

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 24, 2025

NEW ISSUE--BOOK ENTRY ONLY

Rating:

Moody's: "Baa1" (negative outlook)

S&P: "BBB+" (stable outlook)

See "RATINGS" herein

In the opinion of Bond Counsel, assuming compliance by the Authority and the University with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Series 2025 Bonds.

\$52,270,000*

**VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
EDUCATIONAL FACILITIES REVENUE REFUNDING BONDS
(STETSON UNIVERSITY, INC. PROJECT)
SERIES 2025**



Dated: Date of Issue

Due: June 1, as shown on inside cover

The Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025 (the "Series 2025 Bonds") are being issued by the Volusia County Educational Facilities Authority (the "Authority") pursuant to a resolution adopted by the Authority on February 13, 2025 (the "Bond Resolution"). The Series 2025 Bonds shall be issued under and secured by a Trust Indenture, dated as of April 1, 2025 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2025 Bonds are payable solely from the Security, as set forth in the Indenture, which includes the revenues derived by the Authority under a Loan Agreement, dated as of April 1, 2025 (the "Loan Agreement"), between the Authority and Stetson University, Inc. (the "University"). The Security has been assigned to the Trustee under the Indenture. Proceeds of the Series 2025 Bonds will be applied by the University for the purposes of: (i) refinancing the obligations of the University with respect to and, thereby, refunding all or a portion of the Authority's Outstanding Educational Facilities Revenue Bonds (Stetson University, Inc. Project), Series 2015, and (ii) paying certain costs of issuance for the Series 2025 Bonds. See "THE PLAN OF REFUNDING" herein. All capitalized terms not otherwise defined in this Official Statement shall have the same meanings as set forth in the Indenture and Loan Agreement.

The obligations of the University under the Loan Agreement are general obligations of the University and all amounts due and payable by the University under the Loan Agreement are pari passu with the University's obligations with respect to the Series 2025 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS" herein.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND NEITHER THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE AUTHORITY WILL BE OBLIGATED TO PAY THE SERIES 2025 BONDS OR INTEREST THEREON EXCEPT FROM REVENUES, PROCEEDS AND RECEIPTS PLEDGED UNDER THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF OR THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2025 BONDS. NO ACT OR OMISSION TO ACT BY THE AUTHORITY SHALL DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT AND SUCH SERIES 2025 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DOES NOT AND SHALL NEVER CONSTITUTE A DEBT OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR THE STATUTES OF THE STATE OF FLORIDA AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE CREDIT OR TAXING POWER OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2025 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2025 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. THE AUTHORITY HAS NO TAXING POWER OR AUTHORITY. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS" HEREIN.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF PAYMENTS BY THE UNIVERSITY PURSUANT TO THE LOAN AGREEMENT. THE SERIES 2025 BONDS WILL NOT BE SECURED BY A MORTGAGE ON THE REAL PROPERTY OF THE UNIVERSITY.

The Series 2025 Bonds will be issued as fully registered bonds, without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository with respect to the Series 2025 Bonds. Beneficial Owners (as defined herein) of the Series 2025 Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025 Bonds. So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, payment of the principal of and interest on the Series 2025 Bonds will be made by the Trustee directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC participants.

Purchases of beneficial ownership interests in the Series 2025 Bonds will be made in book-entry form only in denominations of \$5,000 and any integral multiples thereof within a maturity. Interest on the Series 2025 Bonds is payable beginning on December 1, 2025, and semiannually each June 1 and December 1 thereafter to maturity or redemption prior to maturity.

The Series 2025 Bonds are subject to optional and mandatory redemption prior to maturity as provided herein. See "THE SERIES 2025 BONDS—Redemption Prior to Maturity" herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including all appendices attached hereto to obtain information essential to the making of an informed investment decision.

The Series 2025 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter (as defined herein), subject to the approval of legality thereof by Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel to the University, and certain other conditions. Certain legal matters will be passed upon for the Authority by Landis Graham French, P.A., DeLand, Florida. Certain legal matters will be passed upon for the University by Cobb & Cole, P.A., DeLand and for the Underwriter by Butler Snow LLP, Jacksonville, Florida. PFM Financial Advisors LLC, Orlando, Florida has served as Financial Advisor to the University in connection with the issuance of the Series 2025 Bonds. It is expected that the Series 2025 Bonds in definitive form will be available for delivery through DTC, or to the Trustee on behalf of DTC by Fast Automated Securities Transfer ("FAST"), on or about April __, 2025.

RAYMOND JAMES®

_____, 2025.

* Preliminary, subject to change.

This Preliminary Official Statement and any information contained herein are subject to completion and amendment. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELD

\$52,270,000*

**VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
EDUCATIONAL FACILITIES REVENUE REFUNDING BONDS
(STETSON UNIVERSITY, INC. PROJECT),
SERIES 2025**

<u>Maturity Date (June 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number⁺</u>
2026	\$2,115,000			
2027	2,555,000			
2028	2,685,000			
2029	2,820,000			
2030	2,965,000			
2031	3,110,000			
2032	3,265,000			
2033	3,425,000			
2034	3,600,000			
2035	3,775,000			
2036	3,965,000			
2037	4,170,000			
2038	4,375,000			
2039	4,600,000			
2040	4,845,000			

* Preliminary, subject to change.

+ CUSIP data herein is provided by CUSIP Global Services (“CGS”). CGS is managed on behalf of the American Bankers Association by FactSet Research System Inc. CUSIP numbers have been assigned to the Series 2025 Bonds by an organization not affiliated with the Authority and are included solely for the convenience of the owners of the Series 2025 Bonds. Neither the Authority nor the Underwriter is responsible for the selection, use or accuracy of the CUSIP numbers, nor is any representation made with respect thereto.

**VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
EDUCATIONAL FACILITIES REVENUE REFUNDING BONDS
(STETSON UNIVERSITY, INC. PROJECT),
SERIES 2025**

AUTHORITY MEMBERS

Sara Caldwell, Esq., Chair
Frank Robert Huth, Jr., Vice Chair
Dr. Randall Howard, PhD, Secretary
Vince E. Ryan, Assistant Secretary
Dr. Donald O. Travis, PhD, Member

AUTHORITY COUNSEL

Landis Graham French, P.A.
DeLand, Florida

AUTHORITY EXECUTIVE DIRECTOR

Disston T. Moore

BOND COUNSEL TO THE UNIVERSITY

Bryant Miller Olive P.A.
Orlando, Florida

DISCLOSURE COUNSEL TO THE UNIVERSITY

Bryant Miller Olive P.A.
Orlando, Florida

SPECIAL COUNSEL TO THE UNIVERSITY

Cobb & Cole, P.A.
DeLand, Florida

UNIVERSITY'S FINANCIAL ADVISOR

PFM Financial Advisors LLC
Orlando, Florida

TRUSTEE/DISSEMINATION AGENT/ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.
Jacksonville, Florida

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY, THE UNIVERSITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE SERIES 2025 BONDS OTHER THAN THOSE 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 ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY OFFER, SOLICITATION OR SALE OF THE SERIES 2025 BONDS IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE AUTHORITY ASSUMES NO RESPONSIBILITY AS TO THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE INFORMATION IN THIS OFFICIAL STATEMENT, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION RELATING TO THE AUTHORITY UNDER "THE AUTHORITY," AND "LITIGATION – THE AUTHORITY" HEREIN. NEITHER THE 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 AUTHORITY OR THE UNIVERSITY SINCE THE DATE HEREOF.

THE SERIES 2025 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2025 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2025 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2025 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN COMPILED OR PREPARED FROM INFORMATION OBTAINED FROM THE AUTHORITY AND THE UNIVERSITY, PUBLICLY AVAILABLE DOCUMENTS AND OTHER SOURCES DEEMED TO BE RELIABLE AND, WHILE NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY, IS BELIEVED TO BE CORRECT AS OF THIS DATE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF.

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 "CERTAIN BONDHOLDERS' RISKS" HEREIN. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE 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 INCLUDED IN THIS OFFICIAL STATEMENT. ASIDE FROM ITS CUSTOMARY FINANCIAL REPORTING ACTIVITIES, THE UNIVERSITY 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, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. PROSPECTIVE PURCHASERS MAY RELY ON THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN THE ORIGINAL BOUND FORMAT OR IN ELECTRONIC FORMAT; PROVIDED, HOWEVER, THAT PROSPECTIVE PURCHASERS MUST READ THE ENTIRE OFFICIAL STATEMENT (INCLUDING THE COVER PAGE AND ALL APPENDICES ATTACHED HERETO) TO OBTAIN ALL OF THE INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE AUTHORITY AND THE UNIVERSITY FOR PURPOSES OF RULE 15c2-12 ISSUED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(B)(1).

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

INTRODUCTION 1

THE AUTHORITY..... 2

THE UNIVERSITY..... 4

THE PLAN OF REFUNDING 4

 General..... 4

 The Refunding 4

ESTIMATED SOURCES AND USES OF FUNDS 6

SCHEDULE OF ESTIMATED DEBT SERVICE REQUIREMENTS 7

THE SERIES 2025 BONDS 9

 General..... 9

 Redemption Prior to Maturity 9

 Registration, Transfer and Exchange 11

 Book-Entry Only System..... 12

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS..... 15

 Pledge of Security under the Indenture..... 15

 Limited Obligations 15

 The Loan Agreement 16

CERTAIN BONDHOLDERS' RISKS 19

 Limited Financial Covenants..... 19

 Enforceability 19

 Early Redemption 19

 Effects on Exemption of Interest from Federal Income Taxes..... 19

 Secondary Market and Prices..... 20

 Competition 20

 Accreditation 20

 Investments 21

 Facilities 21

 Climate Change and Natural Disasters 21

 Cybersecurity 21

Other Risk Factors Regarding the University	21
LITIGATION	22
The Authority	22
The University	22
DISCLOSURE REQUIRED BY SECTION 517.051(1), FLORIDA STATUTES.....	23
LEGAL MATTERS.....	23
CONTINGENT FEES.....	23
TAX MATTERS	24
General.....	24
Other Tax Matters	25
Tax Treatment of Original Issue Discount	25
Tax Treatment of Bond Premium	25
Information Reporting and Backup Withholding.....	26
RATINGS	26
FINANCIAL STATEMENTS.....	27
FINANCIAL ADVISOR	27
UNDERWRITING.....	27
CONTINUING DISCLOSURE.....	27
MISCELLANEOUS.....	28
APPENDIX A	– STETSON UNIVERSITY, INC. GENERAL INFORMATION
APPENDIX B	– FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEARS ENDING JUNE 30, 2024 AND 2023
APPENDIX C	– FORM OF PRINCIPAL DOCUMENTS
APPENDIX D	– CONTINUING DISCLOSURE AGREEMENT
APPENDIX E	– FORM OF BOND COUNSEL OPINION

OFFICIAL STATEMENT

\$52,270,000*

**VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY
EDUCATIONAL FACILITIES REVENUE REFUNDING BONDS
(STETSON UNIVERSITY, INC. PROJECT),
SERIES 2025**

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the appendices hereto, is to furnish certain information relating to the issuance of Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025, in the aggregate principal amount of \$52,270,000* (the "Series 2025 Bonds") by the Volusia County Educational Facilities Authority (the "Authority"). All capitalized terms not otherwise defined in this Official Statement shall have the same meanings as set forth in the Indenture and Loan Agreement, as defined herein.

The Series 2025 Bonds are issued under the authority of and in full compliance with the Constitution and the laws of the State of Florida, including particularly the Higher Educational Facilities Financing Act, Chapter 243 Florida Statutes (the "Act") and pursuant to a resolution adopted by the Authority on February 13, 2025 (the "Bond Resolution"). The Series 2025 Bonds shall be issued under and secured by a Trust Indenture, dated as of April 1, 2025 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2025 Bonds are payable solely from the Security, as set forth in the Indenture, which includes the revenues derived by the Authority under a Loan Agreement, dated as of April 1, 2025 (the "Loan Agreement"), between the Authority and Stetson University, Inc. (the "University"). The Security has been assigned to the Trustee under the Indenture. The Series 2025 Bonds are issued under and are equally and ratably secured by the Indenture, which will create a lien on all money and securities (except the Rebate Fund) held from time to time by the Trustee for the benefit of the holders of the Series 2025 Bonds pursuant to the Indenture. Pursuant to the Indenture, the Authority will assign to the Trustee substantially all of its right, title and interest in and to the Loan Agreement, including all right to receive loan payments to be made by the University, but reserving to the Authority certain rights (as more particularly defined in Appendix C hereto, the "Reserved Rights"), which rights may be enforced by the Authority or the Trustee pursuant to the Loan Agreement.

Proceeds of the Series 2025 Bonds will be applied by the University for the purposes of: (i) refinancing the obligations of the University with respect to and, thereby, refunding all or a portion of the Authority's Outstanding Educational Facilities Revenue Bonds (Stetson University, Inc. Project) Series 2015 (the "Series 2015 Bonds"), and (ii) paying certain costs of issuance for the Series 2025 Bonds. See "THE PLAN OF REFUNDING" herein.

The obligations of the University under the Loan Agreement are general obligations of the University and all amounts due and payable by the University under the Loan Agreement are *pari passu* with the University's obligations with respect to the Series 2025 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS" herein.

* Preliminary, subject to change.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND NEITHER THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE AUTHORITY WILL BE OBLIGATED TO PAY THE SERIES 2025 BONDS OR INTEREST THEREON EXCEPT FROM REVENUES, PROCEEDS AND RECEIPTS PLEDGED UNDER THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF OR THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2025 BONDS. NO ACT OR OMISSION TO ACT BY THE AUTHORITY SHALL DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT AND SUCH SERIES 2025 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DOES NOT AND SHALL NEVER CONSTITUTE A DEBT OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR THE STATUTES OF THE STATE AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE CREDIT OR TAXING POWER OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2025 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2025 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. THE AUTHORITY HAS NO TAXING POWER OR AUTHORITY.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF PAYMENTS BY THE UNIVERSITY PURSUANT TO THE LOAN AGREEMENT, CERTAIN PROCEEDS OF THE SERIES 2025 BONDS AND INCOME FROM THE TEMPORARY INVESTMENT THEREOF. THE TRUSTEE WILL NOT HAVE A MORTGAGE ON OR SECURITY INTEREST IN THE REAL PROPERTY OF THE UNIVERSITY. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS" HEREIN.

This Official Statement contains brief descriptions and summaries of, among other matters, the Series 2025 Bonds, the Indenture, the Loan Agreement, the Authority, the University and certain other matters. The descriptions of the Series 2025 Bonds and of other documents contained in this Official Statement are qualified in their entirety by reference thereto and by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights. Certain capitalized terms and phrases used in this Official Statement and not otherwise expressly defined herein have the respective meanings assigned thereto as set forth in the Indenture.

THE AUTHORITY

The Authority is a public body corporate and politic created and existing under the laws of the State of Florida pursuant to the provisions of the Act. The Authority is authorized to issue the Series 2025 Bonds for the purposes, among other things, to finance or refinance the costs of certain educational facilities and to secure the Series 2025 Bonds by an assignment of the payments to be received under the Loan Agreement to the Trustee pursuant to the Indenture. In order to accomplish the foregoing, the Authority is authorized to enter into and/or accept delivery of the Indenture and the Loan Agreement.

The Authority has no taxing power and has no source of funds for the payment of its bonds other than the underlying contractual obligations made by or on behalf of the users of the proceeds of its bonds.

The Authority is governed by five members who are appointed by the County Council of Volusia County, Florida (the "County"). The members are appointed for staggered terms of five years each and hold office until their successors are appointed. The members of the Authority are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
Sara Caldwell, Esq.	Chair	March 1, 2027
Frank Robert Huth, Jr.	Vice Chair	March 1, 2028
Dr. Randall Howard, PhD	Secretary	March 1, 2026
Vincent E. Ryan	Assistant Secretary	March 1, 2029
Dr. Donald O. Travis, PhD	Member	March 1, 2025*
Disston T. Moore	Executive Director	**

*Continues to serve until selection of a replacement by the County.

** Serves at the pleasure of the Authority.

The Series 2025 Bonds will be limited obligations of the Authority as described under the caption "SECURITY FOR THE SERIES 2025 BONDS – Limited Obligations" herein.

The Authority has issued other revenue bonds for the benefit of the University and of other educational institutions and educational facilities. The Authority may from time to time issue other obligations to finance the University or other educational facilities or for any other corporate purpose.

Rule 69W-400.03, Rules for Government Securities, promulgated by the Florida Office of Financial Regulation, under Section 517.051(1), Florida Statutes ("Rule 69W-400.03"), requires the Authority to disclose each and every default as to the payment of principal and interest with respect to an obligation issued by the Authority after December 31, 1975. Rule 69W-400.03 further provides, however, that if the Authority in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

The Authority, in the case of the Series 2025 Bonds, is merely a conduit for payment, in that the Series 2025 Bonds do not constitute a general debt, liability or obligation of the Authority, but are instead secured by and payable solely from payments of the University under the Loan Agreement and by other security discussed herein. The Series 2025 Bonds are not being offered on the basis of the financial strength or condition of the Authority. The Authority believes, therefore, that disclosure of any default related to a financing not involving the University or any person or entity related to the University would not be material to a reasonable investor. Accordingly, the Authority has not taken affirmative steps to contact any trustee of any other conduit bond issue of the Authority to determine the existence of prior defaults; however, the Authority is not aware of the existence of any defaults with respect to bonds issued by it.

The Authority assumes no responsibility as to the accuracy, adequacy or completeness of the information in this Official Statement, other than with respect to the accuracy of the information relating to the Authority under "THE AUTHORITY" and "LITIGATION – The Authority" herein.

THE UNIVERSITY

The University is a private not-for-profit co-educational institution of higher education organized and existing under the laws of the State of Florida and is a qualified 501(c)(3) organization for purposes of the Internal Revenue Code of 1986, as amended (the "Code"). The University was founded in 1883 as DeLand Academy by Harry A. DeLand. In 1889 the University changed its name to honor John B. Stetson. See Appendix A to this Official Statement for additional information relating to the University and Appendix B for certain audited financial statements.

THE PLAN OF REFUNDING

General

Proceeds of the Series 2025 Bonds will be applied by the University for the purposes of: (i) refinancing the obligations of the University with respect to and, thereby, refunding all or a portion of the Series 2015 Bonds, and (ii) paying certain costs of issuance for the Series 2025 Bonds. The Series 2015 Bonds were issued and the proceeds thereof were loaned to the University for the purpose of financing, refinancing or reimbursing the costs of the construction and equipping of certain educational facilities owned and operated by the University as more particularly described in the Loan Agreement (the "Series 2015 Project"). See Appendix C for a further description of the Series 2015 Project contained in the Loan Agreement.

The Refunding

Concurrently with the delivery of the Series 2025 Bonds, the University will deposit a portion of the proceeds of the Series 2025 Bonds, loaned to it by the Authority, with The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent") in order to effect the refunding of all or a portion of the presently outstanding Series 2015 Bonds (in this section hereinafter referred to as the "Refunded Bonds"). Such moneys will be held, invested in United States Treasury Obligations (the "Escrow Securities"), and distributed pursuant to the terms and provisions of an Escrow Deposit Agreement between the University and the Escrow Agent (the "Escrow Deposit Agreement"). A mathematical computation of the sufficiency of anticipated receipts of principal of and interest earned on the Escrow Securities and certain cash deposited into the escrow deposit trust fund established under the Escrow Deposit Agreement to provide for the payment, the principal of, redemption premium, if any, and interest on the Refunded Bonds, shall be performed by the Financial Advisor (hereinafter defined) and verified by _____, _____, _____ (the "Verification Agent"). The verification of such mathematical computations will be based on certain assumptions of the Verification Agent and information supplied by the Financial Advisor. Upon the deposit of such moneys in the irrevocable escrow deposit trust fund with the Escrow Agent, in the opinion of Bond Counsel, rendered in reliance upon such mathematical computations and verification, the Refunded Bonds shall no longer be outstanding for purposes of the bond resolution pursuant to which they were issued.

The University intends to irrevocably call the Refunded Bonds for redemption on June 1, 2025. The moneys deposited, together with principal and income from the Escrow Securities will be sufficient to make timely payments of all outstanding principal, redemption premium, if any, and interest on the Refunded Bonds, as the same become due or are called for redemption. The holders of the Refunded Bonds shall be entitled to payment solely out of the moneys or Escrow Securities deposited pursuant to

the Escrow Deposit Agreement. The moneys and Escrow Securities on deposit with the Escrow Agent pursuant to the Escrow Deposit Agreement will not be available for payment of the Series 2025 Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ESTIMATED SOURCES AND USES OF FUNDS

Source of Funds

Par Amount of Series 2025 Bonds

Net Original Issue Premium/Discount

Total Source of Funds

=====

Uses of Funds

Deposit to Escrow Account

Deposit to Costs of Issuance Fund⁽¹⁾

Total Uses of Funds

=====

(1) Includes, among other things, underwriters' discount, financial advisor fees, rating agency fees and legal, financial and administrative expenses with respect to the Series 2025 Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SCHEDULE OF ESTIMATED DEBT SERVICE REQUIREMENTS

Set forth below are the estimated debt service requirements for the Series 2025 Bonds and the University's other long-term debt outstanding.

Fiscal Year	Series 2015 ⁽¹⁾		Series 2019 ⁽²⁾		Series 2024 ⁽³⁾		Series 2025		Aggregate Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$2,250,000	\$4,020,750	\$ --	\$2,169,820	\$ --	\$3,254,067			
2026	2,365,000	3,908,250	--	2,169,820	--	3,281,413			
2027	2,480,000	3,790,000	--	2,169,820	--	3,281,413			
2028	2,605,000	3,666,000	--	2,169,820	--	3,281,413			
2029	2,735,000	3,535,750	--	2,169,820	1,220,000	3,281,413			
2030	2,875,000	3,399,000	--	2,169,820	1,285,000	3,220,413			
2031	3,015,000	3,255,250	--	2,169,820	1,350,000	3,156,163			
2032	3,170,000	3,104,500	--	2,169,820	1,415,000	3,088,663			
2033	3,325,000	2,946,000	--	2,169,820	1,485,000	3,017,913			
2034	3,495,000	2,779,750	--	2,169,820	1,560,000	2,943,663			
2035	3,665,000	2,605,000	--	2,169,820	1,640,000	2,865,663			
2036	3,850,000	2,421,750	--	2,169,820	1,720,000	2,783,663			
2037	4,045,000	2,229,250	--	2,169,820	1,805,000	2,697,663			
2038	4,245,000	2,027,000	--	2,169,820	1,895,000	2,607,413			
2039	4,455,000	1,814,750	--	2,169,820	1,990,000	2,512,663			
2040	4,680,000	1,592,000	--	2,169,820	2,090,000	2,413,163			
2041	4,915,000	1,358,000	--	2,169,820	2,200,000	2,303,438			
2042	5,160,000	1,112,250	--	2,169,820	2,315,000	2,187,938			
2043	5,420,000	854,250	--	2,169,820	2,435,000	2,066,400			
2044	5,690,000	583,250	--	2,169,820	2,565,000	1,938,563			
2045	5,975,000	298,750	--	2,169,820	2,700,000	1,803,900			
2046	--	--	--	2,169,820	2,840,000	1,662,150			
2047	--	--	--	2,169,820	2,990,000	1,513,050			
2048	--	--	--	2,169,820	3,150,000	1,356,075			
2049	--	--	--	2,169,820	3,315,000	1,190,700			
2050	--	--	--	2,169,820	3,485,000	1,016,663			
2051	--	--	--	2,169,820	3,670,000	833,700			
2052	--	--	--	2,169,820	3,865,000	641,025			
2053	--	--	--	2,169,820	4,065,000	438,113			
2054	--	--	--	2,169,820	4,280,000	224,700			
2055	--	--	--	2,169,820	--	--			
2056	--	--	--	2,169,820	--	--			
2057	--	--	--	2,169,820	--	--			
2058	--	--	--	2,169,820	--	--			
2059	--	--	--	2,169,820	--	--			
2060	--	--	<u>53,000,000</u>	<u>1,084,910</u>	--	--			
Total	\$80,415,000	\$51,301,000	\$53,000,000	\$77,028,610	\$63,330,000	\$142,258,430			

-
- (1) The Volusia County Educational Facilities Authority Educational Facilities Revenue Bonds were issued in an original par amount of \$96,420,000 the proceeds of which were loaned to the University pursuant to the terms of a loan agreement dated April 1, 2015 (the "2015 Loan Agreement"). The University's obligation to repay amounts under the 2015 Loan Agreement is a general obligation of the University. All or a portion of the Series 2015 Bonds will be refunded by the Series 2025 Bonds.
 - (2) The Stetson University Taxable Revenue Bonds, Series 2019 (the "Series 2019 Bonds") were issued in an original principal amount of \$53,000,000 pursuant to the terms of a Trust Indenture dated November 1, 2019 by and between the University and The Bank of New York Mellon Trust Company, N.A. (the "2019 Indenture"). The University's obligation to repay amounts under the 2019 Indenture is a general obligation of the University.
 - (3) The Stetson University Revenue Bonds, Series 2024 (the "Series 2024 Bonds") were issued in an original principal amount of \$63,330,000 pursuant to the terms of a Trust Indenture dated June 1, 2024 by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (the "2024 Indenture"). The University's obligation to repay amounts under the 2024 Indenture is a general obligation of the University.

[Remainder of Page Intentionally Left Blank]

THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be issued as fully registered bonds, without coupons and will be initially registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository with respect to the Series 2025 Bonds. Beneficial Owners of the Series 2025 Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025 Bonds. So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, payment of the principal of and interest on the Series 2025 Bonds will be made by the Trustee directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC participants. In the event the Series 2025 Bonds are not in a book-entry-only system, the Trustee will make payment of the principal of, redemption premium (if any) and interest on the Series 2025 Bonds as described in the Indenture.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS. THE AUTHORITY, THE UNDERWRITER AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2025 BONDS PAID TO DTC OR ITS NOMINEE, AS THE BONDOWNER, OR ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

The Series 2025 Bonds initially will be issued as fully registered bonds in minimum denominations of \$5,000 or any multiple thereof within a maturity. The Series 2025 Bonds will be issued in the aggregate principal amount of \$52,270,000*, and will be dated and will bear interest from their date of issue, at the rates per annum set forth on the inside cover of this Official Statement, payable on June 1, 2025, and semiannually thereafter on June 1 and December 1 of each year (each, an "Interest Payment Date"). The amount of interest payable with respect to any Series 2025 Bonds on any Interest Payment Date will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption Prior to Maturity

The Series 2025 Bonds are subject to redemption prior to their stated maturity as follows:

Optional Redemption. The Series 2025 Bonds are subject to redemption by the Authority, acting at the written direction of the University, prior to maturity, in whole or in part (and if in part, in such order of maturity as the University shall specify in writing to the Trustee or designating which Amortization Installments with respect to Term Bonds to be redeemed in part as further set forth in the Indenture), any such redemption to be at a price equal to 100% of the principal amount or Amortization Installment, as applicable, to be redeemed plus unpaid interest accruing thereon to the date fixed for redemption, as follows:

* Preliminary, subject to change.

The Series 2025 Bonds maturing on and after June 1, 20__, are subject to redemption prior to maturity on June 1, 20__, and on any date thereafter.

Mandatory Redemption. (i) The Series 2025 Bonds maturing on June 1, 20__* (herein called the "Term Bonds") shall be subject to mandatory redemption on June 1 of the years and in the Amortization Installments set forth in the following table, any such redemption to be at a price equal to 100% of the principal amount or Amortization Installment to be redeemed plus unpaid interest accruing thereon to the date fixed for redemption.

Redemption Date (June 1)*	Amortization Installment
------------------------------	-----------------------------

*

* Final Maturity

The Authority will receive credit against its obligation to pay an Amortization Installment of the Term Bonds pursuant to the foregoing schedule, in an amount equal to the principal amount of any Term Bond which (i)(A) up to that time, have been purchased by or on behalf of the University on the open market and surrendered to the Trustee for cancellation, or (B) up to that time, have been optionally redeemed pursuant to the Indenture, and (ii) for which such a credit has not been previously given.

Notice of Redemption. Unless waived by any Owner of Series 2025 Bonds to be redeemed, official notice of any such redemption will be given by the Trustee on behalf of the Authority by mailing a copy of an official redemption notice by registered, certified or first class mail, at least 20 days prior to the redemption date to each registered Owner of the Series 2025 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered Owner to the Trustee. All official notices of redemption will be dated and will state: (i) the date fixed for redemption; (ii) the redemption price; (iii) the principal amount of Series 2025 Bonds to be redeemed and, if less than all Series 2025 Bonds are to be redeemed, the identification number and maturity date (and, in the case of partial redemption, the respective principal amounts) of the Series 2025 Bonds to be redeemed; (iv) the CUSIP numbers, if any, of all Series 2025 Bonds being redeemed; (v) the date of the original issue of the Series 2025 Bonds being redeemed; (vi) the rate of interest borne by each Series 2025 Bond being redeemed; (vii) the maturity date of each Series 2025 Bond or Amortization Installment being redeemed; (viii) such other descriptive information as may be necessary to accurately identify the Series 2025 Bonds being redeemed; (ix) that on the redemption date the redemption price will become due and payable upon each such Series 2025 Bond or portion thereof called for redemption, and that interest thereon will cease to accrue from and after said date (provided that such notice of optional redemption may state that such redemption is conditioned upon sufficient funds to pay the redemption price being on deposit with the Trustee or other Paying Agent on the redemption date and if sufficient funds to pay the redemption price are not on deposit with the Trustee or other Paying Agent on the redemption date, then the redemption will not occur and the parties will be restored to their respective positions as if no notice has been transmitted); and (x) the place where the Series 2025 Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment will be the designated corporate trust office of the Trustee or other Paying Agent.

The failure of any Owner of Series 2025 Bonds to receive notice given as provided in the Indenture, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2025 Bonds. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

So long as the Securities Depository is effecting book-entry transfers of the Series 2025 Bonds, the Trustee shall provide the notices specified by the Indenture only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2025 Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2025 Bond so affected, shall not affect the validity of the redemption of such Series 2025 Bond.

Registration, Transfer and Exchange

The Trustee will cause to be kept at its designated corporate trust office a bond register in which, subject to such reasonable regulations as it may prescribe, the Trustee will provide for the registration, transfer and exchange of Series 2025 Bonds as provided in the Indenture. The Trustee is appointed "Bond Registrar" for the purpose of registering Series 2025 Bonds and transfers of Series 2025 Bonds as provided in the Indenture.

In the event the Book-Entry-Only System described below is not in effect, Series 2025 Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee as provided in the Indenture. Upon surrender for transfer or exchange of any Series 2025 Bond at the designated corporate trust office or other designated payment office of the Trustee, the Authority will execute, and the Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2025 Bonds of the same maturity, tenor and effect of any Authorized Denomination and of a like aggregate principal amount.

Every Series 2025 Bond presented or surrendered for transfer or exchange will (if so required by the Trustee, as Bond Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee, as Bond Registrar, duly executed by the owner thereof or his attorney or legal representative duly authorized in writing.

All Series 2025 Bonds issued upon any transfer or exchange of Series 2025 Bonds will be the valid obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under the Indenture, as the Series 2025 Bonds surrendered upon such transfer or exchange.

No service charge will be made for any registration, transfer or exchange of Series 2025 Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2025 Bonds, and such charge must be paid before any such new Series 2025 Bond will be delivered. The University will pay the fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to affect any such transfer or exchange. In the event any registered owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be

paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner under the Indenture or under the Series 2025 Bonds.

The Trustee will not be required (i) to transfer or exchange any Series 2025 Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of such Series 2025 Bond and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Series 2025 Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Regular Record Date for such Series 2025 Bonds and ending at the close of business on the relevant Interest Payment Date for such Series 2025 Bonds.

The Person in whose name any Series 2025 Bond is registered on the bond register will be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the Indenture, and payment of or on account of the principal of and premium (if any) and interest on any such Series 2025 Bond will be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments will be valid and effectual to satisfy and discharge the liability upon such Series 2025 Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its designated corporate trust office a list of the names and addresses of the last known Owners of all Series 2025 Bonds and the serial numbers of such Series 2025 Bonds held by each of such Owners. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by the Authority, the University, or the Owners of 10% in principal amount of Bonds Outstanding or the authorized representative thereof, provided that the ownership of such Owner and the authority of any such designated representative will be evidenced to the satisfaction of the Trustee.

Book-Entry Only System

The Series 2025 Bonds will be available only in book-entry form in authorized denominations of \$5,000 and any integral multiple thereof. Purchasers of the Series 2025 Bonds will not receive certificates representing their interests in the Series 2025 Bonds purchased. The Issuer has entered into a letter of representations with DTC providing for such book-entry system.

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY AND THE UNIVERSITY BELIEVE TO BE RELIABLE. NONE OF THE AUTHORITY, THE UNIVERSITY OR THE PURCHASERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2025 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2025 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2025 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2025 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2025 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2025 BONDS, AND OTHER

RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2025 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE AUTHORITY, THE UNIVERSITY AND PURCHASERS NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond certificate will be issued for each maturity of the Series 2025 Bonds as set forth on the inside cover page of this Official Statement in the aggregate principal amount thereof, 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 whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). 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 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond (a "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 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 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 2025 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's

records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 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 2025 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 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, and interest payments on the Series 2025 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 Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2025 Bonds will be printed and delivered to DTC.

