University's proportionate share of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the cost sharing defined-benefit plans has been measured consistent with the accounting policies used by the plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

(s) 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.

(t) 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 fiscal year.

(u) 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. The component units are either governmental entities exempt pursuant to IRC §115 or not-for-profit organizations exempt under IRC Section 501(c)(3). However, the University and its component units remain 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.

(v) 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.

(w) 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, 2015 are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	$	3,574,000
Restricted cash and cash equivalents		103,000
Total cash and cash equivalents		3,677,000
Short-term investments		2,958,316,000
Endowment investments		13,448,000
Other long-term investments		572,670,000
Total investments		3,544,434,000
Total cash, cash equivalents, and investments	$	3,548,111,000

(a) Cash and Cash Equivalents

At June 30, 2015, cash and cash equivalents consists of demand deposits held at the State Treasury and commercial banks, and petty cash. Total cash and cash equivalents of $3,677,000 had a corresponding carrying balance with the State Treasury and commercial banks of $11,283,000 at June 30, 2015. The difference was primarily related to deposits in transit and outstanding checks.

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, 2015, the University's investment portfolio consists primarily of investments in the CSU Consolidated Investment Pool and SMIF. 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 fluctuations 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 by limiting an eligible investment to maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options 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 an investment relative to fluctuations in market interest rates. Durations of the University's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2015 are presented in the following table.

Investment type	Fair value	Duration
Money market funds	$ 55,698,000	—
Repurchase agreements	8,137,000	0.00274
Certificates of deposit	147,278,000	0.19372
U.S. agency securities	1,114,073,000	1.60424
SMIF	339,860,000	0.65479
U.S. Treasury securities	714,326,000	1.51918
Municipal bonds	22,112,000	1.00814
Corporate bonds	927,517,000	1.12087
Asset-backed securities	213,850,000	1.18643
Mortgage-backed securities	1,583,000	2.40316
Total	$ 3,544,434,000	

Another way 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 cash flow and liquidity needed for operations.

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 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. Therefore, the occurrence of credit risk is remote. Ratings of the University's investment portfolio for each investment type as of June 30, 2015 are presented in the following table.

		Rating as of year-end			
Investment type	**Fair value**	**AAA**	**AA**	**A**	**Not rated**
Money market funds	$ 55,698,000	28,501,000	—	1,219,000	25,978,000
Repurchase agreements	8,137,000	—	—	5,174,000	2,963,000
Certificates of deposit	147,278,000	—	10,581,000	136,697,000	—
U.S. agency securities	1,114,073,000	—	1,114,073,000	—	—
SMIF	339,860,000	—	—	—	339,860,000
U.S. Treasury securities	714,326,000	—	—	—	714,326,000
Municipal bonds	22,112,000	—	22,112,000	—	—
Corporate bonds	927,517,000	24,197,000	202,465,000	700,855,000	—
Asset-backed securities	213,850,000	213,850,000	—	—	—
Mortgage-backed securities	1,583,000	—	1,583,000	—	—
Total	$ 3,544,434,000	266,548,000	1,350,814,000	843,945,000	1,083,127,000

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 Risk

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counterparty, 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 risk is remote.

As of June 30, 2015, 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 Home Loan Banks ($478,471,000 or 13.50%), Federal National Mortgage Association, Inc. ($251,464,000 or 7.09%), Federal Home Loan Mortgage Corporation ($203,699,000 or 5.75%), and Federal Farm Credit Banks Funding Corporation ($181,351,000 or 5.12%).

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 the 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 to the University. 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, 2015:

	Current	Noncurrent	Total
State of California Local Agency Investment Fund	$ 160,878,000	4,919,000	165,797,000
Money market funds	26,194,000	11,814,000	38,008,000
Repurchase agreements	131,000	4,000	135,000
Certificates of deposit	13,304,000	38,925,000	52,229,000
U.S. agency securities	26,782,000	36,747,000	63,529,000
SMIF	12,882,000	—	12,882,000
Corporate bonds	41,608,000	123,030,000	164,638,000
U.S. Treasury securities	21,747,000	73,928,000	95,675,000
Municipal bonds	1,314,000	32,534,000	33,848,000
Mortgage-backed securities	1,928,000	19,705,000	21,633,000
Asset-backed securities	3,569,000	12,122,000	15,691,000
Mutual funds	178,721,000	889,201,000	1,067,922,000
Exchange traded funds	7,906,000	33,425,000	41,331,000
Equity securities	67,589,000	331,141,000	398,730,000

(Continued)

		Current	Noncurrent	Total
Alternative investments:				
Private equity (including limited partnerships)	$	10,947,000	47,290,000	58,237,000
Hedge funds		6,139,000	54,474,000	60,613,000
Real estate investments (including REITs)		852,000	31,004,000	31,856,000
Commodities		960,000	12,814,000	13,774,000
Derivatives		—	7,386,000	7,386,000
Other alternative investments		2,282,000	26,858,000	29,140,000
Other external investment pools		—	14,815,000	14,815,000
Others		215,000	23,097,000	23,312,000
Total	$	585,948,000	1,825,233,000	2,411,181,000

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

Investments reported by the University of $42,243,000 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, 2015 consisted of the following:

		Current	Noncurrent	Total
State appropriations	$	4,890,000	16,293,000	21,183,000
State appropriations – SPWB Lease Revenue Bond program		—	134,078,000	134,078,000
Discretely presented component units		34,245,000	1,929,000	36,174,000
Student accounts		46,325,000	—	46,325,000
Government grants and contracts		21,889,000	—	21,889,000
Others		55,689,000	1,181,000	56,870,000
		163,038,000	153,481,000	316,519,000
Less allowance for doubtful accounts		(6,116,000)	—	(6,116,000)
Total	$	156,922,000	153,481,000	310,403,000

(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:	
2016	$ 31,497,000
2017	27,285,000
2018	27,351,000
2019	27,355,000
2020	50,207,000
2021–2025	149,273,000
2026–2030	132,368,000
2031–2035	90,394,000
2036–2040	26,028,000
2041–2045	20,219,000
Total minimum lease payments to be received	581,977,000
Less amounts representing interest	(217,302,000)
Present value of future minimum lease payments to be received	364,675,000
Less current portion	(13,915,000)
Lease receivable, net of current portion	$ 350,760,000

(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 1.50% to 6.48%. 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:	
2016	$ 40,332,000
2017	21,868,000
2018	21,874,000
2019	21,882,000
2020	21,644,000
2021–2025	105,492,000
2026–2030	98,220,000
2031–2035	78,238,000
2036–2040	46,414,000
2041–2045	13,174,000
Total minimum note payments to be received	469,138,000
Less amounts representing interest	(177,291,000)
Present value of future minimum note payments to be received	291,847,000
Less current portion	(27,115,000)
Notes receivable, net of current portion	$ 264,732,000

(7) Capital Assets

Capital assets activity for the University for the year ended June 30, 2015 consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	$ 261,990,000	9,069,000	—	—	271,059,000
Works of art and historical treasures	30,341,000	3,572,000	(194,000)	—	33,719,000
Construction work in progress	469,304,000	498,898,000	(5,632,000)	(330,431,000)	632,139,000
Intangible assets	11,029,000	3,615,000	(114,000)	(477,000)	14,053,000
Total nondepreciable/ nonamortizable capital assets	772,664,000	515,154,000	(5,940,000)	(330,908,000)	950,970,000
Depreciable/amortizable capital assets:					
Buildings and building improvements	10,576,247,000	63,229,000	(2,932,000)	278,283,000	10,914,827,000
Improvements other than buildings	571,572,000	10,032,000	(3,463,000)	19,550,000	597,691,000
Infrastructure	997,709,000	16,296,000	(1,196,000)	28,897,000	1,041,706,000
Personal property:					
Equipment	745,293,000	60,942,000	(23,754,000)	3,466,000	785,947,000
Library books and materials	391,655,000	6,644,000	(6,293,000)	—	392,006,000
Intangible assets	317,772,000	5,530,000	(10,614,000)	712,000	313,400,000
Total depreciable/ amortizable capital assets	13,600,248,000	162,673,000	(48,252,000)	330,908,000	14,045,577,000
Total cost	14,372,912,000	677,827,000	(54,192,000)	—	14,996,547,000
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(4,548,215,000)	(316,829,000)	1,193,000	—	(4,863,851,000)
Improvements other than buildings	(403,844,000)	(23,301,000)	370,000	—	(426,775,000)
Infrastructure	(414,256,000)	(30,970,000)	396,000	—	(444,830,000)
Personal property:					
Equipment	(534,418,000)	(50,011,000)	21,590,000	—	(562,839,000)
Library books and materials	(354,492,000)	(8,083,000)	6,566,000	—	(356,009,000)
Intangible assets	(297,375,000)	(9,137,000)	10,269,000	—	(296,243,000)
Total accumulated depreciation/ amortization	(6,552,600,000)	(438,331,000)	40,384,000	—	(6,950,547,000)
Net capital assets	$ 7,820,312,000	239,496,000	(13,808,000)	—	8,046,000,000

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2015 consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	$ 111,745,000	16,971,000	(3,628,000)	100,000	125,188,000
Works of art and historical treasures	8,401,000	1,659,000	(101,000)	—	9,959,000
Construction work in progress	9,891,000	21,300,000	(3,707,000)	(11,252,000)	16,232,000
Intangible assets	5,082,000	16,000	—	—	5,098,000
Total nondepreciable/ nonamortizable capital assets	135,119,000	39,946,000	(7,436,000)	(11,152,000)	156,477,000
Depreciable/amortizable capital assets:					
Buildings and building improvements	781,862,000	14,739,000	(15,302,000)	4,695,000	785,994,000
Improvements other than buildings	114,509,000	6,065,000	(3,014,000)	3,328,000	120,888,000
Infrastructure	67,564,000	10,000	(1,000)	—	67,573,000
Personal property:					
Equipment	195,477,000	11,215,000	(12,365,000)	2,976,000	197,303,000
Intangible assets	10,686,000	206,000	(1,785,000)	153,000	9,260,000
Total depreciable/ amortizable capital assets	1,170,098,000	32,235,000	(32,467,000)	11,152,000	1,181,018,000
Total cost	1,305,217,000	72,181,000	(39,903,000)	—	1,337,495,000
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(271,187,000)	(27,240,000)	5,442,000	—	(292,985,000)
Improvements other than buildings	(53,879,000)	(6,307,000)	2,435,000	—	(57,751,000)
Infrastructure	(15,756,000)	(1,689,000)	—	—	(17,445,000)
Personal property:					
Equipment	(144,993,000)	(13,766,000)	9,662,000	—	(149,097,000)
Intangible assets	(7,997,000)	(653,000)	1,628,000	—	(7,022,000)
Total accumulated depreciation/ amortization	(493,812,000)	(49,655,000)	19,167,000	—	(524,300,000)
Net capital assets	$ 811,405,000	22,526,000	(20,736,000)	—	813,195,000

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

(Continued)

(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 are 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 capitalized lease obligation related to the SPWB Lease Revenue Bond program amounted to $1,073,186,000. 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 $912,842,000 at June 30, 2015. The leases bear interest at rates ranging from 1.39% to 14.72% and have terms expiring in various years through fiscal year 2041.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various years through fiscal year 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, 2015 were $27,808,000 of which $15,087,000 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, 2015 are as follows:

	Capital leases	Operating leases
Year ending June 30:		
2016	$ 135,130,000	21,261,000
2017	130,853,000	18,845,000
2018	130,122,000	16,116,000
2019	105,569,000	12,098,000
2020	99,841,000	18,139,000
2021–2025	430,212,000	23,115,000
2026–2030	397,082,000	17,333,000
2031–2035	336,380,000	8,214,000
2036–2040	96,677,000	3,980,000
2041–2045	2,387,000	441,000
2046–2050	—	397,000
2051–2055	—	33,000
2056–2060	—	33,000
2061–2100	—	250,000
Total minimum lease payments	1,864,253,000	$ 140,255,000
Less amount representing interest	(684,935,000)	
Present value of future minimum lease payments	1,179,318,000	
Unamortized net premium	31,091,000	
Total capitalized lease obligations	1,210,409,000	
Less current portion	(74,718,000)	
Capitalized lease obligations, net of current portion	$ 1,135,691,000	

(9) Long-Term Debt Obligations

(a) State's 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's 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 Bonds carried by the State related to the University projects is approximately $2,528,838,000 as of June 30, 2015.

Effective in fiscal year 2015, the University's state appropriation noncapital includes an additional amount required to meet the State's General Obligation Bond payments for projects related to the University. The payment of the State's General Obligation Bonds of $189,159,000 for fiscal year 2015 was recognized as other nonoperating expenses. The flow of these resources and debt repayments through the University is a result of the Omnibus Higher Education Trailer Bill, SB 860.

(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 hall facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities at certain campuses within the University 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 $3,687,508,000 at June 30, 2015.

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 $4,403,043,000 in Systemwide Revenue Bonds issued through fiscal year 2015.

(c) Bond Anticipation Notes (BANs)

The Trustees have authorized the issuance of BANs to provide short-term financing to the University 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, 2015 were 0.18% and 0.04%, respectively. The University's BANs totaled $149,285,000 at June 30, 2015. The not-to-exceed amounts related to the outstanding amounts totaled $315,820,000 of which $152,320,000 has not been issued and $14,215,000 has been issued and paid back.

Long-term debt obligations of the University as of June 30, 2015 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	$ 20,763,000	4,908,000
Series 2005A	3.80–5.00	2016/17–2032/33	163,015,000	126,890,000
Series 2005B	5.00	2015/16–2021/22	134,805,000	52,620,000
Series 2005C	4.50–5.25	2015/16–2038/39	540,900,000	148,465,000
Series 2007A	4.50–5.00	2024/25–2044/45	254,770,000	235,365,000
Series 2007B	5.27–5.55	2027/28–2037/38	13,165,000	11,015,000
Series 2007C	5.00	2020/21–2028/29	63,275,000	47,230,000
Series 2007D	4.00–5.00	2037/38	80,360,000	71,640,000
Series 2008A	3.50–5.00	2022/23–2039/40	375,160,000	335,065,000
Series 2009A	3.50–6.00	2015/16–2040/41	465,365,000	430,880,000
Series 2010A	3.00–5.00	2019/20–2031/32	146,950,000	119,595,000
Series 2010B	5.45–6.49	2035/36–2041/42	205,145,000	205,145,000
Series 2011A	2.50–5.25	2020/21–2042/43	429,855,000	397,700,000
Series 2012A	3.00–5.00	2021/22–2042/43	436,220,000	430,865,000
Series 2012B	2.79–4.17	2036/37	16,700,000	15,990,000
Series 2013A	1.50–5.00	2024/25–2026/27	308,855,000	308,215,000
Series 2014A	3.00–5.00	2018/19–2044/45	747,740,000	745,920,000
			$ 4,403,043,000	3,687,508,000
Bond Anticipation Notes	Various			149,285,000
Others	Various			65,988,000
Total				3,902,781,000
Unamortized net bond premium				223,491,000
Total long-term debt				4,126,272,000
Less current portion				(259,535,000)
Long-term debt, net of current portion				$ 3,866,737,000

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

Year ending June 30:	Principal	Interest
2016	$ 259,535,000	182,787,000
2017	119,385,000	177,640,000
2018	125,274,000	172,495,000
2019	128,448,000	166,726,000
2020	130,924,000	160,349,000
2021–2025	707,184,000	703,570,000
2026–2030	792,990,000	518,082,000
2031–2035	830,290,000	310,490,000
2036–2040	593,280,000	125,230,000
2041–2045	215,315,000	19,759,000
2046–2050	156,000	—
	$ 3,902,781,000	2,537,128,000

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 component units, refer to their separately issued financial statements.

