SUPPLEMENT TO OFFICIAL STATEMENT

Relating to

$747,740,000
TRUSTEES OF THE
CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2014A

The Official Statement dated July 31, 2014, for the above-referenced bonds (the "Official Statement") is supplemented and amended by this Supplement to Official Statement (the "Supplement").

On page A-17 of Appendix A – "CALIFORNIA STATE UNIVERSITY" under the subheading "FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES – Table 9 – California State University Debt Service Payable from Gross Revenues (Upon the Issuance of the Series 2014A Bonds)," the column entitled "Refunded Bond Debt Service" erroneously reflected the debt service of the applicable refunding portion of the Series 2014A Bonds rather than the bond debt service of the Systemwide Revenue Bonds to be refunded. As a result, the total debt service in Table 9 in the Official Statement was overstated. This Supplement serves to amend and restate Table 9 in its entirety to correct this error, as follows:

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TABLE 9
CALIFORNIA STATE UNIVERSITY
DEBT SERVICE PAYABLE FROM GROSS REVENUES
(Upon the Issuance of the Series 2014A Bonds)

	Previous Systemwide Revenue Bonds [1]				
Fiscal Year Ending June 30	Including Refunded Bond Debt Service	Refunded Bond Debt Service	Excluding Refunded Bond Debt Service	Series 2014A Bonds	Total Systemwide Revenue Bonds[1]
2014	$261,249,139	-	$261,249,139	-	$261,249,139
2015	268,119,098	$23,274,285	244,844,813	$27,156,020	272,000,832
2016	266,815,992	26,162,073	240,653,919	41,230,625	281,884,544
2017	268,479,240	26,163,860	242,315,380	41,997,575	284,312,955
2018	268,343,821	25,989,999	242,353,822	43,888,275	286,242,097
2019	268,474,064	25,985,063	242,489,001	43,872,600	286,361,601
2020	266,533,956	24,893,675	241,640,281	42,858,100	284,498,381
2021	264,463,740	24,884,232	239,579,509	42,849,100	282,428,609
2022	263,819,500	24,890,250	238,929,250	42,849,850	281,779,100
2023	259,427,407	24,885,714	234,541,693	42,860,875	277,402,568
2024	256,165,737	24,876,134	231,289,603	42,841,400	274,131,003
2025	254,577,903	24,883,058	229,694,846	42,853,275	272,548,121
2026	248,987,253	24,878,219	224,109,034	42,857,000	266,966,034
2027	246,318,823	38,131,300	208,187,523	55,721,050	263,908,573
2028	244,578,184	58,152,413	186,425,772	74,060,625	260,486,397
2029	243,965,606	58,177,663	185,787,943	74,053,250	259,841,193
2030	242,524,677	58,181,913	184,342,764	74,064,750	258,407,514
2031	239,831,616	58,175,788	181,655,829	74,053,613	255,709,441
2032	232,223,064	55,424,538	176,798,526	71,448,350	248,246,876
2033	204,517,996	48,859,288	155,658,709	65,484,225	221,142,934
2034	193,909,312	47,091,288	146,818,024	63,682,600	210,500,624
2035	188,252,614	47,087,788	141,164,827	63,659,850	204,824,677
2036	174,605,097	44,536,038	130,069,059	61,327,050	191,396,109
2037	131,635,724	20,773,457	110,862,267	39,554,600	150,416,867
2038	128,982,313	20,769,564	108,212,749	39,552,150	147,764,899
2039	110,777,240	14,626,750	96,150,490	33,839,925	129,990,415
2040	78,870,849	-	78,870,849	19,975,375	98,846,224
2041	66,741,406	-	66,741,406	19,979,375	86,720,781
2042	38,643,886	-	38,643,886	19,978,000	58,621,886
2043	24,446,644	-	24,446,644	19,979,250	44,425,894
2044	4,492,275	-	4,492,275	19,980,875	24,473,150
2045	4,493,888	-	4,493,888	16,148,875	20,642,763
TOTALS[2]	$6,215,268,065	$871,754,343	$5,343,513,722	$1,404,658,482	$6,748,172,204

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

Capitalized terms used in this Supplement but not defined herein shall have the respective terms assigned such terms in the Official Statement. This Supplement and the Official Statement speak only as of their respective dates. The information and expressions of opinion therein are subject to change without notice and neither delivery of the Official Statement, including this Supplement, nor any sale made in conjunction therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or other matters described therein since the respective dates thereof. Potential investors must read the entire Official Statement, including this Supplement, to obtain information essential to making an informed investment decision.

The date of this Supplement is August 26, 2014

NEW ISSUE - 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 2014A 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. In the further opinion of Bond Counsel, interest on the Series 2014A 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 2014A 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 2014A Bonds. See "TAX MATTERS" herein.

$747,740,000
TRUSTEES OF THE
CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2014A

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

The Trustees of the California State University Systemwide Revenue Bonds, Series 2014A (the "Series 2014A 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 an Eighteenth Supplemental Indenture, dated as of August 1, 2014 (collectively, the "Indenture"), between the Board and the Treasurer of the State of California, as trustee (the "State Treasurer"). The Series 2014A Bonds are being issued to finance and refinance the acquisition, construction, renovation and improvement of certain facilities of the California State University and to refinance certain prior bonds to achieve debt service savings. See Appendix H—"PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2014A BONDS."

The Series 2014A Bonds are being issued on a parity with other bonds of the Board that have been issued previously or may be issued in the future pursuant to the Indenture. The pledge of and lien on the Gross Revenues under the Indenture secures bonds issued under the Indenture on a parity basis and is senior to other indebtedness of the Board. See "SECURITY FOR THE SERIES 2014A BONDS— Parity Lien Indebtedness; No Senior Lien Indebtedness."

The Series 2014A 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 2014A 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 2014A Bonds purchased. See "THE SERIES 2014A BONDS—Book Entry Only System."

Interest on the Series 2014A Bonds is payable on November 1, 2014, and semiannually thereafter on May 1 and November 1 of each year. Principal of and interest on the Series 2014A 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 2014A Bonds, as described herein. See Appendix G—"BOOK-ENTRY ONLY SYSTEM."

The Series 2014A Bonds are subject to optional and mandatory sinking fund redemption as described herein. See "THE SERIES 2014A BONDS—Redemption."

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS
SEE INSIDE COVER

THE SERIES 2014A 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 2014A BONDS NOR ANY PART THEREOF, NOR ANY INTEREST THEREON, CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA. THE SERIES 2014A 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 2014A 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 2014A Bonds are offered when, as and if issued, subject to the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by its General Counsel and for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Underwriters' Counsel, and Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Board. It is anticipated that the Series 2014A Bonds will be available for delivery to DTC in New York, New York, on or about August 20, 2014.

Barclays **Stifel**

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

Academy Securities, Inc.	**Alamo Capital**
Backstrom McCarley Berry & Co., LLC	**BofA Merrill Lynch**
Blaylock Beal Van, LLC	**Citigroup**
Fidelity Capital Markets	**J.P. Morgan**
Loop Capital Markets	**Morgan Stanley**
Prager & Co., LLC	**Ramirez & Co., Inc.**
Raymond James	**RBC Capital Markets**
US Bancorp	**Wells Fargo Securities**

Dated: July 31, 2014

MATURITY SCHEDULE

SERIES 2014A BONDS

$543,505,000 Series 2014A Serial Bonds

Maturity (November 1)	Principal Amount($)	Interest Rate	Yield	CUSIP (13077C)[*]	Maturity (November 1)	Principal Amount($)	Interest Rate	Yield	CUSIP (13077C)[*]
2014	1,820,000	0.50%	0.05%	J70	2025	2,635,000	3.00%	2.63% [C]	M68
2015	4,970,000	3.00	0.12	J88	2026	23,115,000	5.00	2.72 [C]	L36
2016	5,900,000	3.00	0.33	J96	2026	970,000	3.00	2.88 [C]	M76
2017	8,040,000	4.00	0.63	K29	2027	44,120,000	5.00	2.86 [C]	L44
2018	8,395,000	5.00	0.93	K37	2028	46,375,000	5.00	2.98 [C]	L51
2019	7,785,000	5.00	1.25	K45	2029	48,765,000	5.00	3.08 [C]	L69
2020	8,175,000	5.00	1.55	K52	2030	46,100,000	5.00	3.16 [C]	N26
2021	8,595,000	5.00	1.80	K60	2030	5,115,000	3.50	3.50	L77
2022	5,395,000	5.00	2.05	M92	2031	51,130,000	5.00	3.23 [C]	L85
2022	3,615,000	3.00	2.05	K78	2032	47,635,000	5.00	3.30 [C]	L93
2023	9,415,000	5.00	2.20	K86	2033	48,230,000	5.00	3.35 [C]	M27
2024	9,910,000	5.00	2.32	K94	2034	50,680,000	5.00	3.40 [C]	M35
2025	7,760,000	5.00	2.53 [C]	L28	2035	38,860,000	5.00	3.45 [C]	N34

SERIES 2014A TERM BONDS

$44,190,000 4.00% Term Bond due November 1, 2038 Yield 3.90%[C], CUSIP[*] 13077CM84

$74,700,000 5.00% Term Bond due November 1, 2039 Yield 3.56%[C], CUSIP[*] 13077CM43

$85,345,000 5.00% Term Bond due November 1, 2044 Yield 3.60%[C], CUSIP[*] 13077CM50

[C] Yield computed to first optional redemption date of November 1, 2024 at par.

[*] Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. Neither the Board nor the Underwriters take any 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 2014A 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 2014A Bonds.

CALIFORNIA STATE UNIVERSITY

Trustees

Officers and Executives

Special Services

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 2014A 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 2014A 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 2014A 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 2014A 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 2014A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2014A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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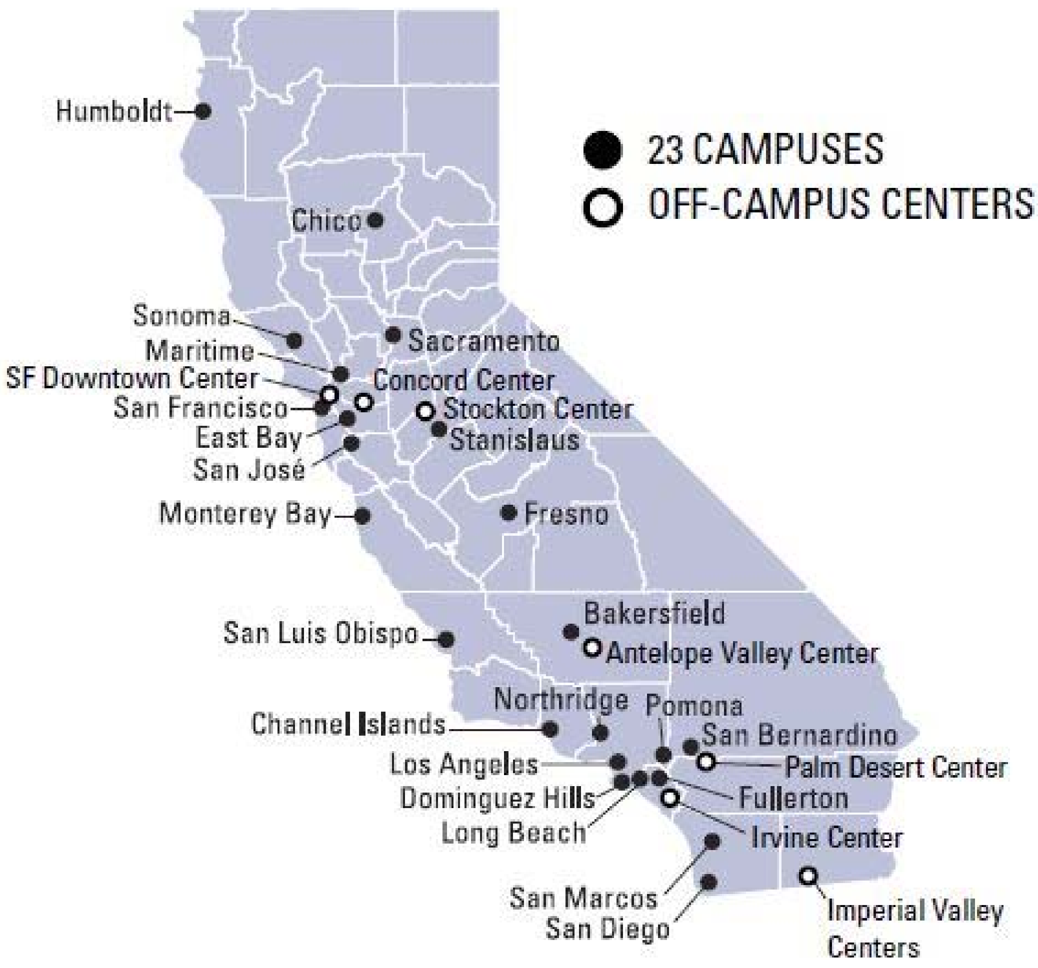
CSU The California State University

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



OFFICIAL STATEMENT

$747,740,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2014A

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Series 2014A 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 2014A (the "Series 2014A Bonds"). The Series 2014A 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") system 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 2013-14 academic year, CSU provided instruction to approximately 391,600 undergraduate students and approximately 44,200 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 2014A Bonds represents the nineteenth series of bonds issued by the Board pursuant to a systemwide debt financing program adopted on March 13, 2002 (the "Systemwide Financing Program"). Previously, the Board had financed various capital projects by issuing directly, or through auxiliary support organizations, separate series of bonds relating to individual projects, or one or more similar projects. The Systemwide Financing Program has a multi-source revenue pledge intended to create a more efficient borrowing structure with a more diverse revenue base. The Board retains the right to finance projects outside of the Systemwide Financing Program, although the Board expects that the Systemwide Financing Program will continue to be the primary long-term financing method for CSU revenue generating capital projects.

The revenues pledged under the Systemwide Financing Program generally include student housing fees, student body center fees, parking fees, health center facility fees and continuing education fees derived from substantially all of the housing, parking, student union, student center, student health center and continuing education facilities owned or operated by the Board and other projects and revenues designated by the Board for inclusion in the Systemwide Financing Program. Those other projects and revenues include certain projects leased by the Board to certain auxiliary organizations of CSU and governmental entities related to CSU, including projects previously owned and financed by the California State University Headquarters Building Authority and the California State University, Channel Islands Site Authority. See "SECURITY FOR THE SERIES 2014A BONDS," "THE PROJECTS" and Appendix A – "CALIFORNIA STATE UNIVERSITY—Systemwide Revenue Bond Programs."

Security for the Series 2014A Bonds

The Series 2014A Bonds are limited obligations of the Board. The Series 2014A Bonds are being issued as Additional Bonds pursuant to the Indenture and will be secured on a parity with the $3,507,043,000 aggregate principal amount of revenue bonds issued and outstanding pursuant to the Indenture as of July 1, 2014 (and without taking into account any refunding of certain of such revenue bonds as described under "REFUNDING PLAN," herein). These revenue bonds together with the Series 2014A 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 2014A 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 tenor 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 2014A Bonds

Proceeds of the Series 2014A 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 2014A Bonds, together with certain other moneys, will be applied to refund certain Outstanding Systemwide Revenue Bonds and/or certain bonds issued by an auxiliary organization of CSU (the "Bonds to be Refunded") to achieve debt service savings. See "REFUNDING PLAN," Appendix A—"CALIFORNIA STATE UNIVERSITY—CSU AND RELATED ENTITY INDEBTEDNESS—Commercial Paper" and Appendix H—"PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2014A BONDS."

Redemption

The Series 2014A Bonds are subject to optional and mandatory sinking account redemption as described herein. See "THE SERIES 2014A BONDS—Redemption."

Continuing Disclosure

The Board has covenanted for the benefit of the Holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) of the Series 2014A Bonds to provide certain financial information and operating data relating to the Series 2014A 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, 2014, 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 2014A 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 2014A Bonds, security for the Series 2014A 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, 2013 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, 2013 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 Chancellor's Office, 401 Golden Shore, 5th Floor, Long Beach, California 90802-4210, Attention: Acting Deputy Assistant Vice Chancellor, Financing, Treasury and Risk Management.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. All financial and other information presented in this Official Statement has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

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

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014A 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 2014A 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 2014A 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 2014A Bonds. See "TAX MATTERS" herein.

THE SERIES 2014A BONDS

General

The Series 2014A Bonds are issued in fully registered form in denominations of $5,000 and any integral multiple thereof. The Series 2014A 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 2014A Bonds is payable on November 1, 2014 and semiannually thereafter on May 1 and November 1 of each year. The record date for the payment of such interest on the Series 2014A 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 2014A Bonds are payable directly to DTC 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 2014A Bonds.

Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2014A Bonds. The ownership of one fully registered Series 2014A Bond for each maturity set forth on the inside cover page hereof, in the aggregate principal amount of the Series 2014A 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 2014A Bonds—Optional Redemption. The Series 2014A Bonds maturing on or before November 1, 2024 are not subject to redemption prior to their respective stated maturities. The Series 2014A Bonds maturing on or after November 1, 2025 are subject to redemption prior to their respective stated maturities, at the option of the Board from lawfully available funds deposited in the Optional Redemption Account, as a whole or in part on any date, on or after November 1, 2024 (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 2014A Bonds – Sinking Account Redemption. The Series 2014A Bonds maturing on November 1, 2038 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, 2035 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2014A Bonds Maturing November 1, 2038

Redemption Date (November 1)	Principal Amount
2035	$11,965,000
2036	10,595,000
2037	11,140,000
2038*	10,490,000

*Maturity

The Series 2014A Bonds maturing on November 1, 2039 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, 2036 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2014A Bonds Maturing November 1, 2039

Redemption Date (November 1)	Principal Amount
2036	$20,390,000
2037	21,320,000
2038	17,665,000
2039*	15,325,000

*Maturity

The Series 2014A Bonds maturing on November 1, 2044 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, 2040 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2014A Bonds Maturing November 1, 2044

Redemption Date (November 1)	Principal Amount
2040	$16,115,000
2041	16,940,000
2042	17,810,000
2043	18,725,000
2044*	15,755,000

*Maturity

Notice of Redemption. If DTC or its nominee is the registered owner of any Series 2014A Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such Series 2014A 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 2014A Bond to be redeemed shall not affect the validity of the redemption of such Series 2014A 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 2014A 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 2014A Bonds of such maturity, to be redeemed and, in the case of Series 2014A 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 2014A Bonds the principal thereof or of said specified portion of the principal thereof, in the case of a Series 2014A 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 2014A Bonds be then surrendered.

With respect to any notice of optional redemption of Series 2014A 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 2014A 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 2014A 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 2014A Bond to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for redemption of any other Series 2014A Bond.

Selection of Series 2014A Bonds for Redemption. Under the Indenture, the Series 2014A 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 2014A Bonds as shall be selected by the Board. Whenever provision is made in the Indenture for the redemption of the Series 2014A Bonds or a portion thereof by lot, and less than all of the Series 2014A Bonds or portion thereof are called for redemption, and if the Series 2014A Bonds are in book-entry form at the time of such redemption, the State Treasurer shall provide written notice to DTC in accordance with the Indenture and the DTC Letter of Representations of the Board. If the Series 2014A Bonds of any maturity are to be redeemed prior to maturity and if the Series 2014A Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the State Treasurer shall select the Series 2014A Bonds to be redeemed, from the Outstanding Series 2014A Bonds or portion thereof not previously called for redemption, by lot in any manner which the State Treasurer in his sole discretion shall deem appropriate and fair.

As described in Appendix G—"BOOK-ENTRY ONLY SYSTEM," DTC shall select Series 2014A 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 2014A Bonds for redemption.

Effect of Redemption of Series 2014A 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 2014A 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 2014A 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 2014A Bonds (or portions thereof) so called for redemption shall cease to accrue, said Series 2014A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of said Series 2014A Bonds shall have no rights in respect thereof except to receive payment of said principal amount and accrued interest.

SECURITY FOR THE SERIES 2014A BONDS

Limited Obligations

As described in this section, the Series 2014A Bonds are limited obligations of the Board, payable from Gross Revenues and other amounts pledged under the Indenture. The Series 2014A 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 2014A Bonds will be secured solely by the Gross Revenues and other amounts pledged under the Indenture. See Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Pledge and Assignment; Gross Revenue Fund; Revenue Fund."

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

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

Gross Revenues consist primarily of mandatory and user fees collected from students attending CSU campuses. Gross Revenues do not include the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU. For a description of the fees and certain other amounts constituting Gross Revenues, their method of collection and recent historical collections, see Appendix A—"CALIFORNIA STATE UNIVERSITY—Systemwide Revenue Bond Programs" and "—Financial Information Related to Systemwide Revenues."

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

Prior to the occurrence of an Event of Default under the Indenture, amounts in the Gross Revenue Fund may be used and withdrawn by the Board at any time for any lawful purpose. In the case of an Event of Default, amounts in the Gross Revenue Fund will be used to pay certain expenses, including Maintenance and Operating Expenses with respect to Projects, before payment of debt service on the Systemwide Revenue Bonds, all as further described in Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Pledge and

Assignment; Gross Revenue Fund; Revenue Fund" and "—Application of Gross Revenues and Other Funds After Default."

Rate Covenant

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

The annual debt service on the Systemwide Revenue Bonds is set forth in Table 9 in Appendix A. The Gross Revenues for the five fiscal years ended June 30, 2013 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, 2013", 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 2014A Bonds
Principal Amount of Bonds	$747,740,000.00
Net Original Issue Premium	105,499,567.65
Moneys Related to Bonds to be Refunded and Funds on Hand	987,485.68
Total Sources of Funds	$854,227,053.33

USES

Series 2014A Project Account[(1)]	$331,650,676.86
Series 2014A Capitalized Interest Account	18,540,983.23
Escrow Funds[(2)]	500,245,795.63
Series 2014A Costs of Issuance[(3)]	3,789,597.61
Total Uses of Funds	$854,227,053.33

(1) Moneys in the Series 2014A Project Account will be used to pay costs of financing and refinancing the Series 2014A Projects listed in Appendix H.

(2) Certain moneys related to certain Bonds to be Refunded, together with proceeds of the Series 2014A Bonds deposited into the Escrow Funds, will be used to defease or repay the Bonds to be Refunded listed in Appendix H.

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

REFUNDING PLAN

The Board has authorized Systemwide Revenue Bonds to refund $469,365,000 aggregate principal amount of certain Systemwide Revenue Bonds and $3,815,000 aggregate principal amount of certain outstanding bonds issued by The CSU, Chico Research Foundation, an auxiliary organization serving CSU (the "Auxiliary"), as identified in Appendix H (collectively, the "Bonds to be Refunded"). The refundings are being undertaken to achieve debt service savings. To refund the Bonds to be Refunded, a portion of the proceeds of the Series 2014A Bonds together with certain moneys held in connection with certain of the Bonds to be Refunded will be deposited in trust with each of the trustees for the Bonds to be Refunded, as escrow agent (each, an "Escrow Agent"), in the Escrow Funds created pursuant to Escrow Agreements, dated as of August 1, 2014, between the applicable Escrow Agent and the Auxiliary or the Board, as applicable. The money so deposited will either be held as cash, uninvested, in an amount sufficient, or be used to purchase Defeasance Securities (as defined in the Indenture) (see Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—CERTAIN DEFINED TERMS") the principal of and interest on which (together with any initial cash deposit) will be sufficient, to pay the principal of and interest on the Bonds to be Refunded to and including their respective redemption dates as shown in Appendix H. Upon such deposit and provision for any required redemption notice, the Bonds to be Refunded will no longer be deemed to be outstanding and will have been defeased in accordance with their respective terms. The holders of Bonds to be Refunded will thereafter be entitled to payment only from proceeds of the Defeasance Securities, funds (if any) on deposit in the respective Escrow Fund established for such Bonds to be Refunded, or both. The cash flow adequacy of the Escrow Funds will be verified by the certified public accounting firm of Causey Demgen & Moore P.C. See Appendix H—"PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2014A BONDS."