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS

Pledge of Security under the Indenture

The Series 2025 Bonds, and the interest thereon, will be special, limited obligations of the Authority payable solely out of the Security pledged by the Authority to the Trustee under the Indenture. In order to secure the payment of all amounts owing under and with respect to the Series 2025 Bonds and the payment and performance by the University of all of its obligations with respect to the Series 2025 Bonds, the Loan and the Loan Agreement, the Authority pursuant to the Indenture, without warranty, pledges, grants, assigns and conveys unto the Trustee all of the Authority's right, title and interest to and in the following:

- (1) the Loan Agreement, including but not limited to the Loan Payments, but expressly not including the Reserved Rights which are retained by the Authority for its own benefit;
- (2) all moneys and securities from time to time held by the Trustee under the Indenture in the Debt Service Fund or any other Fund that may be hereafter established with the Trustee under the terms of the Indenture, but expressly not including the moneys and securities held from time to time in the Rebate Fund which shall be held by the Trustee for the sole and exclusive purpose of paying any Rebate Amounts that may be or become owing with respect to the Series 2025 Bonds;
- (3) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Authority or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; and
- (4) all of the proceeds of the foregoing, in particular investment income derived therefrom (all of the foregoing together with the security interest granted by the University pursuant to the Loan Agreement is collectively called the "Security").

Limited Obligations

The Series 2025 Bonds and all obligations of the Authority under or with respect to the Series 2025 Bonds, the Indenture and the Loan Agreement are limited obligations of the Authority payable solely and only out of the Security specifically pledged to the Series 2025 Bonds. No recourse may be had against any properties, funds or assets of the Authority (other than the Security) for the payment of any amounts owing under or with respect to the Series 2025 Bonds, the Indenture or the Loan Agreement. The Series 2025 Bonds will not be secured by a mortgage on the real property owned by the University.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND NEITHER THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, NOR ANY POLITICAL

SUBDIVISION THEREOF NOR THE AUTHORITY WILL BE OBLIGATED TO PAY THE SERIES 2025 BONDS OR INTEREST THEREON EXCEPT FROM REVENUES, PROCEEDS AND RECEIPTS PLEDGED UNDER THE BOND INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF OR THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2025 BONDS. NO ACT OR OMISSION TO ACT BY THE AUTHORITY SHALL DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT AND SUCH SERIES 2025 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DOES NOT AND SHALL NEVER CONSTITUTE A DEBT OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR THE STATUTES OF THE STATE OF FLORIDA AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE CREDIT OR TAXING POWER OF THE COUNTY OF VOLUSIA, THE STATE OF FLORIDA, OR OF ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2025 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2025 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. THE AUTHORITY HAS NO TAXING POWER OR AUTHORITY.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF PAYMENTS BY THE UNIVERSITY PURSUANT TO THE LOAN AGREEMENT, CERTAIN PROCEEDS OF THE SERIES 2025 BONDS AND INCOME FROM THE TEMPORARY INVESTMENT THEREOF. THE TRUSTEE WILL NOT HAVE A MORTGAGE ON OR SECURITY INTEREST IN THE REAL PROPERTY OF THE UNIVERSITY.

The Loan Agreement

General. The Loan Agreement requires that the University make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of, redemption premium (if any) and interest on the Series 2025 Bonds when due and to make certain other payments. The University is required to make such Loan Payments directly to the Trustee three Business Days prior to each Interest Payment Date. The University will receive credits against amounts due as Loan Payments for certain amounts available from other sources including certain earnings on funds held by the Trustee.

The Loan Payments and other amounts payable to the Authority under the Loan Agreement (except for the Reserved Rights) are pledged under the Indenture for the payment of principal, redemption premium (if any) and interest on the Series 2025 Bonds, and the rights of the Authority in and to such payments (except for the Reserved Rights) are assigned to the Trustee, to secure payments on the Series 2025 Bonds. The Loan Payments and other amounts payable by the University under the Loan Agreement are absolute and unconditional and the University is not entitled to any abatement or diminution thereof.

Restrictions as to Incurrence of Additional Indebtedness. The University has agreed, pursuant to the terms of the Loan Agreement, that it will not incur any additional indebtedness to finance capital improvements, other than the following indebtedness if incurred at any time when there shall not exist any event of default of the University under the Loan Agreement:

(a) Indebtedness which has an original term or maturity of more than one year or which is renewable for a term greater than one year beyond the date of original issuance ("Long-Term Indebtedness") provided that:

(1) the University shall certify in a written certificate of the University ("Officer's Certificate") delivered to the Trustee the intended uses of the proceeds of such Long-Term Indebtedness and, if such intended uses include acquisition, construction, or equipping of capital improvements, the estimated cost thereof; and

(2) the University shall have delivered to the Trustee either:

(i) An Officer's Certificate to the effect that for the most recent Fiscal Year for which its annual audited financial statements are available the Historical Pro Forma Debt Service Coverage Ratio (as defined in the Loan Agreement) was not less than 1.10; or

(ii) An Officer's Certificate to the effect that the Debt Service Coverage Ratio (as defined in the Loan Agreement) for each of the first two consecutive fiscal years following the incurrence of such Long-Term Indebtedness or, if such Long-Term Indebtedness is being issued to finance improvements, equipment or new facilities, the first two consecutive fiscal years after such improvements, equipment or new facilities are placed in service, is projected to be at least 1.10. Such Officer's Certificate shall include forecast balance sheets, statement of activities and statement of cash flows for each of such two Fiscal Years and a statement of the relevant assumptions upon which such forecasted statements are based.

(b) Refunding indebtedness if the maximum Annual Debt Service Requirement (as defined in the Loan Agreement) with respect to all Long-Term Indebtedness to be outstanding after giving effect to the incurrence of such refunding indebtedness and the application of the proceeds thereof is less than the maximum Annual Debt Service for all Long-Term Indebtedness of the University outstanding immediately prior to such incurrence of such refunding indebtedness.

(c) Non-recourse debt (debt which is not a general obligation of the University and which is secured by and payable solely from the revenues of the particular property acquired by the University from the proceeds of such debt).

(d) Sales-type leases or direct financing leases ("Financing Leases") for equipment and with a term not exceeding seven (7) years if, immediately after the incurrence of such Financing Leases, the total principal amount of outstanding Financing Leases of the University incurred under this subsection does not exceed \$1,000,000.

(e) Indebtedness which has an original term or maturity of less than or equal to one year and which is not renewable for a term greater than one year beyond the date of original issuance ("Short-Term Indebtedness") if, immediately after the incurrence of such Short-Term Indebtedness, the total principal amount of outstanding Short-Term Indebtedness of the University incurred does not exceed 20% of the

total revenues of the University as of the end of the most recent Fiscal Year for which the University annual audited financial statements are available.

(f) Indebtedness not otherwise described in clauses (a) through (e) above in an aggregate amount not to exceed \$1,000,000 outstanding at any time.

Notwithstanding the foregoing, the University is not precluded from incurring indebtedness which is necessary for health, safety or welfare reasons, to remediate a natural disaster, to effect repairs to or replacement of property, facilities or equipment of the University or to pay operating expenses on a short-term basis.

See "Outstanding Indebtedness" in Appendix A attached hereto, for a description of the University's presently outstanding debt obligations.

Permitted Encumbrances. The Loan Agreement authorizes certain Permitted Encumbrances on the property of the University, including (i) any right reserved to any municipality or other public authority by the terms of any franchise, grant, license or provision of law affecting any property of the University and any Lien on any property of the University for taxes, assessments or other municipal charges, (ii) mechanics', materialmen's and similar Liens, (iii) any Lien on property received by the University through a gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest (or the income therefrom), (iv) such ground leases, facility leases, space or service use agreements, cooperative activity agreements, easements, rights-of-way, servitudes, restrictions and other defects and Liens as are determined not to materially impair the use of the University's facilities for their intended purposes or the value of such facilities; (v) Liens incurred or assumed primarily for the acquisition or use of personal property and equipment under the terms of installment purchase contracts, loans secured by purchase money mortgages or security interests in the financed property, lease purchase agreements or capital leases of the financed property; and (vi) Liens in existence as of the date of the Loan Agreement or arising thereafter related to mortgages, and any renewals, replacements and modifications thereof, granted by the University and encumbering lands or leaseholds presently or in the future owned by the University in order to finance development for commercial use.

With respect to such Permitted Encumbrances, the Loan Agreement provides that the University is required to comply with all terms, covenants and provisions contained in any Lien on property or any part thereof held by the University, or securing any of the University's indebtedness, unless the validity, amount or collectability of such indebtedness is contested in good faith, or the failure to comply or contest such indebtedness would not materially impair its ability to pay its indebtedness when due, or subject a material amount of the property of the University to loss or forfeiture.

Consolidation, Merger, Conveyance or Transfer of Property. The University may not consolidate with or merge into any other Person or convey or transfer its property substantially as an entirety to any Person, unless certain conditions described in the Loan Agreement are met including, such merger, consolidation, conveyance or transfer is on such terms as shall fully preserve the lien and security of the Indenture and the Loan Agreement and the rights and powers of the Trustee and the Owners of the Series 2025 Bonds under the Indenture and the Loan Agreement.

Upon any consolidation or merger or any conveyance or transfer of the University's property substantially as an entirety in accordance with the Loan Agreement, the successor corporation or other

entity formed by such consolidation or into which the University is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the University under the Loan Agreement with the same effect as if such successor corporation or other entity had been named as the University therein.

See Appendix C for a further description of the terms and provisions of the Loan Agreement.

CERTAIN BONDHOLDERS' RISKS

Limited Financial Covenants

The obligations of the University under the Loan Agreement are general obligations of the University. While the Loan Agreement does contain a limitation on the incurrence of additional debt, the Loan Agreement does not contain any financial covenants designed to limit the University's (i) use or investment of its endowment funds or other property, or (ii) transfer of assets. Therefore, the University may transfer its cash or other assets without limit to affiliated and unaffiliated entities. If assets are transferred to affiliated entities, the revenues derived by those affiliated entities will not secure the repayment of the Series 2025 Bonds. The financial health of the University and thus its ability to repay the obligations, which include its obligations with respect to the Series 2025 Bonds, will depend solely on the judgment of the University's management and its Board of Trustees.

Enforceability

The practical realization of any rights upon any default under the Loan Agreement or under the Indenture will depend upon the exercise of various remedies specified in such instruments, as restricted by federal and state laws. The remedies available upon an Event of Default under the Loan Agreement or the Indenture will, in many respects, be dependent upon judicial action, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code or in the Loan Agreement and the Indenture may not be readily available or may be limited. The various legal opinions to be delivered with the Loan Agreement, the Indenture and the Series 2025 Bonds will be qualified as to the enforceability of the various legal instruments by reference to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors.

Early Redemption

Purchasers of Series 2025 Bonds, including those who purchase Series 2025 Bonds at a price in excess of their principal amount or who hold such a Series 2025 Bond trading at a price in excess of par, should consider the fact that the Series 2025 Bonds maturing on or after June 1, 20__, are subject to optional redemption at a redemption price equal to their principal amount plus accrued interest in the event such Series 2025 Bonds are redeemed prior to maturity. See "THE SERIES 2025 BONDS – Redemption Prior to Maturity" herein.

Effects on Exemption of Interest from Federal Income Taxes

The exemption of interest on the Series 2025 Bonds from federal income taxes is dependent upon continuing compliance by the Authority and the University with the requirements of the Code. If there is a failure to comply, interest on the Series 2025 Bonds could become includable for federal income tax

purposes in the gross incomes of the owners thereof, which inclusion in gross income could be retroactive to the date of issuance of the Series 2025 Bonds. No loss of the exclusion of the interest on the Series 2025 Bonds from gross income for federal income tax purposes constitutes a default under the Indenture, and acceleration upon any such loss of tax-exempt status is not required under the Indenture. Consequently, the Trustee may not have remedies available to it to mitigate the adverse economic effects to the Owners of the Series 2025 Bonds resulting from the interest on the Series 2025 Bonds becoming subject to federal income taxation. If interest on the Series 2025 Bonds becomes so includable in the owners' gross incomes, the effect will be to reduce the yield on an owner's Series 2025 Bonds as a result of the federal and, in certain cases, state and local, income tax liability incurred in connection with the receipt of interest on the Series 2025 Bonds. **There is no provision for any adjustment to the interest rate borne by the Series 2025 Bonds in the event of any such loss of tax exempt status, nor is any provision made for the payment of any penalties or premium in such event.** Such loss of tax-exempt status can be expected to have a material adverse effect on the market price of the Series 2025 Bonds. Potential purchasers of the Series 2025 Bonds should note that there are no provisions for an early redemption of, or interest rate adjustment for, the Series 2025 Bonds if interest on the Series 2025 Bonds becomes taxable.

Secondary Market and Prices

It has been the practice of the Underwriter to maintain a secondary market in municipal securities it sells, and the Underwriter currently intends to engage in secondary market trading of the Series 2025 Bonds, subject to applicable securities laws. The Underwriter, however, is not obligated to engage in secondary trading or to repurchase any of the Series 2025 Bonds at the request of the owners thereof. Because of general market conditions or because of adverse history or economic prospects connected with a particular issue or issuer, secondary marketing activity in connection with a particular issue may be suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price. **THERE CAN BE NO GUARANTEE THAT THERE WILL BE A SECONDARY MARKET FOR THE SERIES 2025 BONDS, OR IF A SECONDARY MARKET EXISTS, THAT THE SERIES 2025 BONDS CAN BE SOLD FOR ANY PARTICULAR PRICE.**

Competition

The University competes for students generally with colleges and universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition rates than the University. Other educational facilities may in the future expand their programs in competition with the programs provided by the University. Increased competition from other educational facilities or a decrease to the student population interested in pursuing higher education could have a material adverse economic impact on the University. In addition, future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time.

Accreditation

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges ("SACS"). In granting a facility's accreditation and renewing the accreditation each ten years, SACS considers, among other things, the physical buildings and equipment, the qualifications of the administrative personnel and teaching staffs and the quality of the educational programs and courses offered. A failure on the part of the University to maintain its accreditation may result in a reduced

number of students attending the University and a reduction in revenues and could have a material adverse effect on the financial condition of the University.

Investments

The University has significant holdings in a broad range of investments. Market fluctuations may affect the value of those investments and those fluctuations may be and historically have been at times material. For a discussion of the University's investments, see Appendix A.

Facilities

None of the facilities of the University are pledged as security for the Series 2025 Bonds. Therefore, in the event of default and acceleration of the Series 2025 Bonds, the Trustee would have no rights to any facilities of the University.

Climate Change and Natural Disasters

Florida is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on the University. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage facilities that provide essential services to the University. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service, and escalated recovery costs.

Cybersecurity

The University relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the University will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant.

Other Risk Factors Regarding the University

In the future, the following factors, among many others, may adversely affect the operation of the University to an extent that cannot be determined at this time:

- (1) Changes in the demand for higher education in general or for programs offered by the University.
- (2) A decline in the demographic pool of candidates who may elect to attend the University.
- (3) Lack of demand for on-campus housing at the University.
- (4) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

- (5) Increased costs and decreased availability of public liability insurance.
- (6) Cost and availability of energy.
- (7) High interest rates which could prevent borrowing for needed capital expenditures.
- (8) A decrease in student loan funds or other aid that permits many students the opportunity to pursue higher education.
- (9) An increase in the costs of health care benefits, retirement plan or other benefit packages offered by the University to its employees.
- (10) A significant decrease in the value of the University's investments caused by market or other external factors.
- (11) Reduction in funding support from donors or other external sources.
- (12) Elimination of external funding for research.

LITIGATION

The Authority

On the date of the issuance and delivery of the Series 2025 Bonds, the Authority expects to certify that there is not pending or, to the best of the knowledge of the officer of the Authority so certifying, threatened against the Authority, any litigation which seeks to restrain or enjoin the issuance or delivery of the Series 2025 Bonds, or questions or affects the validity of the Series 2025 Bonds or the proceedings or authority under which the Series 2025 Bonds are to be issued, or which in any manner questions the right of the Authority to enter into the Indenture or the Loan Agreement or to secure the Series 2025 Bonds in the manner provided in the Indenture and the Act.

The University

There is no litigation, proceeding or investigation pending or, to the knowledge of the corporate officers of the University, threatened against the University, except litigation involving claims the probable recoveries in which and the estimated costs and expenses of defense of which (i) will be entirely within the University's applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total of the available reserves held under the University's applicable self-insurance program, or (ii) if adversely determined, will not materially affect the University's ability to perform its obligations relating to the Series 2025 Bonds, the Indenture or the Loan Agreement, including the University's payment obligations under the Loan Agreement.

In addition, no litigation, proceedings or investigations are pending or, to the knowledge of the corporate officers of the University, threatened against the University seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of the Indenture, the Series 2025 Bonds, the Loan Agreement or any other required documents by the Authority or the University, or which would in any manner challenge or adversely affect the corporate existence or powers of the University to enter into and

carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the University of the terms and provisions of the Series 2025 Bonds, the Indenture or the Loan Agreement or any other required documents.

DISCLOSURE REQUIRED BY SECTION 517.051(1), FLORIDA STATUTES

Section 517.051, Florida Statutes and the regulations promulgated thereunder require that the Authority make full and fair disclosure of any of its bonds or its other obligations that have been in default as to payment of principal or interest at any time after December 31, 1975. The Authority has not been, since December 31, 1975, in default as to payment of principal or interest on any of such bonds or other obligations.

The Authority has issued obligations only in which it has acted merely as a conduit for payment and which do not constitute a general debt, liability or obligation of the Authority, but are instead secured by payments to be made from certain users of bond financed property. Although the Authority is not aware of any other defaults with regard to any other conduit bonds it has issued, it has not undertaken an independent review of any debt obligations for which it has served as conduit issuer. Because the source of payment for any such defaulted obligations would be separate and distinct from the source of payment for the Series 2025 Bonds and would not be an obligation of the Authority, other than to the extent the Authority receives funds from the party borrowing the proceeds of such obligations, any default on such obligations is not considered a material fact with respect to the Series 2025 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2025 Bonds are subject to the approving opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel to the University. The form of that opinion is attached as Appendix E hereto. Certain legal matters will be passed upon for the University by Bryant Miller Olive P.A., Orlando, Florida, Disclosure Counsel. The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. Certain legal matters will be passed upon solely for the benefit of the University by Cobb & Cole P.A., DeLand, Florida for the Authority by Landis Graham French, P.A., DeLand, Florida as counsel to the Authority and solely for the benefit of the Underwriter, by Butler Snow LLP, Jacksonville, Florida.

The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds, including Bond Counsel's opinion regarding the tax-exempt status of the Series 2025 Bonds, express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CONTINGENT FEES

Payment of fees for services rendered by the Underwriter, Bond Counsel, Disclosure Counsel and Counsel to the Underwriter are contingent upon the issuance and delivery of the Series 2025 Bonds.

TAX MATTERS

General

The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2025 Bonds in order that interest on the Series 2025 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2025 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2025 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2025 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Authority has covenanted in the Indenture and the University has covenanted in the Loan Agreement with respect to the Series 2025 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2025 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2025 Bonds. Prospective purchasers of Series 2025 Bonds should be aware that the ownership of Series 2025 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2025 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on Series 2025 Bonds; (iii) the inclusion of interest on Series 2025 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on Series 2025 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on Series 2025 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Authority and of the University, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2025 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2025 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE

BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2025 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2025 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2025 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2025 Bonds.

Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2025 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2025 Bonds maturing on June 1, 20[] (collectively, the “Discount Bonds”), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is “original issue discount.” Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2025 Bonds maturing on June 1, 20[] (collectively, the “Premium Bonds”), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable

year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Information Reporting and Backup Withholding.

Interest paid on tax-exempt bonds such as the Series 2025 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2025 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2025 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2025 Bonds and proceeds from the sale of Series 2025 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2025 Bonds. This withholding generally applies if the owner of Series 2025 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2025 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

RATINGS

Moody's Ratings and S&P Global Ratings have each assigned their ratings of "Baa1" (negative outlook) and "BBB+" (stable outlook), respectively, to the Series 2025 Bonds.

The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of said rating agencies and an explanation of the significance of the ratings may be obtained only from said rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by said rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the rating agencies or any of them, may have an adverse effect on the liquidity and/or market price of the Series 2025 Bonds. Neither the Authority nor the Underwriter have any obligation or duty to oppose any proposed revision, suspension or withdrawal of such ratings.

FINANCIAL STATEMENTS

The financial statements of the University as of June 30, 2024 and 2023 and for the years then ended, included in Appendix B hereto, have been audited by RSM US LLP, independent auditors, as stated in their report appearing in Appendix B. RSM US LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

The University has retained PFM Financial Advisors LLC., Orlando, Florida, to serve as financial advisor (the "Financial Advisor") with respect to the offering of the Series 2025 Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2025 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with the undertaking by the University to provide continuing secondary market disclosures.

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter") has agreed to purchase the Series 2025 Bonds at an aggregate purchase price of \$_____ (which represents the aggregate principal amount of the Series 2025 Bonds plus/minus a net original issue [premium/discount] of \$_____ and less an Underwriter's discount of \$_____). The Underwriter will be obligated to accept delivery and pay for all of the Series 2025 Bonds if any are delivered. The Underwriter may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing Series 2025 Bonds into unit investment trusts) and others at prices lower than the public offering prices reflected on the cover hereof. The initial public offering prices may be changed from time to time by the Underwriter.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment managements, principal investment, hedging, financing and brokerage activities. The Underwriter and its respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the University, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivate securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University.

CONTINUING DISCLOSURE

The University will covenant in a Continuing Disclosure Agreement for the benefit of owners of the Series 2025 Bonds to provide certain financial information and operating data relating to the

University (the "Annual Report") and to provide notices of occurrences of certain enumerated events (the "Event Notices"). The Annual Report and the Event Notices will be filed by the University with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") for purposes of Rule 15c2-12. A copy of the Continuing Disclosure Agreement is attached hereto as Appendix D.

The University entered into similar continuing disclosure undertakings with respect to the Series 2015 Bonds, the Series 2019 Bonds, and the Series 2024 Bonds.

MISCELLANEOUS

The references herein to the Act, the Indenture and the Loan Agreement, and all other summaries herein and references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and are made subject to all of the detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete states of any or all such provisions of the Act, the Indenture, and the Loan Agreement or such documents otherwise referenced.

The agreement of the Authority with the owners of the Series 2025 Bonds is fully set forth in the Indenture, and neither any advertisement of the Series 2025 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2025 Bonds. Statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. Copies of the documents mentioned under this heading are on file at the offices of the Authority and following delivery of the Series 2025 Bonds will be on file at the office of the Trustee.

All estimates and assumptions herein have been made of the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions herein will be realized. To the extent the statements made herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The attached Appendices are integral parts of this Official Statement and should be read in their entirety together with all the foregoing statements herein.

The University has furnished all information contained herein except for the information relating to the Authority and DTC, except that contained under "UNDERWRITING" and except as otherwise expressly stated and has approved the use and distribution of this Official Statement in connection with the offering and sale of the Series 2025 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the University.

**VOLUSIA COUNTY EDUCATIONAL
FACILITIES AUTHORITY**

By: _____
Chair

STETSON UNIVERSITY, INC.

By: _____
Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

GENERAL INFORMATION REGARDING STETSON UNIVERSITY, INC.

The information in this Appendix A has been provided solely by the University and is believed to be reliable, but it has not been verified independently by the Underwriter. The Underwriter does not make any representations whatsoever for the accuracy, adequacy, or completeness of such information.

TABLE OF CONTENTS

GENERAL.....	1
HISTORY OF THE INSTITUTION AND CAMPUSES.....	1
STRATEGIC PLAN: FORWARD TOGETHER 2023-2030.....	2
RECENT CAPITAL PROJECTS AND INVESTMENT IN INFRASTRUCTURE.....	5
GOVERNANCE.....	7
ADMINISTRATION.....	12
ACADEMIC ACCREDITATIONS AND AFFILIATIONS.....	16
ACADEMIC PROGRAMS.....	16
DEGREES GRANTED.....	19
STUDENT LIFE AND CAMPUS EXPERIENCE.....	20
FACULTY AND EMPLOYEES.....	21
ENROLLMENT STRATEGY.....	22
HEADCOUNT ENROLLMENT.....	25
STUDENT RETENTION AND GRADUATION.....	25
ADMISSION STATISTICS.....	26
TUITION AND FEES.....	29
COMPETING INSTITUTIONS.....	29
STUDENT FINANCIAL AID.....	30
SUMMARY OF STUDENT NET REVENUES.....	31
MANAGEMENT DISCUSSION AND ANALYSIS.....	32
OUTSTANDING INDEBTEDNESS.....	33
UNIVERSITY FINANCIAL INFORMATION.....	33
CHANGE IN NET ASSETS.....	38
FUNDRAISING AND COMPREHENSIVE CAMPAIGN.....	38
ENDOWMENT NET ASSETS.....	39
INVESTMENT POLICY.....	39
DEBT POLICY.....	40
INSURANCE.....	40
HURRICANES.....	41
FORWARD-LOOKING STATEMENTS.....	41

General

Stetson University, Inc. (the “University” or “Stetson”), a Florida not-for-profit corporation, is a private co-educational institution of higher education chartered in the State of Florida pursuant to Laws of Florida, Acts of 1887, Charter 3808 (No. 128). The University is a charitable organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. The University’s overall headcount enrollment for fall 2024 totaled 3,781 undergraduate and graduate students. The University offers courses which lead to Bachelor's, Master's and Specialist in Education degree programs in the College of Arts and Sciences; bachelor’s degree programs in the School of Music; bachelor's and master's degree programs in the School of Business Administration; and Juris Doctor degree and Master’s degree programs in the College of Law. Stetson is an NCAA Division I member, sponsoring 18 teams and a cheer program and includes over 495 student athletes.

History of the Institution and Campuses

The University was founded in 1883 as DeLand Academy by Henry A. DeLand, a New York philanthropist, for the purpose of offering both young men and women a collegiate training equal in breadth and thoroughness to the best given in the United States. In 1889, the University changed its name to honor John B. Stetson, the nationally known hat manufacturer who donated time and money to advance the quality and reputation of the University. In 1900, the University established the first law school (the “College of Law”) in the State of Florida, which was relocated to Gulfport, Florida (the “Gulfport Campus”) in 1954 to place it nearer to the heavy concentration of law firms, state and federal courts and corporations in the Tampa/St. Petersburg area.

The University owns and operates three campus locations. The University's historic campus is located on approximately 176 acres adjoining downtown DeLand, Florida (the “DeLand Campus”). The DeLand Campus houses 92 buildings, including academic, library, administrative, student life and residence hall facilities. DeLand Hall, the original campus building, completed in 1884, was restored in 1983, and is listed on the National Register of Historic Places. A ten-acre Aquatic Center to support both the Institute for Water and Environmental Resilience and the University’s highly competitive rowing program opened in 2019 and is located on the shore of Lake Beresford, Florida approximately eight miles from the DeLand Campus.

The University’s College of Law, ranked in the top of law schools in the United States, is located in Gulfport, Florida, on approximately 21 suburban acres. The Gulfport Campus houses 16 academic, library, administrative, student life and residence hall facilities adapted from an early type of Spanish Colonial architecture. In addition to the Gulfport Campus, the University opened a satellite facility in Tampa, Florida (the “Tampa Law Center”) in January 2004, to facilitate its part-time law program. By taking evening classes at both the Tampa Law Center and the main law campus in Gulfport, part-time students can earn a Juris Doctor degree in as little as four years. After completing the initial required courses, part-time students may accelerate their graduation date by transferring into the full-time program. Known for excellence in career development and bar preparation, the College of Law also offers students

the opportunity to hone their professional skills through a wide variety of organizations, award-winning competition teams, academic journals, and pro bono work.

Strategic Plan: Forward Together 2023-2030

In Fall 2023, Stetson embarked on its new strategic plan “Forward Together”, which prioritizes high-quality education for students and comprehensive strategies for sustainable long-term growth. Under the direction of Stetson’s 10th president, Christopher Roellke, the University is utilizing this strategic plan to spread awareness of Stetson’s unique educational offerings across the country while enhancing the student experience on-campus in an effort to increase enrollment, retention, and graduation rates. Also celebrating 140 years in 2023, the University continues to develop new initiatives and education opportunities in the vibrant and growing communities of DeLand, Tampa, and Gulfport, Florida.

The strategic plan acknowledges the prevailing challenges in higher education and establishes priorities that advance a distinctive identity for Stetson relative to its peers and aspirant institutions. The priorities and initiatives outlined in the plan reflect a renewed and steadfast commitment to a relationship-rich learning experience that draws on the University’s traditional strengths, invests in faculty development, leverages the State’s vital economic and geographic assets, innovates in curriculum development and delivery, and develops an entrepreneurial and sustainable economic model. The priorities and investments suggested in the strategic plan yield a distinctive identity and national reputation for Stetson and its holistic, integrated, contemporary, and experiential approach to education. Each category of the strategic plan has specific initiatives labeled Pathways Forward.

Experiential, Contemporary & Integrative Learning

Stetson’s relationship-rich approach to education emphasizes personal connections, critical thinking, moral reasoning, written and oral communication, imaginative inquiry, creative expression, and lively intellectual debate. The University’s expert, caring, and teaching-orientated faculty encourage students to engage in high impact learning practices. Stetson’s integrated and comprehensive curriculum utilizes multiple learning modalities; provides exposure to complementary disciplines, such as art, history, law, science, philosophy, business, and politics; and leverages the thriving industries in Florida’s vibrant economy.

Pathways Forward:

- Expand access to high impact practices and intensively mentored learning experiences through a bold reimagination of student and faculty time allocations.
- Capitalize on Stetson’s rich traditions and signature academic offerings to promote transformational journeys for all Stetson’s students.
- Launch new and innovative programs, particularly at graduate school level, to respond to changing demographics and a rapidly evolving global economy.

Student-Centered Success & Wellness

Stetson's campuses are learning laboratories where students put theory to practice through peer leadership, Greek life, academic and athletic competitions, student employment, professional consulting, international travel, and myriad student organizations and programs. In consultation with mentors and advisors, students have the opportunity to customize learning experiences with attention to individual learning styles and career goals, providing an exceptional foundation for advanced graduate study and rewarding employment. Stetson is committed to supporting the whole student with an emphasis on physical, social, spiritual, and mental health and well-being.

Pathways Forward:

- Invest in exciting and modernized student spaces which foster a strong sense of community and are a piece of the scaffolding for Stetson's personalized learning environment.
- Create a robust comprehensive undergraduate first year experience and deliver on the promise of relationship-rich education during students' first year on campus.
- Contribute to a culture of career preparation throughout the student's journey.
- Promote a robust Greek Life community through encouraging self-governance, a revised and simplified Greek recruitment model, reimagined Greek Life spaces, and thoughtful partnership planning.
- Build a student-led, intercollegiate athletics and club sports experience for both students and fans that is highly energized, builds community and promotes Stetson's brand.
- Expand the reach of initiatives that promote wellness, resiliency, and emotional health by investing in electronic and human resources to support students' well-being.

People, Culture & Inclusive Excellence

Stetson fosters a supportive and caring community where wellness, global citizenship, civil discourse, and civic engagement are central to the University's identity. Stetson celebrates, elevates, and values the diversity of the University community, and encourages students, faculty, and staff to be their authentic selves. Students have regular access to faculty and peer mentors, academic advising, and academic support services.

Pathways Forward:

- Enhance and fund the time-sensitive and actionable priorities that arise from regular Campus Climate Survey efforts and other assessments of campus environments.
- Enhance and reinvest in the University's Cross-Cultural Center to promote belonging and cross-cultural collaboration, resources, and education.
- For University-wide Centers and Institutes, execute the vision and secure additional resources to promote activities that support research and application, student growth and learning, and community engagement across all Stetson campuses.
- Support the development of Employee Resource/Affinity Groups to help enhance employee satisfaction.

Lifelong Relationships & Connections

Stetson's graduates enjoy a lifetime of meaningful personal relationships and professional connections. The Hatter network is represented around the world, and Stetson's accomplished alumni, faculty, staff, and students elevate the University's visibility while demonstrating the uniqueness of the Stetson experience.

Pathways Forward:

- Invest in a comprehensive marketing and brand development plan to differentiate Stetson and elevate the University to national recognition.
- Create more engagement opportunities with Stetson alumni at top global corporations to boost investment in Stetson and enhance student employment success.
- Ensure Stetson is widely considered a top place to work which attracts and retains the best talent within the education industry.

Comprehensive Sustainability

Stetson is regularly recognized for providing a high-level return on investment measured by future earnings and career progression. Stetson seeks to provide comprehensive learning experience, worthy of investment and support. Consistent with market pressures and the competitive landscape in higher education, Stetson continually examines the value proposition for a Stetson education and considers revisions to the University's existing economic model through alternative revenue streams.

Pathways Forward:

- Optimize the use of physical resources in response to new Campus Master Plans and space analyses at the DeLand, College of Law, and Tampa Law Center campuses.
- Bolster University financial resources through robust fundraising, persistent grant-seeking, cost saving efficiencies, and identification of new sources of revenue generation.
- Deploy comprehensive marketing, brand development, and enrollment plans to differentiate and elevate Stetson to national recognition.