(10) Long-Term Debt Refunding

Current Year Refunding

In August 2014, the University partially defeased certain Systemwide Revenue Bonds (Series 2004A, 2005A, and 2005C) by placing a portion of the proceeds from the issuance of the Systemwide Revenue Bonds Series 2014A refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2014A 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 $73,912,000 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 $52,294,000. 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 and as of June 30, 2015 totaled $469,365,000.

The loss on the debt refunding for SRB Series 2014A amounted to $6,869,000 as of date of refunding. The loss on debt refunding is the difference between the reacquisition price and the net carrying amount of the old debt, together with any unamortized difference from the prior refunding. The loss on debt refunding is deferred and amortized over the shorter of the old debt (or original amortization period remaining in the prior refunding) or the life of the latest refunding debt. The unamortized loss on debt refunding, included in deferred outflows of resources in the Statement of Net Position, amounted to $6,582,000 as of June 30, 2015.

Prior Year Refunding

In prior years, the University defeased certain SRB bonds by placing the proceeds from the issuance of SRB refunding bonds in an irrevocable trust with the State Treasurer to provide for all future debt service payments on the defeased bonds. The proceeds from the refunding bonds were used to purchase U.S. federal, state, and local government securities that were placed in the State University Trust Fund. The investments and fixed earnings from the investments are considered sufficient to fully service the defeased bonds until the bond is called or matured. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The amount of defeased bonds outstanding, excluding those bonds defeased in fiscal year 2014 as described above, totaled $802,950,000 as of June 30, 2015.

(11) Long-Term Liabilities Activity

Long-term liabilities activity of the University for the year ended June 30, 2015 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 218,243,000	143,963,000	(131,018,000)	231,188,000	127,694,000
Capitalized lease obligations (note 8)	1,250,274,000	33,410,000	(73,275,000)	1,210,409,000	74,718,000
Long-term debt obligations (note 9):					
Systemwide Revenue Bonds	3,507,043,000	747,740,000	(567,275,000)	3,687,508,000	101,150,000
Bond Anticipation Notes	168,511,000	134,411,000	(153,637,000)	149,285,000	148,185,000
Others	72,898,000	4,678,000	(11,588,000)	65,988,000	10,200,000
	3,748,452,000	886,829,000	(732,500,000)	3,902,781,000	259,535,000
Unamortized net bond premium	156,073,000	96,345,000	(28,927,000)	223,491,000	—
Total long-term debt obligations	3,904,525,000	983,174,000	(761,427,000)	4,126,272,000	259,535,000
Total long-term liabilities	$ 5,373,042,000	1,160,547,000	(965,720,000)	5,567,869,000	461,947,000

Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2015 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 17,545,000	13,044,000	(12,228,000)	18,361,000	15,560,000
Claims liability for losses and loss adjustment expenses	100,366,000	40,485,000	(45,736,000)	95,115,000	26,730,000
Capitalized lease obligations	375,926,000	17,567,000	(25,707,000)	367,786,000	13,880,000
Long-term debt obligations:					
Revenue bonds	40,510,000	—	(1,420,000)	39,090,000	1,415,000
Commercial paper	181,150,000	652,397,000	(679,108,000)	154,439,000	152,015,000
Notes payable	238,828,000	46,530,000	(51,518,000)	233,840,000	26,065,000
Others	102,745,000	4,526,000	(13,741,000)	93,530,000	6,035,000
	563,233,000	703,453,000	(745,787,000)	520,899,000	185,530,000
Unamortized net bond premium	9,460,000	5,938,000	(883,000)	14,515,000	—
Total long-term debt obligations	572,693,000	709,391,000	(746,670,000)	535,414,000	185,530,000
Total long-term liabilities	$ 1,066,530,000	780,487,000	(830,341,000)	1,016,676,000	241,700,000

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.

A full description of the pension plan regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report.

CalPERS issues a publicly available Actuarial Valuation Report and Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. Copies of the CalPERS Actuarial Valuation Report CAFR may be obtained from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, CA 95814.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the average active employee contribution rates for State Miscellaneous and Peace Officer & Firefighters Plans are 6.525% and 11.252% of annual pay, respectively. The State's contribution rates for State Miscellaneous and Peace Officer & Firefighters Plans are 21.137% and 31.320% of annual payroll, respectively.

University personnel are required to contribute 5.00% 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 6.00% 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 24.28% 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:

2013	$ 462,607,000
2014	493,922,000
2015	602,995,000

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the University reported a liability of $5,513,655,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2013 rolled forward to the measurement date. The University's proportion of the State's net pension liability was calculated based on its proportionate share of pensionable compensation. The State considered this a practical, systematic, and a rational approach. At June 30, 2014, the University's proportionate share of the total State net pension liability for the Miscellaneous Plan and Peace Officers & Firefighters Plan was 22.72891% and 1.006233%, respectively.

For the year ended June 30, 2015, the University recognized pension expense of $418,729,000, which was reported as benefits expense. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		Deferred outflows of resources	Deferred inflows of resources
University retirement contribution subsequent to the measurement date	$	602,995,000	—
Net difference between projected and actual earnings on pension plan investments		—	1,086,744,000
Total	$	602,995,000	1,086,744,000

The $602,995,000 of deferred outflows of resources related to pension resulting from the University's contributions subsequent to the measurement date of June 30, 2014 will be recognized as a reduction of the net pension liability as of the measurement date of June 30, 2015. The deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

		Deferred inflows of resources
Measurement period ended June 30:		
2015	$	271,686,000
2016		271,686,000
2017		271,686,000
2018		271,686,000
Total	$	1,086,744,000

Actuarial Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65%, net of pension plan investment expense but without reduction for administrative expenses including inflation
Postretirement benefit increase	Contract cost of living allowance up to 2.75% until purchasing power protection allowance floor on purchasing power applies

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense but without reduction for administrative expenses, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11–60 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present

(Continued)

value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset class	New strategic allocation	Real return years 1–10[1]	Real return years 11+[2]
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00	0.99	2.43
Inflation sensitive	6.00	0.45	3.36
Private equity	12.00	6.83	6.95
Real estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

[1] An expected inflation of 2.5% used for this period

[2] An expected inflation of 3.0% used for this period

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.65%) or one-percentage point higher (8.65%) than the current rate:

Plan	Discount rate -1% (6.65%)	Current discount rate (7.65%)	Discount rate +1% (8.65%)
Miscellaneous Plan	$ 7,960,751,000	5,411,439,000	3,223,934,000
Peace Officers and Firefighters Plan	153,998,000	102,216,000	58,719,000

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

(b) Postretirement Healthcare Plan

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 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, 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.

The State contributes to the California Employers' Retiree Benefit Trust Fund (CERBTF). The CERBTF is a self-funded trust fund for the prefunding of health, dental, and other nonpension benefits. CalPERS reports on the CERBTF as part of its separately issued annual financial statements, which can be obtained from CalPERS on its website at www.CalPERS.ca.gov.

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 2015, 2014, and 2013:

	2015	2014	2013
Annual required contribution (ARC):			
Billable accounts	$ 40,931,000	38,942,000	35,602,000
Nonbillable accounts (dental only)	38,765,000	40,057,000	40,055,000
Total ARC	79,696,000	78,999,000	75,657,000
Contributions:			
Billable accounts	(16,293,000)	(14,584,000)	(13,175,000)
Nonbillable accounts (dental only)	(17,056,000)	(16,420,000)	(16,051,000)
Total contributions	(33,349,000)	(31,004,000)	(29,226,000)
Increase in net OPEB obligation (NOO)	46,347,000	47,995,000	46,431,000
NOO – beginning of year	267,013,000	219,018,000	172,587,000
NOO – end of year:			
Billable accounts	151,946,000	127,308,000	102,950,000
Nonbillable accounts (dental only)	161,414,000	139,705,000	116,068,000
Total NOO	$ 313,360,000	267,013,000	219,018,000
Percentage of annual OPEB cost contributed during the years ended June 30, 2015, 2014 and 2013	41.85%	39.25%	38.63%

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, 2014 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 CAFR for the fiscal year ended 2015.

(13) Deferred Outflows and Inflows of Resources

The composition of deferred outflows and inflows of resources at June 30, 2015 is summarized as follows:

		Deferred outflows of resources	Deferred inflows of resources
Related to net pension liability	$	602,995,000	1,086,744,000
Loss on debt refundings:			
Systemwide Revenue Bonds		45,246,000	—
SPWB capitalized lease obligations		516,000	—
Total	$	648,757,000	1,086,744,000

(14) 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, 2015. 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, 2015.

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.

(15) Commitments and Contingencies

The State is a defendant in multiple lawsuits involving University matters not covered by the CSURMA as discussed in note 14. 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, 2015 totaled $352,944,000. 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 $14,004,000 and $40,557,000 of natural gas and electricity at fixed prices through June 2017 and December 2019, respectively. The University estimates that the special purchase contracts in place represent approximately 35.40% and 11.27% of its total annual natural gas and electricity expenses, respectively.

(16) 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, 2015, 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	$ 1,563,473,000	583,622,000	—	201,603,000	—	2,348,698,000
Research	23,346,000	6,296,000	—	17,825,000	—	47,467,000
Public service	29,873,000	8,411,000	—	17,152,000	—	55,436,000
Academic support	365,886,000	145,385,000	—	198,371,000	—	709,642,000
Student services	372,591,000	154,182,000	—	205,057,000	—	731,830,000
Institutional support	369,024,000	153,220,000	—	205,030,000	—	727,274,000
Operation and maintenance of plant	200,038,000	102,402,000	—	292,559,000	—	594,999,000
Student grants and scholarships	—	—	888,558,000	—	—	888,558,000
Auxiliary enterprise expenses	72,591,000	50,880,000	—	202,800,000	—	326,271,000
Depreciation and amortization	—	—	—	—	438,331,000	438,331,000
Total	$ 2,996,822,000	1,204,398,000	888,558,000	1,340,397,000	438,331,000	6,868,506,000

(17) Transactions with Related Entities

The University is an agency of the State and receives about 37.10% of total revenues through state appropriations. State appropriations allocated to the University aggregated approximately $2,767,784,000 for the year ended June 30, 2015. State appropriations receivable is $155,261,000 at June 30, 2015.

(18) Subsequent Events

In August 2015, the University issued its SRB Series 2015A (Tax Exempt) and Series 2015B (Taxable) with a par amount of $1,063,675,000 and net proceeds of $1,180,762,000. The proceeds were used to refund certain maturities of SRB Series 2005A, 2005B, 2005C, and 2007A of $409,726,000, fund new capital projects of $541,971,000, payment of BANs of $147,829,000, refund outstanding bond indebtedness issued by the discretely presented component units of $14,115,000, capitalized interest expense of $65,997,000, and cost of issuance of $1,124,000.

CALIFORNIA STATE UNIVERSITY

Schedule of University's Proportionate Share of the Net Pension Liability

June 30, 2015

Last Ten Fiscal Years*

(Dollar amounts in thousands)

		State of California Miscellaneous Plan	State of California Peace Officers & Firefighters Plan
University's proportion of the net pension liability		22.72891%	1.00623%
University's proportionate share of the net pension liability	$	5,411,439	102,216
University's covered-employee payroll	$	2,209,786	30,160
University's proportionate share of the net pension liability as a percentage of covered-employee payroll		244.88521%	338.91247%
Plan fiduciary net position as a percentage of the total pension liability		74.17418%	72.18915%

* The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions

Year ended June 30, 2015

Last Ten Fiscal Years*

(Dollar amounts in thousands)

		State of California Miscellaneous Plan	State of California Peace Officers & Firefighters Plan	Total
Actuarially determined contribution	$	487,992	9,403	497,395
Contributions in relation to the actuarially determined contributions		(490,106)	(9,657)	(499,763)
Contribution excess	$	(2,114)	(254)	(2,368)
Covered-employee payroll	$	2,209,786	30,160	2,239,946
Contributions as a percentage of covered-employee payroll		22.17889%	32.01923%	

Notes to required supplementary information schedule:

Valuation date:	Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumption used to determine contribution rates:	
Actuarial cost method	Entry age normal in accordance with the requirements of GASB
Amortization method/period	For details, see June 30, 2012 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3%
Investment rate of return	7.65%, net of pension plan investment expenses but without reduction for and including inflation administrative expenses
Retirement age	The probabilities of retirement are based on the 2010 CalPERS experience
Mortality	The probabilities of mortality are based on the 2010 CalPERS experience retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

See accompanying independent auditors' report.

APPENDIX C-2

AUDITED FINANCIAL STATEMENTS

OF THE CALIFORNIA STATE UNIVERSITY

SYSTEMWIDE REVENUE BOND PROGRAM FUND

AS OF JUNE 30, 2015

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CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Financial Statements and Supplementary Information

June 30, 2015

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

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KPMG

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 as of and for the year ended June 30, 2015, and the related notes to the 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 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, 2015, 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

Reporting Entity

As discussed in note 1, the financial statements present only the California State University Systemwide Revenue Bond Program Fund and do not purport to, and do not, present fairly the financial position of the California State University as of June 30, 2015, 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.

Adoption of New Accounting Pronouncements

As discussed in the note 1 to the financial statements, in 2015, the California State University and its discretely presented component units adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the schedules of Program's proportionate share of the net pension liability and employer contributions on pages 34-35, be presented to supplement the basic financial statements. Such information, although not a part of the reporting for placing the basic financial statements, is required by the GASB 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the California State University Systemwide Revenue Bond Program Fund's basic financial statements. 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. Schedules 1 through 3 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, Schedules 1 through 3 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 $3,266,800,383 at June 30, 2015. Certain future revenues are pledged to the retirement of outstanding bonds.