THE PROJECTS

General Description

The Projects that contribute toward Gross Revenues include (i) all housing, student union, parking, student centers, student health and continuing education facilities owned or operated by the Board, and (ii) other facilities designated by the Board, except, in all cases, facilities designated by the Board as Excluded Facilities. The current

Projects are located at all 23 campuses of CSU and there are currently no Excluded Facilities. All Projects are owned by the Board and are operated by CSU or an auxiliary organization. The Projects are generally described as follows:

Student Housing: Twenty-two of the 23 campuses comprising the CSU system operate housing facilities under the State University Revenue Bond Act of 1947. In Fall 2013, the design capacity for the housing facilities was 47,277 spaces, which was approximately 10.6% of the Fall 2013 enrollment for CSU. Operational capacity by campus is set forth in Appendix C-2—"AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2013—Schedule 1." The Gross Revenues derived from the housing facilities constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

Student Union: As of Fall 2013, 22 of the 23 campuses in the CSU system operated student union facilities and collected student body center fees. The student body center fees constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

Parking: All 23 campuses operate parking lots and structures to accommodate students, faculty, staff and visitors. Establishment of parking rates is delegated by the Board to the Chancellor, who further delegates the authority to each respective campus president. As of June 30, 2013, there were approximately 158,588 parking spaces comprising the parking projects designated under the Indenture. The parking revenues constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds.

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

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

Facilities of Certain Auxiliary Organizations and Other Entities: From time to time certain facilities serving CSU are owned, operated or financed with the participation of an auxiliary organization or a special purpose governmental unit. See Appendix A—"CALIFORNIA STATE UNIVERSITY—Governance and Administration—Campus Administration" and "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities." These facilities may include, but are not limited to, the types of facilities described in Appendix A. In certain cases, a facility financed or refinanced by the Board with Systemwide Revenue Bonds may be leased from the Board, as lessor, to an auxiliary organization or governmental unit, as lessee. Under the terms of the lease, the lessee will agree to operate the facility and to make certain rental payments to the Board which will constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds. In other cases, the Board may loan proceeds of Systemwide Revenue Bonds to an auxiliary organization to pay for the costs of acquiring or constructing such facilities and such auxiliary organizations will agree to make loan payments to the Board which will constitute Gross Revenues under the Indenture. At the time the lease or loan is entered into, certain lessees or borrowers may have outstanding debt and the obligation to make payments to the Board under the lease or loan may be on a parity with, or junior and subordinate to, such debt of the lessee or borrower. In addition, certain auxiliary organizations, their debt and revenues may be designated by the Board pursuant to the Indenture as Designated Auxiliary Organizations, Designated Auxiliary Revenues and Designated Auxiliary Debt, respectively, and treated accordingly for purposes of the rate covenant and the additional borrowing test under the Indenture. See "SECURITY FOR THE SERIES 2014A BONDS—Rate Covenant" and "—Parity Lien Indebtedness; No Senior Lien Indebtedness" and Appendix A—"SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities." There are currently 16 auxiliary organizations that are Designated Auxiliary Organizations with

Designated Auxiliary Revenues and Designated Auxiliary Debt, the same 16 auxiliary organizations that make loan or lease payments that have been designated as Gross Revenues by the Board and it is expected that upon the issuance of the Series 2014A Bonds a seventeenth auxiliary organization will be added.

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

Excluded Facilities

Under the Indenture, the Board may, at any time, without the consent of owners of the Series 2014A 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 2014A 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—"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 2014A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and exempt from State of California personal income taxes. Bond Counsel is also of the opinion that interest on the Series 2014A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2014A Bonds substantially in the form set forth in Appendix F hereto.

To the extent the issue price of any maturity of the Series 2014A Bonds is less than the amount to be paid at maturity of such Series 2014A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2014A 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 2014A Bonds is the first price at which a substantial amount of such maturity of the Series 2014A 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 2014A Bonds accrues daily over the term to maturity of such Series 2014A 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 2014A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014A Bonds. Owners of the Series 2014A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014A Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2014A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014A Bonds is sold to the public.

Series 2014A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2014A 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 2014A 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 2014A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014A 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 2014A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014A 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 2014A 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 2014A 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 2014A 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 of the Series 2014A Bonds from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the 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 2014A Bonds. Prospective purchasers of the Series 2014A 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 2014A 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 2014A Bonds ends with the issuance of the Series 2014A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the beneficial owners of the Series 2014A Bonds regarding the tax-exempt status of the Series 2014A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Board and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2014A 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 2014A 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 2014A Bonds and with regard to the tax status of interest on the Series 2014A 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 2014A 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 2014A 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 2014A 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 2014A Bonds, and the Series 2014A 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 2014A Bonds or in any way contesting or affecting the validity of the Series 2014A 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 2014A 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 2014A Bonds when due.

RATINGS

The Series 2014A 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 2014A Bonds.

UNDERWRITING

The Series 2014A Bonds are being purchased by an underwriting group represented by Barclays Capital Inc. and Stifel Nicolaus & Company, Incorporated (collectively called the "Underwriters") from the State Treasurer, who is authorized pursuant to the Act to sell the Series 2014A Bonds on behalf of the Board. The Underwriters have agreed to purchase the Series 2014A Bonds at a price of $850,450,380.79. The price represents the principal amount of the Series 2014A Bonds, plus original issue premium of $105,499,567.65, less an Underwriters' discount of $2,789,186.86. The purchase contract pursuant to which the Series 2014A Bonds are being sold provides that the Underwriters will purchase all of the Series 2014A Bonds if any such Series 2014A Bonds are purchased with the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

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

FINANCIAL ADVISOR

The Board has entered into an agreement with KNN Public Finance (the "Financial Advisor"), a division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Series 2014A Bonds, timing of sale, bond market conditions, costs of issuance and other factors related to the sale of the Series 2014A 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 2014A 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 2014A Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Defeasance Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Bonds to be Refunded, and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Series 2014A 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 2012-13 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, 2013 for the CSU Systemwide Revenue Bond Program Fund included in Appendix C-2 of this Official Statement have also been audited by the Auditor, as stated in its report included in Appendix C-2 herein. The Auditor has not consented to the inclusion of its reports herein and has not undertaken to update its reports. No opinion is expressed by the Auditor with respect to any event subsequent to its report dated October 15, 2013 of CSU. See Appendix C-1. No opinion is expressed by the Auditor with respect to any event subsequent to its report dated October 30, 2013 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, 2013.

Financial statements with detailed campus information can be found at: http://www.calstate.edu/SFSR/GAAP/Audited_Financial_Statements/13AuditedFSwithsupplemental.pdf.

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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 2014A 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

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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 almost 447,000 students and employing more than 57,000 faculty and staff. CSU spans the entire State of California (the "State") and includes the State's oldest public higher education institution. Its annual budget for fiscal year 2014-15 is approximately $8.3 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 50 doctoral degrees are offered jointly with the University of California and with private institutions in California, including offering a Doctor of Education (Ed.D.) degree, and Doctor of Nursing and Doctor of Physical Therapy programs. CSU has two polytechnic campuses, California Polytechnic State University, San Luis Obispo and California State Polytechnic University, Pomona that emphasize the applied fields of agriculture, engineering, business, home economics and other occupational and professional programs.

The mission statement of CSU lists the following general objectives:

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

Accreditation

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

GOVERNANCE AND ADMINISTRATION

The Board of Trustees

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

Under present law there are 24 voting Trustees and one non-voting Trustee. Nineteen of the Trustees are appointed by the Governor for staggered terms of office. The Alumni Trustee is appointed by CSU Statewide Alumni Council. Appointments are for eight years, except for the Student Trustees, an Alumni Trustee and 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:

Central Administration

The Board appoints the Chancellor, who is the Chief Executive Officer of CSU, and the President of each campus, who is the Chief Executive Officer of the respective campus. The Board, the Chancellor, and the Presidents develop systemwide policy, with actual implementation at the campus level taking place through broadly-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 (i.e. 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. Mr. Relyea most recently served as Vice Chancellor of External and Business Affairs at the University of California, San Diego, having a 30-plus year administration and finance career in the University of California system.

Dr. Ephraim P. Smith, Executive Vice Chancellor and Chief Academic Officer, was appointed in July 2010. Prior to his appointment, Dr. Smith was Vice President and Dean at California State University, Fullerton since 1998. Dr. Smith has been in the education field more than 35 years. Dr. Smith recently announced his retirement at the end of 2014. CSU is currently conducting a search for Dr. Smith's successor.

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 Congress and other Governor-appointed positions prior to 1991.

Lorretta (Lori) Lamb, Vice Chancellor, Human Resources, has recently been selected to join CSU. Ms. Lamb brings more than 20 years of experience in higher education human resource administration and labor relations. She currently serves as the Director of Human Resource Operations for the University of Minnesota and has a Juris doctorate from the Gonzaga University School of Law. Ms. Lamb's appointment was approved by the Board of Trustees at its July 22nd meeting.

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

Campus Administration

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

The laws applicable to CSU include provisions for the establishment of auxiliary organizations, which are chartered by their respective campus to perform many of these non-State self-supporting activities under the supervision of their respective campus president. These organizations operate pursuant to special written agreements with their respective campus and perform specific functions that contribute to the educational mission of the campus. They are subject to certain specific statutes, regulations and policies established by the Board, the Chancellor, and the campus presidents and almost all are classified as non-profit for tax purposes. Due to restrictions on the use of State funds, activities conducted by the auxiliary organizations must be self-supporting. Revenue in excess of expenditures for a fiscal year is used to establish working capital and reserves and to pay for capital expenditures or special campus programs as developed through a campus program budget review process. Auxiliary organization financial activity is audited annually and incorporated in the CSU audited financial statements. For additional information, see "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities" and Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2013."

THE CSU SYSTEM AND CAMPUSES

Enrollment

The following table sets forth Fall enrollment figures for each CSU campus for the years 2009 to 2013.

TABLE 1
CALIFORNIA STATE UNIVERSITY
SIZE AND ENROLLMENT
2009 through 2013

Present Name	Date Institution Opened	Size of Campus Including Agricultural & Reserve Acres	Fall Enrollment (Headcount)				
			2009	2010	2011	2012	2013
CSU, Bakersfield	1970	376	8,003	7,906	8,002	8,520	8,371
CSU Channel Islands	2002	1,189	3,862	3,828	4,179	4,920	5,140
CSU, Chico	1889	776	16,934	15,989	15,920	16,470	16,356
CSU, Dominguez Hills	1965	356	14,477	13,854	14,364	13,933	14,670
CSU, East Bay	1959	355	14,749	12,889	13,160	13,851	14,526
CSU, Fresno	1911	1,397	21,500	20,932	21,981	22,565	23,060
CSU, Fullerton	1959	241	36,262	35,590	36,156	37,677	38,325
Humboldt State University	1914	231	7,954	7,903	8,046	8,116	8,293
CSU, Long Beach	1949	319	35,557	33,416	34,870	36,279	35,586
CSU, Los Angeles	1947	160	20,619	20,142	21,284	21,755	23,258
California Maritime Academy	1929	88	823	856	886	973	1,046
CSU, Monterey Bay	1995	1,054	4,688	4,790	5,173	5,609	5,732
CSU, Northridge	1958	338	35,198	35,272	36,911	36,164	38,310
California State Polytechnic University, Pomona	1938	1,302	22,273	20,747	21,107	22,156	22,501
CSU, Sacramento	1947	294	29,241	27,033	28,016	28,539	28,811
CSU, San Bernardino	1965	442	17,852	16,400	17,250	18,234	18,398
San Diego State University	1897	539	33,790	30,016	31,303	31,597	32,759
San Francisco State University	1899	163	30,469	29,718	29,541	30,500	29,905
San Jose State University	1862	150	31,280	29,076	30,236	30,448	31,278
California Polytechnic State University, San Luis Obispo	1901	5,965	19,325	18,360	18,762	18,679	19,703
CSU, San Marcos	1990	303	9,767	9,722	10,276	10,610	11,300
Sonoma State University	1961	4,216	8,546	8,395	8,668	9,021	9,120
CSU, Stanislaus	1960	227	8,586	8,305	9,246	8,882	8,917
Total:			431,755	411,139	425,337	435,498	445,365

(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 2013 had enrollments of 638 and 527 students, respectively.

Source: California State University

In Fall 2010, enrollment at CSU decreased by approximately 4.8% in response to reduced funding from the State. Late in Fall 2010, CSU received partial budget restoration from the State, which permitted CSU campuses to admit and enroll new students in Spring 2011. In Spring 2011, CSU enrolled over 396,000 students, approximately 11,000 more students than it served in Spring 2010. Since then, enrollment has been increasing due to improvements in State funding. In the Fall 2013, enrollment increased by 2.3% from prior year as noted above. See "GENERAL CSU FINANCIAL INFORMATION –State Budget Acts for Recent Fiscal Years" and "—State Budget Act for Fiscal Year 2014-15." 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 2009 to 2013.

TABLE 2
ENROLLMENT IN
PUBLIC UNIVERSITIES IN CALIFORNIA
Fall 2009 through 2013

	Fall 2009		Fall 2010		Fall 2011		Fall 2012		Fall 2013[1]	
	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad	Total	Full Time Undergrad
California State University	431,755	291,075	411,139	289,255	425,337	309,355	435,498	321,719	445,365	333,556
University of California	216,916	170,877	219,326	173,115	221,524	175,282	223,359	177,513	228,988	182,420

(1) For CSU, the above data exclude the non-campus programs of CalState Teach and International Studies, which for Fall 2013 had enrollments of 638 and 527 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 to 2014. FTES is a measurement of enrollment derived by dividing total student credit hours for a term by fifteen both for graduate and undergraduate students, and is used for budgeting and accounting for actual educational activity. Approximately 95 percent of FTE students are California residents and 5 percent are classified as non-residents.

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

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

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

Source: California State University

Student Tuition Fees and Other Education Costs

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

Since the 2011-12 academic year, the Tuition Fee has not increased with undergraduate part-time students (taking up to 6 units) paying a Tuition Fee of $3,174 and full-time undergraduate students (taking 6.1 units or more) paying a Tuition Fee of $5,472. The Tuition Fee revenues are not pledged as security for Systemwide Revenue Bonds issued pursuant to the Indenture. See "SECURITY FOR THE SERIES 2014A BONDS."

Table 4 sets forth the systemwide part-time/full-time CSU Tuition Fee for California resident undergraduate students for academic years 2010-11 to 2014-15.

TABLE 4
CALIFORNIA STATE UNIVERSITY
TUITION FEE PER ACADEMIC YEAR
FOR CALIFORNIA RESIDENT UNDERGRADUATES
2010-11 through 2014-15

	Tuition Fee	
Academic Year	Part-time	Full time
2010-11	$2,514	$4,335
2011-12	3,174	5,472
2012-13	3,174	5,472
2013-14	3,174	5,472
2014-15	3,174	5,472

Source: California State University

For the 2014-15 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 2014-15 depending upon the program. See "GENERAL CSU FINANCIAL INFORMATION – State Budget Act for Fiscal Year 2014-15."

Nonresident students will pay additional out-of-state tuition of $248 per quarter unit or $372 per semester unit in the 2014-15 academic year. The Tuition Fee and the out-of-state tuition are set by the Board or by the Chancellor or campus presidents under delegations from the Board.

In addition to the Tuition Fees, each campus has campus-based fees that it charges to each enrolled student for services or programs that are available to or provided for all students. These fees ranged from $491 to $3,252 per year for 2013-14. In academic year 2013-14, the Tuition Fee for California residents plus these campus-based fees averaged $6,696, ranging from a high of $8,724 at California Polytechnic State University, San Luis Obispo to a low of $5,963 at California State University, Monterey Bay.

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

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

The Tuition Fees, out-of-state tuition and some of the other campus-based fees described above are not pledged to secure the Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2014A BONDS."

Revenue Management and Investments

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

CSU's investment portfolio consists primarily of investments in the State of California Surplus Money Investment Fund and CSU's investment program. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS

OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2013" 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, 2013" at Notes (2) and (3).

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

Student Admissions

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

TABLE 5
CALIFORNIA STATE UNIVERSITY
UNDERGRADUATE AND GRADUATE ADMISSIONS

Fall Term	Applications Received[1]	Applications Accepted[1]	Percent Accepted	Accepted Enrolled	Percent of Accepted Enrolled
2009					
First Time Freshmen	390,585	214,107	55%	52,678	25%
Undergrad Transfers	149,696	78,821	53%	40,624	52%
Graduates	70,781	36,561	52%	21,734	59%
Other	3,839	3,607	94%	2,815	78%
Total	614,901	333,096	54%	117,851	35%
2010					
First Time Freshmen	419,219	196,109	47%	49,477	25%
Undergrad Transfers	202,611	85,892	42%	42,599	50%
Graduates	73,280	34,419	47%	21,215	61%
Other	5,628	2,689	48%	2,106	78%
Total	700,738	319,109	46%	115,397	36%
2011					
First Time Freshmen	436,642	219,974	50%	56,381	26%
Undergrad Transfers	198,040	95,313	48%	41,925	44%
Graduates	72,778	33,494	46%	19,679	59%
Other	3,375	3,255	96%	2,683	82%
Total	710,835	352,036	50%	120,668	34%
2012					
First Time Freshmen	482,695	249,428	52%	57,345	23%
Undergrad Transfers	203,203	111,750	55%	45,407	41%
Graduates	71,742	33,704	47%	19,244	57%
Other	3,825	3,219	84%	3,929	122%
Total	761,465	398,101	52%	125,925	32%
2013					
First Time Freshmen	523,135	277,998	53%	62,182	22%
Undergrad Transfers	242,094	130,588	54%	52,999	41%
Graduates	74,127	35,872	48%	20,917	58%
Other	4,414	3,837	87%	4,614	120%
Total	843,770	448,295	53%	140,712	31%

(1) Includes duplicated applications received and accepted.
Source: California State University

CSU AND RELATED ENTITY INDEBTEDNESS

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

In addition to the debt the Board issues directly, there are several other sources of capital that historically have been available to CSU. From time to time, voter-approved general obligation bonds are issued by the State (and repaid from taxes and other funds of the State) and used to pay capital costs of new academic and other facilities of CSU. Another significant source of capital for facilities is through the issuance of State Public Works Board Lease Revenue Bonds, debt service on which the State Legislature appropriates annually. The Board expects that the State will continue to issue such bonds from time to time, however, the State may require that debt service on such bonds issued on behalf of CSU in the future be paid from CSU appropriations. There are also 87 different auxiliary organizations that provide certain essential services to individual campuses. Approximately ten percent of these auxiliary organizations have issued their own debt generally secured by project revenue to finance projects for

CSU's campuses. CSU is not obligated to pay debt service on any such bonds. The following table lists the outstanding public indebtedness of CSU and related entities as of July 1, 2014

TABLE 6
CALIFORNIA STATE UNIVERSITY
OBLIGATIONS ISSUED AND OUTSTANDING
as of July 1, 2014

Revenue Bonds and Bond Anticipation Notes Issued by the Board		Amount Outstanding
Systemwide Revenue Bonds		
Housing System Revenue Bonds		$ 5,663,000
Systemwide Revenue Bonds, Series 2004A through 2013A		3,501,380,000
Total Systemwide Revenue Bonds (1)		$3,507,043,000
Bond Anticipation Notes (BANs) (2)		168,511,000
Total Revenue Bonds and BANs		$3,675,554,000
Other Obligations (3)		
Auxiliary Organization Bonds (4)		$44,265,000
State Public Works Board Lease Revenue (5)		1,101,890,000
Commercial Paper Equipment Financing		12,639,000
Other Capital Lease Obligations (6)		132,279,000
	Total:	$4,966,627,000

(1) Does not reflect defeasance of Systemwide Revenue Bonds with proceeds of the Series 2014A Bonds; see "REFUNDING PLAN" and Appendix H.
(2) Issued in conjunction with a commercial paper program issued by the California State University Institute, an auxiliary organization of CSU, and secured by a Subordinate Lien on Gross Revenues. See the following discussion under the subheading "Commercial Paper."
(3) These Other Obligations are not secured by a pledge of Gross Revenues. Does not reflect defeasance of outstanding auxiliary organization bonds with proceeds of the Series 2014A Bonds. See "REFUNDING PLAN" and Appendix H.
(4) For information on CSU auxiliary organizations, see "GOVERNANCE AND ADMINISTRATION—Campus Administration" and "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Programs and Other Entities." Does not reflect defeasance of certain auxiliary organization bonds with proceeds of the Series 2014A Bonds; see "REFUNDING PLAN" and Appendix H.
(5) Debt that is currently supported by appropriations from the State Legislature.
(6) As of June 30, 2013.

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 by State Street Bank and Trust Company and Wells Fargo Bank, National Association, recently implemented on June 3,

2014. The letter of credit has a stated termination date of July 18, 2017. The CP program is currently authorized up to $500 million; however, the Institute expects to operate the CP program at no more than $300 million through the term of the letter of credit. The Board and the Institute further expect to continue the CP program for the foreseeable future.

As of July 1, 2014, CP was outstanding for the following purposes:

BANs (Expected to be Refunded from Series 2014A)	$153,141,000
BANs (Expected to Remain in CP)	15,370,000
Equipment	12,639,000
Total	$181,150,000

Authorized but Unissued Debt

As of the date of the Official Statement, the Board has authorized but unissued Systemwide Revenue Bonds and Bond Anticipation Notes in the aggregate principal amount of $220,109,000 for approved projects (not including $2,915,000 in authorized refundings of certain stand-alone auxiliary organization bonds). Following the issuance of the Series 2014A Bonds, approximately $2,175,000 is expected to remain authorized but unissued for approved projects. The Board may issue a portion or all of these additional Systemwide Revenue Bonds as well as other additional bonds for other new money projects or refunding purposes. The Board expects to authorize the issuance of additional Systemwide Revenue Bonds from time to time in the future. There is no limit on the amount of Systemwide Revenue Bonds that the Board may authorize.