Stetson's value proposition revolves around offering a distinctive, relationship-rich learning experience, drawing from its traditional strengths, and integrating modern approaches. The University continues to prosper as fundraising remains at historical levels and endowment net assets totaling more than \$399 million for fiscal year 2024. Student experience is a key component of the strategic plan, and the construction of a new residence hall in the core campus will enhance the existing student experience and improve future recruitment.

Recent Capital Projects and Investment in Infrastructure

Chaudoin Hall (2023)

Originally built in 1892, Stetson's oldest residence hall, Chaudoin Hall, received a \$11 million renovation in 2022-2023. Chaudoin Hall currently houses female students and is beloved by many alumnae from years past. The renovation included the conversion of traditional double rooms with community bathrooms to suite style housing with shared bathrooms for two bedrooms. In addition, the renovation added an elevator, student laundry on each floor, and more kitchen and lounge space for community building.

Advocacy Institute at the College of Law (2023)

Situated on Stetson's historic Gulfport Campus, the University completed an \$11 million renovation of the former library space near the heart of campus culminating in the construction of the Advocacy Institute. Emblematic of the College of Law's success, the 16,000 square foot facility offers students a modern and functional educational setting with educational spaces for practice and classes. The Advocacy Institute provides students with comprehensive advocacy tools to meet the demands of a fast-changing legal landscape, including six new courtrooms, a large classroom, extensive office and collaboration space, and a history and awards hall. The construction of the Advocacy Institute provides the College of Law with the unique distinction of having the greatest number of courtrooms on any law school campus in the United States.

The Advocacy Institute is also home to Stetson's Center for Excellence in Advocacy, Center for Excellence in Elder Law, and Jacobs Law Clinic for Democracy and the Environment.

Elizabeth Hall Accessibility Renovation (2024)

Originally built in 1892, Elizabeth Hall was the subject of a \$4.5 million renovation in 2024. The building houses the Dean's Office for the College of Arts & Sciences, many academic department offices and classrooms, and Lee Chapel, which is the primary performance venue on campus for the School of Music. The renovation included the addition of the building's first ever elevator, and the renovation and addition of the building's restrooms, making restrooms accessible and bringing total fixture count in compliance with modern standards. New stairs and a new accessibility ramp were installed at the main entrance to the building, and new accessibility classroom furniture was installed in some of the third-floor classrooms.

New 100-Seat Classroom at the College of Law (2024)

A new 100-seat classroom was built in the Dolly & Homer Hand Law Library to support increasing enrollment at the College of Law. This \$600,000 project renovated an underutilized section of the south wing on the library's third floor. The renovation included new finishes, new classroom furniture, new lighting, and new technology to support academic instruction.

Edmunds Center Renovation (2024-2026)

Built in 1975, the Edmunds Center houses Stetson’s basketball arena, administrative offices for the Athletic Department, athletic team offices, and team rooms. The renovation is being undertaken in multiple phases. Phase 1 was a \$7.3 million renovation completed during the summer of 2024. Phase 1 included complete demolition and reconstruction of the team rooms, including new restroom and shower facilities, new lockers, and finish upgrades. Both basketball teams, both cross country teams, cheer squad, and volleyball team are all housed in the Edmunds Center. Coaches and player's locker rooms were also renovated. Two new single-user, all-gender restroom and shower facilities were built. Phase 1 also included all new spectator seating in the gym and a new sound system. The phase 2 renovation is currently being designed, with a planned budget of \$8.2 million and a tentative start date of April 2025. Phase 2 includes the demolition and reconstruction of 15,000 square feet of space that includes the lobby, public restrooms, concessions, and offices. The newly built space will include a larger lobby, enhanced concessions and game day experiences, and new offices for coaches of the volleyball and basketball teams. The newly built space will also include the building’s first elevator and additional restroom facilities to bring the facility up to modern standards.

New Residence Hall (2024-2026)

Stetson broke ground in 2024 on a new \$50 million, 4-story, 305 bed residence hall. The southern portion of Bert Fish Drive was removed and completely transformed into a pedestrian walkway so that this new building in the heart of campus will not be separated by a road. This is the first residence hall built on campus in over 20 years and will be transformative for attracting and retaining students. The building will offer a variety of unit types and a large amount of common space on each floor including laundries, kitchens, lounges, and study rooms. A new “great room” that will be accessible to all students on campus will establish this building as a new hub in the heart of campus. The building is expected to open in 2026.

Hulley Tower Reconstruction (2025)

The historic Hulley Tower was built in 1934 and listed on the National Register of Historic Places in 1991. Due to deterioration caused over many years and following the 2004 hurricane season that caused additional damage, the tower was documented by a historic preservation architect and then selectively demolished in 2005. What remains is the 22-foot-tall base of the tower which is a mausoleum containing the remains of former university president Dr. Lincoln Hulley and his wife Eloise Hulley. Stetson received a historic preservation grant from the State of Florida to supplement fundraising efforts for this fully donor funded project to reconstruct the tower to its original 116-foot height. The tower will be reconstructed using historic and replicated materials on the exterior, with modern engineering solutions on the interior. The top of the tower will include a new 52-bell carillon. The project is estimated to cost \$5.7 million and is expected to break ground in spring 2025, with completion later that fall

Presser Hall Courtyard In-fill (2025)

Presser Hall, built in 1968, houses the School of Music. The center of the building is a 3-story open air courtyard. During the summer of 2025, a \$2 million project will take place to fully enclose the courtyard

to create a new student lounge and event space. This donor funded project will completely transform the space and create a much-needed student-centered gathering space for the School of Music students.

Matt's Point Living Shoreline Restoration (2025-2026)

The Lake Beresford shoreline for the Sandra Stetson Aquatic Center (SSAC) is composed of a relict marina lagoon created through a dredge-and-fill operation in the late 1950s. Aerial photography dating to the 1950s shows that the two breakwater peninsulas on the north and south side of the shoreline have been actively eroding since their original construction. An inlet developed in the north peninsula during the 1990s, creating an island that is now inaccessible by land. The south peninsula remains accessible but recently suffered major erosion during Hurricane Matthew (2016), Hurricane Irma (2017), and severe thunderstorms that impacted DeLand in the summer of 2020. The continued erosion of the southern breakwater peninsula is a concern for the University. In summer and fall 2020, parts of the peninsula were overtopped by high water conditions, which accelerated the erosion process. Easterly winds on the lake during this period caused wave action that impacted the facility's floating docks and University-owned boats. The wave action on the floating docks is a particular concern for rowing athletes, as the wave movement creates a hazard as they enter, launch, and disembark their rowing shells. This \$750,000 project will restore the peninsula as well as restored habitat areas. This is a donor funded project that will also establish a memorial space for Matthew Oyler '05 who was tragically killed just seven months after he graduated from Stetson. The project is also supported by an ECHO Grant from Volusia County.

Governance

The University is governed by a Board of Trustees (the "Board") consisting of not less than 22 nor more than 36 regular members elected by the Board for staggered, four-year terms. The President of the University is a member of the Board. The Board holds regular meetings during the months of October, February, and May. An Executive Committee, composed of regularly elected members of the Board, meets at least four times each year. Standing committees of the Board are the Executive Committee, the Committee on Trusteeship, and the Audit Committee, while other committees include the Financial Health Committee and the Student Experience & Success Committee. In May of 2023, the Board of Trustees voted to strategically restructure the above committees with a focus on long-term financial sustainability and the student experience, pivotal to the mission of the University. This was a strategic decision by the Board to align with the direction of the University, allowing for Board members to increase communication across pivotal areas such as finance and fundraising, academics, and student experience. The larger, more focused committees have resulted in increased collaboration between Board members and the senior administrative team. The Board of Trustees also includes an Investment and Audit Committee. The University also has four advisory boards for its colleges and schools. The chairs of the advisory boards and the President of the Alumni Association are ex-officio trustees.

The following table sets forth the names of the officers and members of the Board as of the date of the Official Statement, each member's principal business or professional affiliation, if any, as of such date, the years served on the Board, and the year in which each member's term expires:

Trustee	Occupation/Residence	Years on Board	Term Expires
1. Mr. Steven Alexander (Chair)	Retired Orlando, FL	12	June 2025
2. Mr. Scott Boore (ex officio)	Consultant and Benefits Practice Leader Voluntary Benefits Specialists (VBS) Lincoln, CA	2	June 2025
3. Ms. Maureen Breakiron-Evans	Retired Pinellas Park, FL	14	June 2028
4. Ms. Susan P. Brockway	Retired Boca Raton, FL	7	June 2025
5. Ms. Cynthia R. Brown	Retired Ormond Beach, FL	25	June 2026
6. The Hon. J. Hyatt Brown	Chairman Brown & Brown, Inc. Daytona Beach, FL	43	June 2025
7. Ms. Yvonne Chang	Director, Club Management, Regulatory Affairs & Technology Planning, and Integration The Walt Disney Company Orlando, FL	9	June 2026
8. Dr. Katharine Cobb	Retired Merritt Island, FL	3	June 2025
9. Mr. Gregory W. Coleman	Attorney Critton, Luttier & Coleman, LLP West Palm Beach, FL	4	June 2028
10. Mr. Joe R. Cooper	Retired Hendersonville, NC	13	June 2026
11. Mr. Bruce Dahlgren	Chief Executive Officer Anthology Fernandina Beach, FL	6	June 2026

12. Mr. Michael T. Davis (Secretary)	Attorney Kuehne Davis Law, P.A. Miami, FL	7	June 2025
13. Mr. Richard C. George	Retired Ponce Inlet, FL	12	June 2025
14. Dr. Diane Hayes (ex officio)	Retired West Palm Beach, FL	2	June 2026
15. Mr. R. Dean Hollis	Founder Diventures, Inc. Omaha, NE	23	June 2028
16. Mr. Thomas M. Horton	Retired Richmond, VA Village of Golf, FL	8	June 2028
17. Ms. Lila A. Jaber	Owner LilaJaber Consulting Tallahassee, FL	5	June 2027
18. Dr. Jill K. Jinks	President & CEO Insurance House Holdings, Inc. Atlanta, GA	16	June 2025
19. Ms. Laurel A. Kent	Sr. Vice President, Financial Advisor RBC Wealth Management Great Falls, VA	9	June 2027
20. Ms. Gayle Littleton	Executive Vice President, Chief Legal Officer Exelon Corp. Chicago, IL	6 months	June 2028
21. Ms. Brenda H. Lopez	Retired Clewiston, FL	12	June 2025

22. Ms. Christine E. Lynn	Chair of the Board Lynn Family Enterprises Boca Raton, FL	30	June 2026
23. Mr. Joshua Magidson	Attorney Macfarlane, Ferguson & McMullen Clearwater, FL	17	June 2028
24. Mr. Scott Marcello (Treasurer)	President African Mission Healthcare Daytona Beach, FL	3	June 2025
25. Mr. Luis Prats	Attorney Carlton Fields Jordan Burt, P.A. Tampa, Florida	21	June 2025
26. Ms. Amy P. Quinn (ex officio)	Sr. HR Director SS&C Technologies Holdings Jacksonville, FL	2	June 2026
27. Ms. Amy Rigdon	Attorney/Partner Latham & Watkins LLP Washington, DC	2	June 2026
28. Mr. David S. Rinker	Founder/President & CEO Four Corners Holding Group, LLC Wellington, Florida	1	June 2027
29. Dr. Christopher Roellke (President)	President Stetson University DeLand, FL	4	N/A
30. Mr. Orestes Santos	President AMN Distributors/Premium Blend Miami, FL	2	June 2026
31. Mr. Jeffrey A. Smith	Retired Inverness, FL	6 months	June 2028

32. Dr. Linda Swayne (ex officio)	Retired Charlotte, NC	6 months	June 2026
33. Mr. Jason Turner (ex officio)	Attorney/Partner Keller Turner Andrews & Ghanem PLLC Nashville, TN	6 months	June 2026
34. Mr. William Voges	Chairman of the Board Root Company Ormond Beach, FL	7	June 2025
35. Ms. Megan Weinberger	Vice President, Simple Life Medical President Rescue Life Sanctuary Palm Beach Gardens, FL	2	June 2026
36. Ms. Michele Zahn	President & CEO Prospect Real Estate Development Group DeLand, FL	1	June 2027
Trustee Emeritus/Emerita	Occupation/Residence	Years on Board	Named
Mr. Franklin T. Gaylord	Attorney Gaylord & Rogers Eustis, FL	17	Named Emeritus 2009
Ms. Betty Drees Johnson	Retired Atlanta, GA	11	Named Emerita 2023
Mr. Geoffrey Jollay	Retired Hendersonville, NC	12	Named Emeritus 2021
Mr. Joseph W. Landers, Jr.	Retired Tallahassee, FL	19	Named Emeritus 2014
Ms. Jane Edmunds Novak	Retired Ponte Vedra Beach, FL	24	Named Emerita 2019

Dr. David B. Rinker	Chairman M.E. Rinker, Sr. Foundation, Inc. Atlantis, FL	36	Named Emeritus 2023
Mr. Kenneth Ziesenheim	Retired Sebring, FL	11	Named Emeritus 2024

Administration

Under the direction of Dr. Christopher Roellke, individuals from across the nation have been recruited to lead this University through the new strategic plan. In addition, the President has renewed his contract through 2030, bringing his planned tenure at the University to at least a total of 10 years or more. The administration of the University (the “Administration”) is responsible for the day-to-day management and operation of the University and for implementing policies established by the Board. Set forth below is a brief biography of the administrative staff:

Christopher F. Roellke – President

Following a national search in 2019, Christopher F. Roellke, PhD, became the tenth President of Stetson University on July 1, 2020. Roellke is widely regarded as an exceptionally effective and collaborative higher education leader who is past president for the Association of Education Finance and Policy, a 2014 Fulbright Scholar, the founder and fundraiser of Vassar College’s Urban Education Initiative, and former chair and current board member of the Eleanor Roosevelt Center at Val-Kill. An American Council on Education Fellow, Roellke has also served as a visiting scholar at Yale Law School, conducting research on school finance litigation. His publications include refereed articles in *The Journal of Education Finance, Education and Urban Society, The Peabody Journal of Education, School Business Affairs, Education Finance and Policy, and The Economics of Education Review*. He completed a multi-state study of teacher recruitment and retention policy funded by the Economic Policy Institute and the MetLife Foundation. Roellke earned his undergraduate degree in American government from Wesleyan University and Master of Science and Doctorate degrees in the social and philosophical foundations of education from Cornell University.

Elizabeth Skomp – Provost and Vice President of Academic Affairs

Elizabeth A. Skomp is an enthusiastic leader who shares a strong commitment to liberal arts education with demonstrated value for inclusion and equity. Skomp’s belief in Stetson's teacher-scholar model focuses on student success and interest in continuing to build a diverse, inclusive, and equitable institutional environment exemplifies what she values most in higher education. Skomp is the past president of the Southern Conference on Slavic Studies. Her 2015 book, "Ludmila Ulitskaya and the Art of Tolerance," stands out among numerous research grants, published articles and reviews, and conference presentations.

As the associate dean for Faculty Development and Inclusion and professor of Russian at The University of the South (Sewanee), where she taught starting in 2005, her focus was on faculty development and grant seeking, curricular reform, integrated advising, dialogue across differences, study abroad, and numerous diversity and inclusion initiatives. In her previous position, Skomp oversaw Sewanee's Center for Teaching, Office of Advising, Office of Undergraduate Research, Writing Across the Curriculum and the University Art Gallery. Skomp previously served at Sewanee as chair of the Russian Department, director of the Sewanee Summer in Russia Program, and director of Sewanee's interdisciplinary Humanities Program, and has taught in the Sewanee School of Letters.

Skomp has taught at Williams College, DePauw University, and the University of St. Andrews in Scotland. She holds a BA from Indiana University and a PhD from University College London, which she attended as a British Marshall Scholar.

Jeremy DiGorio – Vice President of Finance and Chief Financial Officer

Jeremy DiGorio is a seasoned professional with over 15 years of dedicated service in higher education, boasting a wealth of expertise spanning various domains such as business, finance, training/development, and student affairs. He earned a Bachelor of Arts in Mathematics and Secondary Education from Clemson University, followed by a master's degree in Higher Education Administration at the University of Connecticut.

Throughout his career, Jeremy has made significant contributions to the University of Connecticut, Rollins College, and currently, Stetson. With a commitment to fostering diversity and inclusion in leadership roles, Jeremy has been a prominent advocate within NACUBO (National Association of College and University Business Officers), serving on the Advisory Group for Leadership Diversity. His efforts have been focused on creating accessible pathways for underrepresented individuals to ascend to the respected position of Chief Business Officer. Currently, Jeremy holds the position of 2nd Vice President for SACUBO (Southern Association of College and University Business Officers), where he actively contributes to the organization's mission of professional development and excellence in higher education administration. His involvement in SACUBO's Professional Development committee underscores his dedication to nurturing the growth and advancement of professionals within the field. In his previous role as Business Partner Relations Coordinator, Jeremy demonstrated remarkable skill in securing increased financial sponsorship for the southern region, thereby enhancing the resources available for educational initiatives and institutional growth. Jeremy's commitment to excellence, coupled with his passion for advancing diversity and professional development within Higher Education, continues to make him a valued leader in the field.

Jeremy's dedication to excellence extends beyond his professional roles, as evidenced by his recognition as one of Winter Park Magazine's "People to Watch" in December 2021. He served as an ambassador for the city of Winter Park, welcoming new businesses, and organizations to the community, and remains engaged in his local Winter Park community. Moreover, Jeremy's commitment to LGBTQ+ advocacy is commendable, as demonstrated by his election to the Clemson LGBTQ+ Alumni Council Board in May 2020. Jeremy also serves as Treasurer of the Central Florida Clemson Club, a local alumni club committed to the sustainability of Clemson University.

Dr. Jeffery ("Jeff") Gates – Senior Vice President of Enrollment and Marketing

Dr. Jeffery (Jeff) T. Gates offers more than 25 years of experience combining his skills in student affairs and enrollment management by utilizing effective enrollment planning, marketing, admissions, recruitment, retention, and financial aid strategies. He has served both the private and public sectors. He is currently senior vice president of enrollment management and university marketing at Stetson, a position he accepted in May of 2023.

Prior to Stetson, Dr. Gates' many accomplishments during his tenure at Utica University include playing a pivotal role in breaking records for application and enrollment, ushering in the largest first-year class in the college's history, and significantly increasing online enrollment. He has also contributed to boosting retention rates and academic quality, notably increasing retention among first year to sophomore students. Furthermore, Dr. Gates' contributions extend beyond campus borders, as evidenced by his successful expansion efforts, including the establishment of remote campuses in Florida and New York. Gates' teams have won national awards from 3Enrollment Marketing and RNL, including the 2021 Lee Noel-Randi Levitz Retention Excellence Award.

Dr. Gates has held enrollment-focused roles at UNY System Administration, Binghamton University and Bryant University.

He earned his bachelor's degree from Bryant University (RI), a master's degree from Binghamton University (NY) and a Doctorate in Law and Policy from Northeastern University (MA).

Krista Bofill – Executive Vice President and Chief Development Officer

Krista Bofill has more than 30 years of successful and progressive leadership experience in developing and managing donor, investor, and constituent relationships, and brings a diverse set of fundraising and higher education experience to Stetson as the Executive Vice President and Chief Development Officer. Krista joined the Stetson team in August of 2021.

Most recently, Bofill served as Vice President of Institutional Advancement and Communications at Converse University. She was a key member of the leadership team whose work resulted in the transformation of Converse from a women's college to a co-ed University enabling financial sustainability.

She previously spent 23 years at Duke University, and served in numerous leadership positions, including leading development for its Fuqua School of Business, and successfully completing *The Duke Forward* campaign in June 2017, which surpassed the school's goal of \$125 million.

Bofill received her Master of Education in Adult Education from North Carolina State University and Bachelor of Science in hospitality, tourism management and mathematics from Rochester Institute of Technology. She also received a Certificate in Fund Raising Management from the Indiana University Lilly Family School of Philanthropy and a Leadership Certificate of Excellence from the Duke University Leadership Academy.

John Downey – Vice President for Campus Life and Student Success

John Downey brings a wealth of experience and dedication to his role as Vice President of Campus Life and Student Success at Stetson. Assuming his new role in January 2023, Downey leads a dedicated team at Stetson, providing students with unparalleled support and opportunities for personal and academic growth. His vision encompasses a diverse array of initiatives aimed at fostering a vibrant campus community that promotes an enriched collegiate experience for all students.

Downey's leadership and accomplishments throughout his career are a testament to his capabilities. Under his guidance, the Student Affairs divisions he led underwent significant reorganization, surpassing student expectations and enhancing engagement, satisfaction, and belonging. Through innovative strategies, collaboration outside Student Affairs, and a relentless focus on the student experience, Downey has led teams that have consistently increased student involvement in the out-of-class experience. His reputation as a trusted advocate for students and a collaborative leader precedes him, and his leadership and commitment to student success left an indelible mark at Queens University of Charlotte, Widener University, and now Stetson University.

Downey holds a doctorate in higher educational leadership and policy studies from Indiana University, a master's degree in business administration from The College of New Jersey, and a bachelor's degree in business from Rider University.

Ricky Ray –Director of Athletics

Ricky Ray joined Stetson University as Director of Athletics in May of 2024 after a nationwide search. He leads a department with 19 sports and almost 500 student-athletes.

Prior to Stetson, he was at William & Mary where he last served as the Executive Associate Athletics Director. He was hired in January of 2022 as the Tribe's Senior Associate Athletics Director for external operations and was promoted to Executive Associate Athletics Director in March of 2024. While at W&M, he served as the department's chief business strategist. He oversaw the marketing, communications, creative services, ticketing, and corporate sales efforts. In addition, he was the sport administrator for several programs.

Prior to W&M, he served as the Deputy Athletics Director at Campbell University, his alma mater, for six years. He has also served in various capacities at Troy University, East Carolina University, and Georgia Southern University.

He holds a doctorate in education from Marshall University, a master's degree in kinesiology from the University of Central Missouri, and a bachelor's degree in communications from Campbell University.

Academic Accreditations and Affiliations

First in 1932 and reaffirmed in 2022, the University was accredited by the Southern Association of Colleges and Schools (SACS), one of the seven regional accreditation agencies in the United States, now referred to as the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). Stetson has retained accreditation since that time to award baccalaureate, masters, education specialist, and doctorate degrees, as well as credentials such as certificates and diplomas at those degree levels. In addition, the University's programs are accredited by the organizations listed below: American Bar Association (ABA).

- Association to Advance Collegiate Schools of Business (AACSB)
- The National Association of Schools of Music (NASM)
- The American Chemical Society (ACS)
- Florida Department of Education
- Council for the Accreditation of Counseling and Related Educational Programs (CACREP)

The University is also a member of the American Association of University Women, the American Council on Education, the Association for the Advancement of Sustainability in Higher Education, the Association of American Colleges and Universities, the Association of American Law Schools, the Council of Independent Colleges, the Florida Association of Colleges and Universities, the Independent Colleges and Universities of Florida, the National Association of Independent Colleges and Universities, the New York University Faculty Resource Network, the Council for the Advancement of Support for Education, the National Association of College and University Business Officers, the Association of Governing Boards, the Pioneer Football Conference, the ASUN Athletic Conference, Metro Atlantic Athletic Conference and the National Collegiate Athletic Association.

Academic Programs

The University is an independent, private university that offers a comprehensive education in the arts and sciences, business, law, and music. The University's mission is to provide a transformational education in a creative community where learning and values meet. Committed to scholarship and the liberal arts tradition, the University seeks to foster the qualities of mind and heart that will prepare students to reach their full potential as individuals, informed citizens, and responsible participants in their local and global communities.

The University has achieved national distinction through special programs and accreditations. Stetson was the first private university in Florida to be awarded a chapter of Phi Beta Kappa, the nation's oldest and most prestigious undergraduate honor society, and consistently earns high national rankings for academic excellence and community-engaged learning. Stetson has earned a Community Engagement Classification from the Carnegie Foundation, which recognizes the University's sharing of its knowledge and resources with the public and private sectors to enrich scholarship, research and creative activity;

enhance curriculum, teaching and learning; prepare educated, engaged citizens; strengthen democratic values and civic responsibility; address critical societal issues; and contribute to the public good.

The University's academic disciplines are unified by a profound commitment to values and personal and social responsibility; interdisciplinary and international learning; and the pursuit of intellectual excellence. The undergraduate student-faculty ratio is approximately 10:1, which allows students and faculty to work side by side to develop innovative approaches to tackling complex challenges. The top undergraduate degrees by student count are Business Administration, Psychology, Health Sciences, Finance, and Political Science. The College of Arts and Sciences, the School of Business Administration, and the School of Music are on the DeLand Campus, a vibrant county seat between Daytona Beach and Orlando. The University's College of Law is located at the Gulfport Campus, with additional resources located at the Tampa Law Center.

College of Arts and Sciences

The College of Arts and Sciences is the largest and most academically diverse of the University's colleges and schools. It includes the humanities, natural sciences, social sciences, education, and the arts. Academic programs in the College of Arts and Sciences are rigorous, challenging students to reach their full intellectual potential. From biochemistry to Russian, East European and Eurasian Studies, academic programs within the College of Arts and Sciences develop students' critical thinking skills, problem solving abilities, oral and written communication, collaboration, and cultural competency. Every major requires a senior research project, allowing students the opportunity to design and carry out independent research under faculty mentorship.

In addition to more than 40 undergraduate degree programs, the College of Arts and Sciences offers Master of Education degrees in Educational Leadership and Exceptional Student Education; Master of Science degrees in Clinical Mental Health Counseling; Marriage, Couple and Family Counseling; Counselor Education with Advanced Studies; and Higher Education Administration and Supervision; Educational Specialist degree in Curriculum and Instruction; along with the Master of Fine Arts in Creative Writing, which features an innovative design that permits students to combine a low-residency requirement with working residencies in Florida and abroad.

School of Business Administration

The study of business has been an important part of the University curriculum since 1897. As part of a curriculum designated to enhance scholarship and mentoring, students, and faculty in the School of Business Administration study in existing and emerging markets in the Americas, Europe, and Asia. Students learn theory and practical applications, and graduate fully prepared to establish successful, meaningful careers in the global marketplace.

The School of Business Administration offers several undergraduate Bachelor of Business Administration (BBA) programs, with majors in accounting, business administration, business systems and analytics, economics, entrepreneurship, family enterprise management, finance, human resource management, international business, management, marketing, and professional sales. The School of

Business Administration also offers various graduate level business programs. A Master of Business Administration (MBA) is offered at the historic campus in DeLand and online. A Master of Accountancy (MAcc) program is offered online. In addition to the joint JD/MBA program with the College of Law, a Master of Pharmacy/MBA program is available through collaboration with the University of Florida and a Master of Health Administration/MBA is offered with AdventHealth University.

School of Music

The School of Music is a vibrant community of over 200 exclusively undergraduate musicians and more than 40 full and part-time expert faculty. Established in 1936, the School of Music was Florida's first collegiate music school. Today, it represents one of the finest undergraduate-only schools of music in the country, offering education for aspiring professional musicians at the Bachelor of Music (BM), Bachelor of Music Education (BME), and Bachelor of Arts (BA) level. The 12-degree programs and two minors include traditional performance areas such as guitar and voice, long-standing excellence in music education, and academic degrees in music composition or music theory. The School of Music was one of the first schools to embrace interdisciplinary degrees such as the Bachelor of Music with Elective Studies in a Specific Outside Field, where the external emphasis can be in any area where the University offers a minor (popular fields include business, psychology, and chemistry). The cornerstone of music education and performance at the School of Music is at the DeLand campus, where the University offers over 150 concerts each year and maintains a strong balance of music performance study, ensemble participation, and academic learning. Additionally, the University's students' education reaches much further, to domestic and international ensemble touring, study abroad opportunities, and internships.

College of Law

As Florida's first law school, the College of Law has educated lawyers, judges, and community leaders for more than a century. The College of Law is a top 100 law school, ranked #1 in trial advocacy and #3 in legal writing by U.S. News & World Report in 2024, and is fully accredited by the American Bar Association (ABA) and Association of American Law Schools.

The College of Law is an active part of the Tampa Bay metro area, with its main law campus at the Gulfport Campus and a satellite facility at the Tampa Law Center. The College of Law offers full-time and part-time JD graduate degree programs. Areas of concentration include Advocacy, Business Law, Elder Law, Environmental Law, International Law, and Social Justice Advocacy.

The Master of Laws (LLM) degree programs are offered to students who have already received their first law degree at a law school accredited by the ABA or approved by the appropriate authority. LLM programs are offered in International Law, Elder Law, and Advocacy (also offered as a joint JD / LLM program). The Master of Jurisprudence (MJ) degree program offers advanced degrees for non-lawyers who wish to obtain a greater understanding of legal systems and concepts in the area of healthcare compliance.

The College of Law also offers other unique programs, including the Accelerated 3+3 Bachelor's/JD program, and dual degree programs for students to pursue two degrees simultaneously, including the JD/MBA (Master of Business Administration). Additionally, the College of Law offers the

JD/MINTEC (master's in international Economic Law, in cooperation with Toulouse University, Toulouse, France), and the JD/MIEBL (master's in international and European Business Law, in cooperation with Comillas Pontifical University in Madrid, Spain).

Relationships with Other Institutions

The University has several cooperative relationships with other colleges and universities. These strategically developed partnerships contribute to undergraduate and graduate enrollment at the University, broaden the University’s curricular offerings, and through honors program agreements, foster educational achievement by offering a streamlined pathway to earning a bachelor's degree. The College of Law offers an Accelerated 3+3 Bachelor's/JD program with the University of South Florida Honors College (Tampa campus), Chatham University, and the University of West Florida. The College of Law also provides dual degree programs for students to pursue two degrees simultaneously with the Comillas Pontifical University, Madrid, Spain and Toulouse University, Toulouse, France. The College of Arts and Sciences partners with Embry-Riddle Aeronautical University in a language consortium to collaboratively offer instruction in less commonly taught languages to students in both universities. The University has signed agreements to automatically admit students from the Daytona State College and Lake Sumter State College honors programs, allowing those students in good standing to be admitted to the University. Additionally, the School of Business Administration has partnered with the University of Florida to offer a dual Master of Pharmacy/MBA program and with AdventHealth University to offer a dual Master of Health Administration/MBA program.

Degrees Granted

The University offers five degrees at the undergraduate level and nine degrees at the graduate level with 82 different areas of study. The colleges and schools at the DeLand Campus and the Gulfport Campus follow curriculums and academic standards prescribed by the SACSCOC and the ABA, respectively. The following table sets forth the degrees conferred by the University in the last five complete academic years:

Academic Year	Bachelor's Degree- Arts and Sciences	Bachelor's Degree- Business	Bachelor's Degree- Music
2019-2020	430	211	59
2020-2021	402	235	46
2021-2022	411	195	59
2022-2023	467	216	46
2023-2024	419	212	35
Academic Year	Graduate Degree- Arts and Sciences	Graduate Degree- Business	Graduate Degree- Law
2019-2020	70	71	278
2020-2021	48	70	279
2021-2022	70	122	282
2022-2023	81	106	302
2023-2024	73	110	298

Source: The University's Office of Institutional Research and Effectiveness.

Student Life and Campus Experience

As a residential university with a three-year residency requirement, residential life is core to the student experience. The University offers a variety of living options through ten residence halls, thirteen Greek chapter houses, and four apartment complexes. Students who meet one or more specific criteria can receive an exemption from the three-year residency requirement. Students attending Stetson in their fourth year and beyond, who have satisfied the three-year residency requirement, may request to live on campus in their final year at Stetson. Historically, over 50% of seniors have chosen to continue living on campus.

In 2023, Chaudoin Hall, a historic residence hall at the heart of the Deland Campus, underwent an \$11 million renovation to create additional shared space, suite-style bathrooms, and individual bedroom options. Construction is underway on a new 305 bed residence hall with the Series 2024 Bonds, representing the first phase of the campus housing master plan. The new residence hall is expected to be placed into service beginning Spring 2026 and will replace two aging residence halls, Smith Hall and Gordis Hall. The new residence hall will be located in the heart of campus in an effort to bring the majority of first and second-year housing toward the center of campus to enhance the student experience. Recent survey results have shown our residential students are increasingly satisfied with the experience, particularly with our students (RAs) and professional staff, but continued investment in the facilities is necessary to maintain those satisfaction rates.

Prior to the pandemic, the University had operated near or above 100% occupancy, adding capacity through acquisition of adjacent apartment complexes, utilizing local hotels and converting lounges to student rooms. During the first year of the COVID pandemic, Stetson operated all rooms as individual bedrooms for the 2020-2021 academic year, loosened the residency requirement, and accommodated demand with local hotel rooms. In fall 2021, Stetson operated at a reduced occupancy for individual bedrooms due to COVID. Although the smaller classes of the last three years resulted in excess capacity, the University currently operates some rooms as individual bedrooms to increase student satisfaction and revenue and the number of students choosing to live on-campus has increased. Fall 2024 occupancy at census was 1,729, representing 73.4% of Stetson's undergraduate enrollment. As of fall 2024, the standard housing capacity for all the DeLand Campus residential facilities for Academic Year 2024-2025 was 1,926 beds. With the upcoming changes to the residential offerings on the Deland Campus, the University's new standard housing capacity is expected to be 1,934 beds. Additionally, the apartment complexes and one residence hall (~525 beds) are strategic off campus properties that could be used for third-party rentals or sold in the future if the University needs to evolve over time.