KPMG LLP

Irvine, California
February 15, 2016

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Net Position

June 30, 2015

Assets:	
Current assets:	
Cash and cash equivalents	$ 945,446
Short-term investments	1,191,528,389
Accounts receivable, net of allowance for doubtful accounts of $6,133,347	49,879,702
Prepaid expenses and other assets	1,730,533
Total current assets	1,244,084,070
Noncurrent assets:	
Prepaid bond insurance	4,243,516
Other assets	5,786,381
Long-term investments	216,705,326
Total assets	1,470,819,293
Deferred outflows of resources	73,259,628
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	78,308,450
Accrued salaries, wages, and benefits	21,870,289
Accrued compensated absences, current portion	8,186,442
Unearned revenue	122,750,788
Revenue bond anticipation notes payable, current portion	148,185,000
Revenue bonds payable, current portion	117,913,800
Interest payable	30,560,014
Construction loan payable, current portion	71,274
Other current liabilities	8,599,284
Total current liabilities	536,445,341
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	5,936,547
Revenue bond anticipation notes payable, net of current portion	1,100,000
Revenue bonds payable, net of current portion	3,834,397,690
Other postemployment benefits obligation	138,026,745
Net pension liability	236,624,023
Construction loan payable, net of current portion	9,246,592
Other noncurrent liabilities	937,727
Total liabilities	4,762,714,665
Deferred outflows of resources	48,164,639
Net position:	
Restricted for debt service	4,157,479
Unrestricted:	
Designated for building maintenance and repair	222,757,367
Undesignated	(3,493,715,229)
Total net position	$ (3,266,800,383)

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, 2015

Operating revenues:	
Residences and dining halls	$ 416,040,682
Continuing education programs	364,731,359
Student unions	204,280,308
Parking programs	108,687,930
Health facilities	10,017,753
Auxiliary organizations	52,574,200
Total operating revenues	1,156,332,232
Operating expenses:	
Salaries, wages, and benefits	313,024,022
Construction	248,437,500
Repairs and replacements	38,778,166
Contractual services	196,664,687
Supplies and services	69,777,175
Overhead	38,327,001
Utilities	30,044,113
Other operating costs	77,083,679
Interest	172,512,919
Total operating expenses	1,184,649,262
Operating loss	(28,317,030)
Nonoperating revenues (expenses):	
Investment income, net	8,372,867
Contributions	4,394,939
Other nonoperating expenses	(4,586,301)
Total nonoperating revenues	8,181,505
Loss before transfers	(20,135,525)
Transfer from other funds, net	(5,524,915)
Decrease in net position	(25,660,440)
Net position:	
Net position at beginning of year, as restated	(3,241,139,943)
Net position at end of year	$ (3,266,800,383)

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Cash Flows

Year ended June 30, 2015

Cash flows from operating activities:	
Residences and dining halls	$ 418,421,564
Continuing education programs	362,772,555
Student unions	205,488,293
Parking programs	108,113,802
Health facilities	10,034,716
Auxiliary organizations	53,167,246
Salaries, wages, and benefits	(297,622,775)
Construction	(235,240,552)
Repairs and replacements	(31,816,378)
Contractual services	(196,664,687)
Supplies and services	(69,777,175)
Overhead	(38,327,001)
Utilities	(30,044,113)
Other operating costs	(86,144,213)
Interest payments	(177,642,453)
Net cash used in operating activities	(5,281,171)
Cash flows from noncapital financing activities:	
Deposits	(833,791)
Transfers, net	(3,029,363)
Contributions and other nonoperating revenues	(189,363)
Net cash used by noncapital financing activities	(4,052,517)
Cash flows from capital and related financing activities:	
Proceeds from issuance of revenue bonds and bond anticipation notes (BAN)	983,065,744
Payment to escrow agent for the refunding of revenue bonds	(496,377,486)
Payment to Auxiliary’s escrow agent for the refunding of revenue bonds	(2,895,553)
Payment of principal on long-term debt	(251,126,953)
Net cash provided by capital and related financing activities	232,665,752
Cash flows from investing activities:	
Proceeds from the sale of investments	2,999,952,500
Purchases of investments	(3,230,833,384)
Investment income, net	8,225,760
Net cash used in investing activities	(222,655,124)
Net increase in cash and cash equivalents	676,940
Cash and cash equivalents at beginning of year	268,506
Cash and cash equivalents at end of year	$ 945,446

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Cash Flows

Year ended June 30, 2015

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(28,317,030)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Amortization of bond insurance costs		308,400
Amortization of bond premium and discount		(17,494,485)
Amortization of loss on debt refundings		3,749,484
Amortization of gain on debt refundings		(106,915)
Noncash construction expense		4,497,823
Interest expense paid from escrow		3,047,068
Other noncash changes in prepaid insurance, premium, and deferred outflows/inflows		(28,466)
Changes in assets and liabilities:		
Accounts receivable		(4,771,219)
Prepaid expenses		(334,459)
Other assets		(769,764)
Accounts payable and accrued liabilities		13,431,771
Accrued compensated absences		1,260,634
Accrued salaries, wages, and benefits		1,566,458
Unearned revenue		7,697,178
Interest payable		5,395,382
Net pension liability		(9,972,177)
Other liabilities		(6,987,186)
Other postemployment benefits obligation		22,546,332
Net cash used in operating activities	$	(5,281,171)
Supplemental disclosures of noncash capital and related financing activities:		
BAN proceeds wired directly to auxiliary organizations	$	4,497,823
BAN retirements wired directly by auxiliary organizations		(400,000)

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 2005A, 2005B, 2005C, 2007A, 2007B, 2007C, 2007D, 2008A, 2009A, 2010A, 2010B, 2011A, 2012A, 2012B, 2013A, and 2014A and the Revenue Bond Anticipation Notes (BAN). 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 purport to, and do not, present fairly the financial statements of the University as of and for the year ended June 30, 2015, 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) 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 effect of the changes from the implementation of GASB Statements Nos. 68 and 71 on the Program's financial statements for the year ended June 30, 2015 was as follows:

Net position as of June 30, 2014, as previously reported	$ (2,975,849,751)
Adjustment due to implementation of GASB Statement Nos. 68 and 71	(265,290,192)
Net position at beginning of year, as restated	$ (3,241,139,943)

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for the Program's fiscal year beginning July 1, 2015. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

Under Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash.

Before the issuance of Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. The Program has not yet determined the impact of GASB Statement No. 72 on the Program's financial statements.

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the Program's fiscal year beginning July 1, 2017. This statement establishes how government employers should measure, recognize, display, and disclose the long-term obligations and annual costs arising from their promises to provide other postemployment benefits to their retired employees. The Program has not yet determined the impact of GASB Statement No. 75 on the program's financial statements.

(d) 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 (e).

(e) 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 net investment income.

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, or restricted as to the liquidity of the investments are classified as other long-term investments.

(f) Prepaid Bond Insurance

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

(g) Unearned Revenue

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

(h) 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.

(i) Deferred Outflows of Resources and Deferred Inflows of Resources

The Program classifies loss on debt refunding as deferred outflows of resources and classifies gain on debt refunding as deferred inflows of resources. The Program amortizes these amounts as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Changes in pension obligations not included in pension expense are reported as deferred outflows or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

(j) 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 by statue 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.

(k) 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' balance in the Investment Pool resulting from these transactions to represent cash flows of the Program in the accompanying statement of cash flows.

(l) 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 $770 per student for the year ended June 30, 2015.

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 $113 during the fiscal year ended June 30, 2015.

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 $4,403,043,000 in Systemwide Revenue Bonds originally issued in 1980 through 1984 for old housing bonds and 2002 through 2014 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 $6,214,922,231. In fiscal year 2015, total debt service paid and net income available for debt service, which excluded the designated auxiliary net income, for the Program were $272,000,832 and $385,660,074, respectively.

(m) 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.

(n) Other Postemployment Benefits Obligations

The Program's other postemployment benefits obligations included in the accompanying financial statements reflect the Program'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.

(o) Pension Liability

The Program records pension liability equal to the net pension liability for its cost-sharing defined benefit plans with the State of California's Miscellaneous Plan and Peace Officers & Firefighters Plan (Agent Multiple-Employer Defined-Benefit Pension Plans). The net pension liability is measured as the Program's proportionate share of total pension liabilities, less the Program's proportionate share of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the cost-sharing defined-benefit plans have been measured consistent with the accounting policies used by the plans.

For purposes of measuring the University's net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. The Program is allocated a portion of the University's net pension liability, deferred outflows or resources and deferred inflows of resources based on a systematic and rational approach. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

(p) 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(l).

(q) 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 1.5% 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.

(r) 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.

(2) Cash, Cash Equivalents, and Investments

The Program's cash, cash equivalents, and investments as of June 30, 2015 are classified in the accompanying statements of net position as follows:

Cash and cash equivalents	$	945,446
Short-term investments		1,191,528,389
Long-term investments		216,705,326
Total investments		1,408,233,715
Total cash, cash equivalents, and investments	$	1,409,179,161

(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, 2015, 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 $945,446 at June 30, 2015.

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, 2015, the Program's investment portfolio consists of investments in the CSU Consolidated Investment Pool and the State of California Surplus Money Investment Fund (SMIF). 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 or deposits 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. The Program's deposits are maintained at financial institutions that are FDIC insured. As a result, custodial credit risk for such investments and deposits are remote.

(e) Investment Policy

State law and regulations require that surplus monies of the Program must 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-quality domestic corporate and fixed-income securities, and certain other investment instruments.

(f) Interest Rate Risk

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of any investment, the greater the sensitivity of its fair market value to fluctuations in market interest rates. The Program investment guidelines manage interest rate risk by limiting an eligible investment to a maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options such as a call, put, 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 an investment relative to fluctuations in market interest rates.

(Continued)

Durations of the Program's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2015 are presented in the table below:

Investment type	Fair value	Duration
Money market funds	$ 9,554,186	—
Repurchase agreements	3,025,587	0.00274
Certificates of deposit	54,761,305	0.19372
U.S. agency securities	414,237,967	1.60424
State of California Surplus Money Investment Fund	227,855,660	0.65479
U.S. Treasury securities	265,602,771	1.51918
Municipal bonds	8,221,598	1.00814
Corporate bonds	344,872,089	1.12087
Asset-backed securities	79,514,045	1.18643
Mortgage-backed securities	588,507	2.40316
Total	$ 1,408,233,715	

Another way 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 cash flow and liquidity needed for operations.

(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. government 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, the occurrence of credit risk is remote. Ratings of the Program's investment portfolio for each investment type as of June 30, 2015 are presented in the table below:

Investment type	Fair value	AAA	AA	A	Not rated
Money market funds	$ 9,554,185	145	—	—	9,554,040
Repurchase agreement	3,025,587	—	—	1,923,777	1,101,810
Certificates of deposit	54,761,306	—	3,934,218	50,827,088	—
U.S. agency securities	414,237,967	—	414,237,967	—	—
State of California Surplus Money Investment Fund (SMIF)	227,855,660	—	—	—	227,855,660
U.S. Treasury securities	265,602,771	—	—	—	265,602,771
Municipal bonds	8,221,598	—	8,221,598	—	—
Corporate bonds	344,872,089	8,997,058	75,281,201	260,593,830	—
Asset-backed securities	79,514,045	79,514,045	—	—	—
Mortgage-backed securities	588,507	—	588,507	—	—
Total	$ 1,408,233,715	88,511,248	502,263,491	313,344,695	504,114,281

(h) Concentration of Credit Risk

Concentration 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. As a result, the occurrence of concentration of credit risk is remote.

As of June 30, 2015, the following investments of the CSU Consolidated Investment Pool (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Program's total investment portfolio: Federal Home Loan Banks (177,906,449 or 12.63%), Federal National Mortgage Association, Inc. ($93,500,172 or 6.64%), and Federal Home Loan Mortgage Corporation ($75,739,855 or 5.38%).

(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, 2015 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	$	20,763,000	4,908,000
Systemwide Revenue Bonds, Series 2005A	3.80%–5.00%	2016/17–2032/33		163,015,000	126,890,000
Systemwide Revenue Bonds, Series 2005B	5.00%	2015/16–2021/22		134,805,000	52,620,000
Systemwide Revenue Bonds, Series 2005C	4.50%–5.25%	2015/16–2038/39		540,900,000	148,465,000
Systemwide Revenue Bonds, Series 2007A	4.50%–5.00%	2024/25–2044/45		254,770,000	235,365,000
Systemwide Revenue Bonds, Series 2007B	5.27%–5.55%	2027/28–2037/38		13,165,000	11,015,000
Systemwide Revenue Bonds, Series 2007C	5.00%	2020/21–2028/29		63,275,000	47,230,000
Systemwide Revenue Bonds, Series 2007D	4.00% –5.00%	2037/38		80,360,000	71,640,000
Systemwide Revenue Bonds, Series 2008A	3.50%–5.00%	2022/23–2039/40		375,160,000	335,065,000
Systemwide Revenue Bonds, Series 2009A	3.50%–6.00%	2015/16–2040/41		465,365,000	430,880,000
Systemwide Revenue Bonds, Series 2010A	3.00%–5.00%	2019/20–2031/32		146,950,000	119,595,000
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	397,700,000
Systemwide Revenue Bonds, Series 2012A	3.00%–5.00%	2021/22–2042/43		436,220,000	430,865,000
Systemwide Revenue Bonds, Series 2012B	2.79%–4.17%	2036/37		16,700,000	15,990,000
Systemwide Revenue Bonds, Series 2013A	1.50%–5.00%	2024/25–2026/27		308,855,000	308,215,000
Systemwide Revenue Bonds, Series 2014A	3.00%–5.00%	2018/19–2044/45		747,740,000	745,920,000
Total Revenue bonds payable			$	4,403,043,000	3,687,508,000
Less current portion					(101,150,000)
Revenue bonds payable, net of current portion					$ 3,586,358,000

Revenue Bonds payable activity for the year ended June 30, 2015 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Revenue bonds payable	$ 3,507,043,000	747,740,000	(567,275,000)	3,687,508,000	101,150,000
Premium on bonds, net	191,833,519	107,261,461	(34,291,490)	264,803,490	16,763,800
	$ 3,698,876,519	855,001,461	(601,566,490)	3,952,311,490	117,913,800

Revenue bonds payable at June 30, 2015 mature as follows:

	Principal	Interest	Total
Fiscal years:			
2016	$ 101,150,000	180,734,544	281,884,544
2017	108,255,000	176,057,955	284,312,955
2018	115,180,000	171,062,097	286,242,097
2019	120,805,000	165,556,601	286,361,601
2020	124,813,000	159,685,381	284,498,381
2021–2025	687,055,000	701,234,401	1,388,289,401
2026–2030	791,935,000	517,674,712	1,309,609,712
2031–2035	830,100,000	310,324,553	1,140,424,553
2036–2040	593,090,000	125,324,514	718,414,514
2041–2045	215,125,000	19,759,473	234,884,473
	$ 3,687,508,000	2,527,414,231	6,214,922,231

As specified in the bond resolution, the revenue bonds payable at June 30, 2015 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, 2015 were 0.18% and 0.04%, respectively.