Capital Improvement Program

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

SYSTEMWIDE REVENUE BOND PROGRAMS

Debt Management Program

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

Under existing statutes, the Board is 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 new long-term debt issuance program of systemwide revenue bonds that together with the existing housing system bonds issued under a bond resolution adopted by the Board during 1968 constitute the "Systemwide Revenue Bonds." In April 2002, CSU sold its first series of Systemwide Revenue Bonds under the new program. The Series 2014A Bonds is the nineteenth series of Systemwide Revenue Bonds. The Systemwide Revenue Bonds replaced the previous practice of single project or program revenue bonds. As the security for the Systemwide Revenue Bonds, the Board has pledged student housing fees, student union fees, parking fees, health center facility fees, and fees from the continuing education program, as well as payments from various auxiliary organizations and special purpose governmental entities. Under the Board's March 2002 financing policy, the Board will use Systemwide Revenue Bonds to finance other projects that previously may have been financed by auxiliary organizations. The Board has limited the possible use of non-Systemwide Revenue Bond financing for campus revenue-based projects (whether on-campus or off-campus), with the effect of restricting the designation of Excluded Facilities by the Board. Pursuant to the Board's financing policy, the Chancellor has established minimum debt service coverage and other requirements for the Systemwide

Revenue Bond program. The Board has no outstanding Indebtedness secured by a Senior Lien and has covenanted in the Indenture not to issue any Indebtedness secured by a Senior Lien.

In June 2014, the State enacted legislation that granted additional capital financing authorities to CSU. These new authorities include the ability to 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. The Board is still evaluating the new authorities and has taken no action to utilize these new authorities.

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.

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

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

Rates and Charges

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

Table 7 below sets forth average room rates charged for the past five academic years. In academic year 2013-14, average room rates range from a high of $9,168 at the Fullerton campus to a low of $4,528 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
2009-10 through 2013-14

Academic Year	Average Room Rate[1]
2009-10	$5,665
2010-11	5,782
2011-12	6,029
2012-13	6,325
2013-14	6,677

(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 2013, the design capacity for the student housing facilities (including auxiliary organizations) was 47,277 spaces, which was approximately 10.6% of the Fall 2013 enrollment for CSU. The average Fall 2013 occupancy rate was 99%. Additionally, there are 959 apartment units at San Francisco State University that are leased. Details related to operational capacity and occupancy by campus for the prior fiscal year is set forth in APPENDIX C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2013" at Schedule 1.

Student Union Program

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

Rates and Charges

The student union annual fees range from $44 to $758 per student and are collected at 22 of the 23 campuses of the CSU System. All student union annual fee revenues constitute Gross Revenues for the Systemwide Revenue Bonds.

Operations and Maintenance

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

Parking Program

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

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

Parking Utilization

Because of the large number of commuters to CSU campuses each day, 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, 2013, there were approximately 158,588 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 2013-14, the $6 health center facility fee remains in place at 13 campuses, one campus does not have a health center facility fee, and the rest of the campuses have health center facility fees ranging from $9 to $111. The health center facility fee is included in Gross Revenues of the Systemwide Revenue Bond program and 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 State University Dean for Extended and Continuing Education provides leadership and guidance to the campus Extended and Continuing Education units.

Rates and Charges

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

Auxiliary Organizations Program and Other Entities

As described previously under the caption "GOVERNANCE AND ADMINISTRATION — Campus Administration," the Board has a longstanding program utilizing auxiliary organizations to support a broad range of functions for CSU. In some cases, auxiliary organizations may become involved in the financing of campus facilities, such as student and faculty/staff housing, bookstores, food services facilities, academic facilities and event centers, as well as off-campus facilities serving the needs of the campus. Some of these facilities are financed with auxiliary debt obligations that are not part of the Systemwide Revenue Bond program. In other cases, these facilities are financed or refinanced by the Board with Systemwide Revenue Bonds using either a lease or loan structure. In the lease structure, the financed facility is leased from the Board, as lessor, to an auxiliary organization or governmental unit, as lessee. Under the terms of the lease, the lessee agrees to operate the facility and to make certain rental payments to the Board, which constitute Gross Revenues under the Indenture. In the loan structure, facilities are financed or refinanced by a loan of Systemwide Revenue Bond proceeds from the Board to the auxiliary organization pursuant to a loan agreement. Under the terms of the loan agreement, in return for the loan from the Board, the auxiliary organization agrees to acquire, construct and/or maintain the facility and to repay the loan to the Board, which repayments will constitute Gross Revenues under the Indenture. At the time the lease or loan agreement is entered into, certain auxiliary organizations may have outstanding debt and the obligation to make rental payments or loan repayments to the Board may be on a parity with, or junior and subordinate to, such debt of the auxiliary organization. Upon the issuance of the Series 2014A Bonds, there will be 17 auxiliary organizations with leases or loan agreements with the Board for facilities financed or refinanced with Systemwide Revenue Bonds with aggregate annual payments for all such leases and loan agreements of approximately $36,200,000 in fiscal year 2014-15. To date, each such auxiliary organization with facilities financed or refinanced with Systemwide Revenue Bonds has made each of its periodic loan repayments or lease rental payments in accordance with its respective lease or loan agreement with the Board.

In addition, as to certain auxiliary organizations, their debt and revenues may be designated by the Board pursuant to the Indenture as Designated Auxiliary Organizations, Designated Auxiliary Revenues and Designated Auxiliary Debt, respectively, and once so designated, such revenues and debt will be included in the rate covenant and additional borrowing test under the Indenture. See "SECURITY FOR THE SERIES 2014A BONDS—Rate Covenant" and "—Parity Lien Indebtedness; No Senior Lien Indebtedness." Currently, prior to the issuance of the Series 2014A Bonds, there are 16 auxiliary organizations that are Designated Auxiliary Organizations with Designated Auxiliary Revenues and Designated Auxiliary Debt, the same 16 auxiliary organizations that make loan or lease payments that have been designated as Gross Revenues by the Board.

Additionally, from time to time, certain facilities serving CSU are owned, operated or financed with the participation of special purpose governmental entities. In the past, the lease structure described above has been used by the Board and such governmental entities to finance these facilities with Systemwide Revenue Bonds. There are currently two governmental units with leases with the Board for such facilities, namely, the California State University Headquarters Building Authority and the California State University Channel Islands Site Authority, with aggregate annual rental payments for all such leases of approximately $14 million in fiscal year 2014-15.

FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES

Table 8 below sets forth for the five fiscal years ended June 30, 2009 through June 30, 2013 (i) the Gross Revenues received and expenditures made with respect to the Projects from which Gross Revenues were produced during these fiscal years and (ii) certain auxiliary organization revenues (some of which are Gross Revenues) and expenditures for auxiliary organizations participating in the Systemwide Revenue Bond program. Gross Revenues include (i) revenues from the housing, student union, parking, health center and continuing education programs and (ii) revenues from certain auxiliary organizations, as discussed above. See "SYSTEMWIDE REVENUE BOND PROGRAMS."

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

Table 8 includes the revenues (exclusive of research grant and contract activity and restricted gifts), expenditures and stand-alone (non Systemwide Revenue Bond) auxiliary debt service for the 15 auxiliary organizations with facilities that have been financed with Systemwide Revenue Bond proceeds, starting with the fiscal year in which each such financing occurred. See "SYSTEMWIDE REVENUE BOND PROGRAMS – Auxiliary Organizations Program and Other Entities." Only the payments under the leases and loan agreements between the Board and such auxiliary organizations and certain other entities (approximately $47 million for the fiscal year ended June 30, 2013, 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 Systemwide Revenue Bond 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 Systemwide Bond Indenture. In addition, the Board has the right under certain circumstances to direct the use of such auxiliary revenues or take control of the project generating such revenues.

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

	2009	2010	2011	2012	2013
Total Gross Revenues :					
Housing System	$239,780,749	$ 274,820,796	$ 283,019,719	$ 325,027,647	$ 346,767,293
Student Unions/Recreation Ctrs.	116,262,622	125,622,153	137,475,697	156,581,587	170,607,106
Parking	87,731,985	87,977,965	92,541,021	95,106,346	98,398,760
Health Centers	7,583,375	7,254,578	8,382,845	9,248,612	9,560,632
Continuing Education	172,414,922	204,873,559	285,076,515	297,642,404	325,889,355
Auxiliary	414,443,016	471,297,363	493,214,514	477,985,622	510,372,629
Related Governmental Units[(2)]	12,011,771	12,606,218	12,848,893	13,064,268	13,374,612
Total Gross Revenues	$1,050,228,440	$1,184,452,632	$1,312,559,204	$1,374,656,486	$1,474,970,387
Debt Service:					
Auxiliary – Other	11,217,398	11,466,503	7,452,153	6,115,718	3,304,225
Systemwide Revenue Bonds[(3)]	139,817,637	169,102,086	197,596,752	219,677,662	239,705,443
Total Debt Service	$151,035,035	$ 180,568,589	$ 205,048,905	$ 225,793,380	$ 243,009,668
Operating Expenditures[(4)]:					
Housing System	$163,421,315	$176,332,367	$170,121,752	$195,175,881	$210,480,786
Student Union	54,530,405	63,579,523	66,965,695	70,605,750	75,683,866
Parking	55,495,237	51,791,220	53,760,813	59,218,847	61,520,009
Health Centers	5,573,552	3,973,419	3,698,105	4,199,893	3,623,067
Continuing Education	157,339,013	167,657,113	217,847,639	255,861,221	288,140,515
Auxiliary	373,930,210	399,384,888	405,439,492	414,334,559	439,032,832
Total Operating Expenditures	$810,289,732	$ 862,718,530	$ 917,833,496	$ 999,396,151	$1,078,481,075

(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, 2013.
(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) 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 have such amounts been deducted from Systemwide Revenue Bonds debt service in Table 8 above.
(4) Operating Expenditures include both extraordinary maintenance and repair projects, which are generally paid from existing program fund balances, and which totaled $32.0 million in the fiscal year ended June 30, 2013, and accrued costs related to other postemployment benefits in a cumulative amount of $93.2 million as of June 30, 2013, 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, 2014. 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 2014A Bonds)

	Previous Systemwide Revenue Bonds [1]				
Fiscal Year Ending June 30	Including Refunded Bond Debt Service	Refunded Bond Debt Service	Excluding Refunded Bond Debt Service	Series 2014A Bonds	Total Systemwide Revenue Bonds[1]
2014	$261,249,139	-	$261,249,139	-	$261,249,139
2015	268,119,098	$14,755,231	253,363,867	$27,156,020	280,519,886
2016	266,815,992	23,851,525	242,964,467	41,230,625	284,195,092
2017	268,479,240	23,858,275	244,620,965	41,997,575	286,618,540
2018	268,343,821	23,695,875	244,647,946	43,888,275	288,536,221
2019	268,474,064	23,688,900	244,785,164	43,872,600	288,657,764
2020	266,533,956	22,672,525	243,861,431	42,858,100	286,719,531
2021	264,463,740	22,666,150	241,797,590	42,849,100	284,646,690
2022	263,819,500	22,669,650	241,149,850	42,849,850	283,999,700
2023	259,427,407	22,667,650	236,759,757	42,860,875	279,620,632
2024	256,165,737	22,660,150	233,505,587	42,841,400	276,346,987
2025	254,577,903	22,666,650	231,911,253	42,853,275	274,764,528
2026	248,987,253	22,663,750	226,323,503	42,857,000	269,180,503
2027	246,318,823	35,525,800	210,793,023	55,721,050	266,514,073
2028	244,578,184	53,863,875	190,714,309	74,060,625	264,774,934
2029	243,965,606	53,871,125	190,094,481	74,053,250	264,147,731
2030	242,524,677	53,879,500	188,645,177	74,064,750	262,709,927
2031	239,831,616	53,873,863	185,957,754	74,053,613	260,011,366
2032	232,223,064	51,259,100	180,963,964	71,448,350	252,412,314
2033	204,517,996	45,301,725	159,216,271	65,484,225	224,700,496
2034	193,909,312	43,694,225	150,215,087	63,682,600	213,897,687
2035	188,252,614	43,683,975	144,568,639	63,659,850	208,228,489
2036	174,605,097	41,353,175	133,251,922	61,327,050	194,578,972
2037	131,635,724	19,579,100	112,056,624	39,554,600	151,611,224
2038	128,982,313	19,573,150	109,409,163	39,552,150	148,961,313
2039	110,777,240	13,867,050	96,910,190	33,839,925	130,750,115
2040	78,870,849	-	78,870,849	19,975,375	98,846,224
2041	66,741,406	-	66,741,406	19,979,375	86,720,781
2042	38,643,886	-	38,643,886	19,978,000	58,621,886
2043	24,446,644	-	24,446,644	19,979,250	44,425,894
2044	4,492,275	-	4,492,275	19,980,875	24,473,150
2045	4,493,888	-	4,493,888	16,148,875	20,642,763
TOTALS[2]	$6,215,268,065	$797,841,993	$5,417,426,071	$1,404,658,482	$6,822,084,553

(1) Includes interest funded from bond proceeds and thus differs from the information reflected in Table 8. Does not include any deduction for the federal subsidy associated with the Series 2010B Build America Bonds.
(2) Totals may not add due to 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, 2013, are attached to this Official Statement as Appendix C-2.

GENERAL CSU FINANCIAL INFORMATION

Budgeting Process

Each October 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, and cost changes for changes in programs. Capital budget funds for instructional and instructional administrative facilities are legislatively appropriated by project, except that funds for minor capital projects are appropriated as a lump sum. The Board annually approves capital project plans for self-supporting programs, including those of the Systemwide Revenue Bond program, in a rolling five-year capital outlay non-State funded plan, which is sent to the State for information.

Governor's Budget/Budget Act

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

Negotiations With the State and Legislative Budget Hearings

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

Allocations to Campuses

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

State Budget Acts for Recent Fiscal Years

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

In fiscal year 2008-09, based upon the revised State Budget Act, the net reduction in State funding to CSU was $97.6 million, reducing the level of State appropriations support for CSU to approximately $2.9 billion. Additionally, $716.5 million in State appropriations were removed prior to the end of the fiscal year with the expectation that federal stimulus funds would address the reduction. CSU received the $716.5 million in federal stimulus funds to mitigate the State funding reduction, a portion of which was received late in fiscal year 2008-09 and the balance of which was received early in fiscal year 2009-10.

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

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

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

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

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

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

State Budget Act for Fiscal Year 2014-15

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

CSU Financial Statements

The most recent audited financial statements of CSU are attached to this Official Statement. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2013." The audited financial statements of CSU are included as general background concerning the CSU System. Owners of the Series 2014A Bonds may rely solely on Gross Revenues specifically pledged for repayment of principal and interest on the Series 2014A Bonds. See Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2013." No other assets or revenues of CSU are pledged to the repayment of the Series 2014A Bonds. See "SECURITY FOR THE SERIES 2014A 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, 2009 to 2013. 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)]
2008-09 through 2012-13

Sources	2008-09	2009-10	2010-11	2011-12	2012-13
Federal grants and contracts	$ 1,095,051,000	$ 1,482,559,000	$ 1,280,311,000	$ 1,195,641,000	$ 1,211,063,000
State and local grants and contracts	357,740,000	398,623,000	444,657,000	534,265,000	548,967,000
Private gifts, grants and contracts	288,011,000	220,235,000	258,273,000	247,590,000	291,975,000
Total	$1,740,802,000	$2,101,417,000	$ 1,983,241,000	$1,977,496,000	$2,052,005,000

(1) Includes Auxiliary Organizations.
Source: California State University

CSU Endowment Assets

As of June 30, 2013, the market value of the endowment assets of CSU and its related foundations was approximately $1.182 billion, an increase from approximately $1.026 billion as of June 30, 2012. The market value of the endowment assets of CSU and its related foundations as of June 30, 2011, June 30, 2010, and June 30, 2009 were approximately $1.024 billion, $846 million, and $717 million respectively. Changes in the market value of the endowment assets of CSU and its related foundations over the last five fiscal years have been primarily a result of movements in the financial markets. Because CSU does not rely significantly upon endowment funds to meet its operating needs, changes in the market value of CSU endowment assets are not expected to have a material impact on CSU operations. Furthermore, because endowment funds are not part of the Gross Revenues, changes in the market value of CSU endowment assets are not expected to have a material adverse effect on the Board's ability to pay the principal of, premium, if any, and interest on the Series 2014A Bonds when due.

OTHER MATTERS

Insurance

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

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

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

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

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

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

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

Audits and Compliance Reviews

At all times, including the date of this Official Statement, there are audits and compliance reviews that arise in the normal course of CSU's activities. Such audits and compliance reviews may relate to any activity at CSU, and may be conducted by persons within or outside CSU, including but not limited to the CSU Office of the University Auditor, the California Bureau of State Audits and a variety of other federal and State governmental agencies. CSU is not aware of any pending audit or review concerning matters that are likely to have a material adverse effect on the Board's ability to pay the principal of, premium, if any, and interest on the Series 2014A Bonds when due.

Seismicity

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

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

Labor Relations

There are approximately 57,152 CSU employees that are both non-represented and represented employees. Exclusive bargaining unit representatives include:

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

The UAPD has an agreement with CSU covering the terms and conditions of employment for its members, the Physicians unit, that expired on June 30, 2014 and has been extended through August 29, 2014. 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 expired on June 30, 2014 and has been extended through July 31, 2014. 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 expired on June 30, 2014 and has been extended through August 6, 2014. The contract between APC, exclusive representative for employees in the Academic Support unit, and CSU, expires on June 30, 2015. The SETC, which represents employees in the Skilled Crafts unit, has an agreement with CSU that expires on June 30, 2015. The SUPA, exclusive representative for employees in the Public Safety unit, has an agreement with CSU that expired on June 30, 2014 and has been extended through July 30, 2014. The IUOE represents trades-works at the California Maritime Academy and has an agreement with CSU that expired on June 30, 2014. The contract between the UAW, the exclusive representative for academic student employees, and CSU, expires on September 30, 2016. The terms of expired contracts remain in effect pending the outcome of successor contract negotiations.

Retirement System

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

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

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

The total employer contribution from all funds (i.e., General Fund, CSU Lottery Education Fund, Continuing Education Revenue Fund, and Dormitory Revenue Fund--Housing and Parking) totaled approximately $456,320,000 for CalPERS and $167,798,000 for OASDI and Medicare for the fiscal year ended June 30, 2013. The retirement expenditures for fiscal year ended June 30, 2014 increased as a result of an increase in CalPERS employer-paid rates during 2013-14 and social security expenditures increased slightly to some CSU salary growth during 2013-14. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2013" at Note (12) for prior year information.

The size of CalPERS' unfunded liability varies from year to year and is affected by various factors, including investment returns, benefit levels, and the number of retirees compared to active employees. In February 2014, the CalPERS board adopted new assumptions, which included longer post-retirement life expectancy, earlier retirement ages, and higher-than-expected wage growth for public safety officers. The impact of the assumptions changes will be phased over three years, with a 20-year amortization beginning in 2014-15. As of June 30, 2013, the overall funded status was about 66.1 percent based on CalPERS actuarial estimates. The State is expected to contribute above the CalPERS recommended contribution rates in 2014-15 that will be applied towards the unfunded liability, pursuant to Government Code Section 20683.2.

Further, CSU will experience a slight change in level of State funded retirement due to the provisions in the State Budget Act for fiscal year 2013-14 to freeze the CSU salary base to the actual 2013-14 General Fund pensionable payroll for purposes of calculating annual CalPERS retirement adjustments beginning in 2014-15. The CSU administration does not believe that these changes will have a material impact on CSU operations, Gross Revenues, or the CSU Board of Trustees' ability to pay the principal of, premium, if any, and interest on

Systemwide Revenue Bonds when due. Additional information concerning CalPERS may be found on its website at http://www.calpers.ca.gov.

The State funds the employer-paid cost share of post-retirement health care and CSU pays the cost of dental benefits for eligible CSU retirees with retirees covering their applicable cost share. See Appendix C-1 — "AUDITED FINANCIAL STATEMENTS OF CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2013" at Note (12) and Appendix C-2 — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BOND PROGRAM FUND AS OF JUNE 30, 2013" at Note (8).

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

Statement No. 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Government Employers and Statement No. 50, Pension Disclosures. It addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts, and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses/expenditures. According to Statement No. 68, CSU, as an agency of the State contributing to CalPERS, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing multiple-employer plan with CalPERS. Application of this proportionate share concept will result in two types of potential changes in employer net pension liability unique to cost-sharing multiple-employer plans: 1) net effect of a change in the employer's proportion of the plan's collective net pension liability and deferred outflows or inflows of resources, and 2) difference between actual employer contributions and the employer's proportionate share of collective employer contributions recognized as a deferred outflow or inflow of resources in the period of difference. CSU does not yet have the information it will need to assess the full extent of the effect of the new standards on CSU's audited financial statements. Statement No. 68 will become effective for CSU beginning with the fiscal year ending June 30, 2015.

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APPENDIX B

INFORMATION REGARDING THE CAMPUSES OF THE CALIFORNIA STATE UNIVERSITY

California State University, Bakersfield

California State University, Bakersfield was found 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. CSU 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, 2013

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CALIFORNIA STATE UNIVERSITY

Financial Statements

June 30, 2013

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY

Table of Contents

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

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University, an agency of the State of California (the State), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise California State University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 90 of the 92 aggregate discretely presented component units, which statements reflect total assets constituting 94% and total revenues constituting 94% of the aggregate discretely presented totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 90 discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2013, 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

As discussed in Note 2 to the financial statements, California State University adopted Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, as of June 30, 2013. The cumulative effect of the implementation of GASB Statement No. 61 resulted in the restatement of net position as of the beginning of the year for both California State University and the discretely presented component units in the amount of $58,358,000.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013 on our consideration of California State 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 California State University's internal control over financial reporting and compliance.

KPMG LLP

October 15, 2013

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, 2013, including 23 campuses and the Chancellor's Office (together referred to as the University), and 92 discretely presented component units (primarily recognized auxiliary organizations). The discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The financial statements of the University for the year ended June 30, 2013 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

Financial Statements

This discussion and analysis is intended to serve as an introduction to the University's financial statements: the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all sources of revenue, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

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

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

- Net investment in capital assets
- Restricted
- Unrestricted

Changes from one year to the next in total net position as presented on the statement of net position are based on the activity presented on the statement of revenues, expenses, and changes in net position.

The statement of revenues, expenses, and changes in net position is the University's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB Statement No. 35 reporting model 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 method of cash flows. The statement breaks out the sources and uses of the University's cash and cash equivalents into four categories:

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

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

The statement of cash flows for the discretely presented component units is not included in the University's financial statements.