[Remainder of Page Intentionally Left Blank]

The following table reflects the standard and operating capacity occupancy at the DeLand campus for fall 2020 to fall 2024.

	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024
Standard Capacity	2,051	2,051	2,051	1,942	1,926
Operating Capacity	1,390	1,916	1,742	1,857	1,830
Beds Occupied	1,362	1,730	1,678	1,670	1,729
Occupancy Rate (Standard)	66.4%	84.3%	81.8%	84.3%	89.7%
Occupancy Rate (Operating)	98.0%	90.3%	96.3%	89.9%	94.5%

Faculty and Employees

For the 2024-25 academic year, the University had a full-time faculty of 282, of whom 161 have tenure. Approximately 90% of the full-time faculty members hold a terminal degree in their respective fields. Part-time adjunct faculty teach on the University's campuses as needed. The number of adjunct faculty fluctuates throughout the academic year with an average of 162 part-time faculty under contract at any one time.

Approximately 583 staff personnel were employed on a full-time basis and 39 on a part-time basis in a variety of support positions. The University's total payroll for the 2024-25 fiscal year is projected at approximately \$66.3 million.

With exceptions for certain positions that become eligible immediately, after one year of full-time employment, employees of the University are eligible for retirement benefits provided through defined contribution plans consisting of individually owned annuity contracts purchased from the Teachers Insurance and Annuity Association (TIAA) College Retirement Equities Fund. The University's cost is 5% of a qualifying employee's base gross salary after completion of one year of service with the University, and 10% of a qualifying employee's base gross salary after completion of at least two years of service. Employees hired before June 30, 2008, received supplemental contributions totaling \$110,556 in the fiscal year ended June 30, 2024. In addition, the University sponsors a defined benefit post-retirement plan to provide medical and term life insurance benefits to those retired by June 30, 2011. The University's post-retirement benefits are unfunded; therefore, cash contributions for post-retirement benefits are equal to the benefit payments. The University contributions to the plan for the year ending June 30 were \$280,540 in 2023 and \$474,585 in 2024.

See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF STETSON UNIVERSITY, INC. FOR FISCAL YEARS ENDING JUNE 30, 2024, AND 2023" attached to the Official Statement.

The University is not a party to any collective bargaining agreement covering any of its employees. The University believes that its employee relations are excellent.

Enrollment Strategy

With the addition of Jeffery Gates as Senior Vice President for Enrollment Management and University Marketing in May 2023, the University revised its overall enrollment strategy, as described herein, to better reflect the current higher education landscape. The University also made changes to its admissions and recruitment teams. Marketing has joined Enrollment Management for one division under leadership of a single Senior Vice President. New positions, added in the last year, include Director of Veteran's Recruitment and a Senior Associate Director for International Recruitment. An existing position was re-imagined supporting a growth in recruitment in New England, New York, and New Jersey. A regional admissions recruiter for this area, based in Boston, MA, was hired in the fall of 2024. Because student enrollment is the dominant source of unrestricted revenue at the University, the health and vitality of the University is ultimately tied to sustaining and increasing enrollment demand, which is inextricably linked to academic value and market position. The University's enrollment plan, post-pandemic, is to return to a position of stability with a targeted undergraduate headcount of 2,800 by 2030. This plan calls for a first-time college class of 725 beginning with the fall 2025 cohort and increasing by 25 students each year for an optimal class of 800 first-time in college students. Additionally, the University has committed to improving retention and graduation rates which are addressed in the revised enrollment strategy. Enrollment at the College of Law has remained strong, and the University has expanded its headcount by increasing the class size of the JD program in fall 2025. The College of Laws ranks in the top 100 of law schools nationally, first in the nation in trial advocacy and third in the nation in legal writing and is well positioned to sustain and grow enrollment.

Stetson has a dedicated team which works exclusively with prospective first-year students. Early in the recruitment cycle, prospective students are categorized and qualified according to their likelihood to enroll through interactive technology and predictive analytics. Then, using techniques and strategies targeted to find out more about them, these prospective students are managed through the recruitment and admission processes to achieve greater enrollment numbers, referred to as conversions. These strategies include large and segmented national name buys, direct mail, digital and social media campaigns, multi-channel marketing, online and offline advertising, and targeted relationship-rich recruitment travel and outreach. Campus visitation is vital to the recruitment and admissions functions. This area has added support to ensure families are having a relationship-rich experience that is Stetson. Examples include personalized parking spaces, personalized welcome on message boards and individual attention upon entry of the Rinker Welcome Center. Further enhancements include a selfie-station, sales training for student ambassadors from Stetson's award-winning sales team (and professors) along with traditional team-building activities.

In 2023, the University made a strategic effort to meet students and families where they regularly engage during the college search journey. By collaborating with prominent college planning platforms like Niche, The Princeton Review, US News and World Report, Appily (formally known as Cappex), SCOIR and others, Stetson aimed to amplify the volume of qualified inquiries and applicants. The University prioritized the creation of fresh, tailored content aimed at high school audiences, complemented by captivating photography and video, to enhance interaction on these platforms. Since launching the campaign in late summer through fall 2023, Stetson has witnessed a significant surge in referral traffic to

its website from these partnered platforms. The University also has a robust direct mail communication flow that starts in the sophomore year; e-marketing campaigns that average over 14 million emails and numerous interactions and engagements with various social media platforms are monitored and tracked.

In October 2024, college leadership supported an investment in the creation of a Student Agency to further content creation and storytelling from our students. This peer-to-peer marketing will continue to enhance Stetson's profile on all social media platforms and allows student staff to hone their craft specific to each platform. Furthermore, these immersive experiences fit within Stetson's overall academic experience and hands-on-learning which we call Hatter Ready. This is a program for all students in all majors. Students are likely to have multiple immersive experiences; allowing them to be ready for a job once they graduate. We are marketing and practicing our experiences from the student perspective with the new student agency.

Off-campus receptions are hosted around the country and are jointly funded and supported by alumni and parents. Alongside these informal gatherings, the University hosts smaller gatherings for select groups of high-achieving students in smaller, home-based settings from late April to June. Believing that the campus visit is among the very best predictors of enrollment, the University hosts many highly interactive visit experiences. These events include undergraduate open houses, three large yield events, several summer visit programs, Saturday hours, open sessions during Thanksgiving, winter, and spring break vacation periods to take advantage of the large number of travelers to Florida. Stetson also offers first-generation, honors and music school specific programs, individual tours, information sessions and customized individual overnight visits. Over 4,000 students visit annually and with guests, there are more than 9,000 visitors that pass through the admission office each year. Stetson has added a second accepted student open house, Hatter Saturday, and moved the Scholars Day program from the Spring to the Fall, increasing visitors to campus to align with the admissions recruitment funnel and timeline.

Additional yield tactics include rolling admissions decisions with merit scholarship information and enhancing the acceptance packet with a QR code for a gift. This allows the admissions counselors the opportunity to focus on those who took this action with one set of priorities and outreach and those who did not with a different set of actions to take. Stetson continues to enrich the experience with a highly personalized acceptance video, a full-colored individualized financial aid package that is printed on demand as well as uploading the document to the student portal when decisions and financial aid offers are available to students.

Additionally, as national demographics anticipate a decline in the traditional college-age population across much of the country, it is crucial for the University to maintain a strong presence in Florida. While the State is expected to experience less severe effects from this demographic shift, relying solely on in-state recruitment could pose challenges. Competitors from out-of-state, facing declines in their local pipelines, are likely to intensify their recruitment efforts in areas like Florida. Recognizing the competitiveness in Florida, the University's enrollment team has proactively devised strategies to highlight the advantages of Stetson's relationship-focused and personalized academic environment. The "Be Seen" campaign for undergraduate recruitment places emphasis on student experiences and alumni achievements to attract prospective students. The University's balanced ratio of approximately two-thirds in-state to one-third out-of-state students positions it well to sustain success locally while also leveraging its broader market

presence, particularly in neighboring states like Georgia and in the Northeast, to adapt to the evolving landscape of college recruitment.

To enhance international recruiting, Stetson partnered with an international recruitment consultant for an International 529 program in Central and Latin America. As aforementioned, we have hired a Senior Associate Director for International Recruitment who has developed relationships with 115 high schools in this area. Travel has also been planned for February-April of 2025 to further this outreach and to meet with prospective families.

Transfer recruitment and enrollment is also an important strategy for the enrollment team. There are additional articulation agreements nearing the final stages with two additional community colleges that focus on enrolling high achieving honors transfers to the University. The University has also purchased ProcessMaker, which is an online tool for transfer students to understand how their external credits may transfer to Stetson. The tool removes human intervention of adding courses from a paper/pdf transcript, typing into the system and then articulating. Using OCR technology, a student will upload their transcript, the courses will be read by the system, entered into our student information system, and then present the student with their transfer credit evaluation. A process that used to take 2-3 days will now be done in about 3 minutes.

For the College of Law, last year we increased the full-time enrollment class, targeting a modest reduction in the discount rate. Curricular redesign of the University's non-JD offerings aims to place the College of Law in a position to secure a larger share of the secondary law school market which has been growing each year. Coupled with capital projects to add additional large classroom space to facilitate the growth of the JD program, the University is in a strong position with respect to its enrollment at the College of Law. An additional 35 students in the Fall of 2024, enrolling a total of 280 new students in the full-time JD program, will continue in Fall 2025 after the success of adding the initial larger cohort in 2024. The University launched a hybrid evening program for law students, and the College of Law moved to a guaranteed tuition model for incoming cohorts in the Fall of 2024. This strategy will yield the most qualified candidates who might be looking elsewhere, but who will accept Stetson's offer of admission knowing that their tuition is guaranteed or locked in for three years.

The other graduate programs also have initiatives and growth strategies. The University is poised to capitalize on robust international markets to complement its domestic reach by reclassifying its graduate business programs to STEM-designated disciplines in 2024 & 2025 and adding back face-to-face delivery of the MBA program. Also, the graduate programs within the College of Arts and Sciences plan to grow by offering a new Master of Science in Higher Education Administration and Supervision degree and a curricular redesign resulting in the Master of Science in Counselor Education with Advanced Studies. Additionally, the recent hire of a recruiter physically located in the Gulfport area bodes well for enrollment of new cohorts in a geographically expanded footprint of programs within the Department of Education. Thus, the graduate programs within the College of Arts and Sciences are also well-positioned to continue to grow beyond their current rebound

Headcount Enrollment

As of the beginning of the 2024 fall semester, the University’s overall enrollment, including law school students, graduate students, and undergraduate students, was 3,781. Of that total, 2,355 students were undergraduate students, and 1,426 students were graduate students.

The following table summarizes the number of students at the undergraduate, graduate and law levels for the past five academic years:

Fall Semester Enrollment (Headcount)				
Academic Year	Undergraduates	Graduates/Post-Baccalaureate	Law	Total
2020-21	3,125	361	954	4,440
2021-22	2,884	402	979	4,265
2022-23	2,572	406	961	3,939
2023-24	2,339	368	963	3,670
2024-25	2,355	408	1,018	3,781

Source: The University's Office of Institutional Research and Effectiveness

Student Retention and Graduation

Over the past several decades, the University’s first-year retention rate has consistently been above 75%. Following a decline in retention rates in 2021 and 2022, the University partially rebounded in 2023 to 73% and returned to pre-pandemic levels with 78% for 2024. Student success remains at the core of the University’s priorities, and much has been done, particularly in the areas of Campus Life and Student Success, to reclaim the campus vibrancy that was temporarily absent during the COVID pandemic. Six-year graduation rates have remained strong between 62% and 64% over the past five years.

Undergraduate Freshman-to-Sophomore Retention Rates					
Cohort Year	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023
Retention Rate	76%	72%	68%	73%	78%

Undergraduate 6-Year Graduation Rates					
Cohort Year	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Graduation Rate	64%	63%	64%	63%	62%

Source: The University's Office of Institutional Research and Effectiveness

Admission Statistics

Undergraduate Applications, Admissions and Enrollments

Prior to the COVID pandemic, the University enjoyed stable undergraduate enrollment, growing at a modest rate each year. The relationship-rich, personal, residential campus experience that Stetson offers was not available to students during the COVID pandemic. The COVID pandemic coupled with turnover in key management positions led to several years of lower freshman classes and weaker demand. Stetson's acceptance rate also increased beginning in 2020 to account for changes in applications due to COVID. However, as the University recovers from the COVID pandemic, and with a reimagined enrollment plan, demand metrics for the fall 2024 rebounded with year-over-year applications up 31% and enrollment outpacing the prior year by 7.5%. The University's strategic enrollment initiatives position it for continued growth and financial strength. Refined merit and need-based aid strategies are not only increasing net tuition revenue but also enhancing the academic profile of incoming students. Early indicators which include higher FAFSA submissions, stable applications trends, and a focused enrollment strategy are reflecting positive momentum. While FAFSA challenges remain a factor, the initiatives mentioned above are yielding tangible results and the University remains confident in meeting its Fall 2025 enrollment target. As the University builds on this foundation, it is well-positioned to strengthen its selectivity, financial sustainability, and overall student experience in the years ahead.

The following table presents the University's applications, admissions, and enrollment of undergraduate students for the academic levels and years indicated:

Fall Admissions Statistics – First-Year Undergraduate Students

Academic Year	Applied	Accepted	Acceptance Rate	Enrolled	Matriculation Rate
2020-21	11,957	9,744	81.49	859	8.82
2021-22	9,260	8,486	91.64	637	7.51
2022-23	7,344	6,889	93.80	666	9.67
2023-24	7,824	6,762	86.43	638	9.44
2024-25	11,674	8,359	71.60	686	8.21

Source: The University's Office of Admissions.

[Remainder of Page Intentionally Left Blank]

Entrance Exam Scores

The academic demands of Stetson’s curriculum require that admitted students possess a satisfactory preparatory education. The following table presents the national average composite Scholastic Aptitude Test (“SAT”) and composite American College Test (“ACT”) scores and the scores for enrolled First-Time-in-College (“FTIC”) students during the past five academic years:

SAT and ACT Scores for FTIC

Academic Year	SAT Composite		ACT Composite	
	National Average	Stetson FTIC	National Average	Stetson FTIC
2020-2021	1051	1140	20.6	24.3
2021-2022	1060	1126	20.3	23.2
2022-2023	1050	1157	19.8	24
2023-2024	1028	1134	19.5	23.3
2024-2025	1024	1096	19.4	22.5

Source: The University's Office of Institutional Research and Effectiveness.

Graduate Programs – Law Applications, Admissions and Enrollments

The following table presents the College of Law applications, admissions, and enrollment of students for the years indicated:

Fall Admissions Statistics – Law					
Academic Year	Applied	Accepted	Acceptance Rate	Enrolled	Matriculation Rate
2020-21	1,804	927	51%	329	35%
2021-22	2,233	933	42%	333	36%
2022-23	2,365	765	32%	311	41%
2023-24	2,234	866	39%	314	36%
2024-25	2,395	975	41%	351	36%

Source: The University's Office of Admission.

[Remainder of Page Intentionally Left Blank]

Graduate Programs – Business & Arts and Sciences Applications, Admissions and Enrollments

The following table presents the University's applications, admissions, and enrollment of students for the Business and Arts and Sciences graduate programs for the years indicated:

Fall Admissions Statistics – Other Graduate Students					
Academic Year	Applied	Accepted	Acceptance Rate	Enrolled	Matriculation Rate
Summer-Fall 2020	288	250	87%	185	74%
Summer-Fall 2021	377	264	78%	192	73%
Summer-Fall 2022	255	246	96%	168	68%
Summer-Fall 2023	267	251	94%	170	68%
Summer -Fall 2024	295	275	93%	192	70%

Source: The University's Office of Admission.

Student Population Geographic Diversity

The student body is comprised of undergraduate and graduate students who come from diverse socioeconomic, geographic, and formative backgrounds and includes students from 45 states and 68 foreign countries and United States territories. Approximately 66% of traditional undergraduate students in the fall 2024 semester are from the State of Florida. Below is a table of the geographic distribution.

Fall 2024 Undergraduate Geographic Distribution		
Home Residence	Students	Percent*
Florida	1,564	66%
New York	67	3%
Georgia	62	3%
Illinois	41	2%
Connecticut	35	2%
Pennsylvania	34	1%
New Jersey	31	1%
Texas	29	1%
Ohio	25	1%
Massachusetts	22	1%
North Carolina	20	1%
Other States	206	9%
Foreign Countries	219	9%
Total	2,355	100%

Source: The University's Office of Institutional Research and Effectiveness

Tuition and Fees

The University meets the cost of its operations primarily through tuition, fees, room and board charges, sales and services of auxiliary enterprises, gifts, grants, and endowment income. Approximately 52.15% of the University’s annual income for the fiscal year ended June 30, 2024, was generated through net tuition and fees.

The DeLand Campus accounts for approximately 60% of the total tuition and fees for the 2024-2025 academic year while the Gulfport Campus accounts for approximately 40%. The University expects this distribution to remain constant for the foreseeable future.

The following table shows annual full-time student tuition and fees data for the 2024-25 academic year and the last five academic years for the University’s undergraduate programs and the College of Law:

Full Time Student Tuition and Fees

Academic Year	Undergraduate Programs			College of Law		
	Tuition	Fees ⁽¹⁾	Total	Tuition	Fees	Total
2019-20	\$47,270	\$360	\$47,630	\$44,468	\$496	\$44,964
2020-21	49,140	360	49,500	45,580	496	46,076
2021-22	50,440	360	50,800	46,720	496	47,216
2022-23	51,960	360	52,320	48,542	496	49,038
2023-24	54,820	400	55,220	51,212	496	51,708
2024-25	57,010	400	57,410	52,748	496	53,244

⁽¹⁾ The data includes student life fees but does not include room and board, orientation fees or other student fees or charges.

Source: Stetson University.

Competing Institutions

Many of the University’s qualified applicants also apply to other private and public colleges and universities. The following table shows the 2024-25 academic year tuition and fees charges for the University’s peer private institutions. Stetson crosses applications most often with the public sector, and the largest overlap is with the large public universities in the State such as University of Central Florida, Florida State University, University of Florida, University of South Florida, Florida Atlantic University, and others. Nova Southeastern University, the University of Tampa and Rollins College are the top three private institutions in the University’s cross application pool.

[Remainder of Page Intentionally Left Blank]

Resident Undergraduate Tuition and Fees

Private Institutions	Full-Time 2024-25
University of Miami	\$ 62,616
Rollins College	\$ 60,580
Stetson University	\$ 57,410
Jacksonville University	\$ 48,500
Elon University	\$ 46,451
Lynn University	\$ 42,730
Florida Southern College	\$ 44,040
Embry-Riddle Aeronautical University	\$ 42,408
Nova Southeastern University	\$ 37,500
University of Tampa	\$ 34,408
Howard University	\$ 35,810

Source: The University's Office of Institutional Research and Effectiveness

Student Financial Aid

Federal and state aid is provided to students in the form of grants and loans, which are offered through a variety of need-based programs. University aid includes scholarships funded through endowment earnings, donated scholarships and other University grants which are awarded to students based on need or merit. Approximately 90% of all degree-seeking students attend the University, and 99% of all degree-seeking undergraduates receive some form of financial assistance. The table below indicates the magnitude of the various financial aid programs. The data includes assistance at all campuses.

Financial Aid Awarded to Students

Source	Academic Year (in thousands)				
	2020	2021	2022	2023	2024
Federal Grant Aid	\$5,863	\$6,250	\$5,826	\$5,902	\$5,777
Pell Grant Aid ⁽¹⁾	5,142	5,332	5,101	4,872	4,994
State and Local Aid	12,056	11,965	9,977	7,453	8,448
Institution Grants/Scholarships ⁽²⁾	100,437	110,036	107,005	105,738	108,331
Federal Student Loans	42,401	43,225	41,218	39,629	37,929
Other Student Loans	6,333	4,755	4,851	5,115	4,361

⁽¹⁾ Included in Federal Grant Aid Total

⁽²⁾ Excludes Parent PLUS loans.

Source: The University's Office of Institutional Research and Effectiveness

Summary of Student Net Revenues

The table below presents the total historical tuition and fee revenues of the University for the fiscal years ended 2020 through 2024. As enrollment continues to increase to historical targets in 2024, total student revenues are expected to return to pre-pandemic levels.

	Historical Tuition and Fee Revenues				
	(in thousands)				
	2020	2021	2022	2023	2024
DeLand Campus					
Tuition and Fee Revenues	\$152,244	\$155,740	\$144,109	\$133,500	\$128,266
Scholarships and Fellowships	(88,125)	(95,640)	(90,535)	(86,800)	(88,233)
Net Tuition and Fees	\$64,119	\$60,100	\$53,574	\$46,700	\$40,033
Room and Board	23,632	17,203	22,133	22,303	22,978
Total Student Revenues	\$87,751	\$77,303	\$75,707	\$69,003	\$63,011
Gulfport Campus					
Tuition and Fee Revenues	\$39,067	\$41,237	\$42,828	\$44,366	\$46,650
Scholarships and Fellowships	(12,312)	(14,396)	(16,470)	(18,938)	(20,098)
Net Tuition and Fees	\$26,755	\$26,841	\$26,358	\$25,428	\$26,552
Campus Housing	576	497	634	647	674
Total Student Revenues	\$27,331	\$27,338	\$26,992	\$26,075	\$27,226

Source: The University's Office of Institutional Research and Effectiveness

[Remainder of Page Intentionally Left Blank]

Management Discussion and Analysis

The University continues to benefit from significant fundraising while having the support of a strong balance sheet. These sustained strengths have helped offset operational deficits in recent years. The current enrollment strategy implemented in fall 2023 is progressing as the University is seeing signs of positive trends in all areas of enrollment. For fall 2024, undergraduate, graduate and College of Law enrollment all experienced growth. The University recognizes that the full impact of the enrollment strategy will take time to be realized in the financial results. With the continued success of the enrollment strategy combined with strategic operational decisions, the University is positioning itself for balanced operating results in the future.

The University's financial strength reflects a healthy balance sheet with Total Net Assets of \$498.7 million in fiscal year 2024. The University's endowment per student continues to rank second in the State. During the period ending June 30, 2024, the University's endowment and funds held in trust have grown to \$399 million. The Board's targeted spending rate is 4.5%, and it is expected to remain consistent going forward. The University's endowment spending policy allows for additional Board approved supplementary draws from unrestricted quasi-endowment funds to support operations, if needed.

In fiscal year 2024, the University experienced a net loss from unrestricted operations of \$14.4 million as the University continued to experience higher inflationary costs while also managing overall lower net tuition revenue from smaller enrollment classes. Net tuition revenue was lower than planned primarily due to higher undergraduate aid. Undergraduate aid is typically applied late in the cycle making it challenging to predict due to students finishing their application paperwork late Fall. Under new leadership with a new VP of Enrollment & Marketing, Financial Aid's operations have been adjusted; and the Institutional Research office now supports these projections in collaboration with the Budget Office. Expenses were higher than planned primarily due to Educational and General expenses including Athletics and higher insurance costs. Stetson's Athletics costs have been increasing primarily due to higher travel and conference costs. The new Athletic Director started in May 2024 and has already made strides to cut operational spending in fiscal year 2025 with more efficiencies planned in fiscal year 2026. To help support operations, the Board approved a supplemental draw of \$7 million in fiscal year 2024 from only endowments that support operations, including scholarships. The University's effective endowment spending rate was approximately 6.2%.

The fiscal year 2025 operating revenues were budgeted at \$145 million. Due to increased financial aid for transfer students, the University expects undergraduate Net Tuition Revenue to come in under budget. Net Tuition Revenues from the graduate programs and the law school are expected to be slightly higher than budgeted somewhat offsetting the reduction in undergraduate revenues. Gifts and Grants for fiscal year 2025 are also trending lower. The University has implemented various initiatives to reduce expenses such as strategic staffing and operating expense reductions in non-student facing or revenue producing areas of campus. In addition, the University expects to structure the Series 2025 Bonds to realize most of the debt service savings in fiscal year 2025 to further reduce expenses. The University has continued to invest in marketing, which has had a positive impact on recruitment but resulted in an increase in expenses compared to the budget. The University expects a cash-based operating budget deficit of approximately \$4.8 million in fiscal year 2025. Based on this expected shortfall, the Board has approved a

supplemental draw of \$8 million only from endowments that support operations and scholarships that will be reflected in fiscal year 2025. While the University benefits from the flexibility of its endowment, the University intends to continue to reduce the need for supplementary draws for future budgets.

Future budget adjustments reflect the University's willingness to make strategic decisions to increase the operating margin. The operating budget is prepared on a cash basis and provides for debt service, facilities renewal/replacement reserves and a contingency goal calculated at 2% of total revenue. The University employs a multi-year budget modeling and subjects it to enrollment, contributions, and endowment performance stress testing. In addition to stabilized undergraduate enrollment, pro-active operational changes have been established including strategic hiring, replacement practices and operational budget reductions that will help the University facilitate balanced operations in the future. The strategic hiring and replacement practices include delaying replacement of new hires and strategic department re-organizations. The University does not plan to reduce investments in marketing and strategic enrollment strategies. In addition, the University retained the planned 3% salary increase to retain its employees.

Fundraising remains a strength for the University. This is illustrated by three recently completed funded capital projects totaling \$9.0 million, in addition to an additional \$6.8 million for the University arena renovation. The University is in the silent phase of a \$350 million capital campaign focused on strategic initiatives through 2030. Stetson has raised \$193 million during this campaign, of which \$110 million has been received. Approximately 75% is earmarked towards scholarships in addition to funding for capital, programs, and the general fund.

Outstanding Indebtedness

On June 30, 2024, the University had outstanding \$196,745,000 in principal amount of long-term debt. The long-term debt comprises the University's obligations with respect to the Authority's \$63,330,000 outstanding principal amount of Series 2024 Bonds (the "Series 2024 Bonds"), \$80,415,000 outstanding principal amount of Series 2015 Bonds (the "Series 2015 Bonds"), and the Stetson University Taxable Revenue Bonds \$53,000,000 outstanding principal amount of Series 2019 Bonds (the "Series 2019 Bonds" and together with the Series 2024 Bonds and Series 15 Bonds, the "Outstanding Bonds"). The University's payment obligations with respect to the Outstanding Bonds are unsecured and constitute the general payment obligations of the University. See Note 8 of the audited consolidated financial statements of the University included Appendix B for a discussion of the University's outstanding long-term debt as of June 30, 2024. The University maintains a \$10.0 million line of credit, effective through February 2027, for its operations and maintenance. There was no balance outstanding as of June 30, 2024, and the University has not drawn on the line of credit since its inception in March 2024.

University Financial Information

The following tables set forth a Statement of Financial Position, Summary of Notes and Accounts Receivable and a Statement of Activities for the years ended June 30, 2020, through 2024. The financial information below has been derived from the audited financial statements of the University and should be read in conjunction with those financial statements, including the notes thereto, which are included as Appendix B to the Official Statement.

Statement of Financial Position
Fiscal Years ending June 30,
(in thousands)

	2020	2021	2022	2023	2024
Assets					
Cash and cash equivalents	\$ 26,660	\$ 14,266	\$ 18,876	\$ 7,967	\$ 18,291
Restricted cash	0	0	0	0	61,089 ⁽¹⁾
Short-term investments	26,860	50,065	35,380	19,778	15,724
Notes and accounts receivable	10,043	11,108	14,769	24,541	11,126
Contributions receivable, net	10,554	12,084	15,939	7,581	7,928
Investments	301,907	381,521	346,830	364,854	377,652
Funds held in trust by others	9,032	10,555	8,375	8,698	9,147
Property, plant, and equipment, net	194,962	192,386	200,998	216,176	225,975
Other assets	4,148	6,420	6,567	8,904	8,475
Investments in affiliated entity	4,605	5,642	5,059	5,248	5,610
Total assets	\$ 588,771	\$ 684,047	\$ 652,793	\$ 663,747	\$ 741,017
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 4,670	\$ 7,896	\$ 6,683	\$ 6,238	\$ 11,989
Accrued liabilities	9,467	9,228	9,006	8,531	8,852
Student deposits and other current liabilities	10,680	17,534	10,733	13,026	11,811
Postretirement benefits	5,628	4,698	3,943	3,711	3,526
Refundable government loan funds	4,635	3,848	3,090	1,743	939
Annuities payable	2,007	2,016	1,628	1,397	1,632
Long-term debt	147,588	145,110	142,591	140,021	203,559 ⁽¹⁾
Total liabilities	\$ 184,675	\$ 190,330	\$ 177,674	\$ 174,667	\$ 242,308
Net Assets					
Unrestricted	\$163,163	\$190,412	\$182,621	\$179,650	\$177,690
Temporarily restricted	67,812	122,377	101,302	110,103	117,725
Permanently restricted	173,121	180,928	191,196	199,327	203,294
Total net assets	\$404,096	\$493,717	\$475,119	\$489,080	\$498,709
Total liabilities and net assets	\$588,771	\$684,047	\$652,793	\$663,747	\$741,017

⁽¹⁾ Increase due to Stetson University Tax Exempt Revenue Bonds issued in fiscal year fiscal year 2024.

The following table presents a summary of notes and accounts receivable as of June 30.

Summary of Notes and Accounts Receivable
(in thousands)

	2020	2021	2022	2023	2024
Student accounts					
receivable	\$ 2,020	\$ 2,187	\$ 3,342	\$ 2,857	\$ 2,614
Student loans receivable	3,820	2,611	2,150	1,579	1,157
Federal Grants receivable	2,656	4,458	3,794	1,531	2,242
Accrued interest receivable	947	713	884	686	486
Estate bequests	50	500	3,556	17,020	2,988
Other receivables	550	639	1,043	868	1,639
	\$10,043	\$11,108	\$14,769	\$24,541	\$11,126

[Remainder of Page Intentionally Left Blank]

Statement of Activities
Fiscal Years ending June 30,
(in thousands)

	2020	2021	2022	2023	2024
Operating revenues					
Tuition and fees	\$ 191,311	\$ 196,977	\$ 186,937	\$ 177,866	\$ 174,916
Less: scholarships and fellowships	100,437	110,036	107,005	105,738	108,331
Net tuition & fees	\$ 90,874	\$ 86,941	\$ 79,932	\$ 72,128	\$ 66,585
Contributions	5,030	5,337	25,324 ⁽¹⁾	18,756	9,164 ⁽²⁾
Income and realized gains on investments - net of fees	647	527	603	1,127	1,250
Endowment income used in operations	12,016	16,607	17,566	18,882	23,253
Sales of educational services	1,759	612	1,543	1,836	1,546
Sales and services of auxiliary enterprises	27,085	19,733	25,441	25,537	27,456
Government grants	3,710	7,323	11,867	2,769	3,020
Other sources	2,674	847	2,231	3,220	4,150
Unrealized gain (loss) on investments	156	(182)	(2,159)	(313)	301
Total operating revenues, gains, and other support	\$143,951	\$137,745	\$162,348	\$143,942	\$136,725
Operating expenses					
Instruction	\$ 53,876	\$ 51,311	\$ 53,414	\$ 54,558	\$ 56,971
Research	820	1,564	1,197	1,457	2,471
Public service	1,487	444	1,094	1,536	1,439
Academic support	14,494	13,827	14,072	15,292	15,578
Student services	28,346	26,358	30,491	32,055	33,935
Institutional support	20,470	19,153	19,376	20,096	22,094
Auxiliary expenditures	21,538	23,030	22,990	23,772	24,710
Total operating expenses	\$141,031	\$135,687	\$142,634	\$148,766	\$157,198
Change in net assets from operations	2,920	2,058	19,714	(4,824)	(20,473)
Nonoperating activities					
Contributions for non-operating activities	\$ 1,925	\$ 7,505	\$ 22,741	\$ 10,444	\$ 9,743
Funds held in trust by others	133	1,845	(1,091)	627	715
Income and realized gains on investments - net of fees	12,284	46,827	14,695	2,466	15,897

Endowment income used in operations	(12,016)	(16,607)	(17,566)	(18,882)	(23,253)
Net unrealized gain (loss) from investments	1,889	46,194	(56,193)	25,203	24,631
Change in value of split interest agreements	(97)	300	(300)	177	(19)
Postretirement changes other than net periodic cost	134	1,029	838	310	261
Other	(1,236)	(567)	(853)	(1,749)	1,765
Increase (decrease) in investment in affiliated entity	121	1,037	(583)	189	362
Loss on bond refunding	-	-	-	-	-
Change in net assets from non-operating activities	\$ 3,137	\$ 87,563	\$ (38,312)	\$ 18,785	\$ 30,102
Change in net assets	6,057	89,621	(18,598)	13,961	9,629
Net assets at the beginning of year	398,039	404,096	493,717	475,119	489,080
Net assets at end of year	\$404,096	\$493,717	\$475,119	\$489,080	\$498,709

(1) Increase in 2022 due to A Lavallo Estate gift of \$16.3 million, \$3.5 million one-time Endowed gift, and increase in Plant Fund pledges and other pledge fulfillments.

(2) Decrease in 2024 due to 2023 \$15 million bequest receivable.

[Remainder of Page Intentionally Left Blank]

Change in Net Assets

For the period from 2020 to 2024, unrestricted net assets grew from \$163.2 million to \$177.7 million, achieving a compound annual growth rate of 2.16%; temporarily restricted net assets grew from \$67.8 million to \$117.7 million, achieving a compound annual growth rate of 14.79%; and permanently restricted net assets grew from \$173.1 million to \$203.3 million, achieving a compound annual growth rate of 4.10%.