BANs activity for the year ended June 30, 2015 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Revenue Bond Anticipation Notes	$ 168,511,000	134,324,000	(153,550,000)	149,285,000	148,185,000

Revenue BANs payable as of June 30, 2015 mature as follows:

	Principal
Fiscal years:	
2016	$ 148,185,000
2017	400,000
2018	400,000
2019	300,000
Revenue bond anticipation notes payable	149,285,000
Less current portion	(148,185,000)
Revenue bond anticipation notes payable, net of current portion	$ 1,100,000

(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, 2015, 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 loans currently outstanding will be repaid up to a 38-year period, primarily from future residence and dining hall revenues and interest earned thereon.

Construction loan payable activity for the year ended June 30, 2015 was as follows:

		Beginning balance	Additions	Reductions	Ending balance	Current portion
Construction loan payable	$	9,384,819	—	(66,953)	9,317,866	71,274

Payments on the construction loan are scheduled as follows:

		Principal
Fiscal years:		
2016	$	71,274
2017		243,754
2018		291,551
2019		297,144
2020		303,073
2021–2025		1,617,725
2026–2030		1,431,178
2031–2035		1,082,729
2036–2040		1,092,509
2041–2045		1,102,377
2046–2050		1,112,334
2051–2054		672,218
Construction loan payable		9,317,866
Less current portion		(71,274)
Construction loan payable, net of current portion	$	9,246,592

(7) Long-term Debt Refundings

In August 2014, the Program partially defeased certain (Series 2004A, 2005A, and 2005C) Systemwide Revenue Bonds by placing a portion of the proceeds from the issuance of the Systemwide Revenue Bonds Series 2014A refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2014A 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 $73,912,350 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 $52,294,175. 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, 2015 totaled $469,365,000.

The unamortized loss on debt refunding for Series 2014A of $5,737,691 was included in deferred outflows of resources in the statement of net position. The unamortized gain on debt refunding for Series 2014A of $1,076,538 was included in deferred inflows of resources in the statement of net position. The loss on debt refunding and gain on debt refunding is the difference between the reacquisition price and the net carrying amount of the old debt, together with any unamortized difference from the prior refunding. A portion of the proceeds from issuance of Series 2014A refunded Series 2004A, which is a prior refunding. The loss on debt refunding and gain on debt refunding is deferred and amortized over the shorter of the old debt (or original amortization period remaining in the prior refunding) or the life of the latest refunding debt.

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

(a) Pension Plan

Plan Description

The University, as an agency of the State, contributes to California Public Employees' Retirement System (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.

A full description of the pension plan regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report.

CalPERS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. Copies of the CalPERS CAFR may be obtained from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

Contributions

Section 20814(c) of the California Public Employees' Retirement law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the average active employee contribution rates for State Miscellaneous and Peace Officer & Firefighters Plans are 6.525% and 11.252% of annual pay, respectively. The employer's contribution rates for State Miscellaneous and Peace Officer & Firefighters Plans are 21.137% and 31.320% of annual payroll, respectively.

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 24.28% 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 Program's contributions to CalPERS for the most recent three fiscal years were equal to the required contributions and were as follows:

2013	$ 19,246,340
2014	21,208,838
2015	27,943,533

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the University reported a liability of $5,513,655,000 for its proportionate share of the net pension liability. The University's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2014. The University's proportion of the State's net pension liability was calculated based on its proportionate share of pensionable compensation. The State considered this a practical, systematic and a rational approach. At June 30, 2014, the University's proportionate share of the total State net pension liability for the Miscellaneous Plan and Peace Officers & Firefighters Plan were 22.72891% and 1.006233%, respectively.

As of June 30, 2015, the Program reported a liability of $236,624,023 for its proportionate share of the University's net pension liability. Since the Program is a segment of the University, the University has allocated the net pension liability to the Program based on the Program's proportion of the University's retirement contribution. At June 30, 2014, the Program's proportionate share of the University's proportion for the Miscellaneous Plan and Peace Officers & Firefighters Plan are 4.29052% and 4.34891%, respectively.

For the year ended June 30, 2015, the Program recognized pension expense of $17,971,356, which was reported as benefits expense. At June 30, 2015, the Program reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		Deferred outflows of resources	Deferred inflows of resources
Program retirement contribution subsequent to the measurement date	$	27,943,533	—
Net difference between projected and actual earnings on pension plan investments		—	46,637,525
Total	$	27,943,533	46,637,525

The deferred outflows of resources related to pension resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. The Program's proportion of the University's deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

		Deferred inflows of resources
Measurement period ending June 30:		
2015	$	11,659,381
2016		11,659,381
2017		11,659,381
2018		11,659,382
Total	$	46,637,525

Actuarial Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the University's total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65%, net of pension plan investment expense but without reduction for administrative expenses including inflation
Post Retirement Benefit Increase	Contract cost of living allowance up to 2.75% until purchasing power protection allowance floor on purchasing power applies

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset class	New strategic allocation	Real return years 1–10[1]	Real return years 11+[2]
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

[1] An expected inflation of 2.5% used for this period

[2] An expected inflation of 3.0% used for this period

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Program's proportionate share of the University's net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.65%) or one-percentage-point higher (8.65%) than the current rate:

Plan		Discount rate -1% (6.65%)	Current discount rate (7.65%)	Discount rate +1% (8.65%)
Miscellaneous Plan	$	341,557,426	232,178,745	138,323,457
Peace Officers and Firefighters Plan		6,697,215	4,445,268	2,553,629

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

(b) Postretirement Healthcare Plan

Plan Description

The State of California (State) provides retiree healthcare benefits to statewide employees, including employees of the University, through the programs administered by CalPERS. The State's substantive plan represents a substantive single-employer defined-benefit other postemployment 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, 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.

The State contributes to the California Employers' Retiree Benefit Trust Fund (CERBTF). The CERBTF is self-funded trust fund for the prefunding of health, dental, and other nonpension benefits. CalPERS reports on the CERBTF as part of its separately issued annual financial statements which can be obtained from CalPERS on its website at www.CalPERS.ca.gov.

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. The funding for the current year dental contribution was made by the University general fund without reimbursement from the Program.

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, 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 2015:

ARC:	
Housing	$ 13,092,751
Student union	674,976
Parking	3,757,027
Continuing education	19,931,366
Total ARC	37,456,120
Contributions:	
Housing	(5,211,702)
Student union	(268,681)
Parking	(1,495,523)
Continuing education	(7,933,882)
Total contributions	(14,909,788)
Increase in NOO	22,546,332
NOO – beginning of year	115,480,413
NOO – end of year	$ 138,026,745

The Program's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Program	Fiscal year	Annual ARC	Percentage of annual ARC contributed	NOO
Housing	2013	$ 12,418,234	37.0%	$ 37,362,557
	2014	13,106,189	37.5%	45,560,405
	2015	13,092,751	39.8%	53,441,454
Student union	2013	161,485	37.0%	503,532
	2014	328,539	37.5%	709,032
	2015	674,976	39.8%	1,115,326
Parking	2013	3,721,120	37.0%	13,309,363
	2014	3,909,774	37.5%	15,754,904
	2015	3,757,027	39.8%	18,016,409
Continuing education	2013	16,300,734	37.0%	41,974,649
	2014	18,253,787	37.5%	53,392,288
	2015	19,931,366	39.8%	65,389,773
Auxiliary organizations	2013	—	—	63,784
	2014	—	—	63,784
	2015	—	—	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, 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 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 CAFR for the fiscal year ended 2015.

(9) Deferred Outflows and Inflows of Resources

The composition of deferred outflows and inflows of resources at June 30, 2015 is summarized as follows:

		Deferred outflows of resources	Deferred inflows of resources
Loss on debt refundings	$	45,316,095	—
Gain on debt refundings		—	1,527,114
Pension deferrals		27,943,533	46,637,525
Total	$	73,259,628	48,164,639

(10) Subsequent Events

In August 2015, the University issued its Systemwide Revenue Bonds Series 2015A (Tax Exempt) and 2015B (Taxable) with a par amount of $1,063,675,000 and net proceeds of $1,180,762,165. The proceeds were used to refund certain maturities of Systemwide Revenue Bonds Series 2005A, 2005B, 2005C, and 2007A of $409,725,672, fund new capital projects of $541,970,809, pay Bond Anticipation Notes of $147,829,089, refund outstanding bond indebtedness issued by an auxiliary organization of $14,115,256, and pay capitalized interest of $65,996,688 and cost of issuance of $1,124,651.

Schedule 1

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Residence and Dining Halls Operating Data by Campus[1]

Year ended June 30, 2015

	Operating and other revenue	Operating expenditures	Excess (deficiency) of revenue over (under) expenditures	Design capacity	Operational capacity (2)	Average number of spaces occupied	Percentage of spaces occupied (3)	Average Annual Rates Per Academic Year (4)					
								Residence halls			Apartments		
								Single	Double	Suite	Single	Double	Suite
CSU, Bakersfield (5)	$ 4,166,374	3,052,255	1,114,119	512	504	376	75%	$ 11,017	6,447	—	—	—	—
CSU, Channel Islands	12,889,555	6,076,471	6,813,084	820	1,359	1,243	91	10,610	9,620	—	11,530	10,060	—
CSU, Chico	23,284,061	15,264,937	8,019,124	2,128	2,222	2,089	94	9,036	7,462	—	9,036	7,462	—
CSU, Dominguez Hills	4,412,844	3,163,495	1,249,349	712	659	648	98	—	—	—	9,516	8,142	—
CSU, East Bay	11,950,729	6,253,179	5,697,550	1,296	1,542	1,476	96	—	—	7,476	8,414	6,634	—
CSU, Fullerton	27,114,685	12,250,764	14,863,921	1,918	1,904	1,910	100	—	10,445	—	11,125	8,470	—
Humboldt State University	13,958,553	7,836,409	6,122,144	2,021	2,047	1,981	97	7,058	5,700	—	7,058	5,700	—
CSU, Long Beach	22,746,573	12,107,838	10,638,735	1,962	2,052	2,009	98	8,650	7,650	—	—	—	—
CSU, Los Angeles	7,794,467	4,086,881	3,707,586	1,069	1,010	1,005	100	—	—	—	8,021	6,197	—
California Maritime Academy	8,392,555	5,665,301	2,727,254	722	722	679	94	7,180	5,400	—	—	—	—
CSU, Northridge	21,957,312	10,627,917	11,329,395	3,431	2,898	2,774	96	—	—	5,806	10,236	6,020	—
CSPU, Pomona	23,930,450	10,009,813	13,920,637	2,440	2,463	2,425	98	9,300	8,112	—	10,722	8,850	13,059
CSU, Sacramento	18,380,936	13,014,935	5,366,001	1,672	1,696	1,670	98	7,096	6,580	—	8,362	—	—
CSU, San Bernardino	9,838,048	5,279,847	4,558,201	1,529	1,443	1,354	94	6,165	4,950	—	8,397	—	8,352
San Diego State University	34,929,240	24,747,093	10,182,147	2,674	3,135	2,904	93	9,600	7,984	—	9,600	7,984	—
San Francisco State University (6)	44,878,220	26,656,599	18,221,621	3,038	2,995	2,973	99	—	7,852	—	10,954	9,802	—
San Jose State University	45,690,880	27,768,061	17,922,819	3,370	3,721	3,668	99	8,112	7,115	—	14,231	11,311	—
CPSU, San Luis Obispo	47,710,513	24,904,572	22,805,941	6,239	7,150	7,035	98	10,133	6,754	—	7,814	6,250	—
Sonoma State University	27,205,552	9,300,381	17,905,171	3,146	3,107	2,971	96	7,904	6,014	—	9,330	7,440	—
CSU, Stanislaus	4,798,262	4,030,550	767,712	460	490	459	94	7,121	—	—	7,584	6,347	—
	416,029,809	232,097,298	183,932,511	41,159	43,119	41,649	97%	$ 8,499	7,206	6,641	9,451	7,701	8,352
Systemwide Offices		556,907	(556,907)										
Interest income	1,944,909		1,944,909										
Total	$ 417,974,718	232,654,205	185,320,513										

(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) % of spaces occupied is based on Operational Capacity. In certain cases,% occupancy by Design Capacity is over 100%.

(4) 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.

(5) Capacity and occupancy reflect the new housing facility that opened in Spring 2015 and replaced the entire existing housing facility.

(6) The operational capacity does not include 653 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 $1,600 and $3,600.

See accompanying independent auditors' report.

Schedule 2

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Insurance Coverage

June 30, 2015

Expiration date	Coverage	Amount	Company	Policy number
July 1, 2015*	CSU Master Property Policy, "All Risk" Building, Equipment, and Rental Income	$ 1,000,000,000 per occurrence	Public Entity Property Insurance Program (PEPIP)	PPROP1415
July 1, 2015*	CSU Master Property Policy, Boiler, and Machinery	100,000,000	Public Entity Property Insurance Program (PEPIP)	PBOILER1415
July 1, 2015*	Bodily Injury and Property Damage Liability (Primary)	5,000,000	CSURMA	RMA-SYST-1415-1
July 1, 2015*	Bodily Injury and Property Damage Liability (Excess)	5,000,000	Ironshore	_000541304
July 1, 2015*	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, 2015 to June 30, 2016. 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, 2015

Gross revenues:	
Housing system	$ 417,974,720
Student unions/Recreation Ctrs.	205,309,379
Parking	109,657,635
Health centers	10,301,741
Continuing education	366,185,698
Auxiliary (1)	578,279,217
Related governmental entities (2)	13,391,403
Total gross revenues	$ 1,701,099,793
Debt service:	
Auxiliary – other (3)	$ 3,343,612
Systemwide revenue bonds (4)	262,357,559
Total debt service	$ 265,701,171
Operating expenditures (5):	
Housing system	$ 247,153,214
Student unions/Recreation Ctrs.	88,848,432
Parking	64,163,570
Health centers	3,980,073
Continuing education	333,015,213
Auxiliary (3)	493,993,480
Total operating expenditures	$ 1,231,153,982

(1) 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.