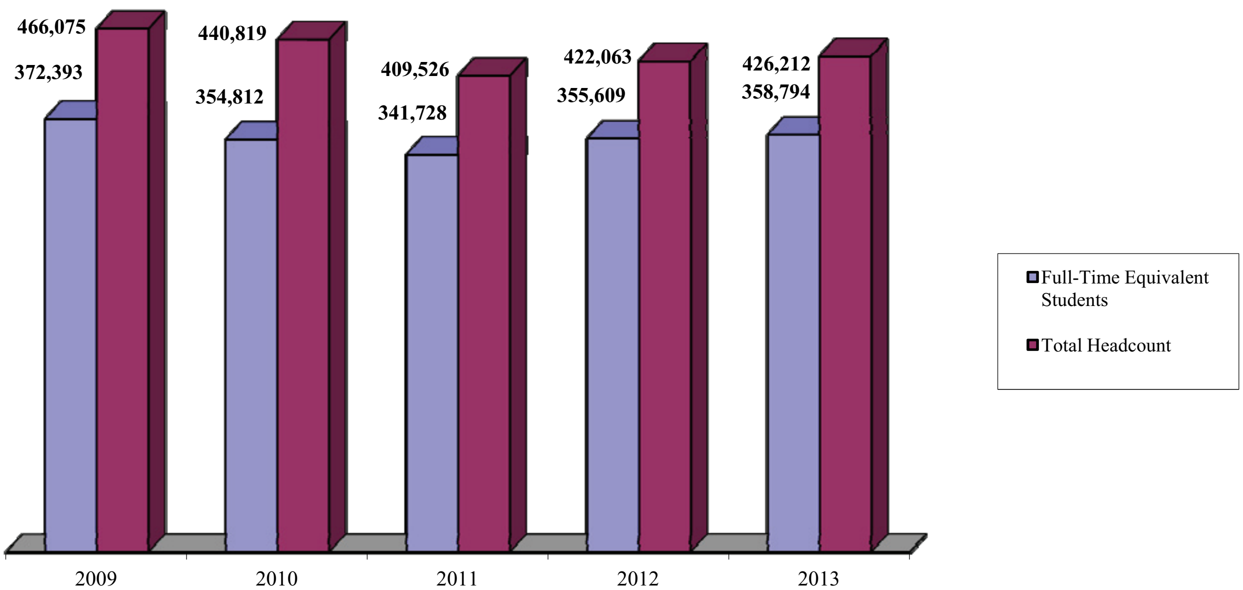
Financial Highlights

The noncapital state appropriation for the University in fiscal year 2013 was $2.07 billion, $72 million higher than in fiscal year 2012. The student tuition fee revenues increased by $16.1 million in fiscal year 2013, mainly due to student enrollment growth. In fiscal year 2013, the University refunded $126 million as a rollback of the tuition fee increase in the beginning of the fiscal year, of which $125 million is expected to be recovered through the State Budget Act for fiscal year 2014.

Headcount enrollment increased from 422,063 in fiscal year 2012 to 426,212 in fiscal year 2013, as reflected in the chart on the following page. At the same time, Full-Time Equivalent Students increased from 355,609 in fiscal year 2012 to 358,794 in fiscal year 2013.

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 2013 and 2012 and a look ahead at economic conditions that are expected to affect the University in the future:

I. Condensed Schedule of Net Position

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

In fiscal year 2013, the University implemented new GASB accounting pronouncements. As a result, the California State University Risk Management Authority (CSURMA) changed from a blended component unit into a discretely presented component unit in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The effects of the change to the University's financial statements are discussed throughout this analysis.

I. Condensed Schedule of Net Position

	University		Discretely Presented Component Units	
	2013	2012	2013	2012
	(In thousands)			
Current assets	$ 2,862,724	2,824,645	1,065,568	997,310
Capital assets, net	7,689,116	7,623,133	796,835	794,460
Other noncurrent assets	1,568,821	1,730,841	1,869,282	1,636,020
Total assets	12,120,661	12,178,619	3,731,685	3,427,790
Deferred outflows of resources	32,020	—	5,071	—
Current liabilities	1,073,707	1,109,094	352,489	384,427
Noncurrent liabilities	5,395,972	5,250,748	1,059,656	992,523
Total liabilities	6,469,679	6,359,842	1,412,145	1,376,950
Deferred inflows of resources	—	—	2,481	—
Net position:				
Net investment in capital assets	3,693,066	3,809,170	182,928	198,606
Restricted:				
Nonexpendable	20,627	21,584	847,651	806,592
Expendable	87,510	74,967	759,064	642,054
Unrestricted	1,881,799	1,913,056	532,487	403,588
Total net position	$ 5,683,002	5,818,777	2,322,130	2,050,840

Current and Other Noncurrent Assets

Current and other noncurrent assets are assets that are not capital assets and are used to meet the University's 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 $4.4 billion for the University represent a decrease of $123.9 million compared to $4.6 billion in fiscal year 2012. The decrease is due mainly to GASB Statement No. 61 implementation in the current year which changed CSURMA from a blended component unit to a discretely presented component unit. CSURMA had $155.5 million of current and noncurrent assets as part of University, of which $139 million are investments, in 2012, whereas it has $167.2 million of current and noncurrent assets as part of discretely presented component units, of which $153.1 million are investments, in 2013. In addition, the University's state appropriation receivable decreased by $84.8 million as a result of the continuing expenditures for capital projects, offset by current year state appropriations, and decline in leases receivable by $10.7 million. These decreases are offset by the new note agreements with certain component units of $48 million to finance existing or newly constructed facilities; reinvestment of $41.5 million net investment income; and $25 million net increase in prepaid expenses and other assets mainly due to an increase in capitalized interest and construction reserves on State Public Works Board (SPWB) capital lease obligations.

Current and other noncurrent assets for the discretely presented component units increased by $301.5 million mainly due to a $350 million increase in investments offset by a $57.3 million decrease in restricted cash and cash equivalents. As discussed on page 5, the implementation of GASB Statement No. 61 resulted to an increase of $153.1 million in investments. The endowment investments also increased by $134.5 million in 2013.

Capital Assets, Net

The University's capital assets, net of accumulated depreciation, as of June 30, 2013 and 2012, comprise the following:

		2013	2012
		(In thousands)	
Land and land improvements	$	256,976	256,993
Buildings and building improvements		5,823,857	5,916,053
Improvements other than buildings		166,195	144,383
Infrastructure		587,858	584,260
Equipment		202,809	208,148
Library books and materials		39,196	42,286
Works of art and historical treasures		28,697	25,423
Intangible assets		29,551	33,201
Construction work in progress		553,977	412,386
Total	$	7,689,116	7,623,133

Total capital assets, net of accumulated depreciation, increased by $66 million during 2013 as a result of additions on various capital projects including the following:

- Construction in progress on the $119 million San Luis Obispo Center for Science;
- Construction in progress on the $102 million San Diego Aztec Center Student Union;
- Construction in progress on the $89 million San Jose Student Union Expansion and Renovation;
- Construction in progress on the $72 million San Diego Storm/Nasatir Halls Renovation;
- Construction in progress on the $62 million Sonoma Student Center; and
- Construction in progress on the $57 million Pomona Recreation Center

Deferred Outflows of Resources

Deferred outflows of resources are consumption of net assets that is applicable to a future reporting period which has a positive effect on the net position. The University's deferred outflows of resources consist of unamortized loss on debt refunding (reported as net of long-term debt obligation in 2012) in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective as of June 30, 2013. The unamortized loss on debt refunding increased by $5.6 million mainly due to the partial refunding of Systemwide Revenue Bonds series 2002A, 2003A, and 2004A through the issuance of Series 2012A and 2012B in August 2012 and offset by current year amortization.

Current and Noncurrent Liabilities

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

Current and noncurrent liabilities for the University increased by $109.8 million, primarily due to a $136.1 million increase in long-term debt obligations. Other major factors included an increase of $46.4 million in other postemployment benefits (OPEB) obligations allocated from the State and a decrease of $76.3 million in claims liability for losses and loss adjustment expenses (previously referred to as self-insurance claims liability) as a result of the implementation of GASB Statement No. 61.

Long-Term Debt Obligations

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

		2013	**2012**
		(In thousands)	
Systemwide revenue bonds	$	3,604,708	3,542,648
Bond anticipation notes		27,055	38,542
Other		80,352	75,908
Total		3,712,115	3,657,098
Unamortized bond net premium		133,989	79,325
Unamortized loss on debt refunding		—	(26,443)
Total long-term debt obligations		3,846,104	3,709,980
Less current portion		(98,747)	(110,097)
Long-term debt obligations, net of current portion	$	3,747,357	3,599,883

The University's total long-term debt obligations (net of repayments) increased by $136.1 million in 2013, mainly due to the issuance of Systemwide Revenue Bonds Series 2012A and Series 2012B and the partial refunding of Series 2002A, 2003A, and 2004A.

The table does not include the University's capitalized lease obligations. Capitalized lease obligations for the University increased by $155.9 million in 2013, consisting primarily of new capital lease obligations of $167 million with the SPWB, offset by current year repayments.

In addition, the State General Obligation Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and thus is not recorded in the University's financial statements. The total General Obligation Bond debt carried by the State related to University projects at June 30, 2013 and 2012 is approximately $2.6 billion.

No fundamental changes occurred in the revenues and expenditures of the revenue bond programs during fiscal year 2013. Repayment of specific programmatic revenue bonds is legally limited to the sources of revenue from operations of the projects including specific mandatory fees pledged to the revenue bond programs. For the Systemwide Revenue Bonds, revenues pledged generally include student housing fees, parking fees, student union fees, health center facilities fees, and continuing education fees, as well as other revenues designated by the Board of Trustees for inclusion in the Systemwide Revenue Bonds program.

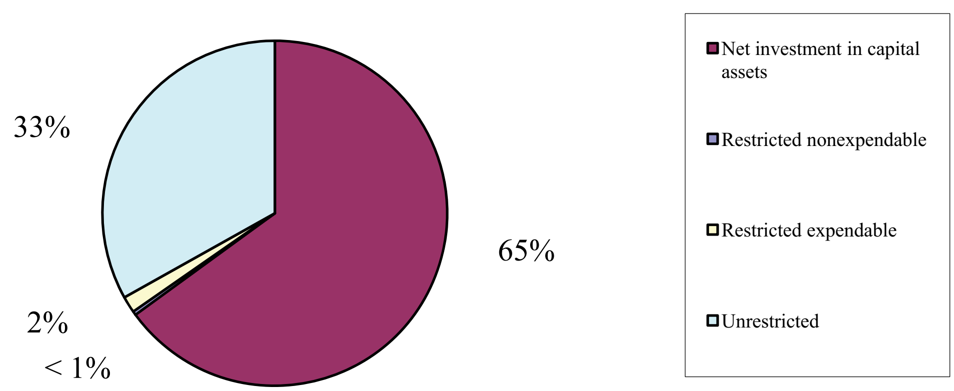
Moody's Investors Service currently provides an intrinsic rating of Aa2, with a stable outlook, for the Systemwide Revenue Bonds. Standard & Poor's Ratings Services currently provides an intrinsic rating of A+, with a positive outlook, for the Systemwide Revenue Bonds. With the exception of certain maturities of Series 2005C, Series 2007A, Series 2008A, and Series 2009A, and all maturities of Series 2010A, Series 2010B, Series 2011A, Series 2012A, and Series 2012B, all Systemwide Revenue Bonds are insured. Since the middle of fiscal year 2008, some providers of insurance for Systemwide Revenue Bonds have been downgraded to ratings below Aaa/AAA. Those bonds that are uninsured bear the intrinsic ratings of the Systemwide Revenue Bonds, which are Aa2 from the Moody's Investors Service and A+ from the Standard & Poor's Ratings Services.

(Continued)

Net Position

As noted earlier, net position may serve over time as a useful indicator of the University's financial position. As of June 30, 2013, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5.7 billion for the University with no significant changes in total net position from prior year.

University Net Position
June 30, 2013



Total Net Position: $5,683,002,000

- **Net investment in capital assets**

  The net position category "Net investment in capital assets" represents the University's capital assets, net of accumulated depreciation, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The University uses these capital assets in its day-to-day operations. This category is the largest portion of the University's net position year-over-year. The net investment in capital assets decreased by $116 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 recognized auxiliary organizations, 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 generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated for specific programs or projects related to certain revenue sources, as further explained in the following paragraphs. The unrestricted net position for the University decreased by $31.3 million to $1.9 billion as of June 30, 2013, which consists of $1.26 billion designated resources from various funds and $622 million undesignated resources mainly from the operating fund. The undesignated resources provide a prudent reserve for contingencies, such as the uncertain direction of future state appropriations, as well as the effects of an uncertain economic environment.

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

Of the $1.26 billion in designated unrestricted net position, approximately 62% was designated for supporting enterprise activities (i.e., Continuing Education, Housing, Parking, and Student Union), 13% was designated for campus-based projects or programs, and 12% was designated for special capital projects. The remaining 13% was designated for supporting activities related to education, financial aid, and other programs.

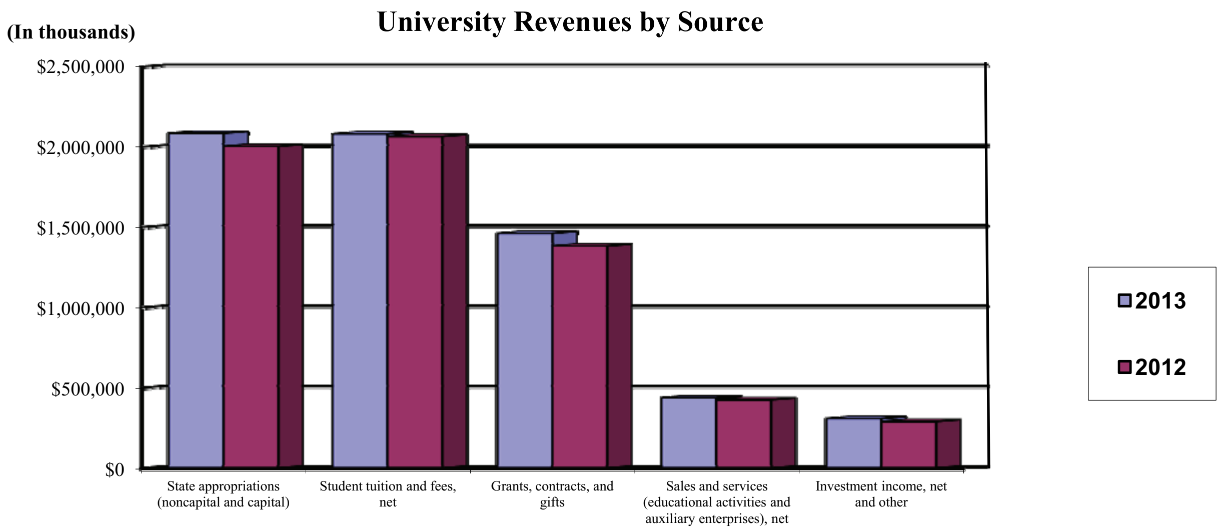
II. Condensed Schedule of Revenues, Expenses, and Changes in Net Position

	University		Discretely presented component units	
	2013	**2012**	**2013**	**2012**
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	$ 2,081,251	2,065,126	185,213	176,233
Grants and contracts, noncapital	91,361	92,915	476,416	511,981
Sales and services of educational activities	35,355	35,406	28,595	31,437
Sales and services of auxiliary enterprises, net	402,626	389,246	459,091	467,820
Other operating revenues	187,155	177,126	228,771	135,795
Total operating revenues	2,797,748	2,759,819	1,378,086	1,323,266
Operating expenses	6,208,408	6,040,493	1,490,919	1,429,991
Operating loss	(3,410,660)	(3,280,674)	(112,833)	(106,725)
Nonoperating revenues, net:				
State appropriations, noncapital	2,068,465	1,996,421	—	—
Federal financial aid grants, noncapital	810,838	795,097	1,541	1,414
State financial aid grants, noncapital	437,517	394,367	1,333	1,229
Local financial aid grants, noncapital	—	—	233	293
Nongovernmental and other financial aid grants, noncapital	30,831	20,356	172	555

	University		Discretely presented component units	
	2013	2012	2013	2012
	(In thousands)			
Other federal nonoperating grants, noncapital	$ 3,326	4,197	—	—
Gifts, noncapital	47,861	39,835	168,392	117,269
Investment income, net	41,522	59,067	59,102	8,224
Endowment income, net	129	85	85,241	(9,566)
Interest expense	(244,187)	(213,138)	(29,547)	(31,803)
Other nonoperating revenues (expenses)	79,702	53,346	(26,420)	(7,931)
Net nonoperating revenues	3,276,004	3,149,633	260,047	79,684
Income (loss) before other revenues and expenses	(134,656)	(131,041)	147,214	(27,041)
State appropriations, capital	16,983	7,021	—	—
Grants and gifts, capital	40,832	35,978	17,021	12,273
Additions (reductions) to permanent endowments	(576)	(37)	56,211	35,173
Change in net position	(77,417)	(88,079)	220,446	20,405
Net position – beginning of year, as previously reported	5,818,777	5,906,856	2,050,840	2,025,810
Restatements	(58,358)	—	50,844	4,625
Net position – beginning of year, as restated	5,760,419	5,906,856	2,101,684	2,030,435
Net position – end of year	$ 5,683,002	5,818,777	2,322,130	2,050,840

Revenues (Operating and Nonoperating)

The following chart displays the components of the University's revenues for fiscal years 2013 and 2012:



	2013	Percentage of total	2012	Percentage of total
		(In thousands)		
State appropriations (noncapital and capital)	$ 2,085,448	32.7%	2,003,442	32.5%
Student tuition and fees, net	2,081,251	32.7%	2,065,126	33.5%
Grants, contracts, and gifts	1,461,990	22.9%	1,382,708	22.4%
Sales and services (educational activities and auxiliary enterprises, net)	437,981	6.9%	424,652	6.9%
Investment income, net and other	308,508	4.8%	289,624	4.7%
Total revenues (operating and nonoperating)	$ 6,375,178	100.0%	6,165,552	100.0%

The two largest components of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 65.4% of the University's revenues in fiscal year 2013. State appropriations are received for both noncapital and capital purposes. Noncapital appropriations increased by $72.0 million, or 3.6%, from $2.0 billion to $2.07 billion in the current year. Capital appropriations increased by $10.0 million, or 141.9%, from $7.0 million to $17.0 million in the current year. The student tuition and fees net of scholarship and allowances, increased by $16.1 million, or 0.8%, mainly due to increase in overall student enrollment.

A significant portion of the University's contracts and grants revenue is managed through its component units. Of the total reporting entity's contracts and grants revenue ($1.8 billion), 26.1% is managed by these related entities. Contracts and grants revenue for the University has increased $66.9 million or 5.1% in the current year.

Total gift income for the University and the discretely presented component units (which includes operating and capital gifts, as well as additions to permanent endowments) reached $274.3 million, or 3.4% of the reporting entity's total revenues in fiscal year 2013. It increased $74.8 million or 37.5% from $199.5 million in 2012. Gifts are used to support a variety of projects, including capital improvements, scholarships, and endowments for various academic and research programs.

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

Investment income, net and other for the University, which consists of investment income, endowment income, other operating revenues, and other nonoperating revenues, increased by $18.9 million to $308.5 million in the current year. The increase was primarily due to an increase of $26.4 million in other nonoperating revenues and $10 million increase in other operating revenues, offset by a decrease of $17.5 million in investment income, net, in the current year.

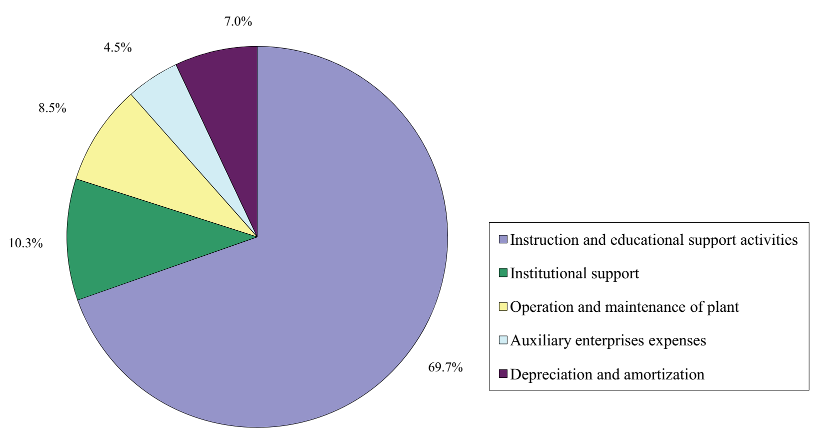
The University's investment portfolio consists primarily of investments held in the State of California Surplus Money Investment Fund (SMIF) and the California State University Consolidated Investment Pool. The University's strategy is to continue in investing in securities with low interest rates and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

Operating Expenses

When the mission-critical educational support activities of student services, academic support, grants and scholarships, public service, and research are added to direct classroom instruction, total instruction and educational support activities account for 69.7% of the total operating expenses of the University as shown below:

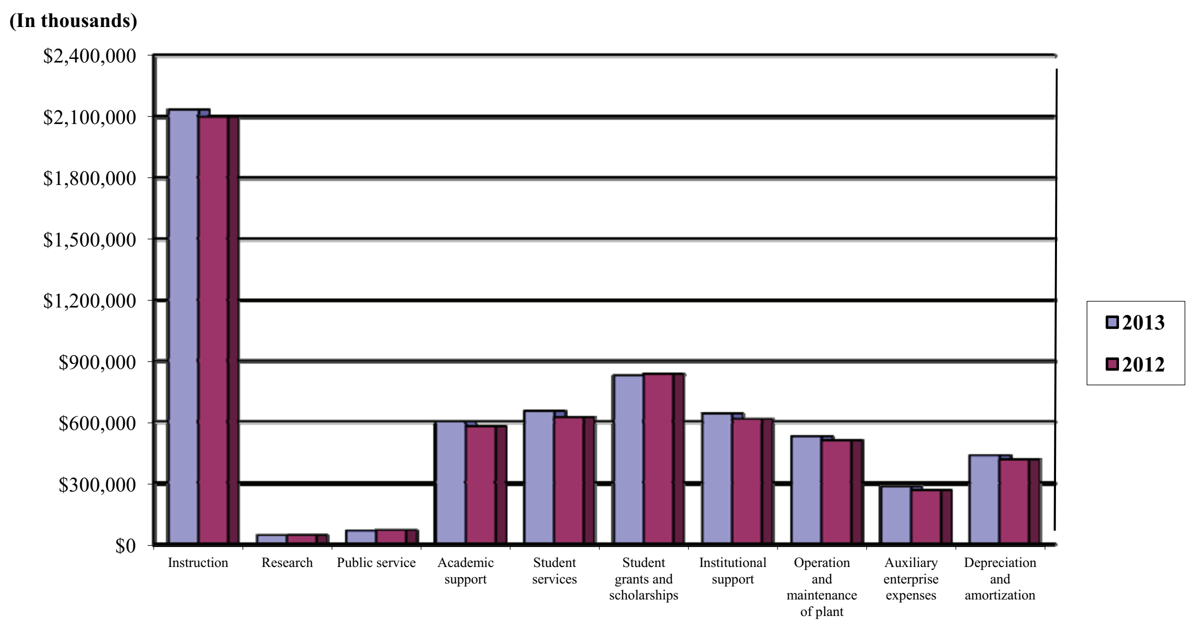
(In thousands)

Instruction	$ 2,133,286	34.4%
Research	42,503	0.7%
Public service	65,304	1.1%
Academic support	601,204	9.7%
Student services	653,141	10.5%
Student grants and scholarships	826,933	13.3%
Total instruction and educational support activities	4,322,371	69.7%
Institutional support	640,419	10.3%
Operation and maintenance of plant	528,776	8.5%
Auxiliary enterprises expenses	281,312	4.5%
Depreciation and amortization	435,530	7.0%
Total operating expenses	$ 6,208,408	100.0%



Total operating expenses for the University increased by $167.9 million in the current year. The increase was a result of primarily the increase in employees' and retirees' benefit costs, and insurance premiums resulting in an increase of $35.9 million in instruction expenses, $24.3 million in academic support, $30.5 million in student services and $27.9 million in institutional support. Other factors included increases in auxiliary enterprise expenses due to housing and parking lot improvements, depreciation and amortization, and maintenance and repair expenses. These increases were offset by overall cost reductions measures in various functional categories. The chart below displays the University's operating expenses by program for fiscal years 2013 and 2012.