Fundraising and Comprehensive Campaign

Stetson is in a silent phase of a \$350 million campaign which began July 2020 with the arrival of our 10th president, Christopher Roellke, aligning with the University's new strategic plan, Forward Together. Stetson has a dynamic story to tell as it brings the Hatter community together around relationship-rich education, focused intentionally and holistically on the needs and aspirations of 21st century students.

Philanthropy continues to move Stetson into a new and exciting era that elevates our regional and national reputation through a university-wide focus on student experience and a commitment to student retention, graduation, and success. As of March 1, 2025, Stetson has raised over \$205 million in cash and pledges for endowed scholarships, capital projects, academic programs, and general unrestricted funds. The University has seen three consecutive years of fundraising records, representing an investment in Stetson's future and deep confidence in Stetson's present. The University's fundraising totals and the amount of the total fundraising that was received as cash during the current comprehensive capital campaign, which is expected to run through 2030, are as follows:

2030 Comprehensive Campaign						
Fiscal Year	2020	2021	2022	2023	2024	2025*
Fundraising Totals	\$7,327,768	\$18,197,393	\$52,169,827	\$65,482,085	\$50,862,207	\$11,754,290
Cash Received	\$5,630,463	\$10,515,892	\$40,699,353	\$17,366,393	\$38,979,723	\$8,201,096

*July 1, 2024 through March 1, 2025.

Recognizing that alumni engagement and philanthropy begins with students while they are still on campus, the University built a student engagement and philanthropy organization (Green, White & YOU) in 2016. Through GW&YOU, which is housed in Development & Alumni Engagement, students learn about the importance of philanthropy at a private university; achieve an understanding of Stetson's key campus priorities and initiatives that benefit them; connect with alumni for jobs, advice and more; and make gifts to endeavors they care about at Stetson. In 2023 and 2024, as testament to what it has accomplished, GW&YOU won the CASE Circle of Excellence Award for Student Engagement and Philanthropy.

With a solid foundation in place for students and for their transition to alumni, Stetson also continues to engage the attention and support of alumni and donors after graduation. Stetson's Homecoming and Forward Together Alumni events have attracted a record number of attendees in the past two years.

The University also holds athletics-specific crowdfunding campaigns to support Stetson's NCAA Division I teams and other engaging crowdfunding programs supporting the entire University.

Endowment Net Assets

During the five-year period ended June 30, 2024, the University's endowment and funds held in trust have grown from \$313 million to \$399 million, a compound average growth rate of 6.3% as a result of gifts and five-year performance of 8.1%.

A summary of total endowment net assets (endowment investments, pledges, and funds held in trust by others) as of June 30 is as follows:

Total Endowment Net Assets					
(in thousands)					
Net Assets:	2020	2021	2022	2023	2024
Unrestricted	\$ 97,991	\$ 123,058	\$ 107,961	\$ 111,643	\$ 116,825
Temporarily restricted	42,505	94,316	61,854	62,560	79,118
Permanently restricted	172,559	180,555	191,032	197,459	203,024
Total net assets	\$313,055	\$397,929	\$360,847	\$371,662	\$398,967

Investment Policy

Funds held pursuant to the Indenture are required to be invested in Investment Obligations (as defined in the Indenture). However, other funds of the University are not required to be invested in Investment Obligations. Such funds from the University are invested according to policies of the Investment Committee of the Board, which policies may be modified from time to time. The University's Master Investment Policy's latest revision was adopted in October 2022, and targets a long-term investment allocation in the ranges of:

Asset Class	Range	Benchmark Index
Domestic Equity	25% - 55%	Russell 3000
International Equity	5% - 25%	MSCI-ACWI ex. U.S.
Private Equity	0% - 12.5%	Investment Specific
Total Equity	40% - 75%	
Broad Market Fixed Income	5% - 50%	Barclays Aggregate
Total Fixed Income	10% - 50%	
Real Estate	0% - 10%	NCREIF ODCE Eq. Wt.
Real Return	0% - 10%	Investment Specific
Hedge Fund of Funds	0% - 20%	HFRI Fund of Funds Blend
Total Alternatives	0% - 30%	
Cash & Equivalents	0% - 10%	

The Master Investment Policy's objective is to achieve asset growth greater than the inflation rate and the spending policy and to control the short-term volatility of the portfolio's results, to the extent possible given the long-term objectives and strategies of the asset pool. To accomplish this, the University seeks to maintain a diversified pool of investments, which are invested using a "total return" philosophy, without direct consideration for the University's ability to generate current income.

The performance objectives strategies are to earn an average rate of return that exceeds the consumer price index by 4%, and to earn an average annual rate of return that exceeds the return of the target benchmark index of the asset investment allocations. As of December 31, 2024, The University's endowment had gained 5.0% vs the policy index gains of 4.5% which places the endowment in the top quartile of the endowment/foundation peer group. Longer term results show Stetson in top 10% of the peer group for the trialing 5 year and 10-year periods while also outperforming the policy benchmark.

The allowable investment securities include equity, fixed income, real return, real estate, cash equivalents, security/property donations, and pooled investment funds. The purchase of securities issued by tobacco companies is prohibited in separately managed accounts. The University defines a tobacco company as "a company which derives its revenues from the manufacture and distribution of tobacco products or, if a diversified company, that no other business line contributes more revenues or earnings than tobacco products." The University may invest up to 10% of the total market value of the portfolio in limited partnerships, hedge funds and/or private equity investments to diversify the University's portfolio and/or to enhance the University's risk controls and expected return opportunities.

The University has established a target spending rate, designed to achieve the spending stability necessary for the planning and budgeting activities funded from University's earnings. The University's annual spending rate is targeted to be 3% to 6% of the 12-quarter moving average market value of the portfolio. The calculated effective spending rate for fiscal years 2023 and 2024 were 5.33% and 6.38%, respectively.

The University maintains separate investment policies for the planned giving assets in its Charitable Gift Annuity Fund and in its retirement and defined contribution plans.

Debt Policy

The University's debt policy recognizes that debt capacity is a limited resource and needs to be used strategically to advance the mission of the University. The current debt policy limits debt service to 10% of the University's consolidated budget expenditures with a preference to be below 6%.

Insurance

The University maintains comprehensive insurance coverage on its assets. The University insures against risks of direct physical loss of buildings, other real property, and equipment, on a replacement cost basis, including burglary and theft, hurricane, and flood. In addition, the University carries business interruption insurance, which protects the University against loss of income resulting from damage to real property and equipment. Losses from crime, the acts of dishonest employees and cyber risks also are

covered. Cyber policy provides coverage for network security/privacy breach, cyber extortion, reputation harm and business interruption from a covered loss. Personal injury and property damage liability coverage is provided under a comprehensive general liability policy. In addition, the University carries excess (umbrella) liability coverage, professional liability coverage, workers' compensation insurance, director and officers' liability coverage and various coverages relating to the University's sports and volunteer programs.

Hurricanes

The University's various campuses were in the path of two hurricanes in Fall 2024. Hurricane Helene impacted the Gulfport campus in September 2024, causing minimal damage consisting primarily of fallen trees and limbs. Hurricane Milton impacted all campuses in October 2024. Minimal damage was experienced at the Tampa and DeLand campuses. The Gulfport campus experienced damage the roofs of various buildings, water damage, and fallen trees and limbs. As a result, approximately \$400,000 was spent on repairs. The University has submitted a reimbursement request to the Federal Emergency Management Administration ("FEMA") in the amount of \$337,000 for eligible repair costs.

Forward-Looking Statements

This Appendix contains forward-looking information within the meaning of the federal securities laws. The forward-looking statements include statements about the University's outlook for the future, as well as other statements of beliefs, future plans or strategies or anticipated events, and similar expressions concerning matters that are not historical facts. Forward-looking statements and information are subject to many risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, the statements. The reader is cautioned not to place undue reliance on forward-looking statements because actual results may differ materially from those expressed in, or implied by, the statements. The forward-looking statements contained in this Appendix are applicable only as of their dates. All the information contained in this Appendix is further qualified by the information contained in the remainder of this Official Statement and its appendices.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**FINANCIAL STATEMENTS OF THE UNIVERSITY
FOR FISCAL YEARS ENDING JUNE 30, 2024 AND 2023**

[THIS PAGE INTENTIONALLY LEFT BLANK]

Stetson University, Inc.

Consolidated Financial Report
June 30, 2024

Contents

Independent auditor's report	1-3
<hr/>	
Financial statements	
Consolidated statements of financial position	4
Consolidated statements of activities	5-6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8-43
Supplementary information	
Supplementary disaggregated consolidated statements of financial position	44-45
<hr/>	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	46-47

Independent Auditor's Report

Board of Trustees
Stetson University, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Stetson University, Inc. (the University), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

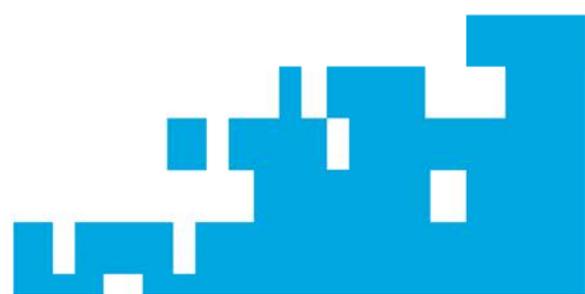
Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary disaggregated consolidated statements of financial position are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the identified accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
December 17, 2024

Stetson University, Inc.

Consolidated Statements of Financial Position

June 30, 2024 and 2023

(In Thousands)

	2024	2023
Assets		
Cash and cash equivalents	\$ 18,291	\$ 7,967
Restricted cash and cash equivalents	61,089	-
Short-term investments	15,724	19,778
Accounts, notes and other receivables, net allowance for credit losses	11,126	24,541
Contributions receivable, net	7,928	7,581
Investments	377,652	364,854
Funds held in trust by others	9,147	8,698
Property, plant and equipment, net	225,975	216,176
Other assets	8,475	8,904
Beneficial interest in affiliated entity (Note 12)	5,610	5,248
	<u>741,017</u>	<u>663,747</u>
Total assets	\$ 741,017	\$ 663,747
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 11,989	\$ 6,238
Accrued liabilities	8,852	8,531
Student deposits and other liabilities	11,811	13,026
Postretirement benefits	3,526	3,711
Refundable government loan funds	939	1,743
Annuities payable	1,632	1,397
Long-term debt	203,559	140,021
	<u>242,308</u>	<u>174,667</u>
Total liabilities	242,308	174,667
Commitments and contingencies (Note 20)		
Net assets:		
Without donor restrictions	177,690	179,650
With donor restrictions	321,019	309,430
	<u>498,709</u>	<u>489,080</u>
Total net assets	498,709	489,080
	<u>741,017</u>	<u>663,747</u>
Total liabilities and net assets	\$ 741,017	\$ 663,747

See notes to consolidated financial statements.

Stetson University, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2024
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Revenues, gains (losses) and other support:			
Tuition and fees (net of scholarships and fellowships of \$108,331)	\$ 66,585	\$ -	\$ 66,585
Contributions of cash and other financial assets	585	7,492	8,077
Contributions of nonfinancial assets	-	1,087	1,087
Income and realized gains on investments—net of fees	1,250	-	1,250
Endowment income used in operations	7,849	15,404	23,253
Sales of educational services	1,546	-	1,546
Sales and services of auxiliary enterprises	27,456	-	27,456
Government grants	3,020	-	3,020
Other	4,207	(57)	4,150
Unrealized gain on investments	301	-	301
Net assets released from restrictions	29,934	(29,934)	-
Total operating revenues, gains (losses) and other support	142,733	(6,008)	136,725
Operating expenses:			
Educational and general:			
Instruction	56,971	-	56,971
Research	2,471	-	2,471
Public service	1,439	-	1,439
Academic support	15,578	-	15,578
Student services	33,935	-	33,935
Institutional support	22,094	-	22,094
Total education and general	132,488	-	132,488
Auxiliary enterprises	24,710	-	24,710
Total operating expenses	157,198	-	157,198
Change in net assets from operations	(14,465)	(6,008)	(20,473)
Nonoperating activities:			
Contributions of cash and other financial assets	-	9,743	9,743
Funds held in trust by others	-	715	715
Income and realized gains on investments—net of fees	4,759	11,138	15,897
Endowment income used in operations	(7,849)	(15,404)	(23,253)
Net unrealized gain from investments	7,533	17,098	24,631
Change in value of split-interest agreements	-	(19)	(19)
Postretirement changes other than service costs	261	-	261
Other	(4)	1,769	1,765
Net assets released from restrictions	7,805	(7,805)	-
Change in beneficial interest in affiliated entity	-	362	362
Change in net assets from non-operating activities	12,505	17,597	30,102
Change in net assets	(1,960)	11,589	9,629
Net assets:			
Beginning	179,650	309,430	489,080
Ending	\$ 177,690	\$ 321,019	\$ 498,709

See notes to consolidated financial statements.

Stetson University, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2023
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Revenues, gains (losses) and other support:			
Tuition and fees (net of scholarships and fellowships of \$105,738)	\$ 72,128	\$ -	\$ 72,128
Contributions of cash and other financial assets	1,831	16,885	18,716
Contributions of nonfinancial assets	-	40	40
Income and realized gains (losses) on investments—net of fees	1,129	(2)	1,127
Endowment income used in operations	6,469	12,413	18,882
Sales of educational services	1,836	-	1,836
Sales and services of auxiliary enterprises	25,537	-	25,537
Government grants	2,769	-	2,769
Other	3,290	(70)	3,220
Unrealized loss on investments	(313)	-	(313)
Net assets released from restrictions	23,622	(23,622)	-
Total operating revenues, gains (losses) and other support	138,298	5,644	143,942
Operating expenses:			
Educational and general:			
Instruction	54,558	-	54,558
Research	1,457	-	1,457
Public service	1,536	-	1,536
Academic support	15,292	-	15,292
Student services	32,055	-	32,055
Institutional support	20,096	-	20,096
Total education and general	124,994	-	124,994
Auxiliary enterprises	23,772	-	23,772
Total operating expenses	148,766	-	148,766
Change in net assets from operations	(10,468)	5,644	(4,824)
Nonoperating activities:			
Contributions of cash and other financial assets	500	9,349	9,849
Contributions of nonfinancial assets	-	595	595
Funds held in trust by others	-	627	627
Income and realized gains on investments—net of fees	921	1,545	2,466
Endowment income used in operations	(6,469)	(12,413)	(18,882)
Net unrealized gain from investments	8,079	17,124	25,203
Change in value of split-interest agreements	-	177	177
Postretirement changes other than service costs	310	-	310
Other	(555)	(1,194)	(1,749)
Net assets released from restrictions	4,711	(4,711)	-
Change in beneficial interest in affiliated entity	-	189	189
Change in net assets from non-operating activities	7,497	11,288	18,785
Change in net assets	(2,971)	16,932	13,961
Net assets:			
Beginning	182,621	292,498	475,119
Ending	\$ 179,650	\$ 309,430	\$ 489,080

See notes to consolidated financial statements.

Stetson University, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(In Thousands)

	2024	2023
Cash flows from operating activities:		
Received for tuition, fees, room and board	\$ 89,903	\$ 96,817
Received from contributions	22,890	7,621
Received from governmental and non-governmental grants	3,466	3,817
Received from other sources	9,077	8,160
Payments for wages and benefits	(88,740)	(87,878)
Payments for services, supplies and other	(44,968)	(47,393)
Interest paid on debt	(6,298)	(6,400)
Net cash used in operating activities	(14,670)	(25,256)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(21,265)	(26,084)
Proceeds from student loan collections	281	304
Purchases of investments	(119,992)	(167,674)
Proceeds from maturities and sales of investments	153,627	200,813
Net cash provided by investing activities	12,651	7,359
Cash flows from financing activities:		
Proceeds from contributions received for:		
Investment in endowment	3,208	5,723
Investment in plant and other	6,410	4,012
Investment subject to annuity agreement	356	140
	9,974	9,875
Other financing activities:		
Payments of federal student loans to government	(338)	(667)
Proceeds from long-term debt, net of issuance costs	66,185	-
Payments on long-term debt	(2,145)	(2,040)
Payments on annuities payable	(244)	(180)
	63,458	(2,887)
Net cash provided by financing activities	73,432	6,988
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	71,413	(10,909)
Cash and cash equivalents and restricted cash and cash equivalents:		
Beginning	7,967	18,876
Ending	\$ 79,380	\$ 7,967
Cash and cash equivalents	\$ 18,291	\$ 7,967
Restricted cash and cash equivalents	61,089	-
	\$ 79,380	\$ 7,967
Supplemental schedule of noncash investing and financing activities:		
Capital expenditures included in accounts payable	\$ 3,553	\$ 2,198

See notes to consolidated financial statements.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Stetson University, Inc. (the University) is a nonprofit institution subject to the rules and regulations of Internal Revenue Service (IRS) Section 501(c)(3). The University consists of three separate campuses at the following locations:

Stetson University (main campus)
421 North Woodland Boulevard
DeLand, FL 32723

Stetson University College of Law
1401 61st Street South
Gulfport, FL 33707

Tampa Law Center and Campus
1700 North Tampa Street
Tampa, FL 33602

Consolidated within the University's financial statements are the balances for GSH Investments, LLC (the Subsidiary), in which the University is the sole member. GSH Investments has acquired additional property, which is owned by the Subsidiary, until it is either sold or transferred to the University.

A summary of the University's significant accounting policies follows:

Basis of Accounting: The accompanying consolidated financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues and support are reported when earned or unconditionally received. Expenses are recorded when purchases of materials or services are made. Revenues earned and expenses incurred applicable to the current period are accrued, while those applicable to future periods are deferred.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of the University and its subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of presentation: The Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) requires that information regarding the University's financial position are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties, such as governmental grant agreements.

Net assets with donor restrictions: Net assets that carry restrictions that are released upon the passage of a prescribed period of time or upon the fulfillment of the donor-imposed restriction. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the University. Generally, the donors of these assets permit the University to use all or part of the return earned on related assets for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets as net assets released from restrictions in the accompanying consolidated statements of activities.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Cash and cash equivalents: The University considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents, except for those short-term financial instruments included in the University's investment accounts.

The University maintains cash accounts with several large financial institutions. All accounts at each financial institution are guaranteed by the Federal Deposit Insurance Corporation up to \$250 per bank. The University has cash deposits that exceed the federally insured deposit amount. Management does not anticipate nonperformance by the financial institutions. The University also places its cash equivalents and short-term investments with high-quality institutions.

Restricted cash and cash equivalents: Restricted cash and cash equivalents consists of proceeds from the Volusia County Educational Facilities Authority Educational Facilities Revenue Bonds of 2024. These funds are subject to restrictions imposed by the bond covenants and limited to use on authorized bond projects (see Note 8).

Short-term investments: Short-term investments include assets invested in a managed fund that holds highly liquid fixed-income securities, short-term U.S. Treasury securities and other short-term investments with varying maturities for an overall fund average of less than one year. All short-term investments are recorded at fair value.

Student accounts receivable: Student accounts receivable are reported net of any anticipated losses due to credit losses, and are included in accounts, notes and other receivables in the accompanying consolidated statements of financial position. The University considers an account to be past due when a student still has an account balance after the final payment due date of the semester. Past due accounts are subject to past due letter collection efforts. If an account balance still exists at the conclusion of the four- to six-month collection period, the account is written off and placed with a third-party collection agency. Historical write-off history, as a percentage of outstanding receivable balances, is used to help establish an appropriate allowance for credit losses. The University assesses a finance charge against past due student receivables that are deferred under a monthly payment plan.

Student loans receivable: Student loans receivables are reported net of any anticipated credit losses, and are included in accounts, notes and other receivables in the accompanying consolidated statements of financial position. Prior to fiscal year 2019, the University made uncollateralized loans to students based on financial need. Student loans were funded through the Federal Perkins Loan Program (Perkins Loan) or institutional resources. As of June 30, 2024 and 2023, student loans represented 0.16% and 0.24% of total assets, respectively.

Allowance for credit losses: The University offsets gross trade accounts receivable with an allowance for credit losses. The allowance for credit losses is the University's best estimate of the amount of probable credit losses in the University's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in general and administrative expense.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Estimating credit losses based on risk characteristics requires significant judgment by the University. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the University's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The University separates student accounts receivables into risk pools based on their aging and reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

The University considers a student loan to be in default when it has been past due for a period of four months. Past due loans are subject to internal collection efforts for a period of six months and are subsequently placed with third-party collection agencies. The University separates student loan receivables into risk pools based on their aging and develops a loss rate for each risk pool. The allowance for credit losses is calculated using the unpaid balances of all defaulted loans and applying an allowance factor based on the length of time since the most recent payment. This calculation is performed for both the Federal Perkins loans and institutional loans. Perkins Loans have provisions for deferment, forbearance and cancellation of individual loans. The deferment and forbearance provisions of Perkins Loans are generally applied to institutional loans as well. Interest continues to accrue while the loan is placed with a collection agency.

At June 30, 2024, the University evaluated the impact of current and future economic conditions on its historical loss rates for each risk pool and in management's judgement concluded that any impact to loss rates would be immaterial to both student accounts receivable and loans receivable. Therefore, no loss rates of any risk pool were adjusted for current or future economic conditions.

Government grants and contracts: Government grants and contracts are considered exchange transactions if each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose or when the services are provided as stipulated by the grant or contract. Funds received in advance and not yet earned are recorded as deferred revenues.

Government grants and contracts can be terminated by the grantor or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For these reasons, these grant and contract agreements are considered conditional. Accordingly, amounts received, but not recognized as revenue, are classified in the accompanying statements of financial position as refundable advances.

Bequest receivable: Bequests are recognized as contribution revenue when the University has an irrevocable right to the gift as determined by applicable court declarations, and the amount can be reasonably estimated. The revenue and related receivable are recorded at the present value of the amount which management estimates it will collect.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, which approximates fair value at date of the contributions. Unconditional promises to give in future periods are initially recorded at estimated fair value (net of present value discounting) and subsequently amortized over the expected payment period, net of an allowance for uncollectible contributions. The net present value is determined at the time the unconditional promise to give is initially received and is determined using a market rate applied to the most likely expected cash flows. Amortization of the resulting discount is included in contribution revenue. The allowance for uncollectible contributions is based on pledge activity. Large contributions are reviewed on a case-by-case basis. The write-off history as a percentage of outstanding contributions receivables is considered in establishing an appropriate allowance.

Investments: Investments in marketable equity securities and debt securities, including mutual funds, are recorded at their estimated fair values, which are based on quoted market prices or recognized pricing services. Alternative investments (nontraditional, not readily marketable assets) are stated at fair value as established by using the net asset value (NAV) of each investment provided by the investment fund manager. Individual investment holdings within the alternative investments may, in turn, include investments in both nonmarketable and market-traded securities. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date. Except for investments that are held separately for specific reasons, investments are maintained in a pool. Gifts that are invested in the pool are assigned units of participation in the pool based upon their market value on the date of the gift and the most recently determined unit market value for the existing units of participation. Subsequent allocations of annual income of the independent pool are based upon the number of units of participation. Withdrawals are based upon the spending policy approved by the Board of Trustees and follow the total return concept of utilizing both income and realized gain. The market value of the units of participation is calculated quarterly.

The University invests in a combination of investment securities which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near-term could materially affect the University's investment balance reported in the consolidated statements of financial position.

Split-interest agreements: The University's investments include deferred giving vehicles subject to split-interest agreements. Three different types of agreements are currently maintained: Charitable Gift Annuities, Charitable Remainder Unitrust (the Trust) and Life Interest in Real Estate.

Charitable Gift Annuities are irrevocable gifts under which the University agrees, in turn, to pay a life annuity to the donor or designated beneficiary. The contributed funds and the attendant liabilities immediately become part of the general assets and liabilities of the University, subject to the University's maintaining an actuarial reserve in accordance with Florida law. The Trust gifts are time-restricted contributions not available to the University until after the death of the beneficiary, who, while living, receives an annual payout from the Trust based on a fixed percentage of the market value of the invested funds. The Life Interest in Real Estate is a contribution of real estate in which the donor retains the right to use the real estate until the property is sold by the donor or until the donor's death, at which time, the proceeds of the sale will transfer to the University.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The University initially values deferred gifts of cash at face value and those of equities at market value, then these values are actuarially discounted. Published IRS discount rates are employed to determine the net present value of both contributions and liabilities pertaining to these deferred giving arrangements.

Of the \$377,652 recorded as investments in the accompanying consolidated statement of financial position at June 30, 2024, \$2,182 represent Charitable Gift Annuities and Trusts, and the associated liabilities total \$1,632. Of the \$364,854 recorded as investments in the accompanying consolidated statement of financial position at June 30, 2023, \$1,982 represent Charitable Gift Annuities and Trusts, and the associated liabilities total \$1,397.

Also included in investments in the accompanying consolidated statements of financial position at June 30, 2024 and 2023, is the carrying value of property under a Life Interest in Real Estate amounting to \$0 and \$6,575, as of June 30, 2024 and 2023, respectively.

The associated amount of the use obligation included in other liabilities amounts to \$0 and \$1,564, as of June 30, 2024 and 2023, respectively. The donor and the donor's spouse were responsible for maintaining and insuring the property and paying real estate taxes. The donor and the donor's spouse had the right to reside at the property until they decide to sell, or until their death. Proceeds from the sale of the property are being used for the purposes imposed by the donor as stated in the Life Interest in Real Estate agreement.

Property, plant and equipment: Property, plant and equipment are stated at cost at the date of acquisition, or at fair value at the date of donation in the case of gifts. Expenditures that materially increase values, change capacities or extend useful lives are capitalized, as are interest costs during the period of construction on amounts borrowed for such expenditures. When any property, plant and equipment is removed from the records, any gain or loss is recognized at the time of disposal. Under the University's capitalization policy, any expenditure for property, plant and equipment of less than \$3 is expensed as incurred. The cost of repairs and maintenance are charged to expense as incurred.

The University collects works of art, historical treasures and similar assets which reflect the history of the institution and/or support its educational purpose. The collections are maintained for public exhibition, education and research in furtherance of public service. Collections are protected, kept unencumbered, cared for and preserved. The University capitalizes collections it receives as gifts. These collections are included in property, plant and equipment, and are not depreciated. The associated amount of these collections amount to \$3,790, and \$3,250, as of June 30, 2024 and 2023, respectively.

The University evaluates, on an ongoing basis, the carrying value of property and equipment based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of the assets, the useful lives of the assets are revised or the assets are written down to their estimated fair values. Management did not identify any indications that such assets are impaired as of June 30, 2024 and 2023.

Depreciation is recorded on the straight-line basis. The estimated useful life of land improvements, buildings and facilities is five to 40 years. The estimated useful life of furniture and equipment and library books and collections is three to 10 years.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Leases: The University determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The University also considers whether its service arrangements include the right to control the use of an asset.

The University recognizes most leases on its consolidated statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statements of activities.

ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date, and are reduced by any lease incentives received.

To determine the present value of lease payments, the University made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The University has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the University, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

The University also made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

Student deposits and other liabilities: Student deposits represent monies collected in advance for deposits and tuition, which amounted to \$2,328, \$2,697 and \$2,600 as of June 30, 2024, June 30, 2023, and July 1, 2022, respectively. Other liabilities and other deferred revenues amounted to \$6,854 and \$7,674 as of June 30, 2024 and 2023, respectively.

Original issue premiums: The original issue premiums on bonds are being amortized using the effective interest method over the life of the bonds, and are included with long-term debt on the accompanying consolidated statements of financial position.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deferred financing costs: Deferred financing costs consist of bond issuance costs. These costs are being amortized using the effective interest method over the life of the related bonds and are netted with long-term debt in the accompanying consolidated statements of financial position (see Note 8 for additional discussion).

Income taxes: The University is exempt from federal income taxation as defined by Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from state income taxes under the provisions of the Florida Nonprofit Corporation Act. Therefore, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Postretirement benefits: The University accounts for its postretirement benefits on an accrual basis as discussed in Note 10.

Operating and nonoperating activities: The consolidated statements of activities report the change in net assets from operating and nonoperating activities. Operating revenues consist of substantially all the activity of the University, except for certain items specifically considered to be of a nonoperating nature. Contributions included in nonoperating activities consist of scholarship bequests and other restricted gifts not solicited as part of the annual fundraising campaigns, gifts restricted for the acquisition of capital assets and gifts restricted to endowment funds. Nonoperating activities also include funds held in trust by others, realized and unrealized gains/losses on endowment income not used in operations, change in net present value of split-interest agreements, change in actuarial value of the postretirement liability, net asset releases for property, plant and equipment placed into service, change in beneficial interest in affiliated entity, and significant items of an unusual or nonrecurring nature.

Contributions: The University records unconditional contributions of cash and other assets and promises to give, when received. The University records contributions of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. Unconditional promises to give are recorded as restricted contributions unless the donor specifies that the pledge is to support current year operations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. When restrictions are met in the year of contribution receipt, such contributions are shown as donor restricted revenues and as net assets released from restrictions.

The University reports gifts of land, buildings and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used or disposed. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as donor restricted contributions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the University reports expirations of donor restrictions as net assets without donor restrictions when the donated assets are received or when long-lived assets acquired with donor restricted contributions are placed into service.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Tuition revenue and discounts: Tuition is recognized in the fiscal year in which educational services are delivered and is not refundable except as noted in the provisions of the University's catalog. The portion of tuition revenue for the summer term that is earned subsequent to the years ended June 30, 2024 and 2023, is treated as deferred revenue and is included with student deposits and other liabilities on the accompanying consolidated statements of financial position. The University presents amounts expended for scholarships and fellowships as a reduction of tuition and fees revenue on the accompanying consolidated statements of activities. See Note 16 for further disclosures.

Sales of educational services and sales and services of auxiliary enterprises: Sales of educational services and sales and services of auxiliary enterprises, which include room, board and other student services, are recognized in the period in which related educational services are delivered. See Note 16 for further disclosures.

Government grants: Government grants and contracts are considered exchange transactions if each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions, and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose, or when the services are provided as stipulated by the grant or contract. Funds received in advance and not yet earned are recorded as refundable advances. Government grants and contracts not considered exchange transactions are recognized as revenue when all restrictions and conditions stipulated in the contract are met to net assets without donor restrictions if no restrictions remain at the time of revenue recognition.

Contributions of non-financial assets: The University recognized contributed nonfinancial assets within revenue, including contributed real estate, equipment, library materials, clothing, food, household goods travel expenses and musical instruments. Contributed nonfinancial assets are utilized in University programs or monetized for investment into the University Endowment or direct program spending as specified by the original donor.

Advertising costs: The costs of advertising are charged to operations in the year incurred. Advertising costs amounted to \$1,231 and \$905 for the years ended June 30, 2024 and 2023, respectively.

Functional expenses: Expenses are primarily reported in the consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction and research. Expenses reported as public service, academic support, student services, institutional support and auxiliary enterprises are incurred in support of those primary program services. The University's fundraising expenses were \$4,870 and \$4,401 for the years ended June 30, 2024 and 2023, respectively, and are included in institutional support in the consolidated statements of activities.

Estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Adopted accounting pronouncements: The University adopted ASC 326, Financial Instruments—Credit Losses, as of July 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses as of June 30, 2024, and change in the allowance for credit losses during the year ended June 30, 2024, was not material to the consolidated financial statements.

Prior to adoption of ASC 326, the Entity maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of June 30, 2023, was not material to the consolidated financial statements.

Subsequent events: The University has evaluated subsequent events through December 17, 2024, the date on which the consolidated financial statements were available to be issued.

Note 2. Accounts, Notes and Other Receivables

Accounts, notes and other receivables consist of the following at June 30, 2024 and 2023:

	2024	2023
Student accounts receivable (net of allowance 2024—\$781; 2023—\$870)	\$ 2,614	\$ 2,857
Student loans receivable (net of allowance 2024—\$141; 2023—\$432)	1,157	1,579
Grants receivable	2,242	1,531
Accrued interest receivable	486	686
Estate bequests	2,988	17,020
Other receivables	1,639	868
	<u>\$ 11,126</u>	<u>\$ 24,541</u>

Student accounts receivable as of July 1, 2022 was \$4,181, net of allowance of \$839. Student loans receivable as of July 1, 2022 was \$2,882, net of allowance of \$732.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 2. Accounts, Notes and Other Receivables (Continued)

Student loans receivable consist of the following at June 30, 2024 and 2023:

	2024	2023
Federal Perkins Loan program	\$ 1,265	\$ 1,972
Institutional programs	33	39
	<u>1,298</u>	<u>2,011</u>
Less allowance for credit losses:		
Beginning of year	(432)	(732)
Adjustments	278	265
Write-offs	13	35
End of year	<u>(141)</u>	<u>(432)</u>
Student loans receivable, net	<u>\$ 1,157</u>	<u>\$ 1,579</u>

The University participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of \$939 and \$1,743 at June 30, 2024 and 2023, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans canceled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

The Perkins loan program expired September 30, 2017, and fiscal year 2018 was the last year that the University could award Perkins loans based on action established by the Department of Education. Accordingly, the University did not award any Perkins loans in fiscal year 2024 and 2023. The University will liquidate its Perkins loan program at the direction of the Department of Education. The liquidation will involve the University assigning all eligible outstanding loans to the Department of Education and the remittance of the federal share of remaining Perkins loans cash assets to the Department of Education. Until liquidation is complete, the University is required to return the federal share of collections from students on an annual basis. Funds returned to the government from student collections and canceled loans amounted to \$338 and \$667 in fiscal years 2024 and 2023, respectively.