(2) 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.

(3) Includes 17 auxiliary organizations as of fiscal year ended June 30, 2015.

(4) Debt service shown excludes interest that has been funded from bond proceeds. Cash subsidy payments for 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 Schedule 3 above.

(5) Operating Expenditures include both extraordinary maintenance and repair projects, which are generally paid from existing program fund balances, and which total $38.8 million in the fiscal year ended June 30, 2015, and an ARC related to OPEB in an approximate amount of $37 million as of June 30, 2015 pursuant to GASB Statement No. 45.

See accompanying independent auditors' report.

Schedule 4

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Schedule of Program's Proportionate Share of the Net Pension Liability

Year ended June 30, 2015

Last Ten Fiscal Years*

(Dollar amounts in thousands)

(Unaudited)

		State of California Miscellaneous Plan	State of California Peace Officers & Firefighters Plan	Total
The Program's proportion of the net pension liability		4.29052%	4.34891%	
The Program's proportionate share of the net pension liability	$	232,179	4,445	236,624
The Program's covered-employee payroll		94,811	1,312	96,123
The Program's proportionate share of the net pension liability as a percentage of covered-employee payroll		244.88614%	338.79573%	
Plan fiduciary net position as a percentage of the total pension liability		74.17418	72.18915	

* The Program implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

See accompanying independent auditors' report.

Schedule 5

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Schedule of Employer Contributions

Year ended June 30, 2015

Last Ten Fiscal Years*

(Dollar amounts in thousands)

(Unaudited)

		State of California Miscellaneous Plan	State of California Peace Officers & Firefighters Plan	Total
Actuarially determined contribution	$	20,937	409	21,346
Contributions in relation to the actuarially determined contributions		(21,028)	(420)	(21,448)
Contribution excess		(91)	(11)	(102)
Covered-employee payroll	$	94,811	1,312	96,123
Contributions as a percentage of covered-employee payroll		22.18%	32.01%	22.31%

Notes to Schedule:

Valuation date: Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumption used to determine contribution rates:

Actuarial Cost Method	Entry age normal in accordance with the requirements of GASB
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.65%, net of pension plan investment expenses but without reduction including inflation administrative expenses;
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS experience
Mortality	The probabilities of mortality are based on the 2010 CalPERS experience retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* The Program implemented GASB Statement No. 68 effective July 1, 2014, therefore, no other information is available for the measurement periods prior to June 30, 2014.

See accompanying independent auditors' report.

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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 in the Indenture for such period.

"Applicable SIFMA-Based Interest Rate" means for purposes of the Series 2016B Bonds and the Twenty-Second Supplemental Indenture, the per annum rate of interest, determined weekly, equal to the sum of (a) the SIFMA Index Rate then in effect and (b) the Applicable SIFMA Spread for the related SIFMA Rate Period. In no event will any Applicable SIFMA-Based Interest Rate exceed the Maximum Interest Rate.

"Applicable SIFMA Spread" means, for purposes of the Series 2016B Bonds and the Twenty-Second Supplemental Indenture, the lowest fixed spread to the SIFMA Index on the date of determination thereof that would enable the Remarketing Agent to sell the applicable Series 2016B Bonds on such date at a price equal to the principal amount thereof as determined by the Remarketing Agent as provided in the Indenture. The Applicable SIFMA Spread for the Series 2016B Bonds or a subseries thereof will remain the same throughout the applicable SIFMA Rate Period for such Series 2016B Bonds.

"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.

"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.

"Calculation Agent" means such entity as may be selected by the Board to perform the functions of the Calculation Agent under the Twenty-Second Supplemental Indenture.

"Credit Agreement" means each agreement between the Board and one or more Credit Providers entered into pursuant to the Indenture, any letter of credit issued pursuant to such an agreement and any amendment of or extension to such an agreement.

"Credit Provider" means each bank, syndicate of banks or other financial institution appointed by the Board pursuant to the Indenture and their permitted successors and assigns.

"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 2016 Bonds as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Daily Rate" means, for purposes of the Series 2016B Bonds, a variable interest rate on any Series 2016B Bond established in accordance with the Twenty-Second Supplemental Indenture.

"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 2016 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.

"Flexible Rate" means, with respect to any Series 2016B Bond, the rate of interest borne by such bond and established in accordance with the Twenty-Second Supplemental Indenture.

"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.

"Initial Rate Period" means the respective Initial Rate Period for the Series 2016B Bonds set forth herein and in the Twenty-Second Supplemental Indenture.

"Interest Payment Date" means, with respect to the Series 2016 Bonds, each May 1 and November 1 commencing November 1, 2016, until the principal and interest on all Series 2016 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.

"Interest Rate Period" means, for purposes of the Series 2016B Bonds, the Daily Rate Period, the Weekly Rate Period, the SIFMA Rate Period, any SIFMA Delayed Remarketing Period, the Flexible Rate Period, the Term Rate Period or any Term Rate Delayed Remarketing Period.

"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.

"Maximum Interest Rate" means 10% per annum.

"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.

"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 2016 Bonds, each November 1, 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 prior Systemwide Revenue Bonds and prior State Public Works Board Bonds to be refunded with all or a portion of the proceeds of the Series 2016A and Series 2016B 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.

"Remarketing Agent" means, for purposes of the Series 2016B Bonds, each remarketing agent appointed by the Board pursuant to the Twenty-Second Supplemental Indenture.

"Remarketing Agreement" means, for purposes of the Series 2016B Bonds, any agreement which meets the requirements of the Twenty-Second Supplemental Indenture.

"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.

"Serial Bonds" shall mean the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided.

"SIFMA Delayed Remarketing Period Rate" means, for purposes of the Series 2016B Bonds, the per annum interest rate on the Series 2016B Bonds or a subseries thereof during any SIFMA Delayed Remarketing Period following a SIFMA Rate Period for such Series 2016B Bonds, determined pursuant to the Twenty-Second Supplemental Indenture, in each case, which rate shall be calculated by the Calculation Agent. In no event shall any SIFMA Delayed Remarketing Period Rate exceed the Maximum Interest Rate.

"SIFMA Rate Period" means, for purposes of the Series 2016B Bonds and the Twenty-Second Supplemental Indenture, each period during which the Applicable SIFMA-Based Interest Rates are in effect.

"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.

"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.

"Term Rate" means a fixed interest rate on any Series 2016B Bond established in accordance with the Twenty-Second Supplemental Indenture.

"Term Rate Delayed Remarketing Period" means, for purposes of the Twenty-Second Supplemental Indenture and Series 2016B Bonds, the period from and including the applicable Term Rate Scheduled Mandatory Tender Date on which the applicable Series 2016B Bonds, or subseries thereof, is subject to purchase on such date pursuant to the Twenty-Second Supplemental Indenture has not been remarketed to (but not including) the earlier to occur of: (a) the date on which all such Series 2016B Bonds are successfully remarketed pursuant to the Twenty-Second Supplemental Indenture; and (b) the date on which all of such Series 2016B Bonds have been redeemed or paid at maturity.

"Term Rate Delayed Remarketing Period Rate" means, for each Term Rate Period for the Series 2016B Bonds or a subseries thereof, the per annum interest rates, as applicable, on such Series 2016B Bonds during any Term Rate Delayed Remarketing Period following such Term Rate Period, determined by the Remarketing Agent pursuant to the Twenty-Second Supplemental Indenture. In no event shall any Term Rate Delayed Remarketing Period Rate exceed the Maximum Interest Rate.

"Term Rate Period" means, for purposes of the Series 2016B Bonds and Twenty-Second Supplemental Indenture, each period during which Term Rates are in effect.

"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.

"Twenty-First Supplemental Indenture" means the Twenty-First Supplemental Indenture, dated as of April 1, 2016, by and between the Board and the Trustee.

"Twenty-Second Supplemental Indenture" means the Twenty-Second Supplemental Indenture, dated as of April 1, 2016, by and between the Board and the Trustee.

"Weekly Rate" means, for purposes of the Series 2016B Bonds, the variable interest rate on any Series 2016B Bonds or subseries thereof, established in accordance with the Twenty-Second Supplemental Indenture.

Application of Proceeds of the Series 2016 Bonds

The Board shall deposit the proceeds from the sale of the Series 2016 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", or to the related Escrow Fund, as applicable.

All or a portion of the proceeds from the sale of the Series 2016 Bonds shall be deposited in an account established within the Program Fund and designated as the "Series 2016A Project Account" or the "Series 2016B Project Account," as applicable (each, a "Project Account"). Immediately after the receipt of the proceeds from the sale of the Series 2016 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 related Project Account and deposit such moneys in separate accounts relating to the Series 2016 Bonds, including the related Escrow Fund, which the Trustee will establish in accordance with the Twenty-First Supplemental Indenture and the Twenty-Second Supplemental Indenture. Except as described in this section, the moneys remaining in a Project Account shall be used and applied solely to refinance the Prior Bonds and financing of such costs and costs and expenses incident to the issuance and sale of the Series 2016 Bonds (including transfers to any fund or funds from which advances have been made for any such costs and expenses mentioned in this sentence, in repayment of such advances). Any moneys remaining in the Series 2016 Project Account within the Program Fund after all costs and expenses described in this section have been paid or provided for shall be used for such other purposes permitted under the Act as the Board may determine. The application of proceeds shall be subject in all respects to the terms and conditions of the Tax Certificate.

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.

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 a Project Account and any investment earnings thereon shall be held by the Trustee. Moneys in the Project Account may be used and withdrawn by the Board to pay Costs of Issuance, including reimbursements of any sums advanced by the Board for such purposes, and to pay interest on the Series 2016 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 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 2016 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 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. As of the date of issuance of the Series 2016 Bonds, the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, will be added to the pledge of Gross Revenues under the Indenture.

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:

<u>First</u>: 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.

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 2016 Bonds which are Term Bonds (if any) (the “Series 2016 Sinking Accounts”). Moneys on deposit in such Sinking Accounts shall be applied to provide for the redemption of the applicable maturity of the Series 2016 Term Bonds, respectively, in accordance with the “Schedule of Mandatory Sinking Account Payments” contained in the 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, 2016, 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.

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 2016 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 2016 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 2016 Bonds (including persons holding Series 2016 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.

PROVISIONS APPLICABLE TO THE SERIES 2016B BONDS

THIS OFFICIAL STATEMENT IS NOT INTENDED TO AND DOES NOT PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2016B BONDS AFTER ADJUSTMENT TO ANY NEW INTEREST RATE PERIOD, OTHER THAN THE INITIAL RATE PERIOD DESCRIBED HEREIN.

Term of the Series 2016B Bonds

The term of the Series 2016B Bonds or any subseries thereof, shall be divided into consecutive Interest Rate Periods during which each subseries of the Series 2016B Bonds shall bear interest pursuant to an applicable interest rate mode (the Daily Rate, Weekly Rate, Applicable SIFMA-Based Interest Rates, SIFMA Delayed Remarketing Period Rates, Flexible Rate(s), Term Rate or Term Rate Delayed Remarketing Period Rates; provided, however, that, to the extent determined in accordance with the Indenture, a portion of a subseries of Series 2016B Bonds may bear interest at a Daily Rate or a Weekly Rate while other Series 2016B Bonds continue to bear interest at Flexible Rates).

The Initial Rate Period for the Series 2016B-1 Bonds, Series 2016B-2 Bonds and the Series 2016B-3 Bonds shall be as described in the Official Statement. The Series 2016B-1 Bonds, Series 2016B-2 Bonds and the Series 2016B-3 Bonds shall initially bear interest at a Term Rate described herein, respectively, for a Term Rate Period commencing on the Date of Issuance and ending on the day immediately preceding the applicable Term Rate Scheduled Mandatory Tender Date. Interest during the Initial Rate Period shall be payable semiannually on each Interest Payment Date.

The Series 2016B Bonds shall bear interest until final payment of the principal or redemption price thereof shall have been made in accordance with the provisions of the Indenture, whether at maturity, upon redemption or otherwise. Interest on each Series 2016B Bond shall be paid on the respective Interest Payment Date for the period from the last Interest Payment Date (or the Date of Issuance if there has been no prior Interest Payment Date) to and including the day preceding such Interest Payment Date. Interest on the Series 2016B Bonds bearing Term Rates or Term Rate Delayed Remarketing Period Rates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Notwithstanding any other provision of the Indenture, it shall not be required that all subseries of the Series 2016B Bonds bear interest at the same rate, provided that, except as otherwise provided in the Indenture, no more than one Interest Rate Period may apply to a Subseries of Series 2016B Bonds at any time.

Interest Rate Periods; Initial Rate Periods.

The term of each Subseries of Series 2016B Bonds shall be divided into consecutive Interest Rate Periods. The Initial Rate Period for the 2016B-1 Bonds, 2016B-2 Bonds and 2016B-3 will be a Term Rate Period. The 2016B-1 Bonds, 2016B-2 Bonds and 2016B-3 Bonds shall initially bear interest at a Term Rate, for a Term Rate Period commencing on the Date of Issuance and ending on the day immediately preceding the applicable Term Rate Scheduled Mandatory Tender Date. Following the related Call Protection Date, the Interest Rate Period for any subseries of the Series 2016B Bonds may be adjusted to another interest rate period, on any date on which such Series 2016B Bonds are subject to optional redemption, in which event such Series 2016B Bonds shall be subject to mandatory tender for purchase at the applicable price set forth herein. THIS OFFICIAL STATEMENT IS NOT INTENDED TO AND DOES NOT PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2016B BONDS AFTER ADJUSTMENT TO ANY NEW INTEREST RATE PERIOD.

Adjustment to a Daily Rate Period. By notice given by the Trustee by Electronic Means to the Tender Agent, the Remarketing Agent and the Credit Providers, if any, the Series 2016B Bonds of a Subseries shall bear interest at a Daily Rate. Such notice shall specify the effective date of such adjustment to a Daily Rate, which shall be (a) a Business Day not earlier than 20 days after delivery of such notice (or 35 days if the then-current Interest Rate Period is a Term Rate Period or seven days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period); and (b) in the case of an adjustment from a Term Rate Period or any Term Rate Delayed Remarketing Period, a day on which such Series 2016B Bonds would be permitted to be optionally redeemed pursuant to the Indenture.