University Operating Expenses by Program



Factors Impacting Future Periods

The State Budget Act for fiscal year 2014, approved by the Governor on June 27, 2013, resulted in noncapital state appropriation of $2.34 billion, which represents an increase of $267 million over the fiscal year 2013 enacted budget. This increase consists of $125 million to restore the University's revenue loss from the fiscal year 2013 tuition fee rollback, another $125 million increase in general noncapital operating budget support, and $17 million for other items.

CALIFORNIA STATE UNIVERSITY

Statement of Net Position

June 30, 2013

Assets	University	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	$ 8,332,000	200,126,000	208,458,000
Short-term investments	2,626,675,000	553,474,000	3,180,149,000
Accounts receivable, net	151,697,000	227,629,000	379,326,000
Leases receivable, current portion	10,992,000	1,986,000	12,978,000
Notes receivable, current portion	11,453,000	4,421,000	15,874,000
Pledges receivable, net	413,000	38,110,000	38,523,000
Prepaid expenses and other assets	53,162,000	39,822,000	92,984,000
Total current assets	2,862,724,000	1,065,568,000	3,928,292,000
Noncurrent assets:			
Restricted cash and cash equivalents	43,000	34,218,000	34,261,000
Accounts receivable, net	362,254,000	64,894,000	427,148,000
Leases receivable, net of current portion	371,361,000	69,974,000	441,335,000
Notes receivable, net of current portion	266,234,000	37,778,000	304,012,000
Student loans receivable, net	87,171,000	1,167,000	88,338,000
Pledges receivable, net	456,000	96,660,000	97,116,000
Endowment investments	20,657,000	1,087,662,000	1,108,319,000
Other long-term investments	397,072,000	441,052,000	838,124,000
Capital assets, net	7,689,116,000	796,835,000	8,485,951,000
Other assets	63,573,000	35,877,000	99,450,000
Total noncurrent assets	9,257,937,000	2,666,117,000	11,924,054,000
Total assets	12,120,661,000	3,731,685,000	15,852,346,000
Deferred Outflows of Resources			
Deferred outflows of resources	32,020,000	5,071,000	37,091,000
Liabilities			
Current liabilities:			
Accounts payable	183,918,000	80,300,000	264,218,000
Accrued salaries and benefits payable	278,947,000	22,521,000	301,468,000
Accrued compensated absences, current portion	116,287,000	14,001,000	130,288,000
Unearned revenue	244,712,000	59,420,000	304,132,000
Capitalized lease obligations, current portion	68,364,000	13,570,000	81,934,000
Long-term debt obligations, current portion	98,747,000	30,678,000	129,425,000
Claims liability for losses and loss adjustment expenses, current portion	—	28,928,000	28,928,000
Depository accounts, current portion	7,425,000	11,758,000	19,183,000
Other liabilities	75,307,000	91,313,000	166,620,000
Total current liabilities	1,073,707,000	352,489,000	1,426,196,000
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	89,528,000	3,524,000	93,052,000
Unearned revenue	11,439,000	12,117,000	23,556,000
Grants refundable	93,818,000	4,542,000	98,360,000
Capitalized lease obligations, net of current portion	1,077,274,000	349,216,000	1,426,490,000
Long-term debt obligations, net of current portion	3,747,357,000	447,295,000	4,194,652,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	59,229,000	59,229,000
Depository accounts	4,463,000	19,405,000	23,868,000
Other postemployment benefits obligation	219,018,000	105,018,000	324,036,000
Other liabilities	153,075,000	59,310,000	212,385,000
Total noncurrent liabilities	5,395,972,000	1,059,656,000	6,455,628,000
Total liabilities	6,469,679,000	1,412,145,000	7,881,824,000
Deferred Inflows of Resources			
Deferred inflows of resources	—	2,481,000	2,481,000
Net Position			
Net position:			
Net investment in capital assets	3,693,066,000	182,928,000	3,875,994,000
Restricted for:			
Nonexpendable – endowments	20,627,000	847,651,000	868,278,000
Expendable:			
Scholarships and fellowships	14,099,000	183,721,000	197,820,000
Research	420,000	28,675,000	29,095,000
Loans	14,403,000	1,788,000	16,191,000
Capital projects	39,557,000	38,021,000	77,578,000
Debt service	3,819,000	10,600,000	14,419,000
Other	15,212,000	496,259,000	511,471,000
Unrestricted	1,881,799,000	532,487,000	2,414,286,000
Total net position	$ 5,683,002,000	2,322,130,000	8,005,132,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2013

	University	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of $1,126,003,000)	$ 2,081,251,000	185,213,000	(11,494,000)	2,254,970,000
Grants and contracts, noncapital:				
Federal	62,108,000	333,250,000	—	395,358,000
State	14,002,000	78,555,000	(3,368,000)	89,189,000
Local	6,667,000	14,028,000	—	20,695,000
Nongovernmental	8,584,000	50,583,000	(340,000)	58,827,000
Sales and services of educational activities	35,355,000	28,595,000	—	63,950,000
Sales and services of auxiliary enterprises (net of scholarship allowances of $53,309,000)	402,626,000	459,091,000	(6,883,000)	854,834,000
Other operating revenues	187,155,000	228,771,000	(5,912,000)	410,014,000
Total operating revenues	2,797,748,000	1,378,086,000	(27,997,000)	4,147,837,000
Expenses:				
Operating expenses:				
Instruction	2,133,286,000	170,884,000	(2,709,000)	2,301,461,000
Research	42,503,000	202,892,000	(374,000)	245,021,000
Public service	65,304,000	155,446,000	(4,536,000)	216,214,000
Academic support	601,204,000	68,132,000	(1,697,000)	667,639,000
Student services	653,141,000	151,032,000	(29,152,000)	775,021,000
Institutional support	640,419,000	190,687,000	(12,876,000)	818,230,000
Operation and maintenance of plant	528,776,000	35,749,000	(6,002,000)	558,523,000
Student grants and scholarships	826,933,000	49,111,000	(24,186,000)	851,858,000
Auxiliary enterprise expenses	281,312,000	420,374,000	(12,223,000)	689,463,000
Depreciation and amortization	435,530,000	46,612,000	—	482,142,000
Total operating expenses	6,208,408,000	1,490,919,000	(93,755,000)	7,605,572,000
Operating loss	(3,410,660,000)	(112,833,000)	65,758,000	(3,457,735,000)
Nonoperating revenues (expenses):				
State appropriations, noncapital	2,068,465,000	—	—	2,068,465,000
Federal financial aid grants, noncapital	810,838,000	1,541,000	—	812,379,000
State financial aid grants, noncapital	437,517,000	1,333,000	—	438,850,000
Local financial aid grants, noncapital	—	233,000	—	233,000
Nongovernmental and other financial aid grants, noncapital	30,831,000	172,000	(16,529,000)	14,474,000
Other federal nonoperating grants, noncapital	3,326,000	—	—	3,326,000
Gifts, noncapital	47,861,000	168,392,000	(34,248,000)	182,005,000
Investment income, net	41,522,000	59,102,000	—	100,624,000
Endowment income	129,000	85,241,000	—	85,370,000
Interest expense	(244,187,000)	(29,547,000)	—	(273,734,000)
Other nonoperating revenues (expenses)	79,702,000	(26,420,000)	6,203,000	59,485,000
Net nonoperating revenues	3,276,004,000	260,047,000	(44,574,000)	3,491,477,000
Income (loss) before other revenues and expenses	(134,656,000)	147,214,000	21,184,000	33,742,000
State appropriations, capital	16,983,000	—	—	16,983,000
Grants and gifts, capital	40,832,000	17,021,000	(21,184,000)	36,669,000
Additions (reduction) to permanent endowments	(576,000)	56,211,000	—	55,635,000
Increase (decrease) in net position	(77,417,000)	220,446,000	—	143,029,000
Net position:				
Net position at beginning of year, as previously reported	5,818,777,000	2,050,840,000	—	7,869,617,000
Restatements	(58,358,000)	50,844,000	—	(7,514,000)
Net position at beginning of year, as restated	5,760,419,000	2,101,684,000	—	7,862,103,000
Net position at end of year	$ 5,683,002,000	2,322,130,000	—	8,005,132,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2013

		University
Cash flows from operating activities:		
Student tuition and fees	$	2,074,066,000
Federal grants and contracts		64,120,000
State grants and contracts		13,858,000
Local grants and contracts		6,335,000
Nongovernmental grants and contracts		8,488,000
Payments to suppliers		(1,101,879,000)
Payments to employees		(3,782,920,000)
Payments to students		(828,699,000)
Collections of student loans		3,643,000
Sales and services of educational activities		32,670,000
Sales and services of auxiliary enterprises		387,550,000
Other receipts		180,402,000
Net cash used in operating activities		(2,942,366,000)
Cash flows from noncapital financing activities:		
State appropriations		2,063,387,000
Federal financial aid grants		808,400,000
State financial aid grants		436,751,000
Nongovernmental and other financial aid grants		30,866,000
Other federal nonoperating grants		3,326,000
Gifts and grants received for other than capital purposes		46,218,000
Federal loan program receipts		1,358,861,000
Federal loan program disbursements		(1,359,283,000)
Monies received on behalf of others		122,212,000
Monies disbursed on behalf of others		(117,187,000)
Other noncapital financing activities		83,623,000
Net cash provided by noncapital financing activities		3,477,174,000
Cash flows from capital and related financing activities:		
Proceeds from capital debt		577,152,000
State appropriations		109,162,000
Capital grants and gifts		17,398,000
Proceeds from sale of capital assets		236,000
Acquisition of capital assets		(469,878,000)
Issuance of notes receivable		(55,950,000)
Transfers to escrow agent		(327,827,000)
Principal paid on capital debt and leases		(188,900,000)
Interest paid on capital debt and leases		(210,648,000)
Principal payments received on capital leases receivable		7,882,000
Interest payments received on capital leases receivable		14,719,000
Principal payments received on notes receivable		5,272,000
Interest payments received on notes receivable		14,313,000
Net cash used in capital and related financing activities		(507,069,000)

(Continued)

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2013

		University
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	$	12,211,512,000
Purchases of investments		(12,283,345,000)
Investment income proceeds		43,148,000
Net cash used in investing activities		(28,685,000)
Net decrease in cash and cash equivalents		(946,000)
Cash and cash equivalents at beginning of year		9,321,000
Cash and cash equivalents at end of year	$	8,375,000
Summary of cash and cash equivalents at end of year:		
Cash and cash equivalents	$	8,332,000
Restricted cash and cash equivalents		43,000
Total cash and cash equivalents at end of year	$	8,375,000
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(3,410,660,000)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization		435,530,000
Change in assets and liabilities:		
Accounts receivable, net		(2,289,000)
Student loans receivable, net		198,000
Prepaid expenses and other assets		(18,344,000)
Accounts payable		3,991,000
Accrued salaries and benefits		5,505,000
Accrued compensated absences		1,217,000
Unearned revenue		(16,202,000)
Depository accounts		762,000
Other postemployment benefits obligation		46,431,000
Other liabilities		11,495,000
Net cash used in operating activities	$	(2,942,366,000)
Supplemental schedule of noncash transactions:		
Reclassification to capitalized lease obligations and related prepaid interest and construction reserves	$	182,466,000
Contributed capital assets		19,015,000
Amortization of prepaid interest related to SPWB capital lease obligation		18,926,000
Amortization of loss on debt refundings		10,594,000
Change in accrued capital asset purchases		4,665,000
Other miscellaneous noncash transactions related to discretely presented component units and capital assets		3,470,000
SPWB program appropriation for construction reserve funds		2,225,000
Acquisition of capital assets through capital lease		1,390,000
Operating expenses paid through long-term debt		1,789,000
Gifts in kind		502,000
Amortization of bond premium and discount		(9,800,000)

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, 2013:

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

(Continued)

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

(2) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, 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 California State University.

In addition, the accompanying financial statements include the accounts of the 92 discretely presented component units which are primarily University-related recognized auxiliary organizations. There are four discretely presented component units that are not auxiliary organizations (identified by asterisk (*) below). These discretely presented component units are legally separate entities that provide services primarily to the University and its students. Such organizations include foundations, associated students, student unions, food service entities, bookstores, and similar organizations. Foundations, whose net position comprises approximately 78% 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, Inc., California State University, Bakersfield
- 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.
- CSUCI Financing Authority*

- California State University, Channel Islands Site Authority*
- California State University Channel Islands University Glen Corporation
- The CSU, Chico Research Foundation
- The University Foundation, California State University, Chico
- Associated Students of California State University, Chico
- California State University Dominguez Hills Foundation
- Associated Students, Inc., California State University, Dominguez Hills
- The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
- California State University, East Bay Foundation, Inc.
- Associated Students, Inc. of California State University, East Bay
- Cal State East Bay Educational Foundation, Inc.
- California State University, Fresno Foundation
- Associated Students, Inc. of California State University, Fresno
- California State University, Fresno Association, Inc.
- The Agricultural Foundation of California State University, Fresno
- California State University, Fresno Athletic Corporation
- The Bulldog Foundation (Fresno)*
- Fresno State Programs for Children, Inc.
- Cal State Fullerton Philanthropic Foundation
- Associated Students, California State University, Fullerton, Inc.
- Titan Student Centers Associated Students California State University, Fullerton, Inc.
- CSU Fullerton Housing Authority
- CSU Fullerton Auxiliary Services Corporation
- Humboldt State University Sponsored Programs Foundation
- Associated Students of Humboldt State University
- Humboldt State University Center Board of Directors
- Humboldt State University Advancement Foundation
- California State University, Long Beach Research Foundation
- California State University, Long Beach 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, Inc., 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, Inc. of California State University, Sacramento
- University Union Operation of California State University, Sacramento
- Capital Public Radio, Inc. (Sacramento)
- Santos Manuel Student Union of California State University, San Bernardino
- Associated Students, Incorporated, California State University, San Bernardino
- CSUSB Philanthropic Foundation
- University Enterprises Corporation at CSUSB
- San Diego State University Research Foundation
- The Campanile Foundation (San Diego)
- Associated Students of San Diego State University

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

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

All significant nonexchange transactions have been eliminated.

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

(b) Basis of Presentation

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

As a public institution, the University is considered a special-purpose government under the provisions of GASB Statement No. 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 component units, as discussed above. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

(c) Implementation of New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for the University's fiscal year beginning July 1, 2012. This Statement requires the University to report the activities for certain public-private partnerships as service concession arrangements in the financial statements. Service concession arrangements are recorded when the arrangements meet certain criteria which include building and operating a facility, obtaining the right to collect fees from third parties, and transferring ownership of the facility to the University at the end of the arrangement. Implementation of Statement No. 60 had no effect on the University's net position or changes in net position for the year ended June 30, 2013.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, effective for the University's fiscal year beginning July 1, 2012. This Statement modifies the existing requirements for the assessment of component units that should be included in the financial statements of the University. The effect of the changes from the implementation of Statement No. 61 on the University's financial statements for the year ended June 30, 2013 was as follows:

Net position as of June 30, 2012, as previously reported	$ 5,818,777,000
Change in reporting for CSU Risk Management Authority – Changing from a blended component unit to a discretely presented component unit	(58,358,000)
Net position at beginning of year, as restated	$ 5,760,419,000

The beginning net position of the University has been restated primarily due to California State University Risk Management Authority (CSURMA), previously reported as a blended component unit, now being reported as a discretely presented component unit in accordance with GASB Statement No. 61.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, effective for the University's fiscal year beginning July 1, 2012. The objective of this statement is to incorporate into the GASBs authoritative literature certain accounting and financial reporting guidance that was previously included within the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for the University's fiscal year beginning July 1, 2012. This Statement modifies the presentation of the deferred inflows and deferred outflows in the financial statements. The effect of the changes from the implementation of Statement No. 63 on the University's financial statements was the presentation of deferred outflows and inflows or resources in the statement of net position.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, effective for the University's fiscal year beginning July 1, 2012. This Statement clarifies the existing requirements for the termination of hedge accounting. Implementation of Statement No. 64 had no effect on the University's net position or changes in net position for the year ended June 30, 2013.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for the University's fiscal year beginning July 1, 2013; however, the University early adopted this Statement effective for the fiscal year beginning July 1, 2012. This Statement reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of Statement No. 65 resulted to the (a) recognition of unamortized loss on debt refundings previously reported net of long-term debt obligations as deferred outflows of resources and (b) bond-issuance costs, except any portion related to prepaid insurance costs, being recognized as expense in the period incurred.

(d) Discretely Presented Component Units Restatements

The beginning net position of the discretely presented component units has been restated primarily due to the implementation of GASB Statements No. 61 (refer to note 2(c)) and No. 65. A summary of the restatements to net position at the beginning of the year related to the discretely presented component units is as follows:

Net position as of June 30, 2012, as previously reported	$ 2,050,840,000
Adjustment for implementation of GASB Statement No. 61	58,358,000
Adjustment for implementation of GASB Statement No. 65	(7,816,000)
Adjustment for overstatement of OPEB	1,156,000
Adjustment for overstatement of notes receivable	(754,000)
Adjustment for overstatement of unearned revenue	(100,000)
Net position at beginning of year, as restated	$ 2,101,684,000

(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 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 equivalents. The University considers amounts included in the CSU Consolidated Investment Pool to be investments. The statement of cash flows does not include the cash flows of the discretely presented component units.

(g) Investments

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

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

(h) Accounts Receivable

The University maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable based on type of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: type of receivables, state guidelines, historical losses adjusted to take into account current market conditions, the amount of receivables in dispute, the current receivables 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 range 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, 2013 to calculate the liability for accrued compensated absences. The University employee’s pay rates are based on length of service and job classifications.

(l) Grants Refundable

The University periodically receives contributions from the Federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The Federal government has the ability to terminate its support of these programs at any time and to request 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 CSURMA's estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2013. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

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

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

(n) Net Position

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

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

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

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

(Continued)

(o) Classification of Revenues and Expenses

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

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

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

(p) Other Postemployment Benefits

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

(q) Grant Revenue and Expenses

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

(r) Internal Services Activities

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

(Continued)

(s) Income Taxes

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

(t) Eliminations

All significant nonexchange transactions between the University and the discretely presented component units have been eliminated from the total column and are separately presented in the eliminations column in the accompanying statement of revenues, expenses, and changes in net position.

(u) Use of Estimates

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

(3) Cash, Cash Equivalents, and Investments

The University's cash, cash equivalents, and investments as of June 30, 2013 are classified in the accompanying statement of net position as follows:

Cash and cash equivalents	$	8,332,000
Restricted cash and cash equivalents		43,000
Total cash and cash equivalents		8,375,000
Short-term investments		2,626,675,000
Endowment investments		20,657,000
Other long-term investments		397,072,000
Total investments		3,044,404,000
Total cash, cash equivalents, and investments	$	3,052,779,000

(a) Cash and Cash Equivalents

At June 30, 2013, cash and cash equivalents consisted of demand deposits held at the State Treasury and commercial banks, and petty cash. Total cash and cash equivalents of $8,375,000 had a corresponding carrying balance with the State Treasury and commercial banks of $24,739,000 at June 30, 2013. The difference was primarily related to deposits in transit and outstanding checks.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that the University will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. This risk is mitigated in that the University's deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

(b) Investments

At June 30, 2013, the University's investment portfolio consists primarily of investments in the State of California Surplus Money Investment Fund (SMIF) and the CSU Consolidated Investment Pool. For the CSU Consolidated Investment Pool, separate accounting is maintained as to the amounts allocable to the various CSU 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 grade corporate and fixed income securities, and certain other investment instruments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University has formal duration guidelines to manage its interest rate risk. The duration guidelines include limits on the maximum maturity of any individual investment in the portfolio and average duration of the investment portfolio. One of the ways that the University manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The University identifies and manages the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Weighted average maturity is based on the stated maturity date, assuming that the callable investments will not be called. The weighted average maturity of the University's investment portfolio for each investment type as of June 30, 2013 is presented in the table on the following page.

Credit Risk

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

The following table presents the fair value, weighted average maturity, and actual rating by investment type of the University's allocated share of the CSU Consolidated Investment Pool and the SMIF as of June 30, 2013:

Investment type	Fair value	Weighted average maturity (in years)	Rating as of year-end: AAA	AA	A	Not rated
Money market	$ 44,846,000	0.08	$ 7,755,000	—	32,000,000	5,091,000
Repurchase agreements	21,887,000	0.00	—	—	21,693,000	194,000
Certificates of deposit	259,655,000	0.38	—	8,276,000	251,379,000	—
Commercial paper	24,317,000	0.20	—	—	24,317,000	—
U.S. agency securities	777,803,000	1.69	—	777,803,000	—	—
State of California Local Agency Investment Fund	6,000	0.76	—	—	—	6,000
State of California Surplus Money Investment Fund	524,704,000	0.76	—	—	—	524,704,000
Corporate and fixed income securities	837,379,000	2.23	120,228,000	204,668,000	512,483,000	—
U.S. Treasury securities	511,834,000	1.61	—	—	—	511,834,000
Municipal securities	38,517,000	1.60	—	29,985,000	8,532,000	—
Mortgage-backed securities	3,456,000	8.03	—	3,456,000	—	—
Total	$ 3,044,404,000		$ 127,983,000	1,024,188,000	850,404,000	1,041,829,000

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 of Credit Risk

The University's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2013, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the University's investment portfolio: Federal National Mortgage Association notes ($218,223,000 or 7.2%), Federal Home Loan Mortgage Corporation ($199,935,000 or 6.6%), Federal Home Loan Banks Office of Finance ($192,634,000 or 6.3%), and Federal Farm Credit Banks Consolidated Systemwide Bonds ($159,879,000 or 5.3%).