At June 30, 2024 and 2023, the following principal balances were past due under student loan programs:

	1-60 Days Past Due	60-90 Days Past Due	90+ Days Past Due	Total Past Due
2024	\$ 49	\$ 9	\$ 57	\$ 115
2023	3	2	295	300

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 3. Contributions Receivable**

Contributions receivable at June 30, 2024 and 2023, are expected to be realized in the following periods:

	2024	2023
One year or less	\$ 2,932	\$ 2,586
Between one year and five years	5,831	6,193
More than five years	11	19
	<u>8,774</u>	<u>8,798</u>
Less discount	(624)	(558)
Less allowance	(222)	(659)
	<u>\$ 7,928</u>	<u>\$ 7,581</u>

The discount rate used for contributions receivable in 2024 and 2023, ranged from 0.19% to 5.49%.

Contributions receivable at June 30, 2024 and 2023, are classified as follows:

	2024	2023
Contributions to be held in perpetuity	\$ 1,116	\$ 1,032
Contributions restricted by time or purpose	6,812	6,549
	<u>\$ 7,928</u>	<u>\$ 7,581</u>

70% of the University's contributions receivable at both June 30, 2024 and 2023, were provided by nine contributors. Written promises to give from members of the Board of Trustees and Officers of the University included as part of net pledges receivable as of June 30, 2024 and 2023, totaled \$1,939 and \$1,552, respectively.

Note 4. Investments

A summary of investments by type at June 30, 2024 and 2023, is as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ 15,579	\$ 15,579	\$ 14,902	\$ 14,902
Equity securities	5,216	11,718	11,211	24,910
Equity mutual funds	141,897	218,114	124,537	173,456
Fixed income securities	17,146	16,092	31,535	30,203
Fixed income mutual funds	10,711	10,357	10,358	9,817
Alternative investments	83,820	104,699	87,390	103,860
Other investments	1,431	1,093	8,065	7,706
Total	<u>\$ 275,800</u>	<u>\$ 377,652</u>	<u>\$ 287,998</u>	<u>\$ 364,854</u>

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 4. Investments (Continued)**

Income and net realized gains on investments for the year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
By source of earnings:			
Income on endowment funds	\$ 1,788	\$ 4,014	\$ 5,802
Other investment income	1,254	31	1,285
Net realized gains on endowment funds	2,967	7,093	10,060
	<u>\$ 6,009</u>	<u>\$ 11,138</u>	<u>\$ 17,147</u>
By operating and non-operating:			
Income and realized gains on investments—net from operating activity	\$ 1,250	\$ -	\$ 1,250
Income and realized gains on investments—net from non-operating activities	4,759	11,138	15,897
	<u>\$ 6,009</u>	<u>\$ 11,138</u>	<u>\$ 17,147</u>

Income and net realized gains (losses) on investments for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
By source of earnings:			
Income on endowment funds	\$ 3,191	\$ 6,348	\$ 9,539
Other investment income	1,212	11	1,223
Net realized losses on endowment funds	(2,353)	(4,816)	(7,169)
	<u>\$ 2,050</u>	<u>\$ 1,543</u>	<u>\$ 3,593</u>
By operating and non-operating:			
Income and realized gains (losses) on investments—net from operating activity	\$ 1,129	\$ (2)	\$ 1,127
Income and realized gains on investments—net from non-operating activities	921	1,545	2,466
	<u>\$ 2,050</u>	<u>\$ 1,543</u>	<u>\$ 3,593</u>

Investment income is net of management fees and expenses of \$1,903 and \$1,658 for the years ended June 30, 2024 and 2023, respectively.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 4. Investments (Continued)**

The following schedule summarizes changes in relationships between market value and cost of the University's pooled investments (in thousands, except for market value per share):

	Year Ended June 30, 2024			
	Cost	Market Value	Net Gain (Loss)	Market Value Per Share
End of period	\$ 266,449	\$ 367,311	\$ 100,862	\$ 16.51
Beginning of period	272,749	349,060	<u>76,311</u>	16.10
Net change in unrealized appreciation for the period			24,551	
Net realized gain for the period			<u>9,301</u>	
Total net gain			<u>\$ 33,852</u>	

	Year Ended June 30, 2023			
	Cost	Market Value	Net Gain (Loss)	Market Value Per Share
End of period	\$ 272,749	\$ 349,060	\$ 76,311	\$ 16.10
Beginning of period	287,386	339,231	<u>51,845</u>	15.71
Net change in unrealized appreciation for the period			24,466	
Net realized loss for the period			<u>(7,023)</u>	
Total net gain			<u>\$ 17,443</u>	

Earnings on the pooled investment funds include dividends and interest income. For the years ended June 30, 2024 and 2023, the earnings were \$5,705 and \$9,396, respectively, or \$0.26 and \$0.43 per share, respectively, as computed on ending shares.

Note 5. Endowment

The University's endowment consists of 724 and 692 individual funds as of June 30, 2024 and 2023, respectively, established for a variety of purposes. These resources are recorded as net assets without donor restrictions and net assets with donor restrictions, as described below.

Interpretation of relevant law: The University follows the provisions of FASB ASC 958-205-50 subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds.

Stetson University, Inc.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 5. Endowment (Continued)

The University is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FL UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The University's Board of Trustees has interpreted FL UPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor of the gift instrument. The University has interpreted FL UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with FL UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

Funds functioning as endowments are University resources designated as endowment by the Board of Trustees and are invested in the endowment for long-term appreciation and current income. However, these assets remain available and may be spent at the Board of Trustee's discretion unless donor-imposed time restrictions still need to be satisfied. Certain contributions with donor-imposed restrictions have been designated as endowment by the Board of Trustees and are included in net assets with donor restrictions.

Endowment net assets were comprised of the following as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 116,825	\$ 3,350	\$ 120,175
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	-	189,995	189,995
Accumulated investment gains	-	71,798	71,798
	<u>\$ 116,825</u>	<u>\$ 265,143</u>	<u>\$ 381,968</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 5. Endowment (Continued)

Endowment net assets were comprised of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 111,643	\$ 300	\$ 111,943
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	-	184,912	184,912
Accumulated investment gains	-	58,653	58,653
	<u>\$ 111,643</u>	<u>\$ 243,865</u>	<u>\$ 355,508</u>

The Board of Trustees reclassified a gift with donor restrictions as an endowment to spend the earnings on the designated purpose as of June 30, 2024 and 2023, in the amount of \$3,350 and 300, respectively.

Changes to endowment net assets for the fiscal year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Earnings and Other	Total With Donor Restrictions	
Endowment net assets, beginning	\$ 111,643	\$ 184,912	\$ 58,953	\$ 243,865	\$ 355,508
Investment return:					
Investment income	1,786	-	3,937	3,937	5,723
Realized gain	2,967	-	7,170	7,170	10,137
Unrealized gain	7,533	-	17,098	17,098	24,631
Total investment return	<u>12,286</u>	<u>-</u>	<u>28,205</u>	<u>28,205</u>	<u>40,491</u>
Contributions	-	3,083	-	3,083	3,083
Distributed earnings	(7,849)	-	(15,404)	(15,404)	(23,253)
Other changes:					
Transfers to create board- designated funds	11	-	8,101	8,101	8,112
Transfer due to change in donor restrictions	-	2,000	-	2,000	2,000
Release of restrictions on board- designated funds	5,061	-	(5,061)	(5,061)	-
Other endowment activity	(4,327)	-	354	354	(3,973)
Endowment net assets, ending	<u>\$ 116,825</u>	<u>\$ 189,995</u>	<u>\$ 75,148</u>	<u>\$ 265,143</u>	<u>\$ 381,968</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 5. Endowment (Continued)

Changes to endowment net assets for the fiscal year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Earnings and Other	Total With Donor Restrictions	
Endowment net assets, beginning	\$ 107,961	\$ 178,412	\$ 58,435	\$ 236,847	\$ 344,808
Investment return:					
Investment income	3,150	-	6,339	6,339	9,489
Realized loss	(2,353)	-	(4,807)	(4,807)	(7,160)
Unrealized gain	8,142	-	17,124	17,124	25,266
Total investment return	8,939	-	18,656	18,656	27,595
Contributions	-	6,151	-	6,151	6,151
Distributed earnings	(6,469)	-	(12,413)	(12,413)	(18,882)
Other changes:					
Transfers to create board- designated funds	283	-	73	73	356
Transfer due to change in donor restrictions	-	349	-	349	349
Release of restrictions on board- designated funds	6,175	-	(6,175)	(6,175)	-
Other endowment activity	(5,246)	-	377	377	(4,869)
Endowment net assets, ending	<u>\$ 111,643</u>	<u>\$ 184,912</u>	<u>\$ 58,953</u>	<u>\$ 243,865</u>	<u>\$ 355,508</u>

Transfers to create board-designated funds: Transferred funds from a gift with donor restrictions to an endowment with donor restrictions per the Board of Trustees direction to provide scholarships and other operational support as of June 30, 2024 and 2023, in the amount of \$8,101 and \$73, respectively.

Transfer due to change in donor restrictions: Transferred funds from a donor restricted gift to an endowment with donor restrictions per donor's request to provide support for scholarships and building maintenance and support as of June 30, 2024 and 2023, in the amount of \$2,000 and \$349, respectively.

Release of restrictions on board designated funds: The amount of spending that has been identified and satisfied for the purpose of the donor-imposed restriction that was set at the time the Board designated this fund as an endowment. The amount released pertains mostly to scholarships and operating support as of June 30, 2024 and 2023, in the amount of \$5,061 and \$6,175, respectively.

Other endowment activity: The amount of spending mostly pertains to Board-designated endowment for building renovations as of June 30, 2024 and 2023, in the amount of \$3,973 and \$4,869, respectively.

Contributions receivable, funds held in trust by others and beneficial interest in affiliated entity: Endowment contributions receivable, funds held in trust by others and beneficial interest in affiliated entity are not included in the above net asset balances. Net assets with donor restrictions attributable to endowment pledges as of June 30, 2024 and 2023, amount to \$1,116 and \$1,032, respectively (see Note 3). Endowed net assets attributable to funds held in trust by others as of June 30, 2024 and 2023, amount to \$8,373 and \$7,975, respectively (see Note 6). Net assets with donor restrictions attributable to beneficial interest in affiliated entity as of June 30, 2024 and 2023, amount to \$5,610 and \$5,248, respectively (see Note 12).

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 5. Endowment (Continued)

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FL UPMIFA requires the University to retain as a fund of perpetual duration. As of June 30, 2024, deficiencies of this nature exist in 23 donor-restricted endowment funds, which together have an original gift value of \$11,577, a current fair value of \$10,632 and a deficiency of \$945. As of June 30, 2023, deficiencies of this nature exist in 45 donor-restricted endowment funds, which together have an original gift value of \$18,803, a current fair value of \$17,264 and a deficiency of \$1,539. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

Return objectives and risk parameters: The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 and other benchmark indices, while assuming a moderate level of investment risk.

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

The purpose of establishing a target spending rate for the University's endowment assets is to achieve the spending stability necessary for the planning and budgeting activities funded from the University's earnings. As established by the Board, the targeted spending rate ranges from 3% to 5% of the University's 12-quarter moving average market value. In fiscal years 2024 and 2023, 4.5% was applied to the 12-quarter moving average. In addition, during fiscal years 2024 and 2023, the Board approved an increase to these rates to support operations. This additional spending amounted to \$7,185 in fiscal year 2024, resulting in an increase of 3.0% to the spending rate, and to \$2,839 in fiscal year 2023, resulting in an increase of 1.25% to the spending rate. The University has a policy that permits spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations. The University appropriated \$735 and \$851 from underwater endowment funds during 2024 and 2023, respectively.

Note 6. Funds Held in Trust by Others

Funds held in trust by others represent resources neither in the possession nor under the control of the institution, but held and administered by outside trustees, with the University deriving income from such funds. The fair value of the University's share of the assets is reflected in the consolidated statements of financial position, and income (including changes in the fair value of the assets) is recorded on the accrual basis. Funds held in trust by others are recognized at the estimated fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or the University is notified of its existence. The funds held in trust by others at June 30, 2024 and 2023, amounted to \$9,147 and \$8,698, respectively. Included in these balances are various Charitable Remainder Unitrusts and Annuity Trusts that amount to \$774 and \$723 at June 30, 2024 and 2023, respectively.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 7. Property, Plant and Equipment

Property, plant and equipment at June 30, 2024 and 2023, is summarized as follows:

	2024	2023
Land	\$ 9,099	\$ 8,816
Land improvements, building and facilities	340,888	315,545
Furniture and equipment	42,425	42,111
Library books and collections	29,086	28,377
Construction-in-progress	9,569	15,085
	<u>431,067</u>	<u>409,934</u>
Less accumulated depreciation and amortization	(205,092)	(193,758)
	<u>\$ 225,975</u>	<u>\$ 216,176</u>

Depreciation expense relating to property, plant and equipment was \$12,524 and \$11,779 for the years ended June 30, 2024 and 2023, respectively.

Interest capitalized during the years ended June 30, 2024 and 2023, was \$426 and \$504, respectively.

Construction-in-progress at June 30, 2024 and 2023, consists of the following:

	2024	2023
Edmund Center Expansion & Renovation	\$ 3,485	\$ -
First Year Residence Hall	2,376	-
Elizabeth Hall ADA Project	1,941	-
Chaudoin Hall renovation	-	7,276
Advocacy building	-	7,286
Other projects	1,767	523
	<u>\$ 9,569</u>	<u>\$ 15,085</u>

Estimated costs to complete these projects at June 30, 2024 and 2023, amount to \$8,421 and \$12,043, respectively.

The University recognized \$3,321 and \$2,146 for rental income on various facilities during the years ended June 30, 2024 and 2023, respectively, and is included in other revenues in the accompanying consolidated statements of activities.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 8. Long-Term Debt**

Long-term debt at June 30, 2024 and 2023, consists of the following:

	2024	2023
Stetson University Volusia County Educational Facilities Authority Educational Facilities Revenue Bonds of 2024—payable in annual interest payments ranging from \$3,254 to \$3,281 through 2028, and annual principal and interest payments ranging from \$4,501 to \$4,504, beginning 2029 through 2044, and from 2045 to 2048 annual interest payments ranging from \$1,356 to \$1,804. 2049 will consist of principal and interest of \$16,185, followed by annual interest payments ranging from \$438 to \$1,017, from 2050 to 2053, and annual principal and interest payment of \$19,590 in 2054. Semiannual interest amounts at a fixed rate from 5.00% to 5.250%, collateralized by the University's tuition revenues.	\$ 63,330	\$ -
Stetson University Taxable Revenue Bonds of 2019—payable in annual interest payments of \$2,170 through 2059, including a principal balloon payment at maturity of \$53,000 and semiannual interest amounts at a fixed rate of 4.094%.	53,000	53,000
Stetson University Volusia County Educational Facilities Authority Educational Facilities Revenue Bonds of 2015—payable in annual principal and interest payments ranging from \$6,270 to \$6,275, including annual principal amounts of \$1,680 to \$5,975 through 2045, and semiannual interest amounts at a fixed rate of 5.00%, collateralized by the University's tuition revenues. The Series 2015 bonds were issued at a premium resulting in an effective interest rate of 4.08%.	80,415	82,560
	196,745	135,560
Other notes payable	138	138
	196,883	135,698
Debt issuance costs	(1,569)	(911)
Unamortized premium on bonds payable	8,245	5,234
	<u>\$ 203,559</u>	<u>\$ 140,021</u>

As of June 30, 2024, the University had a revolving line of credit, effective through February 2027, that could provide up to \$10,000 for the operations and maintenance of the University. Borrowings under this line of credit would bear interest at the Secured Overnight Financing Rate (SOFR) plus 1.15%, which automatically adjusts on a monthly basis. There has been no use of this revolving line of credit since its inception in March of 2024.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 8. Long-Term Debt (Continued)

Required reductions of the 2015, 2019 and 2024 bonds for the fiscal years following 2024, are as follows:

	Principal	Interest	Total Debt Service
Years ending June 30:			
2025	\$ 2,250	\$ 9,445	\$ 11,695
2026	2,365	9,359	11,724
2027	2,480	9,241	11,721
2028	2,605	9,117	11,722
2029	3,955	8,987	12,942
Thereafter	183,090	146,874	329,964
	<u>\$ 196,745</u>	<u>\$ 193,023</u>	<u>\$ 389,768</u>

Note 9. Operating Leases

The University leases real estate, including other locations, and equipment under operating lease agreements that have initial terms ranging from two to 20 years. Some leases include one or more options to renew, generally at the University's sole discretion, with renewal terms that can extend the lease term up to one year. In addition, certain leases contain termination options where the rights to terminate are held by either the University, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the University will exercise that option. The University's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease costs incurred under operating leases and other short-term rental agreements amounted to \$1,472 and \$1,585 for the years ended June 30, 2024 and 2023, respectively.

Supplemental consolidated cash flow information related to leases is as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 430	\$ 536
ROU assets obtained in exchange for new lease obligations:		
Operating leases	\$ 114	\$ 1,079

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 9. Operating Leases (Continued)

Supplemental consolidated statements of financial position information related to leases is as follows as of June 30, 2024 and 2023:

	2024	2023
Operating leases:		
Operating lease right-of-use assets*	\$ 2,670	\$ 2,730
Operating lease liabilities, current	\$ 334	\$ 315
Operating lease liabilities, non-current	2,294	2,340
Total operating lease liabilities**	\$ 2,628	\$ 2,655
Weighted-average remaining lease term—operating leases	12.5 years	11.7 years
Weighted-average discount rate—operating leases	3.8%	3.8%

* This is included in other assets

** This is included in accrued liabilities

Future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the consolidated statement of financial position are as follows as of June 30, 2024:

2025	\$ 430
2026	408
2027	305
2028	289
2029	271
Thereafter	1,774
Minimum future rental payments	3,477
Less amount representing interest	(849)
Present value of net minimum lease payments	\$ 2,628

Note 10. Retirement and Postretirement Benefits

Retirement benefits are provided through defined contribution plans with the Teachers Insurance and Annuity Association—College Retirement Equities Fund, a national organization used to fund pension benefits for educational institutions. All full-time employees with one year of service are eligible under the plan. The University contributes 5% of base gross salary (as defined) after completion of one year of service (as defined) at the University and 10% of base gross salary after completion of two years of service, except for certain positions, as provided in the Plan document, that are immediately eligible to receive the University contributions. Additionally, employees who were hired on or before June 30, 2008, receive supplemental University contributions in amounts based on the age of the eligible participants as of July 1, 2008. All contributions are subject to certain limitations of the IRC. The pension expense for the years ended June 30, 2024 and 2023, amounted to \$5,283 and \$5,233, respectively.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 10. Retirement and Postretirement Benefits (Continued)

In addition, the University sponsors a defined benefit postretirement plan that provides medical and term-life insurance benefits to eligible retirees. During its May 2007 meeting, the Board of Trustees approved a resolution to reduce and eventually eliminate the postretirement defined benefit plan over a four-year period. Employees retiring through June 30, 2008, who elected to receive postretirement health care benefits, are responsible to pay 40% of the premium. Employees who retired between July 1, 2008 and June 30, 2011, who elected to receive postretirement health care benefits, are responsible to pay 50% of the premium. Employees retiring after June 30, 2011, who elect to receive postretirement health care benefits, are responsible to pay 100% of the premium. The effect of the 2007 amendment was a \$12,300 reduction in prior year service costs, which are being amortized over the average service to full eligibility as of the date of the plan amendment.

Compensation-retirement benefits requires recognition of the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the accompanying consolidated statements of financial position, and to recognize changes in that funded status in the year in which the changes occur in unrestricted net assets. It also requires measurement of the funded status of a plan as of the date of the consolidated statements of financial position. The funded status of a defined benefit plan is measured as the difference between plan assets at fair value and the benefit obligation.

The following assumptions were used to calculate the liability as of June 30, 2024 and 2023:

	2024	2023
Discount rate	5.20%	4.83%
Expected return on assets	N/A	N/A
Rate of compensation increases	N/A	N/A

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending June 30:		
2025	\$	301
2026		291
2027		295
2028		306
2029		320
2030-2034		1,592

Note 11. Related-Party Transactions

During the 2024 and 2023 fiscal years, the University paid \$4,385 and \$4,044, respectively, for insurance brokerage services and coverages provided by Brown & Brown, Inc., for which trustee J. Hyatt Brown is the chairman. There was \$3.90 million and \$0, respectively, in outstanding payments owed to this firm as of June 30, 2024 and 2023.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 12. Charles A. Dana Law Center Foundation, Inc.**

The University has recorded its interest in the net assets of the Charles A. Dana Law Center Foundation, Inc. (the Foundation) on the accompanying consolidated statements of financial position as beneficial interest in affiliated entity.

The change in net assets of the Foundation for the years ended June 30, 2024 and 2023, was \$362 and \$189, respectively. The University's interest in the net assets for the Foundation as of June 30, 2024 and 2023, amounted to \$5,610 and \$5,248, respectively.

Note 13. Net Assets with Donor Restrictions

Net assets with donor restrictions were comprised of the following at June 30, 2024 and 2023:

	June 30, 2024		
	Restricted by Purpose and/or Time	To be Held in Perpetuity	Total
Scholarships	\$ 38,095	\$ 99,852	\$ 137,947
Programs	60,748	100,156	160,904
Capital	9,808	-	9,808
Trusts and annuities—time restricted	1,174	270	1,444
Estate bequest receivable	1,088	1,900	2,988
Contributions receivable	6,812	1,116	7,928
	<u>\$ 117,725</u>	<u>\$ 203,294</u>	<u>\$ 321,019</u>

	June 30, 2023		
	Restricted by Purpose and/or Time	To be Held in Perpetuity	Total
Scholarships	\$ 29,591	\$ 95,060	\$ 124,651
Programs	48,913	99,467	148,380
Capital	5,478	-	5,478
Trusts and annuities—time restricted	4,452	1,868	6,320
Estate bequest receivable	15,120	1,900	17,020
Contributions receivable	6,549	1,032	7,581
	<u>\$ 110,103</u>	<u>\$ 199,327</u>	<u>\$ 309,430</u>

Net assets released from restrictions in the years ended June 30, 2024 and 2023, are comprised of \$29,934 and \$23,622, respectively, due to satisfaction of program restrictions and scholarship awards, and \$7,805 and \$4,711, respectively, due to acquisition of capital assets that were placed in service.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 14. Fair Value Measurements

Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Descriptions of the three levels of the fair value hierarchy are as follows:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments determined using prices for recently traded financial instruments with similar underlying terms, as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on an active exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

In determining fair value, the University uses various valuation approaches within the FASB ASC 820 fair value measurement framework. The following is a description of the valuation methodologies used for instruments measured at fair value and their classification within the hierarchy:

Investments:

Money market funds: Money market funds are in active markets and classified within Level 1 of the valuation hierarchy.

Equities and mutual funds: Equity securities and mutual funds listed on national markets or exchanges are valued at the last sales price or, if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy. Certain of the University's investments in mutual funds consist primarily of equity or fixed income securities while other mutual funds reflect multiple asset-class investment strategies.

Fixed-income securities: Investments in debt securities include corporate bonds and government and government agency obligation bonds. These securities are valued using market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data, and classified within Level 2 of the hierarchy.

Funds held in trust by others: The University has been named as a beneficiary in charitable remainder trusts and perpetual trusts in which the University is not the trustee. Amounts reported approximate fair value. Under the guidelines set forth in the FASB ASC 820 fair value hierarchy, funds held in trust by others are classified as Level 3 inputs due to the estimates involved, including the discounts used to estimate the present value of future cash flows.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 14. Fair Value Measurements (Continued)

The following table presents the fair values for assets and liabilities measured on a recurring basis as of June 30, 2024:

Description	Fair Value	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Restricted cash and cash equivalents				
Money market funds	\$ 61,089	\$ 61,089	\$ -	\$ -
Restricted cash and cash equivalents total	<u>\$ 61,089</u>	<u>\$ 61,089</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments:				
Fixed income mutual funds:				
Multi-strategy	\$ 15,724	\$ 15,724	\$ -	\$ -
Short-term investments total	<u>\$ 15,724</u>	<u>\$ 15,724</u>	<u>\$ -</u>	<u>\$ -</u>
Funds held in trust by others	<u>\$ 9,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,147</u>
Investments:				
Money market funds	\$ 15,579	\$ 15,579	\$ -	\$ -
Equity securities:				
U.S. large cap	3,208	3,208	-	-
U.S. mid/small cap	7,501	7,501	-	-
International developed	1,009	1,009	-	-
Equity mutual funds:				
U.S. large cap	163,750	163,750	-	-
U.S. mid/small cap	10,351	10,351	-	-
International developed	37,361	37,361	-	-
Emerging markets	6,506	6,506	-	-
Multi-strategy	146	146	-	-
Fixed income securities:				
U.S. Government	14,195	-	14,195	-
Corporate	1,868	-	1,868	-
Global fixed	29	-	29	-
Fixed income mutual funds:				
U.S. Government	230	230	-	-
Corporate	627	627	-	-
Multi-strategy	9,500	9,500	-	-
Other investments	1,093	228	865	-
Fair value hierarchy total	<u>272,953</u>	<u>\$ 255,996</u>	<u>\$ 16,957</u>	<u>\$ -</u>
Alternative investments: (*)				
Hedge fund of funds	51,642			
Private equity funds	22,526			
Private equity fund of funds	30,531			
Investments total	<u>\$ 377,652</u>			

(*) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position (see Note 15).

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 14. Fair Value Measurements (Continued)

The following table presents the fair values for assets and liabilities measured on a recurring basis as of June 30, 2023:

Description	Fair Value	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Short-term investments:				
Fixed income mutual funds:				
Multi-strategy	\$ 19,778	\$ 19,778	\$ -	\$ -
Short-term investments total	\$ 19,778	\$ 19,778	\$ -	\$ -
Funds held in trust by others	\$ 8,698	\$ -	\$ -	\$ 8,698
Investments:				
Money market funds	\$ 14,902	\$ 14,902	\$ -	\$ -
Equity securities:				
U.S. large cap	3,075	3,075	-	-
U.S. mid/small cap	19,908	19,908	-	-
International developed	1,927	1,927	-	-
Equity mutual funds:				
U.S. large cap	138,124	138,124	-	-
U.S. mid/small cap	395	395	-	-
International developed	34,598	34,598	-	-
Emerging markets	194	194	-	-
Multi-strategy	145	145	-	-
Fixed income securities:				
U.S. Government	25,727	-	25,727	-
Corporate	4,446	-	4,446	-
Global fixed	30	-	30	-
Fixed income mutual funds:				
U.S. Government	250	250	-	-
Corporate	467	467	-	-
Multi-strategy	9,100	9,100	-	-
Other investments	7,706	216	7,490	-
Fair value hierarchy total	260,994	\$ 223,301	\$ 37,693	\$ -
Alternative investments: (*)				
Hedge fund of funds	47,024			
Private equity funds	24,363			
Emerging market funds	5,730			
Private equity fund of funds	26,743			
Investments total	\$ 364,854			

(*) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position (see Note 15).

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 14. Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair value of the University's Level 3 assets for the years ended June 30, 2024 and 2023:

	2024	2023
Balance, at beginning of year	\$ 8,698	\$ 8,375
Actuarial and present value adjustments	449	323
Balance, at end of year	<u>\$ 9,147</u>	<u>\$ 8,698</u>

The University's beneficial interest in irrevocable split-interest agreements held or controlled by a third-party are classified as Level 3 funds held in trust by others as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). The fair values are estimated using the income approach and are measured at the present value of the future distributions the University expects to receive over the term of the agreements.

Note 15. Net Asset Value

The following table sets forth a summary of the University's investments with a reported NAV or equivalent as of June 30, 2024 and 2023:

	Fair Value		Redemption Frequency (if Currently Eligible)	Redemption Frequency (if Currently Eligible)	Unfunded Commitments at June 30, 2024
	2024	2023			
Hedge fund of funds (a)	\$ 21,756	\$ 20,111	Semi-annual	95 days	\$ -
Hedge fund of funds (b)	19,030	16,913	Quarterly	100 days	-
Hedge fund of funds (b)	10,856	10,000	Quarterly	65 days	-
Private equity funds (c)	2,733	3,193	Quarterly	60 days	-
Private equity funds (d)	19,793	21,170	Quarterly	90 days	-
Emerging markets funds (e)	-	5,730	Twice Monthly	15 days	-
Private equity fund of funds (f)	8,463	8,355	Not Eligible	Not Eligible	2,181
Private equity fund of funds (g)	22,068	18,388	Not Eligible	Not Eligible	13,245
	<u>\$ 104,699</u>	<u>\$ 103,860</u>			<u>\$ 15,426</u>

- (a) This class incorporates strategies with relative value, market neutral and low net equity, event driven and distressed and credit securities.
- (b) This class incorporates strategies with relative value, arbitrage, global macro, long-short equity, event driven and distressed and credit securities.
- (c) This class is an open-end commingled fund designed to invest in high quality U.S. real estate assets. The fund's investment portfolio consists of over 175 properties across all real estate sectors of hotels, apartments, retail, office and industrial. In addition to sector diversification, this fund's investments are diversified across the U.S. with roughly half the assets in east coast properties and half in west coast properties.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 15. Net Asset Value (Continued)

- (d) This class is an open-end commingled fund designed to invest in a nationally diversified portfolio of high quality real estate assets. The fund's investment portfolio consists of over 40 properties across all real estate sectors of hotels, apartments, retail, office and industrial. In addition to sector diversification, this fund's investments are diversified across the U.S.
- (e) This class invests primarily in common stocks from the universe of companies in the MSCI Emerging Markets Investable Market Index. The fund also invests in Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs) and depositary receipts to seek exposure to certain emerging markets. The fund may also invest in preferred stocks, real estate investment trusts (REITs) and other investment companies. The fund may also invest its assets in the U.S. or in other developed markets.
- (f) This class is a closed-end limited partnership designed to invest in a diversified portfolio of private equity fund investments purchased on the secondary market. The fund will be diversified across strategy types with investments in venture capital, buyout and credit while also diversified globally in the North America, Europe and Asia/Pacific.
- (g) This class is a closed-end limited partnership designed to invest in a diversified portfolio of private equity fund investments. The fund will be diversified across investment funds focused on U.S. small to mid-market buyout private equity.

Note 16. Net Tuition, Sales of Educational Services and Auxiliary Enterprises and Grant Revenues

Tuition revenue and discounts: Tuition and fees for instruction, net of scholarships and fellowships, and sales of educational services, are substantially billed and collected prior to the end of each semester. Revenues are earned and recognized over the course of each semester as educational services are delivered. Accounts, notes and other receivables from students from services provided from contracts are disclosed in Note 2 of the consolidated financial statements. The portion of tuition revenue for the summer terms that is earned subsequent to the years ended June 30, 2024 and 2023, is treated as deferred revenue and is included with student deposits and other current liabilities on the accompanying consolidated statements of financial position. The amount of deferred revenue for these summer terms is immaterial to the consolidated financial statements.

Student financial aid in the form of scholarships and fellowships is netted against tuition revenue in the consolidated statements of activities.

Disaggregated information concerning tuition and fees by type of student for the years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Undergraduate (net of scholarships and fellowships 2024—\$86,788; 2023—\$85,698)	\$ 33,984	\$ 40,018
College of Law (net of scholarships and fellowships 2024—\$20,098; 2023—\$18,938)	26,552	25,428
Graduate (net of scholarships and fellowships 2024—\$1,445; 2023—\$1,102)	6,049	6,682
Total tuition and fees (net of scholarships and fellowships 2024—\$108,331; 2023—\$105,738)	<u>\$ 66,585</u>	<u>\$ 72,128</u>

Stetson University, Inc.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 16. Net Tuition, Sales of Educational Services and Auxiliary Enterprises and Grant Revenues (Continued)

Sales of educational services and sales and services of auxiliary enterprises: Sales of educational services consists primarily of continuing education, professional certificate and community school programs, and are substantially billed and collected during the fiscal year.

The University's sales and services of auxiliary enterprises consist principally of goods and services to the campus community, such as residence and dining halls, retail food services, bookstore operations, facility rental and print shop services. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Charges to students for campus residence and dining services are substantially billed and collected prior to the end of each semester. Associated revenues are earned and recognized over the course of each semester, as these services are delivered. Accounts receivable from students for these services are reported in Note 2 of the consolidated financial statements.

Bookstore operations are contracted with a third-party vendor and the University receives commission payments from the vendor based on monthly sales. Associated revenue with bookstore commissions are earned and recognized over the course of each semester once they can be estimated.

Disaggregated information concerning sales and services of auxiliary enterprises by type of goods and/or service for the years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Residence halls	\$ 17,583	\$ 16,075
Dining services	8,646	8,234
Bookstore commissions	305	322
Other	922	906
Total sales and services of auxiliary enterprises	<u>\$ 27,456</u>	<u>\$ 25,537</u>

Government grants: Grants for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes revenues on grants for basic research and other sponsored programs as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor.