Notice of Adjustment to a Daily Rate Period. The Trustee shall give notice by Electronic Means of an adjustment to a Daily Rate Period to the Holders of the Series 2016B Bonds to be adjusted not less than 15 days (30 days if the then-current Interest Rate Period is a Term Rate Period or five (5) Business Days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period) nor more than 60 days prior to the effective date of such Daily Rate Period. Such notice shall state (a) that the interest rate on such Series 2016B Bonds will be adjusted to a Daily Rate, (b) the effective date and the Interest Payment Dates of the Daily Rate Period, (c) that such Series 2016B Bonds are subject to mandatory tender for purchase on such effective date, (d) the procedures for such mandatory tender, and (e) the Purchase Price of such Series 2016B Bonds on such effective date (expressed as a percentage of the principal amount thereof). Such notice is subject to recission.

Adjustment to a Weekly Rate Period. By notice given by the Trustee by Electronic Means to the Tender Agent, the Remarketing Agent and the Credit Providers, if any, the Series 2016B Bonds of a Subseries shall bear interest at a Weekly Rate. Such notice (a) shall specify the effective date of such adjustment to a Weekly Rate, which shall be (a) a Business Day not earlier than 20 days after delivery of such notice (or 35 days if the then-current Interest Rate Period is a Term Rate Period or seven days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period); and (b) in the case of an adjustment from a Term Rate Period or any Term Rate Delayed Remarketing Period, a day on which such Series 2016B Bonds would be permitted to be optionally redeemed pursuant to the Indenture. Such notice may also specify the Interest Payment Dates to apply for such Weekly Rate Period.

Notice of Adjustment to a Weekly Rate Period. The Trustee shall give notice by Electronic Means of an adjustment to a Weekly Rate Period to the Holders of the Series 2016B Bonds to be adjusted not less than 15 days (30 days if the then-current Interest Rate Period is a Term Rate Period or five (5) Business Days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period) nor more than 60 days prior to the effective date of such Weekly Rate Period. Such notice shall state (a) that the interest rate on such Series 2016B Bonds will be adjusted to a Weekly Rate, (b) the effective date and Interest Payment Dates of the Weekly Rate Period, (c) that such Series 2016B Bonds are subject to mandatory tender for purchase on such effective date, (d) the procedures for such mandatory tender, and (e) the Purchase Price of such Series 2016B Bonds on such effective date (expressed as a percentage of the principal amount thereof). Such notice is subject to recission.

Adjustment to a Term Rate Period. By notice given by the Trustee by Electronic Means to the Tender Agent, the Remarketing Agent and the Credit Providers, if any, the Series 2016B Bonds of a Subseries shall bear interest at shall bear interest at or continue in a Term Rate. Each Term Rate Period shall have a duration such that the last day of such Term Rate Period is (1) a day which both immediately precedes a Business Day and is at least nine (9) months after the effective date of such Term Rate Period or (2) if earlier, the day immediately preceding the Maturity Date of such Series 2016B Bonds. Such notice shall specify the effective date of each Term Rate Period, which shall be (1) a Business Day not earlier than 20 days after delivery of such notice (or 35 days if the then-current Interest Rate Period is a Term Rate Period or seven days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period); and (2) in the case of an adjustment from or continuation of a Term Rate Period or adjustment from any Term Rate Delayed Remarketing Period, a day on which such Series 2016B Bonds would be permitted to be optionally redeemed pursuant to the Indenture. In addition, such notice shall specify the last day of such Term Rate Period and the Interest Payment Dates to be effective for such Term Rate Period and any following Term Rate Delayed Remarketing Period, or state that the last day and Interest Payment Dates will be determined by the Trustee prior to the effective date. Two or more consecutive Term Rate Periods may be specified in such notice.

In the event moneys on deposit with the Tender Agent are sufficient to pay the Purchase Price of Series 2016B Bonds of a Series or Subseries tendered for purchase on a Term Rate Scheduled Mandatory Tender Date for such Series 2016B Bonds and if the Trustee has elected that such Series 2016B Bonds be adjusted to a new Term Rate Period pursuant to the Indenture, the following shall occur: (i) the Term Rate Period in effect immediately before such purchase shall terminate on the day prior to the Term Rate Scheduled Mandatory Tender Date and a new Term Rate Period shall commence on such date; (ii) the Term Rate Call Protection Date with respect to such Series 2016B Bonds for the new Term Rate Period shall be determined pursuant to the Indenture; and (iii) the Term Rate Delayed Remarketing Period Rate for any Term Rate Delayed Remarketing Period that may follow the new Term Rate Period shall be determined pursuant to the Indenture.

The Term Rate Delayed Remarketing Period Rate for any Term Rate Delayed Remarketing Period following each Term Rate Period shall be determined by the Board by 5:00 p.m. (New York City time) on a date that is not later than (and which may be earlier than) two (2) Business Days before (1) the effective date of an adjustment of the Interest Rate Period to the Term Rate Period for the applicable Series or Subseries of Series 2016B Bonds, and (2) the first day on which any subsequent Term Rate Period shall commence for such Series 2016B Bonds.

Notice of Adjustment to a Term Rate Period. The Trustee shall give notice by Electronic Means of an adjustment to a Term Rate Period to the Holders of the Series 2016B Bonds to be adjusted not less than 15 days (30 days if the then-current Interest Rate Period is a Term Rate Period) or five (5) Business Days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period) nor more than 60 days prior to the effective date of such Term Rate Period. Such notice shall state (a) that the interest rate on such Series 2016B Bonds will be adjusted to, or continue to be, a Term Rate, (b) the effective date of the Term Rate Period, (c) the last day and Interest Payment Dates of the Term Rate Period, if they have been selected by the Trustee, (d) that such Series 2016B Bonds shall be subject to mandatory tender for purchase on such effective date, (e) the procedures for such mandatory tender, and (f) the Purchase Price of such Series 2016B Bonds on such effective date (expressed as a percentage of the principal amount thereof). Such notice shall be subject to rescission.

Adjustment to a Flexible Rate Period. By notice given by the Trustee by Electronic Means to the Tender Agent, the Remarketing Agent and the Credit Providers, if any, the Series 2016B Bonds of a Subseries shall bear interest at shall bear interest at Flexible Rates. Such notice shall specify the effective date of the Flexible Rate Period during which such Series 2016B Bonds shall bear interest at Flexible Rates, which shall be (a) a Business Day not earlier than 20 days after delivery of such notice (or 35 days if the then-current Interest Rate Period is a Term Rate Period or seven days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period), and (b) in the case of an adjustment from a Term Rate Period or any Term Rate Delayed Remarketing Period, a day on which such Series 2016B Bonds would be permitted to be optionally redeemed pursuant to the Indenture.

Notice of Adjustment to a Flexible Rate Period. The Trustee shall give notice by Electronic Means of an adjustment to a Flexible Rate Period to the Holders of the Series 2016B Bonds to be adjusted not less than 15 days (30 days if the then-current Interest Rate Period is a Term Rate Period or five (5) Business Days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period) nor more than 60 days prior to the effective date of such Flexible Rate Period. Such notice shall state (1) that the interest rate on such Series 2016B Bonds will be adjusted to Flexible Rates, (2) the effective date and the last day of the Flexible Rate Period, (3) that such Series 2016B Bonds are subject to mandatory tender for purchase on the effective date of such Flexible Rate Period, (4) the procedures for such mandatory tender, and (5) the Purchase Price of such Series 2016B Bonds on such effective date (expressed as a percentage of the principal amount thereof). Such notice shall be subject to rescission.

Adjustment to a SIFMA Rate Period. At any time, by notice given by the Trustee by Electronic Means to the Tender Agent, the Remarketing Agent and the Credit Providers, if any, the Series 2016B Bonds of a Subseries shall bear interest at shall bear interest at new SIFMA Rate Period. Such notice (1) shall specify the effective date of such adjustment to a SIFMA Rate Period, which shall be (a) a Business Day not earlier than 20 days after delivery of such notice (or 35 days if the then-current Interest Rate Period is a Term Rate Period or seven days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period); and (b) in the case of an adjustment from a Term Rate Period or any Term Rate Delayed Remarketing Period, a day on which the Series 2016B Bonds would be permitted to be optionally redeemed.

Notice of Adjustment to a SIFMA Rate Period. The Trustee shall give notice by Electronic Means of an adjustment to a new SIFMA Rate Period to the Holders of the Series 2016B Bonds to be adjusted not less than 15 days (30 days if the then-current Interest Rate Period is a Term Rate Period or five (5) Business Days if the then-current Interest Rate Period is a Term Rate Delayed Remarketing Period) nor more than 60 days prior to the effective date of such SIFMA Rate Period. Such notice shall state (a) that the interest rate on the Series 2016B Bonds will be adjusted to an Applicable SIFMA-Based Interest Rate, (b) the effective date of the SIFMA Rate Period, (c) that the Series 2016B Bonds are subject to mandatory tender for purchase on such effective date, (d) the procedures for such mandatory tender, and (e) the Purchase Price of the Series 2016B Bonds on such effective date (expressed as a percentage of the principal amount thereof). Such notice shall be subject to rescission.

Determination Conclusive. In the absence of manifest error, the determination of any Flexible Rate, Daily Rate, Weekly Rate, Term Rate, any Term Rate Delayed Remarketing Period Rate, each Flexible Segment, any

Applicable SIFMA-Based Interest Rate and any SIFMA Delayed Remarketing Period Rate and the calculation of interest payable on the Series 2016B Bonds in accordance with the Indenture shall be conclusive and binding upon each Remarketing Agent, the Trustee, the Holders of the applicable Series 2016B Bonds and each Credit Provider.

Rescission of Election. Notwithstanding anything in the Indenture to the contrary, the Trustee may rescind any election to adjust to or continue an Interest Rate Period prior to the effective date of such adjustment or continuation by giving notice (or causing notice to be given) by Electronic Means prior to such effective date to the Tender Agent, Remarketing Agents and Credit Provider(s), if any, for the Series 2016B Bonds affected thereby and the Holders of those Series 2016B Bonds. In the event of such a rescission, the Series 2016B Bonds affected thereby shall not be subject to mandatory tender for purchase on the effective date of the rescinded election to adjust to or continue such an Interest Rate Period, and the Interest Rate Period for such Series 2016B Bonds shall not change; provided that if such mandatory tender for purchase coincides with a Term Rate Scheduled Mandatory Tender Date, and all the then-Outstanding Series 2016B Bonds of a Subseries are not remarketed, the terms of such Series 2016B Bonds shall be governed by the Indenture.

Failure to Satisfy Conditions Precedent to an Adjustment of the Interest Rate Period. In the event any conditions precedent to an effective date of the new Interest Rate Period for a Subseries of Series 2016B Bonds, then the new Interest Rate Period for such Series 2016B Bonds shall not take effect and such Series 2016B Bonds shall not be subject to mandatory tender for purchase. If the failed change in Interest Rate Period was from the Term Rate Period or any Term Rate Delayed Remarketing Period, then the Series 2016B Bonds affected by such failed change shall remain in the Term Rate Period or Term Rate Delayed Remarketing Period, as the case may be, in each case with the interest rates then in effect as of the failed effective date of the new Interest Rate Period; provided that if such mandatory tender for purchase coincides with a Term Rate Scheduled Mandatory Tender Date, and all the Series 2016B Bonds of a Subseries are not remarketed, the terms of such Series 2016B Bonds shall be governed by the applicable provisions of the Indenture.

Redemption of Series 2016B Bonds.

During any Term Rate Period or any Term Rate Delayed Remarketing Period for a Subseries of Series 2016B Bonds, such Series 2016B Bonds shall be subject to redemption (a) during a Term Rate Period, on the applicable Term Rate Call Protection Date or any Business Day thereafter and (b) during a Term Rate Delayed Remarketing Period, on any Business Day, in each case at a redemption price of 100% of the principal amount thereof.

Except as provided in the Indenture, any Series 2016B Bond subject to optional or mandatory tender for purchase as set forth in the Indenture, which is not purchased on the related Purchase Date from the Remarketing Account or the Credit Agreement Purchase Account, if any, shall be redeemed on such date with moneys provided from the Redemption Account at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. No notice of such mandatory redemption is required under the Indenture.

The Trustee may not adjust the Interest Rate Period for any Series 2016B Bonds that have been called for redemption.

Mandatory Tender of the Series 2016B Bonds.

The Series 2016B Bonds are subject to mandatory tender for purchase at a Purchase Price equal to 100% of the principal amount thereof, plus accrued interest to the Purchase Date, on the applicable Term Rate Scheduled Mandatory Tender Date. Failure to pay the Purchase Price of all such Series 2016B Bonds tendered on a Term Rate Scheduled Mandatory Tender Date shall not constitute an Event of Default. In the event of a failure to pay the Purchase Price of all of such Series 2016B Bonds tendered for purchase on a Term Rate Scheduled Mandatory Tender Date, a Term Rate Delayed Remarketing Period shall commence on such date and continue until the earlier of (a) the date on which all such Series 2016B Bonds are successfully remarketed pursuant to the Indenture or (b) the date on which all of such Series 2016B Bonds have been redeemed or paid at maturity. During such a Term Rate Remarketing Period, the bonds shall bear interest at the Term Rate Delayed Remarketing Period Rate as designated by the Remarketing Agent pursuant to the Indenture. Notwithstanding the foregoing, Series 2016B Bonds that have not been purchased or redeemed on the related initial Term Rate Scheduled Mandatory Tender Date set forth in this Official Statement shall bear interest from and including such Term Rate Scheduled Mandatory

Tender Date until the date such Series 2016B Bonds are remarketed, redeemed or paid at maturity at the respective rates per annum for the applicable period of days as set forth in the following table:

For the Period (in Days) on and after the Mandatory Tender Date	Interest Rate Per Annum
0 to 89 days	6%
90 days and thereafter	8%

The Series 2016B Bonds are further subject to mandatory tender for purchase subject to adjustment of the Interest Rate Period, the addition of a Credit Agreement, or the substitution of a Credit Provider on any date on which such Series 2016B Bonds are subject to optional redemption. Any such bonds will be subject for mandatory tender for purchase at the applicable price as set forth in the Indenture.

Mandatory Tender for Purchase. Series 2016B Bonds shall be subject to mandatory tender for purchase at a Purchase Price equal to 100% of the principal amount thereof, plus accrued interest to the Purchase Date in immediately available funds, on the effective date of (i) any adjustment of the Interest Rate Period for such Bond, or (ii) the substitution of a Credit Provider for such Bond;

As to each Series 2016B Bond in a Term Rate Period, on the applicable Term Rate Scheduled Mandatory Tender Date, the failure to pay the Purchase Price of all tendered Series 2016B Bonds on a Term Rate Scheduled Mandatory Tender Date shall not constitute an Event of Default and in the event of a failure to pay the Purchase Price of all of the Series 2016B Bonds tendered for purchase on a Term Rate Scheduled Mandatory Tender Date, a Term Rate Delayed Remarketing Period shall commence on such date as provided in the Indenture.