Risk and Uncertainties

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

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

Custodial Credit Risk for Investments

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

Discretely Presented Component Units' Investments

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2013:

		Current	Noncurrent	Total
State of California Local Agency Investment Fund	$	162,270,000	9,178,000	171,448,000
U.S. Bank SWIFT pool		67,516,000	1,484,000	69,000,000
Common Fund		1,344,000	11,650,000	12,994,000
Debt securities		9,257,000	150,810,000	160,067,000
Equity securities		54,436,000	320,681,000	375,117,000
Fixed income securities		20,552,000	247,410,000	267,962,000
Real estate		1,161,000	36,292,000	37,453,000
Certificates of deposit		24,819,000	11,665,000	36,484,000
Notes receivable		—	7,158,000	7,158,000
Money market funds		56,224,000	11,664,000	67,888,000
Mutual funds		143,915,000	567,884,000	711,799,000
Partnership interests		5,563,000	9,487,000	15,050,000
Alternative investments		—	53,429,000	53,429,000
Hedge funds		834,000	17,936,000	18,770,000
Other		5,583,000	71,986,000	77,569,000
Total	$	553,474,000	1,528,714,000	2,082,188,000

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

Approximately $3.8 million of the investments reported by the University in the statement of net position at June 30, 2013 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, 2013 consisted of the following:

	Current	Noncurrent	Total
State appropriations	$ 5,163,000	356,780,000	361,943,000
Auxiliary organizations	34,630,000	3,221,000	37,851,000
Student accounts	59,334,000	—	59,334,000
Government grants and contracts	27,883,000	—	27,883,000
Other	46,973,000	2,253,000	49,226,000
	173,983,000	362,254,000	536,237,000
Less allowance for doubtful accounts	(22,286,000)	—	(22,286,000)
Total	$ 151,697,000	362,254,000	513,951,000

(5) Leases Receivable

The University has entered into capital lease agreements with certain auxiliary organizations to lease existing and newly constructed facilities to the auxiliary organizations. 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:	
2014	$ 29,402,000
2015	29,369,000
2016	26,753,000
2017	27,040,000
2018	27,122,000
2019 – 2023	141,276,000
2024 – 2028	148,792,000
2029 – 2033	131,503,000
2034 – 2038	42,746,000
2039 – 2043	23,190,000
2044 – 2048	8,986,000
Total minimum lease payments to be received	636,179,000
Less amounts representing interest	(253,826,000)
Present value of future minimum lease payments to be received	382,353,000
Less current portion	(10,992,000)
Long-term lease receivable, net of current portion	$ 371,361,000

(6) Notes Receivable

The University has entered into note agreements with certain auxiliary organizations to finance existing and newly constructed facilities for the auxiliary organizations. 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:	
2014	$ 23,668,000
2015	19,172,000
2016	32,542,000
2017	19,074,000
2018	19,105,000
2019 – 2023	104,920,000
2024 – 2028	88,289,000
2029 – 2033	80,929,000
2034 – 2038	49,040,000
2039 – 2043	7,707,000
2044 – 2048	1,124,000
2049 – 2053	1,124,000
Total minimum note payments to be received	446,694,000
Less amounts representing interest	(169,007,000)
Present value of future minimum note payments to be received	277,687,000
Less current portion	(11,453,000)
Long-term notes receivable, net of current portion	$ 266,234,000

(7) Capital Assets

Capital assets activity for the University for the year ended June 30, 2013 consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	$ 256,993,000	13,000	(30,000)	—	256,976,000
Works of art and historical treasures	25,423,000	3,302,000	(28,000)	—	28,697,000
Construction work in progress	412,386,000	385,658,000	(1,483,000)	(242,584,000)	553,977,000
Intangible assets	1,361,000	5,746,000	(46,000)	(370,000)	6,691,000
Total nondepreciable/ nonamortizable capital assets	696,163,000	394,719,000	(1,587,000)	(242,954,000)	846,341,000
Depreciable/amortizable capital assets:					
Buildings and building improvements	9,881,029,000	38,377,000	(14,256,000)	165,089,000	10,070,239,000
Improvements other than buildings	503,556,000	11,030,000	(1,829,000)	34,246,000	547,003,000
Infrastructure	923,991,000	12,858,000	(2,874,000)	40,666,000	974,641,000
Personal property:					
Equipment	708,310,000	44,190,000	(42,485,000)	2,180,000	712,195,000
Library books and materials	385,618,000	5,859,000	(3,639,000)	—	387,838,000
Intangible assets	309,745,000	3,902,000	(1,966,000)	773,000	312,454,000
Total depreciable/ amortizable capital assets	12,712,249,000	116,216,000	(67,049,000)	242,954,000	13,004,370,000
Total cost	13,408,412,000	510,935,000	(68,636,000)	—	13,850,711,000
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(3,964,976,000)	(293,540,000)	12,134,000	—	(4,246,382,000)
Improvements other than buildings	(359,174,000)	(22,475,000)	841,000	—	(380,808,000)
Infrastructure	(339,731,000)	(49,769,000)	2,717,000	—	(386,783,000)
Personal property:					
Equipment	(500,162,000)	(47,338,000)	38,114,000	—	(509,386,000)
Library books and materials	(343,331,000)	(8,948,000)	3,637,000	—	(348,642,000)
Intangible assets	(277,905,000)	(13,460,000)	1,771,000	—	(289,594,000)
Total accumulated depreciation/ amortization	(5,785,279,000)	(435,530,000)	59,214,000	—	(6,161,595,000)
Net capital assets	$ 7,623,133,000	75,405,000	(9,422,000)	—	7,689,116,000

(Continued)

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2013 consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	$ 94,887,000	13,641,000	(3,022,000)	165,000	105,671,000
Works of art and historical treasures	7,718,000	546,000	—	—	8,264,000
Construction work in progress	11,162,000	18,003,000	(7,067,000)	(8,021,000)	14,077,000
Intangible assets	5,082,000	—	—	—	5,082,000
Total nondepreciable/ nonamortizable capital assets	118,849,000	32,190,000	(10,089,000)	(7,856,000)	133,094,000
Depreciable/amortizable capital assets:					
Buildings and building improvements	745,284,000	32,395,000	(26,092,000)	2,751,000	754,338,000
Improvements other than buildings	109,130,000	3,711,000	(1,825,000)	3,435,000	114,451,000
Infrastructure	67,470,000	106,000	(1,000)	—	67,575,000
Personal property:					
Equipment	187,810,000	7,790,000	(9,614,000)	1,650,000	187,636,000
Library books and materials	—	3,018,000	—	—	3,018,000
Intangible assets	10,609,000	664,000	(503,000)	20,000	10,790,000
Total depreciable/ amortizable capital assets	1,120,303,000	47,684,000	(38,035,000)	7,856,000	1,137,808,000
Total cost	1,239,152,000	79,874,000	(48,124,000)	—	1,270,902,000
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(229,629,000)	(25,946,000)	7,149,000	—	(248,426,000)
Improvements other than buildings	(52,315,000)	(5,254,000)	1,496,000	—	(56,073,000)
Infrastructure	(12,372,000)	(1,695,000)	—	—	(14,067,000)
Personal property:					
Equipment	(143,352,000)	(12,707,000)	8,313,000	—	(147,746,000)
Intangible assets	(7,024,000)	(917,000)	186,000	—	(7,755,000)
Total accumulated depreciation/ amortization	(444,692,000)	(46,519,000)	17,144,000	—	(474,067,000)
Net capital assets	$ 794,460,000	33,355,000	(30,980,000)	—	796,835,000

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

(8) Lease Obligations

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

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

The 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 $734,771,000 at June 30, 2013. The leases bear interest at rates ranging from 1.79% to 19.00% and have terms expiring in various years through 2041.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various fiscal years through 2099. The leases can be canceled if the State does not provide adequate funding. Some of these leases are with related auxiliary organizations for the rental of office space used in the operations of the University. Total operating lease expenditures for the year ended June 30, 2013 were $23,990,000 of which $12,696,000 was paid to related auxiliary organizations.

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year as of June 30, 2013 are as follows:

	Capital leases	Operating leases
Year ending June 30:		
2014	$ 125,894,000	20,901,000
2015	124,283,000	14,521,000
2016	123,869,000	12,820,000
2017	117,377,000	11,835,000
2018	115,565,000	10,363,000
2019 – 2023	404,010,000	35,222,000
2024 – 2028	325,350,000	13,979,000
2029 – 2033	305,351,000	11,477,000
2034 – 2038	132,876,000	2,962,000
2039 – 2043	7,567,000	1,466,000
2044 – 2048	—	397,000
2049 – 2053	—	251,000
2054 – 2058	—	33,000
2059 – 2063	—	33,000
2064 – 2068	—	32,000
2069 – 2073	—	33,000
2074 – 2078	—	32,000
2079 – 2083	—	33,000
2084 – 2088	—	32,000
2089 – 2093	—	33,000
2094 – 2098	—	32,000
2099	—	3,000
Total minimum lease payments	1,782,142,000	$ 136,490,000
Less amount representing interest	(660,716,000)	
Present value of future minimum lease payments	1,121,426,000	
Unamortized net premium	24,212,000	
Total capital lease obligation	1,145,638,000	
Less current portion	(68,364,000)	
Capital lease obligation, net of current portion	$ 1,077,274,000	

(9) Long-Term Debt Obligations

(a) General Obligation Bond Program

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through State of California General Obligation Bonds is not allocated to the University by the State. This debt remains the obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total General Obligation Bond debt carried by the State related to the University projects is approximately $2,632,154,000 as of June 30, 2013.

(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 Board of Trustees in fiscal year 2003. This program provides funding for various construction projects, including student residence and dining halls facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities at 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 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 $3,604,708,000 at June 30, 2013.

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 $4,006,698,000 in Systemwide Revenue Bonds issued through fiscal year 2013.

(c) Bond Anticipation Notes (BANs)

The Trustees have authorized the issuance of BANs to provide short-term financing to the University System for certain projects. The BANs are purchased by the Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. In fiscal year 2010, the Trustees authorized three projects for financing with maturities beyond three years and they will remain in BANs until the debt is retired. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2013 were 0.19% and 0.15%, respectively. Amounts outstanding of the total University and discretely presented component units under the BANs totaled $27,055,000 and $10,316,000, respectively, at June 30, 2013. The not-to-exceed amounts related to the outstanding amounts totaled $261,365,000 of which $126,859,000 has not been issued and $97,135,000 has been issued and paid back.

Long-term debt obligations of the University as of June 30, 2013 consisted of the following:

Description	Interest rate percentage	Final maturity date	Original issue amount	Amount outstanding
Systemwide Revenue Bonds, Housing Series J – Y	3.00	2013/14 – 2021/22	$ 18,913,000	6,498,000
Systemwide Revenue Bonds, Series 2004A	3.30 – 5.25	2013/14 – 2026/27	158,010,000	40,010,000
Systemwide Revenue Bonds, Series 2005A	3.63 – 5.00	2013/14 – 2037/38	667,105,000	583,935,000
Systemwide Revenue Bonds, Series 2005B	5.00	2015/16 – 2021/22	134,805,000	70,300,000
Systemwide Revenue Bonds, Series 2005C	4.00 – 5.25	2017/18 – 2038/39	540,900,000	499,195,000
Systemwide Revenue Bonds, Series 2007A	4.00 – 5.00	2024/25 – 2044/45	254,770,000	243,000,000
Systemwide Revenue Bonds, Series 2007B	5.27 – 5.55	2027/28 – 2037/38	13,165,000	11,715,000
Systemwide Revenue Bonds, Series 2007C	5.00	2020/21 – 2028/29	63,275,000	53,210,000
Systemwide Revenue Bonds, Series 2007D	4.00 – 5.00	2037/38	80,360,000	74,455,000
Systemwide Revenue Bonds, Series 2008A	3.50 – 5.00	2022/23 – 2039/40	375,160,000	350,475,000
Systemwide Revenue Bonds, Series 2009A	3.50 – 6.00	2015/16 – 2040/41	465,365,000	450,280,000
Systemwide Revenue Bonds, Series 2010A	3.00 – 5.00	2019/20 – 2031/32	146,950,000	134,555,000
Systemwide Revenue Bonds, Series 2010B	5.45 – 6.48	2035/36 – 2041/42	205,145,000	205,145,000
Systemwide Revenue Bonds, Series 2011A	0.55 – 5.25	2020/21 – 2042/43	429,855,000	429,015,000
Systemwide Revenue Bonds, Series 2012A	0.39 – 5.00	2021/22 – 2042/43	436,220,000	436,220,000
Systemwide Revenue Bonds, Series 2012B	2.79 – 4.17	2036/37	16,700,000	16,700,000
			4,006,698,000	3,604,708,000
Bond Anticipation Notes	Variable	2015/16 – 2019/20	28,760,000	27,055,000
Other	Variable	Various	123,093,000	80,352,000
Total			$ 4,158,551,000	3,712,115,000

Description	Interest rate percentage	Final maturity date	Original issue amount	Amount outstanding
Unamortized bond net premium				$ 133,989,000
Total long-term debt				3,846,104,000
Less current portion				(98,747,000)
Long-term debt, net of current portion				$ 3,747,357,000

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

	Principal	Interest
2014	$ 98,747,000	179,083,000
2015	107,968,000	175,298,000
2016	121,846,000	170,492,000
2017	114,958,000	165,081,000
2018	125,579,000	163,373,000
2019 – 2023	657,087,000	709,225,000
2024 – 2028	720,066,000	541,516,000
2029 – 2033	812,600,000	347,981,000
2034 – 2038	655,005,000	157,934,000
2039 – 2043	287,438,000	30,793,000
2044 – 2048	9,703,000	407,000
2049 – 2053	1,118,000	6,000
	$ 3,712,115,000	2,641,189,000

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

(10) Advanced Refundings

(a) Current Year Refundings

In August 2012, the University partially defeased certain (Series 2002A, 2003A, and 2004A) Systemwide Revenue Bonds by placing a portion of the proceeds from the issuance of the Systemwide Revenue Bonds Series 2012A refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2012A 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 $80,511,000 over the life of the bonds. The

(Continued)

economic gain (difference between net present values of the debt service payments on the old debt and new debt) from these transactions was approximately $52,685,000. 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 related to this refunding as of June 30, 2013 totaled $352,500,000.

The accompanying financial statements include a total unamortized loss on the refundings of $32,020,000. The loss represents the difference between the proceeds of the new bond issue, as adjusted for premium or discount, and the principal amounts of the bonds being defeased. The loss is being amortized over the life of the new bond issuance or the old bond issuance, whichever is shorter.

(11) Long-Term Liabilities Activity

Long-term liabilities activity of the University for the year ended June 30, 2013 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 202,812,000	132,954,000	(129,951,000)	205,815,000	116,287,000
Self-insurance claims liability (notes 2 and 13)	76,289,000	—	(76,289,000)	—	—
Capitalized lease obligations (note 8)	989,702,000	216,256,000	(60,320,000)	1,145,638,000	68,364,000
Long-term debt obligations (note 9):					
Systemwide revenue bonds	3,542,648,000	452,920,000	(390,860,000)	3,604,708,000	89,390,000
Bond anticipation notes	38,542,000	27,405,000	(38,892,000)	27,055,000	340,000
Other	75,908,000	29,563,000	(25,119,000)	80,352,000	9,017,000
	3,657,098,000	509,888,000	(454,871,000)	3,712,115,000	98,747,000
Unamortized bond premium	79,325,000	48,029,000	6,635,000	133,989,000	—
Unamortized loss on debt refundings	(26,443,000)	—	26,443,000	—	—
Total long-term debt obligations	3,709,980,000	557,917,000	(421,793,000)	3,846,104,000	98,747,000
Total long-term liabilities	$ 4,978,783,000	907,127,000	(688,353,000)	5,197,557,000	283,398,000

Long-term liabilities activity of the combined discretely presented component units of the University for the year ended June 30, 2013 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 17,277,000	10,660,000	(10,412,000)	17,525,000	14,001,000
Self-insurance claims liability	2,948,000	—	(2,948,000)	—	—
Claims liability for losses and loss adjustment expenses	—	88,157,000	—	88,157,000	28,928,000
Capitalized lease obligations	363,265,000	6,535,000	(7,014,000)	362,786,000	13,570,000
Long-term debt obligations:					
Revenue bonds	282,920,000	34,480,000	(123,455,000)	193,945,000	5,865,000
Commercial paper	92,581,000	352,072,000	(361,477,000)	83,176,000	20,006,000
Notes payable	48,250,000	12,565,000	(1,365,000)	59,450,000	1,910,000
Other	112,416,000	21,728,000	(3,022,000)	131,122,000	2,897,000
	536,167,000	420,845,000	(489,319,000)	467,693,000	30,678,000
Unamortized bond premium	8,010,000	4,208,000	(1,938,000)	10,280,000	—
Unamortized loss on debt refundings	(4,664,000)	4,464,000	200,000	—	—
Total long-term debt obligations	539,513,000	429,517,000	(491,057,000)	477,973,000	30,678,000
Total long-term liabilities	$ 923,003,000	534,869,000	(511,431,000)	946,441,000	87,177,000

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

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

Funding Policy

University personnel are required to contribute 5% of their annual earnings in excess of $513 per month to CalPERS. Effective January 1, 2013 all new employees are required to contribute 6% of their annual earnings per month to CalPERS. The University is required to contribute at an actuarially determined rate; the current rate is approximately 21.2% of annual covered payroll. The contribution requirements of the plan members are established and may be amended by CalPERS. There is no contractual maximum contribution required for the University by CalPERS.

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

2011	$ 423,818,000
2012	411,926,000
2013	462,607,000

(b) Postretirement Healthcare Plan

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

Plan Description

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

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

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

Funding Policy

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts.

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

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution (ARC):	
Billable accounts	$ 35,602,000
Nonbillable accounts (dental only)	40,055,000
Total ARC	75,657,000
Contributions:	
Billable accounts	(13,175,000)
Nonbillable accounts (dental only)	(16,051,000)
Total contributions	(29,226,000)
Increase in net OPEB obligation (NOO)	46,431,000
NOO – beginning of year	172,587,000
NOO – end of year:	
Billable accounts	102,950,000
Nonbillable accounts (dental only)	116,068,000
Total NOO	$ 219,018,000
Percentage of annual OPEB cost contributed during the year ended June 30, 2013	39%

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, 2012 actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.50% investment rate of return, 4.5% discount rate and an annual State healthcare cost trend rate of actual increases for 2013 and 9.00% in 2014, initially, reduced to an ultimate rate of 4.50% after seven years. Both rates included a 3.00% annual inflation assumption. Annual wage inflation is assumed to be 3.25%. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

Funding progress information specifically related to the University's portion of the statewide OPEB plan is not available. For more details about the actuarial methods and assumptions used by the State as well as the statewide plans' funding progress and status, refer to the State of California's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended 2013.

(13) Claims Liability for Losses and Loss Adjustment Expenses

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The cliams 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, 2013. 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, 2013.

(14) Commitments and Contingencies

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

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

(Continued)

Authorized but unexpended expenditures for construction projects as of June 30, 2013 totaled $213,819,000. 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 (DGS) and Shell Energy North America (Shell), respectively. The University's obligation under these special purchase arrangements requires it to purchase an estimated total of $34,916,000 and $25,743,000 of natural gas and electricity at fixed prices through June 2017 and March 2014, respectively. The University estimates that the special purchase contracts in place represent approximately 55.50% and 13.77% of its total annual natural gas and electricity expenses, respectively.

(15) Classification of Operating Expenses

The University has elected to report operating expenses by functional classification in the statement of revenues, expenses, and changes in net position, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2013, 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	$ 1,391,670,000	568,922,000	—	172,694,000	—	2,133,286,000
Research	20,782,000	6,669,000	—	15,052,000	—	42,503,000
Public service	31,595,000	10,524,000	—	23,185,000	—	65,304,000
Academic support	312,663,000	137,925,000	—	150,616,000	—	601,204,000
Student services	327,966,000	148,605,000	—	176,570,000	—	653,141,000
Institutional support	327,452,000	147,659,000	—	165,308,000	—	640,419,000
Operation and maintenance of plant	178,138,000	99,011,000	—	251,627,000	—	528,776,000
Student grants and scholarships	—	—	826,933,000	—	—	826,933,000
Auxiliary enterprise expenses	66,461,000	49,946,000	—	164,905,000	—	281,312,000
Depreciation and amortization	—	—	—	—	435,530,000	435,530,000
Total	$ 2,656,727,000	1,169,261,000	826,933,000	1,119,957,000	435,530,000	6,208,408,000

(16) Transactions with Related Entities

The University is an agency of the State and receives about 32.7% of total revenues through state appropriations. State appropriations allocated to the University aggregated approximately $2.1 billion for the year ended June 30, 2013. State appropriations receivable aggregated $361,943,000 at June 30, 2013.

(17) Subsequent Events

In July 2013, a BAN of approximately $25 million was issued for the Student Health & Counseling Center at the San Jose campus. In August 2013, BANs of approximately $19.2 million was issued for Student Housing at the Bakersfield campus. In September 2013, a BAN of $10 million and $24.8 million was issued for Student Housing Phase II at Northridge and Granada Apartment Acquisition at San Diego campuses, respectively.

In August 2013, the University issued its Systemwide Revenue Bonds Series 2013A in the amount of $308,855,000. Proceeds were used to refund certain maturities of Systemwide Revenue Bonds Series 2005A and 2005C, as well as refund outstanding bond indebtedness issued by an auxiliary organization.

Also in July 2013, Standard & Poor's Ratings Services upgraded the intrinsic rating for the Systemwide Revenue Bonds to AA- with a stable outlook.

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APPENDIX C-2

AUDITED FINANCIAL STATEMENTS

OF THE CALIFORNIA STATE UNIVERSITY

SYSTEMWIDE REVENUE BOND PROGRAM FUND

AS OF JUNE 30, 2013

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KPMG

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Financial Statements and
Supplementary Information

June 30, 2013

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Table of Contents

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

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Systemwide Revenue Bond Program Fund, which comprise the statement of net position as of June 30, 2013, and the related statement of revenues, expenses, and changes in net position, and statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Systemwide Revenue Bond Program Fund as of June 30, 2013, 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 a Matter

As discussed in note 5 to the financial statements, the cost of equipment, buildings, and improvements financed by the California University Systemwide Revenue Bond Program Fund is not capitalized in this fund, as the constructed assets are not owned by the fund and are not pledged as security for the outstanding bonds, resulting in liabilities exceeding assets in the amount of $2,926,193,106 at June 30, 2013. Certain future revenues are pledged to the retirement of outstanding bonds.

As discussed in note 1 to the financial statements, the California University Systemwide Revenue Bond Program Fund adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The cumulative effect of implementation of GASB Statement No. 65 resulted in the restatement of net position as of the beginning of the year for the California University Systemwide Revenue Bond Program Fund in the amount of $21,324,428.