The Trustee shall give notice by Electronic Means to the Holders of, and the Remarketing Agents for, the Series 2016B Bonds subject to mandatory tender for purchase on the applicable Term Rate Scheduled Mandatory Tender Date not later than thirty (30) nor sooner than sixty (60) days prior to the date on which such Series 2016B Bonds will be subject to mandatory tender for purchase, which notice shall state: (i) the Interest Rate Period applicable to such Series 2016B Bonds from and after the Purchase Date; (ii) that such tendered Series 2016B Bonds will be subject to mandatory tender for purchase and specifying the date such purchase shall occur; (iii) the procedures for such mandatory tender for purchase; (iv) the Purchase Price of such Series 2016B Bonds to be purchased and (v) the consequences of a failed remarketing.

Series 2016B Bonds shall also be subject to mandatory tender for purchase during any Term Rate Delayed Remarketing Period in accordance with the Indenture.

Delivery of Tendered Series 2016B Bonds. With respect to any Book-Entry Bond, delivery of such Bond to the Tender Agent in connection with any optional or mandatory tender for purchase pursuant to the Indenture shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of DTC or any DTC Participant to reflect the transfer of the beneficial ownership interest in such Bond to the account of the Tender Agent, or to the account of a DTC Participant acting on behalf of the Tender Agent on the Purchase Date. With respect to any Series 2016B Bond which is not a Book-Entry Bond, delivery of such Bond to the Tender Agent in connection with any optional or mandatory tender for purchase pursuant to the Indenture hereof shall be effected by physical delivery of such Bond to the Tender Agent at its Principal Office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

Series 2016B Bonds Deemed Purchased.

If moneys sufficient to pay the Purchase Price of Series 2016B Bonds to be purchased pursuant to the Indenture shall be held by the Tender Agent hereunder on the date and at the time such Series 2016B Bonds are to be purchased, such Series 2016B Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such Series 2016B Bonds shall have been delivered to the Tender Agent, and neither the former Holder of such Series 2016B Bonds nor any other person shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

In the event of non-delivery of any Series 2016B Bond to be purchased pursuant to the Indenture, the Tender Agent shall segregate and hold uninvested the moneys for the Purchase Price of such Series 2016B Bonds in trust, without liability for interest thereon, for the benefit of the former Holders of such Series 2016B Bonds, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Series 2016B Bonds. Any moneys which the Tender Agent shall segregate and hold in trust for the payment of the Purchase Price of any Series 2016B Bond and remaining unclaimed for two (2) years after the date of purchase shall be paid, upon the Trustee's written request, to the Trustee. After the payment of such unclaimed moneys to the Trustee, the former Holder of such Bond shall look only to the Trustee for the payment thereof.

Bond Purchase Fund. There shall be created and established with the Tender Agent for the Series 2016B Bonds a separate trust fund designated the "California State University Bonds Purchase Fund" (the "Bond Purchase Fund"). There shall also be created and established three separate accounts in the Bond Purchase Fund designated the "Remarketing Account," the "Credit Agreement Purchase Account," and the "Redemption Account." The Tender Agent shall create and maintain separate subaccounts within each account referred to in the previous sentence for each Subseries of Series 2016B Bonds supported by a separate Credit Agreement, if any, and remarketed by a different Remarketing Agent.

Remarketing Account. All moneys received by the Tender Agent on behalf of purchasers of the Series 2016B Bonds shall be; (i) deposited in the appropriate subaccount in the Remarketing Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions of the Indenture and (iii) paid out in accordance with the Indenture.

Credit Agreement Purchase Account. All moneys received by the Tender Agent as payments under any Credit Agreement for the purchase of Series 2016B Bonds shall be (i) deposited in the appropriate subaccount in the Credit Agreement Purchase Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with the Indenture.

Redemption Account. All moneys received by the Tender Agent from the Trustee for the redemption of Series 2016B Bonds shall be (i) deposited in the appropriate subaccount in the Redemption Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with the Indenture.

The moneys in the Bond Purchase Fund for any Subseries of Series 2016B Bonds shall be used solely to acquire or redeem Series 2016B Bonds of such Subseries as provided herein (or to reimburse the Credit Providers, if any, for payments made under the Credit Agreement for such purpose) and may not be used for any other purposes except as otherwise permitted by the Indenture. All amounts held in the Bond Purchase Fund and the Credit Agreement Purchase Account, Remarketing Account and Redemption Account therein for Series 2016B Bonds shall be held uninvested and in trust by the Tender Agent for the benefit of the Holders of tendered the Series 2016B Bonds (provided that any amounts held in a Remarketing Account which are derived from the remarketing of Credit Provider Bonds shall be held in trust for the benefit of the Credit Provider entitled thereto).

Deposit of Series 2016B Bonds. The Tender Agent agrees to accept and hold all Series 2016B Bonds delivered to it pursuant to the Indenture in trust for the benefit of the respective Bondholders which shall have so delivered such Series 2016B Bonds until the Purchase Price of such Series 2016B Bonds shall have been delivered to or for the account of or to the order of such Holders in accordance with the Indenture. Any Series 2016B Bonds registered for transfer to new purchasers and delivered to the Tender Agent shall be held in trust by the Tender Agent for the benefit of such new purchasers until delivery to such new purchasers.

Deposits into Remarketing Account and Redemption Account.

The terms of any sale by a Remarketing Agent of tendered Series 2016B Bonds shall provide for the payment of the Purchase Price for tendered Series 2016B Bonds by the Remarketing Agent to the Tender Agent for deposit in the Remarketing Account of the Bond Purchase Fund in immediately available funds on the Purchase

Date. The Remarketing Agent shall cause to be paid to the Tender Agent on each Purchase Date for tendered Series 2016B Bonds all amounts representing proceeds of the remarketing of such Series 2016B Bonds.

With respect to any mandatory tender for purchase of a Subseries of Series 2016B Bonds in a Term Rate Period, in the event sufficient remarketing or refunding proceeds are not available for the purchase of all then-Outstanding Series 2016B Bonds or portion thereof tendered or deemed tendered and required to be purchased on such mandatory purchase date, then: (i) no such purchase shall occur and the Tender Agent shall promptly return all Series 2016B Bonds tendered or deemed tendered to the Holders thereof together with notice of such insufficiency and the Tender Agent and the Remarketing Agent shall promptly return all remarketing proceeds to the persons providing such moneys without interest; (ii) the Term Rate Period then in effect will terminate on the day prior to such Term Rate Scheduled Mandatory Tender Date; (iii) a Term Rate Delayed Remarketing Period will commence on such Term Rate Scheduled Mandatory Tender Date and such failed purchase shall not constitute an Event of Default under the Indenture.

In connection with any mandatory tender for purchase of a Subseries of Series 2016B Bonds in a Term Rate Period or any Term Rate Delayed Remarketing Period which occurs on a date other than the applicable Term Rate Scheduled Mandatory Tender Date, in the event sufficient remarketing proceeds are not available for the purchase of all or such portion of the then-Outstanding Series 2016B Bonds required to be purchased on such date, then: (i) no such purchase shall occur and the Tender Agent shall promptly return all Series 2016B Bonds tendered or deemed tendered to the Bondholders thereof together with notice of such insufficiency and the Tender Agent and the Remarketing Agent shall promptly return all remarketing proceeds to the persons providing such moneys without interest; (ii) such Series 2016B Bonds shall continue to bear interest at the Term Rate or Term Rate Delayed Remarketing Period Rate, as applicable; and (iii) such failed purchase shall not constitute an Event of Default under the Indenture.

During a Term Rate Delayed Remarketing Period for such Series 2016B Bonds, the following will apply:

i. All of the applicable Series 2016B Bonds will bear interest at the Term Rate Delayed Remarketing Period Rate applicable for such Term Rate Delayed Remarketing Period (not to exceed the Maximum Interest Rate);

ii. The Remarketing Agent will continue to be obligated to remarket the Series 2016B Bonds.

iii. The applicable Series 2016B Bonds will continue to be subject to optional redemption provided that notwithstanding anything to the contrary in the Indenture, the Trustee shall only be required to give five (5) Business Days' notice of such redemption to the Holders of the Series 2016B Bonds to be redeemed;

iv. The applicable Series 2016B Bonds will continue to be subject to mandatory tender for purchase. The Trustee may, by notice to the Tender Agent and the Remarketing Agent, direct an adjustment to the Interest Rate Period for the Series 2016B Bonds in accordance with the Indenture; and

v. If the Series 2016B Bonds are successfully remarketed, the Holders thereof will be obligated to tender, sell and deliver their Series 2016B Bonds to the Trustee.

During the Term Rate Delayed Remarketing Period for a Subseries of Series 2016B Bonds, on each Business Day the Remarketing Agent will continue to use its best efforts to remarket all of such Series 2016B Bonds in such new Interest Rate Period as directed by the Board. Once the Remarketing Agent for such Series 2016B Bonds has advised the Trustee and the Tender Agent of its ability to remarket all of the applicable then-Outstanding Series 2016B Bonds into the then directed Interest Rate Period, the Trustee will establish a new mandatory tender date and will give notice by Electronic Means to the Holders of such Series 2016B Bonds not less than five (5) Business Days prior to the date on which such Series 2016B Bonds are to be purchased, which notice shall state: (i) the Interest Rate Period applicable to such Series 2016B Bonds from and after the Purchase Date; (ii) that such Series 2016B Bonds will be subject to mandatory tender for purchase and specifying the date such purchase shall occur; (iii) the procedures for such mandatory tender for purchase; (iv) the Purchase Price of such Series 2016B Bonds to be purchased and (v) the consequences of a failed remarketing.

If notwithstanding such notice from the Remarketing Agent, there are insufficient remarketing proceeds to pay the Purchase Price of all of the then-Outstanding Series 2016B Bonds on the purchase date so noticed, all of the applicable Series 2016B Bonds will be returned to the Bondholders and any remarketing proceeds will be returned to the persons who paid such moneys, all in the same manner as for a failure of remarketing on the related Term Rate Scheduled Mandatory Tender Date pursuant to the Indenture, and the Term Rate Delayed Remarketing Period will continue, with the provisions for calculating the interest rate relating back to such Term Rate Scheduled Mandatory Tender Date.

The Term Rate Delayed Remarketing Period for a Subseries of Series 2016B Bonds, will terminate on the day prior to the first to occur of (i) the purchase of all of the Subseries of Series 2016B Bonds pursuant to the Indenture, or (ii) the date on which all of the applicable Series 2016B Bonds are redeemed in accordance with the Indenture or all principal of and interest on the Series 2016B Bonds are otherwise paid in full.

Disbursements from the Bond Purchase Fund.

Application of Moneys. Moneys in the Bond Purchase Fund (other than the proceeds of any remarketing of Credit Provider Bonds, if any, which shall be paid to the applicable Credit Provider on the remarketing date) shall be applied at or before 3:00 p.m. (New York City time) to the purchase or redemption of Series 2016B Bonds of the applicable Subseries as provided herein by the Tender Agent, on each Purchase Date or date fixed for redemption as applicable, as follows:

First -- Moneys constituting funds in the Remarketing Account shall be used by the Tender Agent on any Purchase Date to purchase tendered Series 2016B Bonds of the applicable Series at the Purchase Price.

Second -- In the event such moneys in the Remarketing Account on any Purchase Date are insufficient to purchase all tendered Series 2016B Bonds of the applicable Subseries, if a Credit Agreement is in place, moneys in the Credit Agreement Purchase Account on such Purchase Date shall be used by the Tender Agent at that time to purchase such remaining tendered Series 2016B Bonds at the Purchase Price thereof.

Third -- Except as provided in the Indenture, in the event such moneys in the Remarketing Account and the Credit Agreement Purchase Account, if any, on any Purchase Date are insufficient to purchase all tendered Series 2016B Bonds of the applicable Subseries, moneys in the Redemption Account on such Purchase Date, if any, shall be used by the Tender Agent at that time to redeem such remaining tendered Series 2016B Bonds pursuant to the Indenture.

Fourth – Moneys in the Redemption Account shall be used by the Tender Agent to pay the redemption price, plus unpaid and accrued interest to the date fixed for redemption, of Series 2016B Bonds redeemed in accordance with the Indenture.

Notwithstanding anything to the contrary in this Section, if the Series 2016B Bonds are Book-Entry Series 2016B Bonds, payment of the Purchase Price for tendered Series 2016B Bonds or redemption price shall be made in accordance with the rules and procedures of DTC.

Appointment, Duties and Qualifications of Tender Agents.

The Board is authorized and directed to appoint one or more Tender Agents and to enter into Tender Agent Agreements governing the duties and responsibilities of the Tender Agent. The Tender Agent may also act as paying agent for the Series 2016B Bonds. During a Term Rate Period and any Term Rate Delayed Remarketing Period, the Trustee may act as paying agent for the Series 2016B Bonds. The Board may elect not to have a Tender Agent in place for a Series or Subseries of Series 2016B Bonds during a Term Rate Period, provided, however, the Board shall select the initial Tender Agent for a Series or Subseries of Series 2016B Bonds no later than 60 days prior to the last day of the applicable Initial Rate Period and for any subsequent Term Rate Period for a Series or Subseries of Series 2016B Bonds no later than 60 days prior to the related Term Rate Scheduled Mandatory Tender Date.

Board may remove said firm as Tender Agent and appoint one or more successors thereto (which shall be a commercial bank or trust company). All Series 2016B Bonds validly authenticated and delivered by the Tender Agent prior to its removal, and the authority granted to the Tender Agent with respect to the payment of such Series 2016B Bonds, shall be valid obligations notwithstanding such removal.

The Tender Agent may resign by notifying the Board, the Trustee, the Credit Providers, the Remarketing Agents and the Bondholders at least 30 days before the effective date of such resignation. The Board may remove the Tender Agent and appoint a successor by notifying the Tender Agent, the Remarketing Agents, the Trustee and each Credit Provider and obtaining the consent of each Credit Provider (which consents shall not be unreasonably withheld). No resignation or removal shall be effective until the successor has delivered an acceptance of its appointment to the Board, the Trustee and the predecessor Tender Agent.

Appointment, Duties and Qualifications of Remarketing Agents.

The Board is authorized and directed to appoint one or more Remarketing Agents for the Series 2016B Bonds, subject to the conditions of the Indenture. Each such Remarketing Agent shall be a bank, trust company or member of the Financial Industry Regulatory Authority (formerly National Association of Securities Dealers, Inc.) organized and doing business under the laws of any state of the United States of America or the District of Columbia. The Board shall select the initial Remarketing Agent for a Subseries of Series 2016B Bonds no later than 60 days prior to the last day of the applicable Initial Rate Period and for any subsequent SIFMA Rate Period or Term Rate Period for a Subseries of Series 2016B Bonds no later than 60 days prior to the related SIFMA Scheduled Mandatory Tender Date or Term Rate Scheduled Mandatory Tender Date, as applicable.