As discussed in note 1, the financial statements present only the California State University Systemwide Revenue Bond Program Fund, and do not, present fairly the financial position of the California State University as of June 30, 2013, the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

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

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

KPMG LLP

Irvine, California
October 30, 2013

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Net Position

June 30, 2013

Assets:		
Current assets:		
Cash and cash equivalents	$	196,246
Short-term investments		1,030,549,397
Accounts receivable, net of allowance for doubtful accounts of $4,463,189		41,137,774
Prepaid expenses and other assets		1,470,301
Total current assets		1,073,353,718
Noncurrent assets:		
Prepaid bond insurance		7,104,384
Other assets		5,407,000
Other long-term investments		125,594,380
Total assets		1,211,459,482
Deferred outflows of resources:		
Unamortized loss on debt refundings		27,880,075
Total deferred outflows of resources		27,880,075
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities		63,602,500
Accrued salaries and benefits		18,141,140
Compensated absences		6,706,727
Unearned revenue		114,105,581
Revenue bond anticipation notes payable, current portion		10,656,000
Revenue bonds payable, current portion		98,198,175
Interest payable		29,772,565
Other current liabilities		9,207,804
Deposits		274,309
Total current liabilities		350,664,801
Noncurrent liabilities:		
Compensated absences, net of current portion		5,282,792
Revenue bond anticipation notes payable, net of current portion		26,715,000
Revenue bonds payable, net of current portion		3,677,582,151
Noncurrent deposits		2,119,362
Other postemployment benefits liability		93,213,883
Other noncurrent liabilities		9,954,674
Total liabilities		4,165,532,663
Net position:		
Restricted for:		
Debt service		2,034,466
Unrestricted:		
Designated for building maintenance and repair		154,285,923
Undesignated		(3,082,513,495)
Total net position	$	(2,926,193,106)

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, 2013

Operating revenues:	
Residences and dining halls	$ 345,510,513
Continuing education programs	324,287,235
Student unions	168,475,119
Parking programs	97,110,556
Health facilities	9,206,657
Auxiliary organization leases	47,029,844
Total operating revenues	991,619,924
Operating expenses:	
Salaries, wages, and staff benefits	270,822,480
Construction	160,211,088
Repairs and replacements	82,414,036
Services	132,113,192
Other operating costs	195,505,400
Interest	163,428,570
Total operating expenses	1,004,494,766
Operating loss	(12,874,842)
Nonoperating revenues:	
Investment income, net	9,826,261
Grants and other nonoperating revenues	8,035,333
Total nonoperating revenues	17,861,594
Income before transfers	4,986,752
Transfers to auxiliary organizations	(47,055,815)
Transfer to California State University Trust Fund	(63,212,000)
Transfer to other funds, net	(11,894,414)
Total transfers	(122,162,229)
Decrease in net position	(117,175,477)
Net position:	
Net position at beginning of year, as previously reported	(2,787,693,201)
Restatements	(21,324,428)
Net position at beginning of year, as restated	(2,809,017,629)
Net position at end of year	$ (2,926,193,106)

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Cash Flows

Year ended June 30, 2013

Cash flows from operating activities:	
Residences and dining halls	$ 339,447,236
Continuing education programs	323,897,754
Student unions	168,883,942
Parking programs	96,323,357
Health facilities	9,168,014
Auxiliary organization leases	47,372,950
Salaries, wages, and benefits	(246,984,357)
Construction	(147,950,658)
Repairs and replacements	(80,174,533)
Services	(132,113,192)
Other operating costs	(200,713,381)
Interest paid	(181,969,412)
Net cash used in operating activities	(4,812,280)
Cash flows from noncapital financing activities:	
Deposits	708,232
Transfers	(114,083,038)
Grants and other nonoperating	8,278,244
Net cash used in noncapital financing activities	(105,096,562)
Cash flows from capital and related financing activities:	
Proceeds from issuance of revenue bonds and bond anticipation notes (BAN)	516,661,791
Proceeds from affordable student housing loan	8,000,000
Payment to escrow agent for the refunding of revenue bonds	(323,849,063)
Retirement of indebtedness	(99,340,083)
Net cash provided by capital and related financing activities	101,472,645
Cash flows from investing activities:	
Proceeds from the sale and maturities of investments	2,881,965,361
Purchases of investments	(2,883,829,145)
Interest received	9,921,655
Net cash provided by investing activities	8,057,871
Net decrease in cash and cash equivalents	(378,326)
Cash and cash equivalents at beginning of year	574,572
Cash and cash equivalents at end of year	$ 196,246
Supplemental schedule of noncash transactions:	
BAN proceeds wired directly to auxiliary organizations	$ 13,250,000
BAN retirements wired directly by auxiliary organizations	(5,170,811)

(Continued)

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Cash Flows

Year ended June 30, 2013

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(12,874,842)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Amortization of bond insurance costs		1,359,922
Amortization of bond premium and discount		(8,073,473)
Amortization of loss on debt refundings		496,018
Other non-cash changes in premium, deferred outflow, prepaid insurance		(12,568,369)
Changes in assets and liabilities:		
Accounts receivable		(4,486,189)
Prepaid expenses		(50,457)
Other assets		(5,407,000)
Accounts payable and accrued liabilities		15,125,887
Accrued compensated absences		431,600
Accrued salaries and benefits		2,869,603
Unearned revenue		(4,438,967)
Interest payable		245,059
Other liabilities		2,022,008
Other postemployment benefits liability		20,536,920
Total adjustments		8,062,562
Net cash used in operating activities	$	(4,812,280)

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-Y, the Systemwide Revenue Bonds Series 2004A, 2005A, 2005B, 2005C, 2007A, 2007B, 2007C, 2007D, 2008A, 2009A, 2010A, 2010B, 2011A, 2012A, and 2012B (Systemwide), and the Revenue Bond Anticipation Notes. The financial statements also include the revenues and expenses of the activities pledged to repay these bonds, including student residence and dining halls, continuing education, student unions, parking, health facilities, and auxiliary organization leases. These statements have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The financial statements only present the Program, and do not, present fairly the financial statements of the University as of and for the year ended June 30, 2013, 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*. The Program records revenue primarily from fees collected from students and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Program to be reported in a single column in each of the financial statements. In accordance with the business-type activities reporting model, the Program prepares its statement of cash flows using the direct method.

(c) ***Classification of Current and Noncurrent Assets 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.

(d) ***Prepaid Bond Insurance***

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

(e) ***Unearned Revenue***

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

(f) ***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.

(g) ***Net Position***

The Program's net position is classified 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 – All other categories of net position. In addition, unrestricted net position may be designated for use by the Program or have legislative or bond indenture requirements associated with their use. 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.

(h) ***Cash and Cash Equivalents***

The Program considers highly liquid investments with an original maturity date of three months or less to be cash equivalents.

(i) 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 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 Chancellor's Office.

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 $746 per student for the year ended June 30, 2013.

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 $109 during the fiscal year ended June 30, 2013.

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 income received by the campus from the auxiliary organization 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 $4,006,698,000 in Systemwide Revenue Bonds originally issued in 1980 through 1984 for old housing bonds and 2002 through 2012 for Systemwide Revenue Bonds. Proceeds from the bonds provided financing for the construction of the continuing education, health facilities, housing, parking, student union, and auxiliary 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. The total debt service remaining to be paid on the bonds for the Program is $6,234,073,808. In fiscal year 2013, total debt service paid and net income available for debt service, which excluded the designated auxiliary net income, for the Program were $253,426,389 and $325,149,500, respectively.

(j) 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, grants, and transfers.

(k) Transfers, Net

The Program records transfers to other funds, auxiliary organizations, and escrow agents primarily to support the operations of the programs discussed in note 1(i).

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

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

(m) 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.

(n) Investments

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

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

(o) New Pronouncements

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, effective for the Program's fiscal year beginning July 1, 2012. The objective of this statement is to incorporate into the GASBs authoritative literature certain accounting and financial reporting guidance that is included within the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for the Program's fiscal year beginning July 1, 2012. This statement modifies the presentation of the deferred inflows and deferred outflows in the financial statements. The effect of the changes from the implementation of Statement No. 63 on the Program's financial statements was the presentation of deferred outflows of resources in the statement of net position.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for the Program's fiscal year beginning July 1, 2013; however, the Program early adopted this statement effective for the fiscal year beginning July 1, 2012. This statement reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of Statement No. 65 resulted in the (a) recognition of unamortized loss on debt refundings as deferred outflows of resources and (b) bond-issuance costs, except any portion related to prepaid insurance costs, are recognized as expense in the period incurred. The effect of the changes from the implementation of Statement No. 65 on the Program's financial statements was the restatement of beginning net position in the amount of $21,324,428.

(Continued)

(p) Transfer to California State University Trust

In November 2012 and pursuant to Assembly Bill (AB) 1477 (Chapter 630, Statutes of 2013, signed by the governor on September 27, 2012), the Program transferred $63,212,000 from the continuing education program to the California State University Trust Fund in order to mitigate impact to state-supported instructional programs that would result from reductions in the University's General Fund appropriations or reductions in tuition fee revenues for support of the university. Consistent with the intent of the legislature, the transfer authority is one-time in nature and effective only for the fiscal year 2013.

(2) Cash and Investments

The deposits of the Program that are maintained at financial institutions are fully insured or collateralized as required by state law. At June 30, 2013, 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 $196,246 at June 30, 2013.

At June 30, 2013, the Program's cash and investments are as follows:

Cash and cash equivalents	$ 196,246
Total cash and cash equivalents	196,246
Short-term investments	1,030,549,397
Long-term investments	125,594,380
Total investments	1,156,143,777
Total cash, cash equivalents, and investments	$ 1,156,340,023

(a) Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that the Program will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. This risk is mitigated by maintaining the Program's deposits at financial institutions that are fully insured or collateralized as required by state law.

(b) Investments

At June 30, 2013, the Program's investment portfolio consists primarily of investments in the State of California Surplus Money Investment Fund (SMIF) and the University Consolidated Investment Pool. For the CSU Consolidated Investment Pool, separate accounting is maintained as to the amounts allocable to the various funds and programs.

(c) Investment Policy

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

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of any investment. Generally, the longer the maturity of any investment, the greater the sensitivity of its fair value to changes in market interest rates. The Program has formal duration guidelines to manage its interest rate risk. The duration guidelines include limits on the maximum maturity of any individual investment in the pool, and the average duration of the investment pool. One of the ways that the Program manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Program identifies and manages the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Weighted average maturity is based on the stated maturity date, assuming that callable investments will not be called. The weighted average maturity of the Program's investment portfolio for each investment type as of June 30, 2013 is presented in the table on the following page.

(e) Credit Risk

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

The following table presents the fair value, weighted average maturity, and actual rating by investment type of the Program's prorated share of the investment portfolio as of June 30, 2013:

Investment type	Fair value	Weighted average maturity (in years)	AAA	Aa	A	Not rated
Money market	$ 3,719,279	—	$ 1,621,678	—	—	2,097,601
Repurchase agreements	9,017,077	—	—	—	8,937,294	79,783
Commercial paper	10,018,588	0.196	—	—	10,018,588	—
Certificates of deposit	106,974,975	0.381	—	3,409,551	103,565,424	—
U.S. agency securities	320,447,083	1.689	—	320,447,083	—	—
U.S. Treasury securities	210,870,313	1.605	—	—	—	210,870,313
Corporate and fixed income securities	344,991,359	2.227	49,532,698	84,321,001	211,137,660	—
Municipal securities	15,868,797	1.598	—	12,353,497	3,515,300	—
Mortgage-backed securities	1,423,666	8.026	—	1,423,666	—	—
State of California Surplus Money Investment Fund	132,812,640	0.760	—	—	—	132,812,640
Total	$ 1,156,143,777		$ 51,154,376	421,954,798	337,174,266	345,860,337

By law, the SMIF fund only invests in U.S. governmental 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 bonds.

(f) Concentration of Credit Risk

The Program's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2013, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Program's investment portfolio: Federal National Mortgage Association ($89,905,843 or 7.78%); Federal Home Loan Mortgage Corporation ($82,371,336 or 7.12%); Federal Home Loan Banks Office of Finance ($79,363,098 or 6.86%); Federal Farm Credit Banks Consolidated Systemwide Bonds ($65,868,547 or 5.70%).

(g) 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, 2013 consist of the following:

Description	Interest rate	Final maturity date	Original issue amount	Amount outstanding
Systemwide Revenue Bonds, Housing Series J-Y	3.00%	2013/14 – 2021/22	$ 18,913,000	6,498,000
Systemwide Revenue Bonds, Series 2004A	3.30% – 5.25%	2013/14 – 2026/27	158,010,000	40,010,000
Systemwide Revenue Bonds, Series 2005A	3.63% – 5.00%	2013/14 – 2037/38	667,105,000	583,935,000
Systemwide Revenue Bonds, Series 2005B	5.00%	2015/16 – 2021/22	134,805,000	70,300,000
Systemwide Revenue Bonds, Series 2005C	4.00% – 5.25%	2017/18 – 2038/39	540,900,000	499,195,000
Systemwide Revenue Bonds, Series 2007A	4.00% – 5.00%	2024/25 – 2044/45	254,770,000	243,000,000
Systemwide Revenue Bonds, Series 2007B	5.27% – 5.55%	2027/28 – 2037/38	13,165,000	11,715,000
Systemwide Revenue Bonds, Series 2007C	5.00%	2020/21 – 2028/29	63,275,000	53,210,000
Systemwide Revenue Bonds, Series 2007D	4.00% – 5.00%	2037/38	80,360,000	74,455,000
Systemwide Revenue Bonds, Series 2008A	3.50% – 5.00%	2022/23 – 2039/40	375,160,000	350,475,000
Systemwide Revenue Bonds, Series 2009A	3.50% – 6.00%	2015/16 – 2040/41	465,365,000	450,280,000
Systemwide Revenue Bonds, Series 2010A	3.00% – 5.00%	2019/20 – 2031/32	146,950,000	134,555,000
Systemwide Revenue Bonds, Series 2010B	5.45% – 6.48%	2035/36 – 2041/42	205,145,000	205,145,000
Systemwide Revenue Bonds, Series 2011A	0.55% – 5.25%	2020/21 – 2042/43	429,855,000	429,015,000
Systemwide Revenue Bonds, Series 2012A	0.39% – 5.00%	2021/22 – 2042/43	436,220,000	436,220,000
Systemwide Revenue Bonds, Series 2012B	2.79% – 4.17%	2036/37	16,700,000	16,700,000
Total bonds payable			$ 4,006,698,000	3,604,708,000
Less current portion				(89,390,000)
Bonds payable, net of current portion				$ 3,515,318,000

Bonds payable activity for the year ended June 30, 2013 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable	$ 3,542,648,000	452,920,000	(390,860,000)	3,604,708,000	89,390,000
Premium on bonds, net	126,860,167	53,183,791	(8,971,632)	171,072,326	8,808,175
	$ 3,669,508,167	506,103,791	(399,831,632)	3,775,780,326	98,198,175

Revenue bonds payable at June 30, 2013 mature as follows:

	Principal	Interest
Fiscal years:		
2014	$ 89,390,000	176,775,157
2015	95,450,000	172,979,723
2016	99,020,000	168,601,842
2017	105,830,000	163,787,040
2018	110,760,000	158,725,396
2019 – 2023	620,883,000	707,610,793
2024 – 2028	713,110,000	542,236,651
2029 – 2033	813,870,000	349,192,959
2034 – 2038	659,135,000	158,250,059
2039 – 2043	288,665,000	30,815,025
2044 – 2045	8,595,000	391,163
	$ 3,604,708,000	2,629,365,808

As specified in the bond resolution, the bonds payable at June 30, 2013 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 is currently one authorized project for financing with maturity beyond three years; the project will remain as a BAN 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, 2013 were 0.19% and 0.15%, respectively.

BANs activity for the year ended June 30, 2013 was as follows:

		Beginning balance	Additions	Reductions	Ending balance	Current portion
Revenue Bond Anticipation Notes	$	38,539,811	23,808,000	(24,976,811)	37,371,000	10,656,000

BANs payable as of June 30, 2013 mature as follows:

		Principal
Fiscal years:		
2014	$	10,656,000
2015		355,000
2016		13,840,000
2017		390,000
2018		405,000
2019 – 2021		11,725,000
Revenue bond anticipation notes payable		37,371,000
Less current portion		(10,656,000)
Revenue bond anticipation notes payable, net of current portion	$	26,715,000

(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) Affordable Student Housing Loan

At June 30, 2013, the Program had an outstanding loan payable to the Affordable Student Housing Program bearing interest at rates ranging from 0.18% to 6.80%. The loan is to be repaid over a 40-year period, primarily from future residence and dining hall revenues and interest earned thereon. The loan is reported as a part of other current and noncurrent liabilities on the statement of net position.

Affordable Student Housing Loan activity for the year ended June 30, 2013 was as follows:

		Beginning balance	Additions	Reductions	Ending balance	Current portion
Affordable Student Housing Loan	$	1,506,797	8,000,000	(59,083)	9,447,714	62,895

Payments on the Affordable Student Housing Loan are scheduled as follows:

2014	$	62,895
2015		66,953
2016		71,274
2017		243,754
2018		291,551
2019-2023		1,548,723
2024-2028		1,627,137
2029-2033		1,121,730
2034-2038		1,088,587
2039-2043		1,098,419
2044-2048		1,108,341
2049-2053		1,118,350
Affordable student housing loan payable		9,447,714
Less current portion		(62,895)
Affordable student housing loan payable, net of current portion	$	9,384,819

(7) Refundings

In August 2012, the Program partially defeased certain (Series 2002A, 2003A, and 2004A) Systemwide Revenue Bonds by placing a portion of the proceeds from the issuance of the Systemwide Revenue Bonds Series 2012A refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2012A 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 $60,035,257 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 $44,121,931. 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, 2013 totaled $311,385,000.

The accompanying financial statements include a total unamortized loss on refundings of $27,880,075. The loss represents the difference between the proceeds of the new bond issue, as adjusted for premiums or discounts, and the principal amounts of the bonds being defeased. The loss is being amortized over the life of the new bond issuance or the old bond issuance, whichever is shorter.

(8) Other Postemployment Benefits (OPEB)

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

(a) Plan Description

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

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

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

(b) 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.

(c) *Annual OPEB Cost and Net OPEB Obligation for the Program*

The following table shows the components of the total annual required contribution (ARC) for the Program's allocated portion of the postretirement healthcare plan and the Chancellor's Office billable dental plan, the amount contributed to the plan by the Program, and changes in the Program's net OPEB obligation (NOO) for the fiscal year ended 2013:

ARC:		
Housing	$	12,418,000
Student union		161,000
Parking		3,721,000
Continuing education		16,301,000
Total ARC		32,601,000
Contributions:		
Housing		(4,596,000)
Student union		(60,000)
Parking		(1,377,000)
Continuing education		(6,032,000)
Total contributions		(12,065,000)
Increase in NOO		20,536,000
NOO – beginning of year		72,677,000
NOO – end of year	$	93,213,000

(d) 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 allocated to the University. The University allocates to the Program the ARC, which only includes the health benefit portion for the billable accounts.

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, 2012 actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.50% investment rate of return, 4.50% discount rate and an annual State healthcare cost trend rate of actual increases for 2013 and 9.00% in 2014, initially, reduced to an ultimate rate 4.50% after seven years. Both rates included a 3.00% annual inflation assumption. Annual wage inflation is assumed to be 3.25%. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

Funding progress information specifically related to the Program's portion of the statewide OPEB plan is not available. For more details about the actuarial methods and assumptions used by the State as well as the statewide plans' funding progress and status, refer to the State of California's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended 2013.

(9) Subsequent Events

In August 2013, the University issued its Systemwide Revenue Bonds Series 2013A in the amount of $308,855,000. Proceeds were used to refund certain maturities of Systemwide Revenue Bonds Series 2005A and 2005C, as well as refund outstanding bond indebtedness issued by an auxiliary organization.

In July 2013, Standard & Poor's Ratings Service upgraded the intrinsic rating for the Systemwide Revenue Bonds to AA- with a stable outlook.

On July 1, 2013, a $25,055,000 BAN was issued for the Student Health & Counseling Center at the San Jose campus.

On August 9, 2013, a $30,015,000 BAN was issued for Fullerton Auxiliary Services Corporation – Irvine Campus Property Acquisition Project.

On August 27, 2013, a $19,210,000 BAN was issued for Student Housing at the Bakersfield campus.

On September 12, 2013, a $10,000,000 BAN was issued for Student Housing Phase II at the Northridge campus.

On September 30, 2013, a $24,765,000 BAN was issued for the Granada Apartment Acquisition at the San Diego campus.

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Residence and Dining Halls Operating Data by Campus

Year ended June 30, 2013

(Unaudited)

	Operating revenue	Operating expenditures (4)	Excess (deficiency) of revenue over (under) expenditures	Design capacity	Operational capacity (1)	Average number of spaces occupied	Percentage of spaces occupied	Average annual rates per academic year (2)				
								Residence halls			Apartments	
								Single	Double	Suite	Single	Double
CSU, Bakersfield	$ 3,175,087	2,927,565	247,522	350	352	340	97%	$ 9,184	4,390	—	—	—
CSU, Channel Islands	10,303,258	4,135,292	6,167,966	820	1,063	1,020	96	10,100	9,160	—	10,980	9,580
CSU, Chico	21,040,999	15,937,386	5,103,613	1,863	2,143	2,093	98	8,730	7,210	—	8,294	6,882
CSU, Dominguez Hills	3,969,803	2,970,410	999,393	712	671	626	93	—	—	—	8,892	7,608
CSU, East Bay	10,314,216	4,428,722	5,885,494	1,297	1,301	1,273	98	—	—	7,228	8,053	6,117
CSU, Fresno	—	—	—	—	—	—	—	—	—	—	—	—
CSU, Fullerton	21,939,739	11,470,329	10,469,410	1,918	1,906	1,818	95	—	8,568	—	9,300	6,992
Humboldt State University	12,818,345	7,842,414	4,975,931	2,013	2,039	1,924	94	6,722	5,430	—	7,024	5,676
CSU, Long Beach	20,937,683	10,903,262	10,034,421	1,962	1,962	1,789	91	8,650	7,650	—	—	—
CSU, Los Angeles	6,526,804	3,374,090	3,152,714	1,064	986	948	96	—	—	—	7,902	5,985
California Maritime Academy	7,628,915	5,278,872	2,350,043	727	727	694	95	6,460	4,910	—	—	—
CSU, Northridge	18,641,544	9,386,036	9,255,508	3,431	2,901	2,806	97	—	—	5,269	9,287	5,463
CSU, Pomona	20,866,464	8,371,161	12,495,303	2,281	2,485	2,362	95	9,300	7,221	11,622	—	—
CSU, Sacramento	10,960,744	6,325,272	4,635,472	1,674	1,592	1,481	93	6,760	6,538	—	8,080	—
CSU, San Bernardino	9,600,453	4,577,452	5,023,001	1,529	1,451	1,409	97	5,814	4,662	—	6,921	—
San Diego State University	25,646,302	17,511,960	8,134,342	3,102	2,961	2,659	90	8,697	6,737	—	—	6,737
San Francisco State University (3)	40,806,798	21,279,103	19,527,695	2,656	2,637	2,612	99	—	7,404	—	10,322	9,234
San Jose State University	29,821,333	13,546,884	16,274,449	3,370	3,722	3,632	98	7,078	6,207	—	12,296	9,773
CSU, San Luis Obispo	41,654,558	22,362,176	19,292,382	6,239	6,902	6,514	94	9,191	6,123	—	7,084	—
Sonoma State University	23,089,572	11,483,016	11,606,556	3,146	3,111	2,926	94	7,464	5,682	—	8,810	7,026
CSU, Stanislaus	4,324,437	3,849,733	474,704	460	475	429	90	6,847	5,358	—	7,292	6,102
	344,067,054	187,961,135	156,105,919	40,614	41,387	39,355	95%	$ 7,928	6,453	8,040	8,702	7,167
Systemwide Offices	—	433,844	(433,844)									
Interest income	2,700,239	—	2,700,239									
Total	$ 346,767,293	188,394,979	158,372,314									

(1) This column reflects capacity adjusted for increase or decrease in permanent conversions and temporary adjustments.
(2) 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.
(3) The operational capacity does not include 826 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 $1,430 and $2,950.
(4) Operating expenditures presented herein exclude construction and major repair and replacements.

See accompanying independent auditors' report.

Schedule 2

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Statement of Insurance Coverage

June 30, 2013

(Unaudited)

Expiration date	Coverage	Amount	Company	Policy number
July 1, 2013*	CSU Master Property Policy, "All Risk" Building, Equipment, and Rental Income	$ 1,000,000,000 per occurrence	Public Entity Property Insurance Program	PPROP1213
July 1, 2013*	CSU Master Property Policy, Boiler, and Machinery	100,000,000	CNA	PBOILER1213
July 1, 2013*	Bodily Injury and Property Damage Liability (Primary)	5,000,000	CSURMA	RMA-SYST-1213-1
July 1, 2013*	Bodily Injury and Property Damage Liability (Excess)	5,000,000	Ironshore	541302
July 1, 2013*	Bodily Injury and Property Damage Liability (Excess)	10,000,000	Allied World Assurance Company	3057227

* New insurance policies are maintained for the period from July 1, 2013 to June 30, 2014. These policies provide the same coverage indicated above.

See accompanying independent auditors' report.

Schedule 3

CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND PROGRAM FUND

Income and Expenses Pledged against Systemwide Revenue Bonds

Year ended June 30, 2013

(Unaudited)

Gross revenues (1):	
Housing system	$ 346,767,293
Student unions (2)	170,607,106
Parking (3)	98,398,760
Health centers (2)	9,560,632
Continuing education	325,889,355
Auxiliary (4)	510,372,629
Related governmental entities (5)	13,374,612
Total gross revenues	$ 1,474,970,387
Debt service:	
Auxiliary – other (6)	$ 3,304,225
Systemwide revenue bonds (7)	239,705,443
Total debt service	$ 243,009,668
Operating expenditures (8) (10):	
Housing system	$ 210,480,786
Student unions	75,683,866
Parking	61,520,009
Health centers (9)	3,623,067
Continuing education	288,140,515
Auxiliary (4)	439,032,832
Total operating expenditures	$ 1,078,481,075

(1) Includes interest income.

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

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

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

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

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

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

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

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

(10) GASB Statement No. 45, which requires the accrual of costs related to other postemployment benefits, were included in operating expenses in the cumulative amount of $93,213,883 for the fiscal year ended June 30, 2013.

(11) The foregoing table does not include $4,611,432 received for fiscal year ended June 30, 2013, under the Build America Bonds (BABs) program as a cash subsidy payment from the U.S. Treasury.

See accompanying independent auditors' report.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

CERTAIN DEFINED TERMS

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

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

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

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

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

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

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

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

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

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

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed and delivered by the Board on the date of issuance and delivery of the Series 2014A Bonds as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

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

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

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

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

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

“Eighteenth Supplemental Indenture” means the Eighteenth Supplemental Indenture, dated as of August 1, 2014, by and between the Board and the Trustee.

"Escrow Fund" means, collectively, each of the escrow funds into which proceeds of the Series 2014A Bonds are deposited in order to provide for the defeasance and refunding of the Prior Bonds.

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

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

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

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

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

"Interest Payment Date" means, with respect to the Series 2014A Bonds, November 1, 2014 and each May 1 and November 1 thereafter, until the principal and interest on all Bonds has been paid or payment has been duly provided for such amounts, and such other interest payment date or dates as may be specified in a Supplemental Indenture for a Series of Bonds.

"Investment Securities" means any of the following which at the time are legal investments under the laws of the State of California for moneys held under the Indenture and then proposed to be invested therein: (i) bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest; (ii) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States; (iii) bonds of the State of California or bonds for which the faith and credit of the State of California are pledged for the payment of principal and interest; (iv) bonds or warrants, including but not limited to revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the State of California, municipal utility district or school district of the State of California; (v) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by general land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended, and the bonds of any federal home loan bank established under said act, obligations of the Federal Home Loan Mortgage Corporation, and bonds, notes and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended; (vi) commercial paper rated within the top rating designation by a nationally recognized rating agency and issued by corporations (1) organized and operating within the United States, (2) having total assets in excess of $500,000,000 and (3) approved by the Pooled Money Investment Board, provided, however that eligible commercial paper may not exceed 180 days' maturity, represent more than ten percent (10%) of the outstanding paper of an issuing corporation nor exceed thirty percent (30%) of the resources of an investment program, and that at the request of the Pooled Money Investment Board, such investment shall be secured by the issuer by depositing with the State Treasurer securities authorized by Section 53651 of the California Government Code of a market value of at least ten percent (10%) in excess of the amount of the State's investment; (vii) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the top two rating categories by a nationally recognized rating agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System;

(viii) negotiable certificates of deposit issued by a nationally or state-chartered bank or savings and loan association or by a state-licensed branch of a foreign bank which, to the extent they are not insured by federal deposit insurance are issued by an institution the general obligations of which are rated in one of the top two rating categories by a nationally recognized rating agency; (ix) bonds, debentures and notes issued by corporations organized and operating within the United States which securities are rated in one of the top two rating categories by a nationally recognized rating agency; (x) interest-bearing accounts in state or national banks or in state or federal savings and loan associations having principal offices in the State of California, the deposits of which shall be secured at all times and in the same manner as state moneys are by law required to be secured; (xi) deposits in the Surplus Money Investment Fund referred to in Section 15487 of the California Government Code; (xii) repurchase agreements or reverse repurchase agreements, as such terms are defined and pursuant to the terms of Section 16480.4 of the California Government Code; (xiii) collateralized or uncollateralized investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated within the top two rating categories by a nationally recognized rating agency; or (xiv) money market funds that invest solely in obligations described in clause (i) of this definition; or commercial paper rated within the top rating designation by a nationally recognized rating agency and issued by corporations (1) organized and operating within the United States, (2) having total assets in excess of $500,000,000, and (3) approved by the Pooled Money Investment Board, provided, however, that eligible commercial paper may not exceed 180 days' maturity or represent more than ten percent (10%) of the outstanding paper of an issuing corporation, and at the request of the Pooled Money Investment Board, such investment shall be secured by the issuer by depositing with the State Treasurer securities authorized by Section 53651 of the California Government Code of a market value of at least ten percent (10%) in excess of the State's investment.

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

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

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

"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 2014A Bonds, November 1, 2014 and each November 1 thereafter, until the principal on all Bonds has been paid or payment has been duly provided for such amounts, and such other principal payment date or dates as may be specified in a Supplemental Indenture for a Series of Bonds.

"Prior Bonds" means those certain revenue bonds issued by an auxiliary organization of the Board and those certain Bonds refunded with a portion of the proceeds of the Series 2014A Bonds, as described in "REFUNDING PLAN" and Appendix H hereto.

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

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

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

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

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

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

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

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

Application of Proceeds of the Series 2014A Bonds

The Board shall deposit the proceeds from the sale of the Series 2014A Bonds in the State Treasury of the State to the credit of the Program Fund within the fund designated as the "California State University Dormitory Construction Fund," which fund was created by Section 90073 of the Education Code of the State and is referred to as the "Program Fund." The Board shall account separately in the Program Fund for the proceeds from the sale of the Series 2014A Bonds.

Proceeds from the sale of the Series 2014A Bonds shall be deposited in an account established within the Program Fund and designated as the "Series 2014A Project Account." Immediately after the receipt of the proceeds from the sale of the Series 2014A Bonds, the Trustee, upon the order of the Controller of the State, and in accordance with the Certificate of the Board, shall withdraw certain moneys from the Series 2014A Project Account and deposit such moneys in separate accounts relating to the Series 2014A Bonds, including the Escrow Fund, which the Trustee will establish in accordance with the Eighteenth Supplemental Indenture. Except as described in this section, the moneys remaining in the Series 2014A Project Account shall be used and applied solely to meet the costs of acquisition and construction of the Series 2014A Projects and expenses and costs incidental to the acquisition and construction of the Series 2014A Projects, including the repayment of the principal of and interest on any interim loan, bond anticipation notes or other financing of such costs, and costs and expenses incident to the issuance and sale of the Series 2014A Bonds (including transfer to any fund or funds from which advances have been made for any such costs and expenses, in repayment of such advances), and for capitalized interest. Moneys shall be paid from the Series 2014A Project Account within the Program Fund upon claims filed by the Board with the Controller of the State and after audit by the Controller of the State in the manner provided by law and upon warrants drawn by the Controller of the State. Any moneys remaining in the Series 2014A Project Account in the Program Fund after all applicable costs and expenses have been transferred shall be used for such other purposes permitted under the Act as the Board may determine (including deposit to the Rebate Fund).

Program Fund; Project Accounts; Series Project Accounts

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

With respect to the Series 2014A Bonds, the Board shall establish and maintain a separate account within the Program Fund designated as the "Series 2014A Project Account".

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

The amount initially deposited in the Series 2014A Project Account and any investment earnings thereon shall be held by the Trustee. Moneys in the Series 2014A Project Account shall be used and withdrawn by the Board to pay Costs of Issuance, the cost of acquisition or construction of the Series 2014A Projects, including reimbursements of any sums advanced by the Board for such purposes and refunding bond anticipation notes or other obligations incurred for such purposes, and to pay interest on the Series 2014A Bonds in such amounts and on such dates as may be determined by the Board. Notwithstanding any other provision of the Indenture, amounts in the Series 2014A 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 2014A Bonds and other Outstanding Bonds, the Board may by Supplemental Indenture establish one or more other Series of Bonds, and the Board may issue, and the Trustee may authenticate and deliver to, or upon the Written Order of, the Board, Bonds of any Series so established, in such principal amount as shall be determined by the Board, subject to the requirements of the Indenture, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

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

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

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

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

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

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

Pledge and Assignment; Gross Revenue Fund; Revenue Fund

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

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

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

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

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

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

Allocation of Gross Revenues to Funds

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

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

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

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

Allocation of Interest Fund

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

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

Moneys in the Series 2014A Capitalized Interest Account established pursuant to the Indenture shall be transferred to the Bond Interest Fund in the amounts and on or before the Interest Payment Dates set forth in the Eighteenth Supplemental Indenture, and shall be used solely for the purpose of paying a portion of the interest on the Series 2014A Bonds Outstanding as the same shall become due and payable (including accrued interest on any Bonds of Series 2014A purchased or redeemed prior to maturity).

Application of Principal Fund

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

The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds, if any, of each Series and maturity, designated as the "Series __ 20__ Sinking Account" (the "Sinking Account"), inserting therein the Series and maturity (if more than one such account is established for such Series) designation of such Bonds. On or before each November 1, commencing as specified in the Indenture or any Supplemental Indenture, the Trustee shall transfer or shall cause the Board to transfer the amount deposited in the Principal Fund pursuant to the section "Allocation of Gross Revenues to Funds" above, for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required in such month) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee shall apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Board, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Board has deposited Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and delivered by the Trustee to or upon the Written Request of the Board. The Trustee shall withdraw, or shall cause the Board to withdraw, any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer outstanding and shall transfer, or cause the Board to transfer, such amounts to the Revenue Fund. Subject to a different allocation provided for in a Certificate of the Board filed with the Trustee, all Term Bonds purchased from a Sinking Account or deposited by the Board with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Bonds, then pro rata to the remaining Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

Establishment and Application of Redemption Fund

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

The Trustee shall establish and maintain and hold in trust separate accounts for each maturity of Series 2014A Bonds which are Term Bonds (the "Series 2014A Sinking Accounts"). Moneys shall be deposited into the Series 2014A Sinking Accounts in accordance with this section. Moneys on deposit in the Series 2014A Sinking Accounts shall be applied to provide for the redemption of the applicable maturity of the Series 2014A Term Bonds, respectively, in accordance with the "Schedule of Mandatory Sinking Account Payments" contained in this Official Statement.

Investment of Moneys in Funds

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

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

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

Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell at the best price reasonably obtainable or present for redemption, any Investment Security so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee under the Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture.

Rebate Fund

The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated the Rebate Fund. The Board shall cause to be deposited in the Rebate Fund the rebate requirement as provided in the Tax Certificate, if any, for each Series of Bonds. Subject to the provisions of this section, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States government, and the Board and the owners shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the Rebate Fund pursuant to the Request of the Board.

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

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

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

Funds and Accounts and Subaccounts

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

Particular Covenants of the Board of Trustees

Additional Indebtedness.

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

(b) So long as no Event of Default has occurred or is continuing under the Indenture, the Board may issue or incur Indebtedness secured by a Parity Lien if there is filed with the Trustee a Certificate of the Board confirming its expectation that, for the first full Fiscal Year following the date the Project financed or refinanced with the proceeds of such Indebtedness secured by a Parity Lien is placed in service, Net Income Available for Debt

Service for such Fiscal year shall be in an amount at least equal to Aggregate Debt Service for such Fiscal Year on all Indebtedness and Designated Auxiliary Debt.

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

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

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

Accounting Records and Financial Statements.

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

(b) Not later than two hundred ten (210) days after the end of each Fiscal Year of the Board, commencing with the Fiscal Year ending June 30, 2014, 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 2014A 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 2014A 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 2014A Bonds (including persons holding Series 2014A 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.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated August 20, 2014 (the "Disclosure Certificate") is executed and delivered by the Trustees of the California State University (the "Board") in connection with the issuance of $747,740,000 principal amount of the Trustees of the California State University Systemwide Revenue Bonds, Series 2014A (the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of April 1, 2002, as supplemented, including by an Eighteenth Supplemental Indenture, dated as of August 1, 2014 (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, 2015, 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 July 31, 2014 (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 2014A.

Date of Issuance: August __, 2014

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 FOR THE SERIES 2014A BONDS

[Closing Date]

Trustees of the California State University
Long Beach, California

Trustees of the California State University
Systemwide Revenue Bonds, Series 2014A
(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 $747,740,000 aggregate principal amount of Trustees of the California State University Systemwide Revenue Bonds, Series 2014A (the "Series 2014A 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 an Eighteenth Supplemental Indenture, dated as of August 1, 2014 (the "Indenture"), by and between the Issuer and the Treasurer of the State of California, as trustee (the "State Treasurer"). The Series 2014A Bonds are being issued to finance and refinance the costs of construction of facilities at various campuses of the California State University and certain related expenses. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, certificates of the Issuer, the State Treasurer, and others, the opinion of counsel to the Issuer, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2014A 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 2014A 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 2014A 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 2014A 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 2014A 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 2014A Bonds, of the Gross Revenues and any other amounts (including proceeds of the sale of the Series 2014A 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 2014A 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 2014A Bonds. The Series 2014A 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 2014A 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 2014A 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 2014A Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the California State University Systemwide Revenue Bonds, Series 2014A (the "Series 2014A Bonds"). The Series 2014A 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 2014A 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 2014A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014A 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 2014A 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 2014A Bonds, except in the event that use of the book-entry system for the Series 2014A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014A 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 2014A 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 2014A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014A 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 2014A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2014A Bond documents. For example, Beneficial Owners of Series 2014A Bonds may wish to ascertain that the nominee holding the Series 2014A 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 2014A 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 2014A 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 2014A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2014A 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 2014A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2014A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2014A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2014A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2014A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2014A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2014A 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 2014A 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 2014A Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

APPENDIX H

PROJECTS FINANCED AND BONDS REFUNDED WITH SERIES 2014A BONDS

New Money and Bond Anticipation Note Projects to be Funded by Series 2014A Bonds

Campus, Project	*Allocation of Principal of Series 2014A Bonds*
Bakersfield Student Housing	$29,970,000
San Diego Aztec Shops, Ltd. – University Towers Renovation Project	9,190,000
San Jose Student Health and Counseling Center	22,880,000
San Marcos Student Health and Counseling Services Building Project	4,880,000
San Diego Aztec Shops, Ltd. – College West Apartments Acquisition Project	3,145,000
Northridge Student Housing Phase II	19,750,000
CSU Fullerton Auxiliary Services Corporation—Irvine Campus Property Acquisition Project	26,390,000
San Diego Granada Apartments Acquisition	21,815,000
San Diego State University Zura Hall Renovation	47,525,000
San Jose State University Campus Village Housing 2	116,180,000
California State University, San Marcos Field House Expansion	5,705,000
SUBTOTAL	$307,430,000

Systemwide Revenue Bonds to Be Refunded by Series 2014A Bonds

Series	*Principal to be Refunded*	*Expected Redemption Date*	*Redemption Price*	*CUSIP* (Base)*
Systemwide Revenue Bonds, Series 2004A	$31,845,000	September 19, 2014	100%	13077C
Systemwide Revenue Bonds, Series 2005A	$228,385,000	May 1, 2015	100%	13077C
Systemwide Revenue Bonds, Series 2005C	$209,135,000	November 1, 2015	100%	13077C

Auxiliary Organization Bonds to Be Refunded by Series 2014A Bonds

Organization/Series	*Principal to be Refunded*	*Expected Redemption Date*	*Redemption Price*
The CSU, Chico Research Foundation Auxiliary Organization Bonds, Series 2003[(1)]	$3,815,000	September 19, 2014	100%

* Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. Neither the Board nor the Underwriters take any responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of such 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 such bonds.

(1) All outstanding maturities of these series of bonds are expected to be refunded in their entirety.

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APPENDIX I

LETTERS FROM UNDERWRITERS

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July 22, 2014

Mr. Blake Fowler
Director
Public Finance Division
Office of the California State Treasurer
915 Capitol Mall C-15
Sacramento, CA 95814

CC: Rosa Renaud, California State University
rrenaud@calstate.edu

Re: Trustee of the California State University Systemwide Revenue Bonds, Series 2014A (the "Bonds")

Dear Mr. Fowler:

Academy Securities Inc, Co-Managing Underwriter of The Trustee of the California State University Systemwide Revenue Bonds, Series 2014A bonds, intends to enter into distribution agreements (the "Distribution Agreements") with E*Trade Securities LLC, R Seelaus & Co. Inc., IFS Securities, Higgins Capital Management, Inc., Ladenburg Thalman & Co, World First Financial Services, World Equity Group Inc., and, Sutter Securities Inc. for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to these Distribution Agreements (if applicable for this transaction), Academy Securities, Inc. may share a portion of its underwriting compensation with these firms.

ACADEMY SECURITIES, INC.

Backstrom McCarley Berry & Co., LLC

July 14, 2014

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

RE: California State University Systemwide Revenue Bonds, Series 2014A

Dear Mr. Fowler:

Backstrom McCarley Berry & Co., LLC ("BMcB"), one of the Co-Manager on the California State University Systemwide Revenue Bonds, 2014A has entered into a Distribution Agreement with D.A. Davidson, Inc. and a similar Distribution Agreement with Wedbush Securities, Inc. to augment our institutional and retail marketing capabilities, for the distribution of certain securities offerings, including the CSU Systemwide Revenue Bonds, Series 2014A at the original issue price. Pursuant to our distribution agreements D.A. Davidson, Inc. and Wedbush 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

By: Don Backstrom
Managing Director & Principal

Cc: rrenaud@calstate.edu
gwatkins@sto.ca.gov
jcooper@orrick.com

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

Member: FINRA, MSRB, SIPC

Blaylock BV
Blaylock Beal Van, LLC

July 11, 2014

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 2014A

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 2014A 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

July 16, 2014

Blake Fowler
Director, Public Finance
California State Treasurer's Office
915 Capitol Mall, Room 110
Sacramento, CA 95814

RE: California State University Systemwide Revenue Bonds, Series 2014A

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, California State University

J.P.Morgan

July 9, 2014

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 2014A (the "Bonds")

Dear Mr. Fowler and Ms. Renaud:

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into a negotiated dealer agreement (the "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, (if applicable to this transaction), 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 430
Los Angeles, CA 90025
T 310.442.1200 **F** 310.442.1208
Toll Free 888.294.8898

www.loopcapital.com

July 8, 2014

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 2014A (the "Bonds")

Dear Mr. Fowler:

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Bonds, has entered into a distribution agreement (the "Distribution Agreement") with Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement (if applicable to this transaction), DBS will purchase Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Sincerely,

Loop Capital Markets LLC

CC: Rosa Renaud
California State University

Morgan Stanley

July 10, 2014

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 2014A

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

PRAGER & CO., LLC
INVESTMENT BANKERS

July 15, 2014

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 2014A Bonds

Dear Mr. Fowler:

Prager & Co., LLC, Co-Managing Underwriter for the California State University System-wide Revenue Bonds, Series 2014A 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 2014A Bonds, with HSBC Securities.

Sincerely,
PRAGER & CO., LLC

Cc:
Rosa Renaud
Associate Director
The California State University

One Maritime Plaza Suite 1000 San Francisco CA 94111 415.403.1900 wwww.prager.com

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

July 25, 2014

California State University
Financing and Treasury
Office of the Chancellor
401 Golden Shore, 5th Floor
Long Beach, CA 90802

Attn: Mr. Robert Eaton, Acting Deputy Assistant Vice Chancellor, Financing and Treasury / Systemwide Risk Management

Re: Additional Disclosures by Underwriter/Co-Senior Managing Underwriter
Pursuant to MSRB Rule G-17
Systemwide Revenue Bonds, Series 2014A

Dear Mr. Eaton:

We are writing to provide you, as Acting Deputy Assistant Vice Chancellor, Financing and Treasury / Systemwide Risk Management of the California State University (Issuer), with additional disclosures relating to the captioned bond issue ("Bonds"), as required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012)[1], as a supplement to the letter you have received from Barclays Capital regarding the same matter.

I. Disclosures Concerning the Underwriters' Compensation:

Siebert Brandford Shank & Co., L.L.C., one of the Underwriters of the Bonds, has entered into a separate agreement with Credit Suisse Securities USA LLC for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Siebert Brandford Shank & Co., L.L.C. will share a portion of its underwriting compensation with respect to the Bonds, with Credit Suisse Securities USA LLC.

We look forward to working with you in connection with the issuance of the Bonds.

Sincerely,

Lisa A Smith

Lisa Smith
Siebert Brandford Shank & Co., L.L.C.
523 West Sixth Street, Suite 703
Los Angeles, CA 90014
lsmith@sbsco.com

CC: Rosa Renaud, California State University
Jeanne Trujillo, State Treasurer's Office

1 Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).

July 15, 2014

Mr. Blake Fowler
Director
Office of the Treasurer - Public Finance Division
915 Capitol Mall, Room 261
Sacramento, CA 95814

RE: The Trustees of the California State University Systemwide Revenue Bonds, Series 2014A (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 the Underwriter of the Bonds."

Sincerely,

Esther Berg
Managing Director
U.S. Bancorp Investments, Inc.

cc: Rose Renaud, California State University, Financing and Treasury

Government & Institutional Banking
Public Finance
333 Market Street, 15th Floor
San Francisco, California 94105

WELLS FARGO SECURITIES

July 16, 2014

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 Trade Name Disclosures Pursuant to
Trustees of the California State University Systemwide Revenue Bonds, Series 2014A
(the "Series 2014A Bonds")

Dear Mr. Blake 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 Series 2014A Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2014A Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Series 2014A 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, WFIS, 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.

Sincerely,

Wells Fargo Securities

CC: Rosa Renaud, California State University

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TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY • SYSTEMWIDE REVENUE BONDS, SERIES 2014A

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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