The Board may at any time remove any Remarketing Agent. The Remarketing Agent, or any successor Remarketing Agent, may at any time resign by giving at least 30 days' prior notice by Electronic Means of such resignation as required by the Indenture, provided, however, that the Remarketing Agent may not be removed or resign unless a new Remarketing Agent has been designated to replace the Remarketing Agent pursuant to the Remarketing Agreement, effective at the time of such removal or resignation, subject to the Indenture and the Remarketing Agreement.

Maintenance of Tender Agent. Subject to the Indenture, so long as a Series or Subseries of Series 2016B Bonds is Outstanding and bears interest at a Daily Rate, Weekly Rate, Flexible Rate, Term Rate, Term Rate Delayed Remarketing Period Rate, Applicable SIFMA-Based Interest Rate or SIFMA Delayed Remarketing Period Rate, the Board will at all times maintain a Tender Agent for such Series 2016B Bonds. Notwithstanding the foregoing, the Board shall select the initial Tender Agent for a Series or Subseries of Series 2016B Bonds no later than 60 days prior to the last day of the applicable Initial Rate Period and for any subsequent Term Rate Period for a Series or Subseries of Series 2016B Bonds no later than 60 days prior to the related Term Rate Scheduled Mandatory Tender Date.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated April __, 2016 (the "Disclosure Certificate") is executed and delivered by the Trustees of the California State University (the "Board") in connection with the issuance of $1,133,105,000 aggregate principal amount of the Trustees of the California State University Systemwide Revenue Bonds, Series 2016A and $250,000,000 aggregate principal amount of the Trustees of the California State University Systemwide Revenue Bonds, Series 2016B-1, Series 2016B-2 and Series 2016B-3 (collectively, the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of April 1, 2002, as supplemented, including by a Twenty-First Supplemental Indenture, and a Twenty-Second Supplemental Indenture, each dated as of April 1, 2016 (collectively, 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, 2017, 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. Content of Annual Reports. 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 April 8, 2016 (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 – Capacity and Occupancy" pertaining to the design capacity and occupancy rate of the Housing Program;

(iii) under the caption "SYSTEMWIDE REVENUE BOND PROGRAMS – Student Union Program – Rates and Charges" 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 2016A and Trustees of the California State University Systemwide Revenue Bonds, Series 2016B.

Date of Issuance: April __, 2016

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 2016A, Series 2016B-1, Series 2016B-2 and Series 2016B-3
(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 $1,133,105,000 aggregate principal amount of Trustees of the California State University Systemwide Revenue Bonds, Series 2016A (the "Series 2016A Bonds") and $250,000,000 aggregate principal amount of Trustees of the California State University Systemwide Revenue Bonds, Series 2016B-1, Series 2016B-2 and Series 2016B-3 (collectively, the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Series 2016 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 Twenty-First Supplemental Indenture and a Twenty-Second Supplemental Indenture, each dated as of April 1, 2016 (the "Indenture"), each by and between the Issuer and the Treasurer of the State of California, as trustee (the "State Treasurer"). The Series 2016 Bonds are being issued to finance and refinance the costs of construction of facilities at various campuses of the California State University, including to provide funds for the Issuer's acquisition of unencumbered ownership interests in certain facilities currently under lease from the State Public Works Board, and to pay 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, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), the opinion of counsel to the Issuer, certificates of the Issuer, the State Treasurer and others, 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 Bonds, of the Gross Revenues and any other amounts (including proceeds of the sale of the Series 2016 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 2016 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 2016 Bonds. The Series 2016 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 2016 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2016 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. 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 2016 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 2016A and the Trustees of the California State University Systemwide Revenue Bonds, Series 2016B (collectively, the "Series 2016 Bonds"). The Series 2016 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 2016 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 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 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 2016 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 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 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 2016 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 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 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 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 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 2016 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 2016 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 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2016 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 2016 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2016 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2016 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2016 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2016 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 2016 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 2016 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

BONDS REFUNDED WITH SERIES 2016 BONDS

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 tables below.

State Public Works Board Bonds to Be Refunded by Series 2016 Bonds

State Public Works Board of the State of California Lease Revenue Bonds (Trustees of the California State University)	*Original Issuance Date*	*Principal to be Refunded*	*Expected Redemption Date*	*Redemption Price*	*CUSIP*[†] *(Base)*
1993 Series A (Various California State University Projects)[1]	October 14, 1993	$15,665,000	[2]	100%	13068G
1997 Series C (Various California State University Projects)[1]	November 13, 1997	$63,530,000	[2]	100%	13068H
1998 Series A (Various California State University Projects)[1]	May 7, 1998	$33,910,000	[2]	100%	13068H
2006 Series B (Academic Hall II, Building 13, San Marcos Campus)[1]	April 25, 2006	$18,445,000	[2]	100%	130684
2006 Series G (Physical Science Replacement Building, Wing A, Los Angeles Campus)[1]	December 6, 2006	$37,635,000	November 1, 2016	100%	130684
2009 Series D (Monterey Bay Campus Library)[1]	April 15, 2009	$45,135,000	April 1, 2019	100%	130685
2009 Series J (J.Paul Leonard & Sutro Library)[1]	December 1, 2009	$139,750,000	November 1, 2019	100%	130685
2011 Series B (Various California State University Projects)[1]	October 20,2011	$96,085,000	October 1, 2021	100%	130685

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(1) All outstanding maturities of this series of bonds are expected to be refunded in their entirety.
(2) Redemption date is expected to be approximately 30 days from delivery of the bonds.
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State Public Works Board of the State of California Lease Revenue Bonds (Trustees of the California State University)	*Original Issuance Date*	*Principal to be Refunded*	*Expected Redemption Date*	*Redemption Price*	*CUSIP† (Base)*
2012 Series D (Various California State University Projects)[1]	September 25, 2012	$110,555,000	September 1, 2022	100%	130685
2012 Series E (California State University: Various Buildings)[1]	September 25, 2012	$49,265,000	September 1, 2022	100%	130685
2013 Series H (Various California State University Projects)[1]	October 9, 2013	$163,310,000	September 1, 2023	100%	13068L
SUBTOTAL		**$773,285,000**			

Systemwide Revenue Bonds to Be Refunded by Series 2016 Bonds

Series	*Original Issuance Date*	*Principal to be Refunded*	*Expected Redemption Date*	*Redemption Price*	*CUSIP† (Base)*
Systemwide Revenue Bonds, Series 2008A	April 10, 2008	$298,175,000	May 1, 2018	100	13077C
Systemwide Revenue Bonds, Series 2009A	March 25, 2009	$390,960,000	May 1, 2019	100	13077C
SUBTOTAL		**$689,135,000**			
TOTAL BONDS TO BE REFUNDED		**$1,462,420,000**			

[1] All outstanding maturities of this series of bonds are expected to be refunded in their entirety.

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APPENDIX I

LETTERS FROM UNDERWRITERS

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March 17, 2016

Mr. Blake Fowler, Director
Public Finance Division
Office of the Treasurer of the State of California
915 Capitol Mall, Room 261
Sacramento, CA 95814
Email: blake.fowler@treasurer.ca.gov

CC: Ms. Rosa Renaud
California State University - Financing and Treasury
401 Golden Shore
Long Beach, CA 90802
rrenaud@calstate.edu

Re: California State University Systemwide Revenue Bonds

Dear Sir:

Academy Securities, Inc., Co-Managing Underwriter of California State University Systemwide Revenue Bonds Series 2016A and 2016B, intends to enter into distribution agreements (the "Distribution Agreements") with W.H. Mell Associates, Inc., TD Ameritrade Inc., Ladenburg Thalmann & Co Inc., SWBC Investment Services LLC, Commonwealth Equity Services, NBC Securities, Inc., Intercoastal Capital Markets, Inc., Crews & Associates Inc., UnionBanc Investment Services LLC, World First Financial Services Inc., ISC Group, Inc., Higgins Capital Management Inc., Ross Sinclaire & Associates LLC, Wedbush Securities Inc., BNY Mellon Capital Markets LLC, Janney Montgomery Scott LLC, and Herbert J. Sims and Co. 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.

Backstrom McCarley Berry & Co., LLC

March 3, 2016

Mr. Blake Fowler
Deputy State Treasurer
Office of the Treasure of the State of California
915 Capitol Mall, Room 110
Sacramento, California 95814

RE: Distribution Agreements for: California State University Systemwide Revenue Bond, Series 2016A&B

Dear Mr. Fowler:

Backstrom McCarley Berry & Co., LLC ("BMcB"), one of the Co-Managers on the California State University Systemwide Revenue Bond, Series 2016A&B, has entered into a Broker/Dealer Agreement with D.A. Davidson & Company (formally Crowell, Weedon & Co), and a non-exclusive Distribution Agreement with Neighborly Securities Inc., to augment both our institutional and retail marketing capabilities, for the distribution of certain securities offerings, including the California State University Systemwide Revenue Bond, Series 2016A&B at the original issue price. Pursuant to our distribution agreements D.A. Davidson & Company and Neighborly Securities Inc., may purchase bonds from BMcB at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

We very much appreciate the opportunity to serve the California State Treasurer's Office and the California State University System on this transaction. We would be happy to discuss these agreements with you should you should have any questions.

Backstrom McCarley Berry & Co., LLC

Don Backstrom

Managing Director & Principal

Cc: Rosa Renaud (rrenaud@calstate.edu)
Justin Cooper (jcooper@orrick.com)
Chris Hudson (chudson@treasurer.ca.gov)
Leonard Berry (lberry@bmcbco.com)

115 Sansome Street, Mezzanine A ◊ San Francisco, CA 94104 ◊ Tel: 415-392-5505 ◊ Fax: 415-392-5276

February 29, 2016

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 2016 A&B

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 2016 A&B 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

March 7, 2016

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 2016 A&B (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 UBS Financial Services Inc. ("UBSFS"). Under the distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate 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

FTN FINANCIAL
CAPITAL MARKETS

March 9, 2016

Blake Fowler, Director
State of California Treasurer's Office
915 Capitol Mall, Suite 110
Sacramento, CA 95814

RE: California State University Systemwide Revenue Bonds, Series 2016A and 2016B
FTN Financial Capital Markets Distribution Agreements

Dear Blake:

FTN Financial Capital Markets, a division of First Tennessee Bank National Association, has no distribution agreement with outside firms. We do have an unwritten distribution agreement with FTB Advisors, Inc., a wholly-owned subsidiary of the Bank. However, given FTB Advisor, Inc.'s coverage footprint is Tennessee and contiguous states, it is highly unlikely that FTB Advisors, Inc. will participate in the distribution on this transaction.

Sincerely,

Lester Graves Lennon,
SVP and Head of Western Region,
FTN Financial Capital Markets
633 W. 5th Street, Suite 2600
Los Angeles, CA 90071
Phone: 213.223.2064
Email: lester.lennon@ftnfinancial.com

Cc: Chris Hudson, State Treasurer's Office
Justin Cooper, Orrick, Herrington & Sutcliffe LLP
Rosa Renaud, California State University

J.P.Morgan

March 2, 2016

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 2016A and 2016B

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

Loop Capital

12100 Wilshire Blvd., Suite 605
Los Angeles, CA 90025
T 310.439.5547 **F** 310.442.1208
Toll Free 888.294.8898

www.loopcapital.com

March 17, 2016

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 2016A and 2016B (the "Bonds")**

Dear Mr. Fowler:

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Bonds, has entered into a distribution agreement ("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

Morgan Stanley

March 1, 2016

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: The California State University, Systemwide Revenue Bonds, Series 2016A&B (the "Bonds")

Dear Mr. Fowler:

Morgan Stanley & Co. LLC is providing the following language for inclusion in the Official Statement.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Morgan Stanley & Co. LLC

CC: Rosa Renaud, California State University

PRAGER & CO., LLC

INVESTMENT BANKERS

March 15, 2016

Mr. Blake Fowler
Director
Office of the Treasurer of the State of California
915 Capitol Mall, Room 110
Sacramento, CA 95814

Re: California State University System-wide Revenue Bonds, Series 2016A and 2016B

Dear Mr. Fowler:

Prager & Co., LLC, Co-Managing Underwriter for the California State University System-wide Revenue Bonds, Series 2016A and 2016B Bonds, has entered into a distribution agreement (the "Distribution Agreement") with HSBC Securities for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to the Distribution Agreement (if applicable for this transaction), Prager & Co., LLC may share a portion of its underwriting compensation with respect to the California State University System-wide Revenue Bonds, Series 2016A and 2016B Bonds, with HSBC Securities.

Sincerely,
PRAGER & CO., LLC

Saul Rosenbaum

Saul Rosenbaum, Managing Director
Prager & Co., LLC

Cc:
Rosa Renaud
Associate Director
The California State University

Siebert Brandford Shank & Co., L.L.C.

March 2, 2016

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 2016A&B (the "Bonds")

Dear Mr. Fowler:

Siebert Brandford Shank & Co., L.L.C. ("SBS") has entered into an agreement with Muriel Siebert & Co. for the retail distribution of certain securities offerings at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Muriel Siebert & Co. will purchase Bonds at the original issue price less the selling concession with respect to any Bonds that Muriel Siebert & Co. sells. SBS will share a portion of its underwriting compensation with Muriel Siebert & Co.

Sincerely,

Siebert Brandford Shank & Co., L.L.C.

CC: Rosa Renaud, California State University

Government & Institutional Banking
Public Finance
333 Market Street, 15th Floor
San Francisco, CA 94105
Tel: (415) 371-2647

WELLS FARGO SECURITIES

March 15, 2016

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 2016A and Series 2016B (the "Bonds")

Dear Mr. Fowler:

Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters 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 affiliate 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, acting through its Municipal Products Group.

Certain subsidiaries of Wells Fargo & Company (parent company of Wells Fargo Bank, National Association, one of the underwriters 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

March 11, 2016

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 2016A

Dear Mr. Fowler:

The Williams Capital Group, L.P., a Co-Managing Underwriter on the California State University Systemwide Revenue Bonds, Series 2016A 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

March 23, 2016

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 2016 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,

Jon Welch, CFA
Vice President
U.S. Bancorp Investments, Inc.

Cc: Rosa Renaud, *California State University*

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TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY • SYSTEMWIDE REVENUE BONDS, SERIES 2016A, SERIES 2016B-1, SERIES 2016B-2 AND SERIES 2016B-3

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