Stetson University, Inc.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 17. Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2024	2023
Operating revenues:		
Artwork	\$ 540	\$ -
Real estate	420	-
Professional services	60	-
Equipment	38	10
Reference material and archives	13	9
Clothing and supplies	-	7
Food	11	7
Household goods	-	3
Travel expenses	-	2
Musical instruments	1	2
Other	4	-
	<u>\$ 1,087</u>	<u>\$ 40</u>
Nonoperating activities:		
Real estate	\$ -	\$ 595
	<u>\$ -</u>	<u>\$ 595</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 17. Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets for the fiscal year ended June 30, 2024, are as follows:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Artwork	\$ 540	School of Arts & Sciences	Oil on canvas and Watercolor pieces of artwork to be displayed at the Hand Art Center	Fair value estimated on the basis of recent comparable sales prices in the local market where the artwork are located as determined by a professional appraisal.
Real estate	420	Monetized for donor restricted purpose	Proceeds from sale of property to benefit Stetson Strategic Investment Fund & Institutional for Water & Environment Resilience	Fair value estimated on the basis of recent comparable sales prices in the local market where the properties are located as determined by a professional appraisal.
Professional Services	60	College of Law	Pro-Bono Agreement for consulting of legislative monitoring and advocacy services	Fair value estimated on the basis of estimates of wholesale values that would be received for acquiring similar services in the United States.
Equipment	38	Athletics & College of Law	Apple Macbook for Student & Athlete & Pool table and furniture for College of Law Students	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Reference material and archives	13	Library	To be used for reference or display in the library	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Food	11	Student assistance, Alumni events, and Athletics	To be used for student, alumni, or athletic events	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar
Musical instruments	1	School of Music	French Horn to be used by students in the School of Music	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Other	4	Student assistance, College of Law	To be used for student travel events or any other particular student need	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 17. Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets for the fiscal year ended June 30, 2023, are as follows:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Equipment	\$ 10	Student assistance; Library	Portable power system designated for use by Ukrainian students; 3D printer designated for use in the library	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Reference material and archives	9	Library	To be used for reference or display in the library	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Clothing and supplies	7	Athletics	Various uniforms and items designated for softball and baseball programs	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Food	7	Alumni events	To be used for alumni events	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Household goods	3	Student assistance	Various household items for use by Ukrainian students	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Travel expenses	2	Board meetings	For travel to various board meetings	Fair value determined on review of documentation submitted by board members of actual travel costs.
Musical instruments	2	School of Music	Tuba to be used by students in the School of Music	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Real estate	595	Monetized for endowment investment	Proceeds from sale of property to benefit and endowed scholarship fund and an endowment for the Institute of Water and Environmental Resilience Program	Fair value estimated on the basis of recent comparable sales prices in the local market where the properties are located as determined by a professional appraisal.

Note 18. Liquidity and Funds Available

The following table reflects the University's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, state required annuity reserves, trust assets, assets held for others, perpetual endowments and accumulated earnings, net of appropriations within one year (if any), or because the Board of Trustees has set aside the funds for specific reserves or for board designated endowments. As of June 30, 2024 and 2023, board designated investments without donor restrictions of \$116,825 and \$111,643, respectively, could be released and drawn upon if the board approves such action.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 18. Liquidity and Funds Available (Continued)**

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The University also has an unsecured \$10,000 line of credit, which it could draw upon in the event of an anticipated liquidity need (see Note 8).

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 18,291	\$ 7,967
Restricted cash and cash equivalents	61,089	-
Short-term investments	15,724	19,778
Accounts, notes, contributions and other receivables	19,054	32,122
Investments	377,652	364,854
Funds held in trust by others	9,147	8,698
Financial assets, at year-end	<u>500,957</u>	<u>433,419</u>
Less those unavailable for general expenditure within one year, due to:		
Reserved for self funded benefit plan	(1,036)	(392)
Proceeds from issuance of bonds, held for long-term investment	(61,089)	-
Contributions receivable for the endowment	(1,112)	(1,032)
Estate bequest receivable for the endowment	(1,900)	(1,900)
Other contributions and accounts receivable collectible beyond one year	(5,629)	(6,272)
Perpetual and term endowments and accumulated earnings	(261,793)	(243,566)
Investments held in trust	(3,522)	(9,734)
Investments in board designated endowments	(120,175)	(111,943)
Investments and perpetual trusts held by others	(9,147)	(8,698)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 35,554</u>	<u>\$ 49,882</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 19. Expenses by Both Nature and Function

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function of the University. These expenses include depreciation, interest, information technology and facilities operations and maintenance. Depreciation, interest and operations and maintenance are allocated based on square footage of space. Costs of information technology are allocated on estimates of time and effort. Total expenses includes all operating expenses.

Functional expenses by natural classification as of June 30, 2024:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Facilities Operation and Maintenance	Auxiliary Enterprises	Total Expense
Academic salaries and wages	\$ 28,711	\$ 368	\$ 25	\$ 735	\$ -	\$ -	\$ -	\$ -	\$ 29,839
Staff salaries and wages	4,019	354	191	3,360	13,061	11,894	6,083	198	39,160
Employee benefits	9,858	151	17	1,161	3,916	3,423	1,939	66	20,531
Utilities, alterations and repairs	57	-	-	129	336	256	6,204	1,888	8,870
Insurance	335	-	9	116	628	2,510	66	567	4,231
Employee development and travel	1,928	162	175	494	3,183	203	7	9	6,161
Supplies and services	3,499	1,436	654	6,244	8,436	2,371	1,387	6,225	30,252
Depreciation	-	-	-	-	-	-	11,883	641	12,524
Interest	-	-	-	-	-	-	4,304	1,326	5,630
	<u>48,407</u>	<u>2,471</u>	<u>1,071</u>	<u>12,239</u>	<u>29,560</u>	<u>20,657</u>	<u>31,873</u>	<u>10,920</u>	<u>157,198</u>
Facilities operation and maintenance	8,564	-	368	3,339	4,375	1,437	(31,873)	13,790	-
Total expenses	<u>\$ 56,971</u>	<u>\$ 2,471</u>	<u>\$ 1,439</u>	<u>\$ 15,578</u>	<u>\$ 33,935</u>	<u>\$ 22,094</u>	<u>\$ -</u>	<u>\$ 24,710</u>	<u>\$ 157,198</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 19. Expenses by Both Nature and Function (Continued)

Functional expenses by natural classification as of June 30, 2023:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Facilities Operation and Maintenance	Auxiliary Enterprises	Total Expense
Academic salaries and wages	\$ 28,464	\$ 327	\$ 13	\$ 878	\$ -	\$ -	\$ -	\$ -	\$ 29,682
Staff salaries and wages	3,500	236	235	3,493	12,506	10,799	5,673	192	36,634
Employee benefits	9,530	104	20	1,273	3,746	3,497	1,811	63	20,044
Utilities, alterations and repairs	59	-	-	50	417	211	6,457	1,920	9,114
Insurance	183	-	6	69	463	1,836	49	349	2,955
Employee development and travel	1,806	59	125	435	2,669	256	11	8	5,369
Supplies and services	3,417	731	786	5,725	8,046	2,090	1,041	6,028	27,864
Depreciation	-	-	-	-	-	-	11,109	670	11,779
Interest	-	-	-	-	-	-	4,184	1,141	5,325
	<u>46,959</u>	<u>1,457</u>	<u>1,185</u>	<u>11,923</u>	<u>27,847</u>	<u>18,689</u>	<u>30,335</u>	<u>10,371</u>	<u>148,766</u>
Facilities operation and maintenance	7,599	-	351	3,369	4,208	1,407	(30,335)	13,401	-
Total expenses	<u>\$ 54,558</u>	<u>\$ 1,457</u>	<u>\$ 1,536</u>	<u>\$ 15,292</u>	<u>\$ 32,055</u>	<u>\$ 20,096</u>	<u>\$ -</u>	<u>\$ 23,772</u>	<u>\$ 148,766</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 20. Commitments and Contingencies

Contract commitments: The University has multiple construction contracts outstanding for various construction contracts in addition to the commitments as described in Note 7. Contract commitments outstanding at June 30, 2024, totaled \$9,564, of which \$2,996 was completed, leaving an outstanding commitment of \$6,568.

Contingencies: The University is party to certain litigation as of June 30, 2024 and 2023, which relates primarily to matters arising in the ordinary course of business. Management of the University anticipates that the final resolution of these items will not have a material adverse effect on the consolidated financial position of the University.

U.S. federal grants: The University receives grants from various agencies of the U.S. government. Such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards*. The ultimate determination of amounts received under the U.S. government grants is based upon the allowance of costs reported to and accepted by the U.S. government as a result of the audits. Until such audits have been accepted by the U.S. government, there exists a potential contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Note 21. Financial Responsibility Ratio

The Department of Education's financial responsibility ratio requirements (34 CFR 668.172) requires that certain information necessary to calculate the financial responsibility ratio be provided and referenced to the financial statements or the footnotes. The schedule requires presentation of property and equipment, net both pre-implementation of the requirements and post-implementation. The University's pre-implementation of property and equipment (as of June 30, 2019), less disposals and accumulated depreciation through June 30, 2024, is 137,391,000. The University's post-implementation property and equipment, less disposals and accumulated depreciation through June 30, 2024, is \$79,015,000, excluding construction in progress of \$9,569,000. All post-implementation property and equipment is without outstanding debt for acquisition.

Supplementary Information

Stetson University, Inc.

Supplementary Disaggregated Consolidated Statement of Financial Position

June 30, 2024

(In Thousands)

	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
Assets					
Cash and cash equivalents	\$ 17,859	\$ -	\$ 427	\$ 5	\$ 18,291
Restricted cash and cash equivalent:	-	-	-	61,089	61,089
Short-term investments	15,724	-	-	-	15,724
Accounts, notes and other receivable	7,465	1,243	2,418	-	11,126
Contributions receivable, net	1,365	-	1,112	5,451	7,928
Investments	1,762	-	375,790	100	377,652
Funds held in trust by others	-	-	9,147	-	9,147
Property, plant and equipment, net	1,084	-	-	224,891	225,975
Other assets	8,475	-	-	-	8,475
Beneficial interest in affiliated entity	-	-	5,610	-	5,610
Total assets	\$ 53,734	\$ 1,243	\$ 394,504	\$ 291,536	\$ 741,017
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 7,939	\$ -	\$ 500	\$ 3,550	\$ 11,989
Accrued liabilities	8,067	-	-	785	8,852
Student deposits and other current liabilities	11,811	-	-	-	11,811
Postretirement benefits	3,526	-	-	-	3,526
Refundable government loan funds	-	939	-	-	939
Annuities payable	-	-	1,632	-	1,632
Long-term debt	-	-	-	203,559	203,559
Due to (from) other funds	15,541	423	(8,155)	(7,809)	-
Total liabilities	46,884	1,362	(6,023)	200,085	242,308
Net assets (deficit):					
Without donor restrictions	(15,208)	(119)	116,825	76,192	177,690
With donor restrictions	22,058	-	283,702	15,259	321,019
Total net assets	6,850	(119)	400,527	91,451	498,709
Total liabilities and net assets	\$ 53,734	\$ 1,243	\$ 394,504	\$ 291,536	\$ 741,017

Supplementary Disaggregated Consolidated Statement of Financial Position
June 30, 2023
(In Thousands)

	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
Assets					
Cash and cash equivalents	\$ 7,808	\$ -	\$ 157	\$ 2	\$ 7,967
Short-term investments	19,632	-	-	146	19,778
Accounts, notes and other receivable	20,369	1,742	2,422	8	24,541
Contributions receivable, net	1,713	-	1,028	4,840	7,581
Investments	1,196	-	363,557	101	364,854
Funds held in trust by others	-	-	8,698	-	8,698
Property, plant and equipment, net	1,104	-	-	215,072	216,176
Other assets	8,900	-	-	4	8,904
Beneficial interest in affiliated entity	-	-	5,248	-	5,248
Total assets	\$ 60,722	\$ 1,742	\$ 381,110	\$ 220,173	\$ 663,747
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 3,585	\$ -	\$ 455	\$ 2,198	\$ 6,238
Accrued liabilities	8,006	-	-	525	8,531
Student deposits and other current liabilities	11,462	-	1,564	-	13,026
Postretirement benefits	3,711	-	-	-	3,711
Refundable government loan funds	-	1,743	-	-	1,743
Annuities payable	-	-	1,397	-	1,397
Long-term debt	-	-	-	140,021	140,021
Due to (from) other funds	3,945	358	(356)	(3,947)	-
Total liabilities	30,709	2,101	3,060	138,797	174,667
Net assets (deficit):					
Without donor restrictions	(2,691)	(359)	111,643	71,057	179,650
With donor restrictions	32,704	-	266,407	10,319	309,430
Total net assets	30,013	(359)	378,050	81,376	489,080
Total liabilities and net assets	\$ 60,722	\$ 1,742	\$ 381,110	\$ 220,173	\$ 663,747



RSM US LLP

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Independent Auditor's Report

Board of Trustees
Stetson University, Inc.

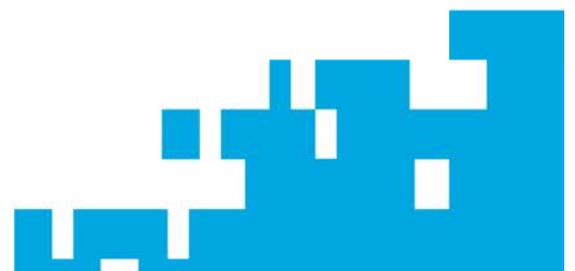
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Stetson University, Inc. (the University), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the University's financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
December 17, 2024

Stetson University, Inc.

Consolidated Financial Report
June 30, 2023

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-39
Supplementary information	
Supplementary disaggregated consolidated statements of financial position	40-41
<hr/>	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	42-43



RSM US LLP

Independent Auditor's Report

Board of Trustees
Stetson University, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Stetson University, Inc. (the University), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary disaggregated consolidated statements of financial position are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the identified accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

RSM US LLP

Orlando, Florida
October 30, 2023

Stetson University, Inc.

**Consolidated Statements of Financial Position
June 30, 2023 and 2022
(In Thousands)**

	2023	2022
Assets		
Cash and cash equivalents	\$ 7,967	\$ 18,876
Short-term investments	19,778	35,380
Notes and accounts receivable, net of allowance for doubtful collections	24,541	14,769
Contributions receivable, net of discount and allowance for doubtful collections	7,581	15,939
Investments	364,854	346,830
Funds held in trust by others	8,698	8,375
Property, plant and equipment, net of accumulated depreciation	216,176	200,998
Other assets	8,904	6,567
Beneficial interest in affiliated entity, see Note 12	5,248	5,059
	663,747	652,793
Total assets	\$ 663,747	\$ 652,793
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 6,238	\$ 6,683
Accrued liabilities	8,531	9,006
Student deposits and other liabilities	13,026	10,733
Postretirement benefits	3,711	3,943
Refundable government loan funds	1,743	3,090
Annuities payable	1,397	1,628
Long-term debt	140,021	142,591
Total liabilities	174,667	177,674
Commitments and contingencies (Notes 15, 20 and 21)		
Net assets:		
Without donor restrictions	179,650	182,621
With donor restrictions	309,430	292,498
Total net assets	489,080	475,119
Total liabilities and net assets	\$ 663,747	\$ 652,793

See notes to consolidated financial statements.

Stetson University, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2023
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Revenues, gains (losses) and other support:			
Tuition and fees (net of scholarships and fellowships of \$105,738)	\$ 72,128	\$ -	\$ 72,128
Contributions of cash and other financial assets	1,831	16,885	18,716
Contributions of nonfinancial assets	-	40	40
Income and realized gains (losses) on investments—net of fees	1,129	(2)	1,127
Endowment income used in operations	6,469	12,413	18,882
Sales of educational services	1,836	-	1,836
Sales and services of auxiliary enterprises	25,537	-	25,537
Government grants	2,769	-	2,769
Other	3,290	(70)	3,220
Unrealized loss on investments	(313)	-	(313)
Net assets released from restrictions	23,622	(23,622)	-
Total operating revenues, gains (losses) and other support	138,298	5,644	143,942
Operating expenses:			
Educational and general:			
Instruction	54,558	-	54,558
Research	1,457	-	1,457
Public service	1,536	-	1,536
Academic support	15,292	-	15,292
Student services	32,055	-	32,055
Institutional support	20,096	-	20,096
Total education and general	124,994	-	124,994
Auxiliary enterprises	23,772	-	23,772
Total operating expenses	148,766	-	148,766
Change in net assets from operations	(10,468)	5,644	(4,824)
Nonoperating activities:			
Contributions of cash and other financial assets	500	9,349	9,849
Contributions of nonfinancial assets	-	595	595
Funds held in trust by others	-	627	627
Income and realized gains on investments—net of fees	921	1,545	2,466
Endowment income used in operations	(6,469)	(12,413)	(18,882)
Net unrealized gain from investments	8,079	17,124	25,203
Change in value of split-interest agreements	-	177	177
Postretirement changes other than service costs	310	-	310
Other	(555)	(1,194)	(1,749)
Net assets released from restrictions	4,711	(4,711)	-
Change in beneficial interest in affiliated entity	-	189	189
Change in net assets from non-operating activities	7,497	11,288	18,785
Change in net assets	(2,971)	16,932	13,961
Net assets:			
Beginning	182,621	292,498	475,119
Ending	\$ 179,650	\$ 309,430	\$ 489,080

See notes to consolidated financial statements.

Stetson University, Inc.

**Consolidated Statement of Activities
Year Ended June 30, 2022
(In Thousands)**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Revenues, gains and other support:			
Tuition and fees (net of scholarships and fellowships of \$107,005)	\$ 79,932	\$ -	\$ 79,932
Contributions of cash and other financial assets	1,055	24,247	25,302
Contributions of nonfinancial assets	-	22	22
Income and realized gains on investments—net of fees	604	(1)	603
Endowment income used in operations	5,968	11,598	17,566
Sales of educational services	1,543	-	1,543
Sales and services of auxiliary enterprises	25,441	-	25,441
Government grants	11,867	-	11,867
Other	2,196	35	2,231
Unrealized loss on investments	(2,159)	-	(2,159)
Net assets released from restrictions	25,857	(25,857)	-
Total operating revenues, gains (losses) and other support	152,304	10,044	162,348
Operating expenses:			
Educational and general:			
Instruction	53,414	-	53,414
Research	1,197	-	1,197
Public service	1,094	-	1,094
Academic support	14,072	-	14,072
Student services	30,491	-	30,491
Institutional support	19,376	-	19,376
Total education and general	119,644	-	119,644
Auxiliary enterprises	22,990	-	22,990
Total operating expenses	142,634	-	142,634
Change in net assets from operations	9,670	10,044	19,714
Nonoperating activities:			
Contributions of cash and other financial assets	-	22,741	22,741
Funds held in trust by others	-	(1,091)	(1,091)
Income and realized gains on investments—net of fees	4,544	10,151	14,695
Endowment income used in operations	(5,968)	(11,598)	(17,566)
Net unrealized loss from investments	(19,350)	(36,843)	(56,193)
Change in value of split-interest agreements	-	(300)	(300)
Postretirement changes other than service costs	838	-	838
Other	(552)	(301)	(853)
Net assets released from restrictions	3,027	(3,027)	-
Change in beneficial interest in affiliated entity	-	(583)	(583)
Change in net assets from non-operating activities	(17,461)	(20,851)	(38,312)
Change in net assets	(7,791)	(10,807)	(18,598)
Net assets:			
Beginning	190,412	303,305	493,717
Ending	\$ 182,621	\$ 292,498	\$ 475,119

See notes to consolidated financial statements.

Stetson University, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022
(In Thousands)

	2023	2022
Cash flows from operating activities:		
Received for tuition, fees, room and board	\$ 96,817	\$ 98,457
Received from contributions	7,621	23,709
Received from governmental and non-governmental grants	3,817	9,874
Received from other sources	8,160	6,740
Payments for wages and benefits	(87,878)	(86,652)
Payments for services, supplies and other	(47,393)	(44,088)
Interest paid on debt	(6,400)	(6,497)
Net cash (used in) provided by operating activities	(25,256)	1,543
Cash flows from investing activities:		
Purchases of property, plant and equipment	(26,084)	(19,828)
Proceeds from sales of property, plant and equipment	-	24
Proceeds from student loan collections	304	519
Purchases of investments	(167,674)	(311,496)
Proceeds from maturities and sales of investments	200,813	318,813
Net cash provided by (used in) investing activities	7,359	(11,968)
Cash flows from financing activities:		
Proceeds from contributions received for:		
Investment in endowment	5,723	13,599
Investment in plant and other	4,012	4,475
Investment subject to annuity agreement	140	-
	9,875	18,074
Other financing activities:		
(Decrease) in federal student loan funds	(667)	(758)
Payments on long-term debt	(2,040)	(1,945)
Payments on annuities payable	(180)	(336)
	(2,887)	(3,039)
Net cash provided by financing activities	6,988	15,035
Net (decrease) increase in cash and cash equivalents	(10,909)	4,610
Cash and cash equivalents:		
Beginning	18,876	14,266
Ending	\$ 7,967	\$ 18,876
Supplemental disclosure of cash flow information:		
Interest paid	\$ 6,400	\$ 6,497
Supplemental disclosure of noncash investing and financing activities:		
Capital expenditures included in accounts payable	\$ 2,198	\$ 1,452

See notes to consolidated financial statements.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Stetson University, Inc. (the University) is a nonprofit institution subject to the rules and regulations of Internal Revenue Service (IRS) Section 501(c)(3). The University consists of three separate campuses at the following locations:

Stetson University (main campus)
421 North Woodland Boulevard
DeLand, FL 32723

Stetson University College of Law
1401 61st Street South
Gulfport, FL 33707

Tampa Law Center and Campus
1700 North Tampa Street
Tampa, FL 33602

Consolidated with the University's financial statements are the balances for GSH Investments, LLC (the Subsidiary), in which the University is the sole member. GSH Investments has acquired additional property, which is owned by the Subsidiary, until it is either sold or transferred to the University.

The accompanying consolidated financial statements were prepared on the accrual basis of accounting. Revenues and support are reported when earned or unconditionally received. Expenses are recorded when purchases of materials or services are made. Revenues earned and expenses incurred applicable to the current period are accrued, while those applicable to future periods are deferred.

A summary of the University's significant accounting policies follows:

Net assets: Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties, such as governmental grant agreements.

Net assets with donor restrictions: Net assets that carry restrictions that are released upon the passage of a prescribed period of time or upon the fulfillment of the donor-imposed restriction. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the University. Generally, the donors of these assets permit the University to use all or part of the return earned on related assets for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets as net assets released from restrictions in the accompanying consolidated statements of activities.

Cash and cash equivalents: The University considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents, except for those short-term financial instruments included in the University's investment accounts.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The University maintains cash accounts with several large financial institutions. All accounts at each financial institution are guaranteed by the Federal Deposit Insurance Corporation up to \$250 per bank. The University has cash deposited that exceeds the federally insured deposit amount. Management does not anticipate nonperformance by the financial institutions. The University also places its cash equivalents and short-term investments with high-quality institutions.

Short-term investments: Short-term investments include assets invested in a managed fund that holds highly liquid fixed-income securities, short-term U.S. Treasury securities and other short-term investments with varying maturities for an overall fund average of less than one year. All short-term investments are recorded at fair value. Included in short-term investments as of June 30, 2023 and 2022, is \$0 and \$8,125, respectively, from the remaining proceeds of the Stetson University Taxable Revenue Bonds Series 2019. These funds have no restrictions on their use. See Note 8 for further details.

Student accounts receivable: Student accounts receivable are reported net of any anticipated losses due to uncollectible accounts, and are included in notes and accounts receivable in the accompanying consolidated statements of financial position. The University considers an account to be past due when a student still has an account balance after the final payment due date of the semester. Past due accounts are subject to past due letter collection efforts. If an account balance still exists at the conclusion of the four- to six-month collection period, the account is written off and placed with a third-party collection agency. Historical write-off history, as a percentage of outstanding receivable balances, is used to help establish an appropriate allowance for uncollectible accounts. The University assesses a finance charge against past due student receivables that are deferred under a monthly payment plan.

Student loans receivable: Prior to fiscal year 2019, the University made uncollateralized loans to students based on financial need. Student loans were funded through the Federal Perkins Loan Program (Perkins Loan) or institutional resources. As of June 30, 2023 and 2022, student loans represented 0.24% and 0.33% of total assets, respectively.

Student loans receivable are reported net of any anticipated losses due to uncollectible loans, and are included in notes and accounts receivable in the accompanying consolidated statements of financial position. The University considers a loan to be in default when it has been past due for a period of four months. Past due loans are subject to internal collection efforts for a period of six months and are subsequently placed with third-party collection agencies. The allowance for uncollectible loans is calculated using the unpaid balances of all defaulted loans and applying an allowance factor based on the length of time since the most recent payment. This calculation is performed for both the Federal Perkins loans and institutional loans. Perkins Loan have provisions for deferment, forbearance and cancellation of individual loans. The deferment and forbearance provisions of Perkins Loans are generally applied to institutional loans as well. Interest continues to accrue while the loan is placed with a collection agency.

Contributions receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, which approximates fair value at date of the contributions. Unconditional promises to give in future periods are initially recorded at estimated fair value (net of present value discounting) and subsequently amortized over the expected payment period, net of an allowance for uncollectible contributions. The net present value (is determined at the time the unconditional promise to give is initially received, and is determined using a market rate applied to the most likely expected cash flows. Amortization of the resulting discount is included in contribution revenue. The allowance for uncollectible contributions is based on pledge activity. Large contributions are reviewed on a case-by-case basis. The write-off history as a percentage of outstanding contributions receivables is considered in establishing an appropriate allowance.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: Investments in marketable equity securities and debt securities, including mutual funds, are recorded at their estimated fair values, which are based on quoted market prices or recognized pricing services. Alternative investments (nontraditional, not readily-marketable assets) are stated at fair value as established by using the net asset value (NAV) of each investment provided by the investment fund manager. Individual investment holdings within the alternative investments may, in turn, include investments in both nonmarketable and market-traded securities. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date. Except for investments that are held separately for specific reasons, investments are maintained in a pool. Gifts that are invested in the pool are assigned units of participation in the pool based upon their market value on the date of the gift and the most recently determined unit market value for the existing units of participation. Subsequent allocations of annual income of the independent pool are based upon the number of units of participation. Withdrawals are based upon the spending policy approved by the Board of Trustees and follow the total return concept of utilizing both income and realized gain. The market value of the units of participation is calculated quarterly.

The University invests in a combination of investment securities which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near-term could materially affect the University's investment balance reported in the consolidated statements of financial position.

Split-interest agreements: The University's investments include deferred giving vehicles subject to split-interest agreements. Three different types of agreements are currently maintained: Charitable Gift Annuities, Charitable Remainder Unitrust (the Trust) and Life Interest in Real Estate.

Charitable Gift Annuities are irrevocable gifts under which the University agrees, in turn, to pay a life annuity to the donor or designated beneficiary. The contributed funds and the attendant liabilities immediately become part of the general assets and liabilities of the University, subject to the University's maintaining an actuarial reserve in accordance with Florida law. The Trust gifts are time-restricted contributions not available to the University until after the death of the beneficiary, who, while living, receives an annual payout from the Trust based on a fixed percentage of the market value of the invested funds. The Life Interest in Real Estate is a contribution of real estate in which the donor retains the right to use the real estate until the property is sold by the donor or until the donor's death, at which time, the proceeds of the sale will transfer to the University.

The University initially values deferred gifts of cash at face value and those of equities at market value, then these values are actuarially discounted. Published IRS discount rates are employed to determine the net present value of both contributions and liabilities pertaining to these deferred giving arrangements.

Of the \$364,854 recorded as investments in the accompanying consolidated statement of financial position at June 30, 2023, \$1,982 represent Charitable Gift Annuities and Trusts, and the associated liabilities total \$1,397. Of the \$346,830 recorded as investments in the accompanying consolidated statement of financial position at June 30, 2022, \$2,167 represents Charitable Gift Annuities and Trusts, and the associated liabilities total \$1,628.

Also included in investment in the accompanying consolidated statements of financial position at June 30, 2023, is the carrying value of property under a Life Interest in Real Estate amounting to \$6,575 and \$0, as of June 30, 2023 and 2022, respectively.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The associated amount of the use obligation included in other liabilities amounts to \$1,564 and \$0, as of June 30, 2023 and 2022, respectively. The donor and the donor's spouse are responsible for maintaining and insuring the property and paying real estate taxes. The donor and the donor's spouse have the right to reside at the property until they decide to sell, or until their death. Proceeds from the sale of the property are to be used for the purposes imposed by the donor as stated in the Life Interest in Real Estate agreement.

Property, plant and equipment: Property, plant and equipment are stated at cost at the date of acquisition, or at fair value at the date of donation in the case of gifts. Expenditures that materially increase values, change capacities or extend useful lives are capitalized, as are interest costs during the period of construction on amounts borrowed for such expenditures. When any property, plant and equipment is removed from the records, any gain or loss is recognized at the time of disposal. Under the University's capitalization policy, any expenditure for property, plant and equipment of less than \$3 is expensed as incurred. The cost of repairs and maintenance are charged to expense as incurred.

The University collects works of art, historical treasures and similar assets which reflect the history of the institution and/or support its educational purpose. The collections are maintained for public exhibition, education and research in furtherance of public service. Collections are protected, kept unencumbered, cared for and preserved. The University capitalizes collections it receives as gifts. These collections are included in property, plant and equipment, and are not depreciated.

The University evaluates, on an ongoing basis, the carrying value of property and equipment based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of the assets, the useful lives of the assets are revised or the assets are written down to their estimated fair values. Management did not identify any indications that such assets are impaired as of June 30, 2023 and 2022.

Depreciation is recorded on the straight-line basis. The estimated useful life of land improvements, buildings and building improvements is five to 40 years. The estimated useful life of furniture and equipment and library books and collections is three to 10 years.

Leases: The University determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The University also considers whether its service arrangements include the right to control the use of an asset.

The University recognizes most leases on its consolidated statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statements of activities.

ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date, and are reduced by any lease incentives received.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

To determine the present value of lease payments, the University made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The University has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the University, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Student deposits and other liabilities: Student deposits represent monies collected in advance for deposits and tuition, which amounted to \$2,697 and \$2,600 as of June 30, 2023 and 2022, respectively. Other liabilities and other deferred revenues amounted to \$7,674 and \$6,135 as of June 30, 2023 and 2022, respectively.

Original issue premiums: The original issue premiums on bonds are being amortized using the effective interest method over the life of the bonds, and are included with long-term debt on the accompanying consolidated statements of financial position.

Deferred financing costs: Deferred financing costs consist of bond issuance costs. These costs are being amortized using the effective interest method over the life of the related bonds and are netted with long-term debt in the accompanying consolidated statements of financial position (see Note 8 for additional discussion).

Income taxes: The University is exempt from federal income taxation as defined by Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from state income taxes under the provisions of the Florida Nonprofit Corporation Act. Therefore, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Postretirement benefits: The University accounts for its postretirement benefits on an accrual basis as discussed in Note 10.

Operating and nonoperating activities: The consolidated statements of activities report the change in net assets from operating and nonoperating activities. Operating revenues consist of substantially all the activity of the University, except for certain items specifically considered to be of a nonoperating nature. Contributions included in nonoperating activities consist of scholarship bequests and other restricted gifts not solicited as part of the annual fundraising campaigns, gifts restricted for the acquisition of capital assets and gifts restricted to endowment funds. Nonoperating activities also include realized and unrealized gains/losses on endowment income not used in operations, change in net present value of split-interest agreements, change in actuarial value of the postretirement liability, net asset releases for property, plant and equipment placed into service and significant items of an unusual or nonrecurring nature.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions: The University records unconditional contributions of cash and other assets and promises to give, when received. The University records contributions of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. Unconditional promises to give are recorded as restricted contributions unless the donor specifies that the pledge is to support current year operations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. When restrictions are met in the year of contribution receipt, such contributions are shown as donor restricted revenues and as net assets released from restrictions.

The University reports gifts of land, buildings and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used or disposed. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as donor restricted contributions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the University reports expirations of donor restrictions as net assets without donor restrictions when the donated assets are received or when long-lived assets acquired with donor restricted contributions are placed into service.

Tuition revenue and discounts: Tuition is recognized in the fiscal year in which educational services are delivered and is not refundable except as noted in the provisions of the University's catalog. The portion of tuition revenue for the summer term that is earned subsequent to the years ended June 30, 2023 and 2022, is treated as deferred revenue and is included with student deposits and other liabilities on the accompanying consolidated statements of financial position. The University presents amounts expended for scholarships and fellowships as a reduction of tuition and fees revenue on the accompanying consolidated statements of activities. See Note 16 for further disclosures.

Sales of educational services and sales and services of auxiliary enterprises: Sales of educational services and sales and services of auxiliary enterprises, which include room, board and other student services, are recognized in the period in which related educational services are delivered. See Note 16 for further disclosures.

Government grants: Government grants and contracts are considered exchange transactions if each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions, and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose, or when the services are provided as stipulated by the grant or contract. Funds received in advance and not yet earned are recorded as refundable advances. Government grants and contracts not considered exchange transactions are recognized as revenue when all restrictions and conditions stipulated in the contract are met.

Advertising costs: The costs of advertising are charged to operations in the year incurred. Advertising costs amounted to \$905 and \$874 for the years ended June 30, 2023 and 2022, respectively.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Functional expenses: Expenses are primarily reported in the consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction and research. Expenses reported as public service, academic support, student services, institutional support and auxiliary enterprises are incurred in support of those primary program services. The University's fund-raising expenses were \$4,401 and \$3,697 for the years ended June 30, 2023 and 2022, respectively, and are included in institutional support in the consolidated statements of activities.

Estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting pronouncements: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, ASU 2016-13 eliminates the probable initial recognition threshold in current U.S. GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through changes in net assets. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for fiscal years beginning after December 15, 2022. The University is currently evaluating the impact this ASU will have on its consolidated financial statements.

Note 2. Notes and Accounts Receivable

Notes and accounts receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Student accounts receivable (net of allowance of \$870—2023 and \$839—2022)	\$ 2,857	\$ 3,342
Student loans receivable (net of allowance of \$432—2023 and \$732—2022)	1,579	2,150
Grants receivable	1,531	3,794
Accrued interest receivable	686	884
Estate bequests	17,020	3,556
Other receivables	868	1,043
	<u>\$ 24,541</u>	<u>\$ 14,769</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 2. Notes and Accounts Receivable (Continued)

Student loans receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Federal Perkins Loan program	\$ 1,972	\$ 2,835
Institutional programs	39	47
	<u>2,011</u>	<u>2,882</u>
Less allowance for doubtful accounts:		
Beginning of year	(732)	(859)
Adjustments	265	58
Write-offs	35	69
End of year	<u>(432)</u>	<u>(732)</u>
Student loans receivable, net	<u>\$ 1,579</u>	<u>\$ 2,150</u>

The University participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of \$1,743 and \$3,090 at June 30, 2023 and 2022, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans canceled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

The Perkins loan program expired September 30, 2017, and fiscal year 2018 was the last year that the University could award Perkins loans based on action established by the Department of Education. Accordingly, the University did not award any Perkins loans in fiscal year 2023 and 2022. The University will be liquidating its Perkins loan program at the direction of the Department of Education. The liquidation will likely involve the University assigning all eligible outstanding loans to the Department of Education and the remittance of federal share of remaining Perkins loans cash assets to the Department of Education. Until liquidation is complete, the University is required to return the federal share of collections from students on an annual basis. Funds returned to the government from student collections amounted to \$667 and \$845 in fiscal year 2023 and fiscal year 2022, respectively.

At June 30, 2023 and 2022, the following principal balances were past due under student loan programs:

	1-60 Days Past Due	60-90 Days Past Due	90+ Days Past Due	Total Past Due
2023	\$ 3	\$ 2	\$ 295	\$ 300
2022	3	1	735	739

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 3. Contributions Receivable**

Contributions receivable at June 30, 2023 and 2022, are expected to be realized in the following periods:

	2023	2022
One year or less	\$ 2,586	\$ 8,399
Between one year and five years	6,193	5,502
More than five years	19	3,535
	<u>8,798</u>	<u>17,436</u>
Less discount	(558)	(675)
Less allowance	(659)	(822)
	<u>\$ 7,581</u>	<u>\$ 15,939</u>

The discount rate used for contributions receivable in 2023 and 2022 ranged from 0.19% to 5.20%.

Contributions receivable at June 30, 2023 and 2022, are classified as follows:

	2023	2022
Contributions to be held in perpetuity	\$ 1,032	\$ 3,310
Contributions restricted by time or purpose	6,549	12,629
	<u>\$ 7,581</u>	<u>\$ 15,939</u>

70% of the University's contributions receivable at both June 30, 2023 and 2022, were provided by nine contributors. Written promises to give from members of the Board of Trustees and Officers of the University included as part of net pledges receivable as of June 30, 2023 and 2022, totaled \$1,552 and \$470, respectively.

Note 4. Investments

A summary of investments by type at June 30, 2023 and 2022, is as follows:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ 14,902	\$ 14,902	\$ 4,745	\$ 4,745
Equity securities	11,211	24,910	11,831	21,014
Equity mutual funds	124,537	173,456	152,713	180,067
Fixed income securities	31,535	30,203	32,931	30,657
Fixed income mutual funds	10,358	9,817	19,487	17,845
Alternative investments	87,390	103,860	72,738	91,896
Other investments	8,065	7,706	1,001	606
Total	<u>\$ 287,998</u>	<u>\$ 364,854</u>	<u>\$ 295,446</u>	<u>\$ 346,830</u>

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 4. Investments (Continued)**

Income and net realized gains (losses) on investments for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
By source of earnings:			
Income on endowment funds	\$ 3,191	\$ 6,348	\$ 9,539
Other investment income	1,212	11	1,223
Net realized losses on endowment funds	(2,353)	(4,816)	(7,169)
	<u>\$ 2,050</u>	<u>\$ 1,543</u>	<u>\$ 3,593</u>
By operating and non-operating:			
Income and realized gains (losses) on investments—net from operating activity	\$ 1,129	\$ (2)	\$ 1,127
Income and realized gains on investments— net from non-operating activities	921	1,545	2,466
	<u>\$ 2,050</u>	<u>\$ 1,543</u>	<u>\$ 3,593</u>

Income and net realized gains (losses) on investments for the year ended June 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
By source of earnings:			
Income on endowment funds	\$ 3,588	\$ 7,561	\$ 11,149
Other investment income (losses)	810	(1)	809
Net realized gains on endowment funds	750	2,590	3,340
	<u>\$ 5,148</u>	<u>\$ 10,150</u>	<u>\$ 15,298</u>
By operating and non-operating:			
Income and realized gains (losses) on investments—net from operating activity	\$ 604	\$ (1)	\$ 603
Income and realized gains on investments— net from non-operating activities	4,544	10,151	14,695
	<u>\$ 5,148</u>	<u>\$ 10,150</u>	<u>\$ 15,298</u>

Investment income is net of management fees and expenses of \$1,658 and \$2,066 for the years ended June 30, 2023 and 2022, respectively.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 4. Investments (Continued)**

The following schedule summarizes changes in relationships between market value and cost of the University's pooled investments (in thousands, except for market value per share):

	Year Ended June 30, 2023			
	Cost	Market Value	Net Gain (Loss)	Market Value Per Share
End of period	\$ 272,749	\$ 349,060	\$ 76,311	\$ 16.10
Beginning of period	287,386	339,231	<u>51,845</u>	15.71
Net change in unrealized appreciation for the period			24,466	
Net realized loss for the period			<u>(7,023)</u>	
Total net gain			<u>\$ 17,443</u>	

	Year Ended June 30, 2022			
	Cost	Market Value	Net Gain (Loss)	Market Value Per Share
End of period	\$ 287,386	\$ 339,231	\$ 51,845	\$ 15.71
Beginning of period	266,199	371,897	<u>105,698</u>	18.38
Net change in unrealized depreciation for the period			(53,853)	
Net realized gain for the period			<u>2,436</u>	
Total net loss			<u>\$ (51,417)</u>	

Earnings on the pooled investment funds include dividends and interest income. For the years ended June 30, 2023 and 2022, the earnings were \$9,396 and \$11,075, respectively, or \$0.43 and \$0.51 per share, respectively, as computed on ending shares.

Note 5. Endowment

The University's endowment consists of and 692 and 680 individual funds as of June 30, 2023 and 2022, respectively, established for a variety of purposes. These resources are recorded as net assets without donor restrictions and net assets with donor restrictions, as described below.

Interpretation of relevant law: The University follows the provisions of FASB Accounting Standards Codification (ASC) 958-205-50 subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 5. Endowment (Continued)

The University is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FL UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The University's Board of Trustees has interpreted FL UPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor of the gift instrument. The University has interpreted FL UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with FL UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

Funds functioning as endowments are University resources designated as endowment by the Board of Trustees and are invested in the endowment for long-term appreciation and current income. However, these assets remain available and may be spent at the Board of Trustee's discretion unless donor-imposed time restrictions still need to be satisfied. Certain contributions with donor-imposed restrictions have been designated as endowment by the Board of Trustees and are included in net assets with donor restrictions.

Endowment net assets were comprised of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 111,643	\$ 300	\$ 111,943
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	-	184,912	184,912
Accumulated investment gains	-	58,653	58,653
	<u>\$ 111,643</u>	<u>\$ 243,865</u>	<u>\$ 355,508</u>

Stetson University, Inc.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 5. Endowment (Continued)

Endowment net assets were comprised of the following as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 107,961	\$ 6,394	\$ 114,355
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	-	178,412	178,412
Accumulated investment gains	-	52,041	52,041
	<u>\$ 107,961</u>	<u>\$ 236,847</u>	<u>\$ 344,808</u>

Changes to endowment net assets for the fiscal year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Earnings and Other	Total With Donor Restrictions	
Endowment net assets, beginning of year	\$ 107,961	\$ 178,412	\$ 58,435	\$ 236,847	\$ 344,808
Investment return:					
Investment income	3,150	-	6,339	6,339	9,489
Realized loss	(2,353)	-	(4,807)	(4,807)	(7,160)
Unrealized gain	8,142	-	17,124	17,124	25,266
Total investment return	<u>8,939</u>	<u>-</u>	<u>18,656</u>	<u>18,656</u>	<u>27,595</u>
Contributions	-	6,151	-	6,151	6,151
Distributed earnings	(6,469)	-	(12,413)	(12,413)	(18,882)
Other changes:					
Transfers to create board-designated funds	283	-	73	73	356
Transfer due to change in donor restrictions	-	349	-	349	349
Release of restrictions on board-designated funds	6,175	-	(6,175)	(6,175)	-
Other endowment activity	(5,246)	-	377	377	(4,869)
Endowment net assets, end of year	<u>\$ 111,643</u>	<u>\$ 184,912</u>	<u>\$ 58,953</u>	<u>\$ 243,865</u>	<u>\$ 355,508</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 5. Endowment (Continued)

Changes to endowment net assets for the fiscal year ended June 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Earnings and Other	Total With Donor Restrictions	
Endowment net assets, beginning of year	\$ 123,058	\$ 164,793	\$ 90,315	\$ 255,108	\$ 378,166
Investment losses:					
Investment income	3,588	-	7,584	7,584	11,172
Realized gain	750	79	2,511	2,590	3,340
Unrealized loss	(18,633)	-	(36,843)	(36,843)	(55,476)
Total investment losses	(14,295)	79	(26,748)	(26,669)	(40,964)
Contributions	-	13,532	-	13,532	13,532
Distributed earnings	(5,968)	-	(11,598)	(11,598)	(17,566)
Other changes:					
Transfers to create board-designated funds	1,504	-	16,678	16,678	18,182
Transfer due to change in donor restrictions	-	8	-	8	8
Release of restrictions on board-designated funds	10,594	-	(10,594)	(10,594)	-
Other endowment activity	(6,932)	-	382	382	(6,550)
Endowment net assets, end of year	\$ 107,961	\$ 178,412	\$ 58,435	\$ 236,847	\$ 344,808

Contributions receivable, funds held in trust by others and beneficial interest in affiliated entity:

Endowment contributions receivable, funds held in trust by others and beneficial interest in affiliated entity are not included in the above net asset balances. Net assets with donor restrictions attributable to endowment pledges as of June 30, 2023 and 2022, amount to \$1,032 and \$3,310, respectively (see Note 3). Endowed net assets attributable to funds held in trust by others as of June 30, 2023 and 2022, amount to \$7,975 and \$7,670, respectively (see Note 6). Net assets with donor restrictions attributable to beneficial interest in affiliated entity as of June 30, 2023 and 2022, amount to \$5,248 and \$5,059, respectively (see Note 12).

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FL UPMIFA requires the University to retain as a fund of perpetual duration. As of June 30, 2023, deficiencies of this nature exist in 45 donor-restricted endowment funds, which together have an original gift value of \$18,803, a current fair value of \$17,264 and a deficiency of \$1,539. As of June 30, 2022, deficiencies of this nature exist in 54 donor-restricted endowment funds, which together have an original gift value of \$16,624, a current fair value of \$14,638 and a deficiency of \$1,986. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

Return objectives and risk parameters: The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 and other benchmark indices, while assuming a moderate level of investment risk.

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

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 5. Endowment (Continued)

The purpose of establishing a target spending rate for the University's endowment assets is to achieve the spending stability necessary for the planning and budgeting activities funded from the University's earnings. As established by the Board, the targeted spending rate ranges from 3% to 5% of the University's 12-quarter moving average market value. In fiscal years 2023 and 2022, 4.5% was applied to the 12-quarter moving average. In addition, during fiscal years 2023 and 2022, the Board approved an increase to these rates to mitigate the impact of the coronavirus outbreak (COVID-19). This additional spending amounted to \$2,839 in fiscal year 2023, resulting in an increase of 1.25% to the spending rate, and to \$2,883 in fiscal year 2022, resulting in an increase of 1.0% to the spending rate. The University has a policy that permits spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations. The University appropriated \$851 and \$399 from underwater endowment funds during 2023 and 2022, respectively.

Note 6. Funds Held in Trust by Others

Funds held in trust by others represent resources neither in the possession nor under the control of the institution, but held and administered by outside trustees, with the University deriving income from such funds. The fair value of the University's share of the assets is reflected in the consolidated statements of financial position, and income (including changes in the fair value of the assets) is recorded on the accrual basis. Funds held in trust by others are recognized at the estimated fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or the University is notified of its existence. The funds held in trust by others at June 30, 2023 and 2022, amounted to \$8,698 and \$8,375, respectively. Included in these balances are various Charitable Remainder Unitrusts and Annuity Trusts that amount to \$723 and \$705 at June 30, 2023 and 2022, respectively.

Note 7. Property, Plant and Equipment

Property, plant and equipment at June 30, 2023 and 2022, are summarized as follows:

	2023	2022
Land	\$ 8,816	\$ 8,816
Land improvements, building and facilities	315,545	285,513
Furniture and equipment	42,111	39,116
Library books and collections	28,377	28,134
Construction-in-progress	15,085	22,290
	<u>409,934</u>	<u>383,869</u>
Less accumulated depreciation and amortization	(193,758)	(182,871)
	<u>\$ 216,176</u>	<u>\$ 200,998</u>

Depreciation expense relating to property, plant and equipment was \$11,779 and \$11,168 for the years ended June 30, 2023 and 2022, respectively.

Interest capitalized during the years ended June 30, 2023 and 2022, was \$504 and \$475, respectively.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)****Note 7. Property, Plant and Equipment (Continued)**

Construction-in-progress at June 30, 2023 and 2022, consists of the following:

	2023	2022
Brown Hall for Health & Innovation	\$ -	\$ 11,880
Sage Hall renovation	-	9,007
Chaudoin Hall renovation	7,276	-
Advocacy building	7,286	510
Other projects	523	893
	<u>\$ 15,085</u>	<u>\$ 22,290</u>

Estimated costs to complete these projects at June 30, 2023 and 2022, amount to \$12,043 and \$22,502, respectively.

The University recognized \$2,146 and \$1,917 for rental income on various facilities during the years ended June 30, 2023 and 2022, respectively, and is included in other revenues in the accompanying consolidated statements of activities.

Note 8. Long-Term Debt

Long-term debt at June 30, 2023 and 2022, consists of the following:

	2023	2022
Stetson University Taxable Revenue Bonds of 2019—payable in annual interest payments of \$2,170 through 2059, including a principal balloon payment at maturity of \$53,000 and semiannual interest amounts at a fixed rate of 4.094%.	\$ 53,000	\$ 53,000
Stetson University Volusia County Educational Facilities Authority Educational Facilities Revenue Bonds of 2015—payable in annual principal and interest payments ranging from \$6,270 to \$6,275, including annual principal amounts of \$1,680 to \$5,975 through 2045, and semiannual interest amounts at a fixed rate of 5.00%, collateralized by the University's tuition revenues. The Series 2015 bonds were issued at a premium resulting in an effective interest rate of 4.08%.	82,560	84,600
	<u>135,560</u>	<u>137,600</u>
Other notes payable	138	138
	<u>135,698</u>	<u>137,738</u>
Debt issuance costs	(911)	(967)
Unamortized premium on bonds payable	5,234	5,820
	<u>\$ 140,021</u>	<u>\$ 142,591</u>

As of June 30, 2023, the University had a revolving line of credit, effective through October 2024, that could provide up to \$5,000 for the operations and maintenance of the University. Borrowings under this line of credit would bear interest at the London Interbank Offer Rate (LIBOR) plus 1.25%, which automatically adjusts on a monthly basis. There has been no use of this revolving line of credit since its inception in November of 2018.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 8. Long-Term Debt (Continued)

Required reductions of the 2015 and 2019 bonds for the fiscal years following 2023 are as follows:

	Principal	Interest	Total Debt Service
Years ending June 30:			
2024	\$ 2,145	\$ 6,298	\$ 8,443
2025	2,250	6,190	8,440
2026	2,365	6,078	8,443
2027	2,480	5,960	8,440
2028	2,605	5,836	8,441
Thereafter	123,715	102,096	225,811
	<u>\$ 135,560</u>	<u>\$ 132,458</u>	<u>\$ 268,018</u>

Note 9. Operating Leases

The University leases real estate, including other locations, and equipment under operating lease agreements that have initial terms ranging from two to 20 years. Some leases include one or more options to renew, generally at the University's sole discretion, with renewal terms that can extend the lease term up to one year. In addition, certain leases contain termination options where the rights to terminate are held by either the University, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the University will exercise that option. The University's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease costs incurred under operating leases and other short-term rental agreements amounted to \$1,585 and \$1,522 for the years ended June 30, 2023 and 2022, respectively.

Supplemental consolidated cash flow information related to leases is as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 536	\$ 433
ROU assets obtained in exchange for new lease obligations:		
Operating leases	\$ 1,079	\$ 40

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 9. Operating Leases (Continued)

Supplemental consolidated statements of financial position information related to leases is as follows as of June 30, 2023 and 2022:

	2023	2022
Operating leases:		
Operating lease right-of-use assets*	\$ 2,730	\$ 2,021
Accrued expenses**	\$ 315	\$ 364
Operating lease liabilities, non-current	2,340	1,634
Total operating lease liabilities	\$ 2,655	\$ 1,998
Weighted-average remaining lease term—operating leases	11.7 years	8.0 years
Weighted-average discount rate—operating leases	3.8%	3.5%

* This is included in other assets

** This is the current portion of the operating lease liabilities, which is included in accrued expenses.

Future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the consolidated statement of financial position are as follows as of June 30, 2023:

2024	\$ 413
2025	398
2026	375
2027	274
2028	260
Thereafter	1,764
Minimum future rental payments	3,484
Less amount representing interest	(829)
Present value of net minimum lease payments	\$ 2,655

Note 10. Retirement and Postretirement Benefits

Retirement benefits are provided through defined contribution plans with the Teachers Insurance and Annuity Association—College Retirement Equities Fund, a national organization used to fund pension benefits for educational institutions. All full-time employees with one year of service are eligible under the plan. The University contributes 5% of base gross salary (as defined) after completion of one year of service (as defined) at the University and 10% of base gross salary after completion of two years of service, except for certain positions, as provided in the Plan document, that are immediately eligible to receive the University contributions. Additionally, employees who were hired on or before June 30, 2008, receive supplemental University contributions in amounts based on the age of the eligible participants as of July 1, 2008. All contributions are subject to certain limitations of the IRC. The pension expense for the years ended June 30, 2023 and 2022, amounted to \$5,233 and \$4,765, respectively.

Stetson University, Inc.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 10. Retirement and Postretirement Benefits (Continued)

In addition, the University sponsors a defined benefit postretirement plan that provides medical and term-life insurance benefits to eligible retirees. During its May 2007 meeting, the Board of Trustees approved a resolution to reduce and eventually eliminate the postretirement defined benefit plan over a four-year period. Employees retiring through June 30, 2008, who elected to receive postretirement health care benefits, are responsible to pay 40% of the premium. Employees who retired between July 1, 2008 and June 30, 2011, who elected to receive postretirement health care benefits, are responsible to pay 50% of the premium. Employees retiring after June 30, 2011, who elect to receive postretirement health care benefits, are responsible to pay 100% of the premium. The effect of the 2007 amendment was a \$12,300 reduction in prior year service costs, which are being amortized over the average service to full eligibility as of the date of the plan amendment.

Compensation-retirement benefits requires recognition of the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the accompanying consolidated statements of financial position, and to recognize changes in that funded status in the year in which the changes occur in unrestricted net assets. It also requires measurement of the funded status of a plan as of the date of the consolidated statements of financial position. The funded status of a defined benefit plan is measured as the difference between plan assets at fair value and the benefit obligation.

The following assumptions were used to calculate the liability as of June 30, 2023 and 2022:

	2023	2022
Discount rate	4.83%	4.25%
Expected return on assets	N/A	N/A
Rate of compensation increases	N/A	N/A

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending June 30:		
2024	\$	317
2025		305
2026		302
2027		306
2028		310
2029-2033		1,605

Note 11. Related-Party Transactions

During the 2023 and 2022 fiscal years, the University paid \$4,044 and \$2,713, respectively, for insurance brokerage services and coverages provided by a firm for which a trustee of the University is the chairman. There were no outstanding payments owed to this firm as of June 30, 2023 and 2022. During fiscal years 2023 and 2022, the University paid \$35 and \$44, respectively, to a firm for which a trustee is a Managing Director for consulting services and software license fees.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 12. Charles A. Dana Law Center Foundation, Inc.

The University has recorded its interest in the net assets of the Charles A. Dana Law Center Foundation, Inc. (the Foundation) on the accompanying consolidated statements of financial position as beneficial interest in affiliated entity.

The change in net assets of the Foundation for the years ended June 30, 2023 and 2022, was \$189 and \$(583), respectively. The University's interest in the net assets for the Foundation as of June 30, 2023 and 2022, amounted to \$5,248 and \$5,059, respectively.

Note 13. Net Assets with Donor Restrictions

Net assets with donor restrictions were comprised of the following at June 30, 2023 and 2022:

	June 30, 2023		
	Restricted by Purpose and/or Time	To be Held in Perpetuity	Total
Scholarships	\$ 29,591	\$ 95,060	\$ 124,651
Programs	48,913	99,467	148,380
Capital	5,478	-	5,478
Trusts and annuities—time restricted	4,452	1,868	6,320
Estate bequest receivable	15,120	1,900	17,020
Contributions receivable	6,549	1,032	7,581
	<u>\$ 110,103</u>	<u>\$ 199,327</u>	<u>\$ 309,430</u>

	June 30, 2022		
	Restricted by Purpose and/or Time	To be Held in Perpetuity	Total
Scholarships	\$ 32,923	\$ 89,547	\$ 122,470
Programs	44,217	98,175	142,392
Capital	6,897	-	6,897
Trusts and annuities—time restricted	1,080	164	1,244
Estate bequest receivable	3,556	-	3,556
Contributions receivable	12,629	3,310	15,939
	<u>\$ 101,302</u>	<u>\$ 191,196</u>	<u>\$ 292,498</u>

Net assets released from restrictions in the years ended June 30, 2023 and 2022, are comprised of \$23,622 and \$25,857, respectively, due to satisfaction of program restrictions and scholarship awards, and \$4,711 and \$3,027, respectively, due to acquisition of capital assets that were placed in service.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 14. Fair Value Measurements

Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Descriptions of the three levels of the fair value hierarchy are as follows:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments determined using prices for recently traded financial instruments with similar underlying terms, as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on an active exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

In determining fair value, the University uses various valuation approaches within the FASB ASC 820 fair value measurement framework. The following is a description of the valuation methodologies used for instruments measured at fair value and their classification within the hierarchy:

Investments:

Money market funds: Money market funds are in active markets and classified within Level 1 of the valuation hierarchy.

Equities and mutual funds: Equity securities and mutual funds listed on national markets or exchanges are valued at the last sales price or, if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy. Certain of the University's investments in mutual funds consist primarily of equity or fixed income securities while other mutual funds reflect multiple asset-class investment strategies.

Fixed-income securities: Investments in debt securities include corporate bonds and government and government agency obligation bonds. These securities are valued using market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data, and classified within Level 2 of the hierarchy.

Funds held in trust by others: The University has been named as a beneficiary in charitable remainder trusts and perpetual trusts in which the University is not the trustee. Amounts reported approximate fair value. Under the guidelines set forth in the FASB ASC 820 fair value hierarchy, funds held in trust by others are classified as Level 3 inputs due to the estimates involved, including the discounts used to estimate the present value of future cash flows.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 14. Fair Value Measurements (Continued)

The following table presents the fair values for assets and liabilities measured on a recurring basis as of June 30, 2023:

Description	Fair Value	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Short-term investments:				
Fixed income mutual funds:				
Multi-strategy	\$ 19,778	\$ 19,778	\$ -	\$ -
Short-term investments total	<u>\$ 19,778</u>	<u>\$ 19,778</u>	<u>\$ -</u>	<u>\$ -</u>
Funds held in trust by others	<u>\$ 8,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,698</u>
Investments:				
Money market funds	\$ 14,902	\$ 14,902	\$ -	\$ -
Equity securities:				
U.S. large cap	3,075	3,075	-	-
U.S. mid/small cap	19,908	19,908	-	-
International developed	1,927	1,927	-	-
Equity mutual funds:				
U.S. large cap	138,124	138,124	-	-
U.S. mid/small cap	395	395	-	-
International developed	34,598	34,598	-	-
Emerging markets	194	194	-	-
Multi-strategy	145	145	-	-
Fixed income securities:				
U.S. Government	25,727	-	25,727	-
Corporate	4,446	-	4,446	-
Global fixed	30	-	30	-
Fixed income mutual funds:				
U.S. Government	250	250	-	-
Corporate	467	467	-	-
Multi-strategy	9,100	9,100	-	-
Other investments	7,706	216	7,490	-
Fair value hierarchy total	<u>260,994</u>	<u>\$ 223,301</u>	<u>\$ 37,693</u>	<u>\$ -</u>
Alternative investments: (*)				
Hedge fund of funds	47,024			
Private equity funds	24,363			
Emerging market funds	5,730			
Private equity fund of funds	26,743			
Investments total	<u>\$ 364,854</u>			

(*) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position (see Note 15).

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 14. Fair Value Measurements (Continued)

The following table presents the fair values for assets and liabilities measured on a recurring basis as of June 30, 2022:

Description	Fair Value	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Short-term investments:				
Fixed income mutual funds:				
Multi-strategy	\$ 35,380	\$ 35,380	\$ -	\$ -
Short-term investments total	\$ 35,380	\$ 35,380	\$ -	\$ -
Funds held in trust by others	\$ 8,375	\$ -	\$ -	\$ 8,375
Investments:				
Money market funds	\$ 4,745	\$ 4,745	\$ -	\$ -
Equity securities:				
U.S. large cap	2,040	2,040	-	-
U.S. mid/small cap	17,014	17,014	-	-
International developed	1,960	1,960	-	-
Equity mutual funds:				
U.S. large cap	149,782	149,782	-	-
U.S. mid/small cap	403	403	-	-
International developed	29,450	29,450	-	-
Emerging markets	200	200	-	-
Multi-strategy	232	232	-	-
Fixed income securities:				
U.S. Government	22,655	-	22,655	-
Corporate	8,001	-	8,001	-
Global fixed	1	-	1	-
Fixed income mutual funds:				
U.S. Government	28	28	-	-
Corporate	281	281	-	-
Multi-strategy	17,536	17,536	-	-
Other investments	606	163	443	-
Fair value hierarchy total	254,934	\$ 223,834	\$ 31,100	\$ -
Alternative investments: (*)				
Hedge fund of funds	36,467			
Private equity funds	28,106			
Emerging market funds	5,876			
Private equity fund of funds	21,447			
Investments total	\$ 346,830			

(*) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position (see Note 15).

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 14. Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair value of the University's Level 3 assets for the years ended June 30, 2023 and 2022:

	2023	2022
Balance, at beginning of year	\$ 8,375	\$ 10,555
Actuarial and present value adjustments	323	(2,180)
Balance, at end of year	<u>\$ 8,698</u>	<u>\$ 8,375</u>

The University's beneficial interest in irrevocable split-interest agreements held or controlled by a third-party are classified as Level 3 funds held in trust by others as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). The fair values are estimated using the income approach and are measured at the present value of the future distributions the University expects to receive over the term of the agreements.

Note 15. Net Asset Value

The following table sets forth a summary of the University's investments with a reported NAV or equivalent:

	Fair Value June 30, 2023	Fair Value June 30, 2022	Redemption Frequency (if Currently Eligible)	Redemption Frequency (if Currently Eligible)	Unfunded Commitments at June 30, 2023
Hedge fund of funds ^(a)	\$ 20,111	\$ 19,442	Semi-annual	95 days	\$ -
Hedge fund of funds ^(b)	16,913	17,025	Quarterly	100 days	-
Hedge fund of funds ^(b)	10,000	-	Quarterly	65 days	-
Private equity funds ^(c)	3,193	4,132	Quarterly	60 days	-
Private equity funds ^(d)	21,170	23,974	Quarterly	90 days	-
Emerging markets funds ^(e)	5,730	5,876	Twice Monthly	15 days	-
Private equity fund of funds ^(f)	8,355	7,962	Not Eligible	Not Eligible	3,041
Private equity fund of funds ^(g)	18,388	13,485	Not Eligible	Not Eligible	13,711
	<u>\$ 103,860</u>	<u>\$ 91,896</u>			<u>\$ 16,752</u>

- (a) This class incorporates strategies with relative value, market neutral and low net equity, event driven and distressed and credit securities.
- (b) This class incorporates strategies with relative value, arbitrage, global macro, long-short equity, event driven and distressed and credit securities.
- (c) This class is an open-end commingled fund designed to invest in high quality U.S. real estate assets. The fund's investment portfolio consists of over 175 properties across all real estate sectors of hotels, apartments, retail, office and industrial. In addition to sector diversification, this fund's investments are diversified across the U.S. with roughly half the assets in east coast properties and half in west coast properties.

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 15. Net Asset Value (Continued)

- (d) This class is an open-end commingled fund designed to invest in a nationally diversified portfolio of high quality real estate assets. The fund's investment portfolio consists of over 40 properties across all real estate sectors of hotels, apartments, retail, office and industrial. In addition to sector diversification, this fund's investments are diversified across the U.S.
- (e) This class invests primarily in common stocks from the universe of companies in the MSCI Emerging Markets Investable Market Index. The fund also invests in Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs) and depositary receipts to seek exposure to certain emerging markets. The fund may also invest in preferred stocks, real estate investment trusts (REITs) and other investment companies. The fund may also invest its assets in the U.S. or in other developed markets.
- (f) This class is a closed-end limited partnership designed to invest in a diversified portfolio of private equity fund investments purchased on the secondary market. The fund will be diversified across strategy types with investments in venture capital, buyout and credit while also diversified globally in the North America, Europe and Asia/Pacific.
- (g) This class is a closed-end limited partnership designed to invest in a diversified portfolio of private equity fund investments. The fund will be diversified across investment funds focused on U.S. small to mid-market buyout private equity.

Note 16. Net Tuition, Sales of Educational Services and Auxiliary Enterprises and Grant Revenues

Tuition revenue and discounts: Tuition and fees for instruction, net of scholarships and fellowships, and sales of educational services, are substantially billed and collected prior to the end of each semester. Revenues are earned and recognized over the course of each semester as educational services are delivered. Notes and accounts receivable from students from services provided from contracts are disclosed in Note 2 of the consolidated financial statements. The portion of tuition revenue for the summer terms that is earned subsequent to the years ended June 30, 2023 and 2022, is treated as deferred revenue and is included with student deposits and other current liabilities on the accompanying consolidated statements of financial position. The amount of deferred revenue for these summer terms is immaterial to the consolidated financial statements.

Student financial aid in the form of scholarships and fellowships is netted against tuition revenue in the consolidated statements of activities.

Disaggregated information concerning tuition and fees by type of student for the years ended June 30, 2023 and 2022, is as follows:

	2023	2022
Undergraduate (net of scholarships and fellowships of \$85,698—2023 and \$89,544—2022)	\$ 40,018	\$ 46,727
College of Law (net of scholarships and fellowships of \$18,938—2023 and \$16,469—2022)	25,428	26,358
Graduate (net of scholarships and fellowships of \$1,102—2023 and \$992—2022)	6,682	6,847
Total tuition and fees (net of scholarships and fellowships of \$105,738—2023 and \$107,005—2022)	<u>\$ 72,128</u>	<u>\$ 79,932</u>

Stetson University, Inc.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 16. Net Tuition, Sales of Educational Services and Auxiliary Enterprises and Grant Revenues (Continued)

Sales of educational services and sales and services of auxiliary enterprises: Sales of educational services consists primarily of continuing education, professional certificate and community school programs, and are substantially billed and collected during the fiscal year.

The University's sales and services of auxiliary enterprises consist principally of goods and services to the campus community, such as residence and dining halls, retail food services, bookstore operations, facility rental and print shop services. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Charges to students for campus residence and dining services are substantially billed and collected prior to the end of each semester. Associated revenues are earned and recognized over the course of each semester, as these services are delivered. Accounts receivable from students for these services are reported in Note 2 of the consolidated financial statements.

Bookstore operations are contracted with a third-party vendor and the University receives commission payments from the vendor based on monthly sales. Associated revenue with bookstore commissions are earned and recognized over the course of each semester once they can be estimated.

Disaggregated information concerning sales and services of auxiliary enterprises by type of goods and/or service for the years ended June 30, 2023 and 2022, is as follows:

	2023	2022
Residence halls	\$ 16,075	\$ 15,738
Dining services	8,234	8,526
Bookstore commissions	322	343
Other	906	834
Total sales and services of auxiliary enterprises	<u>\$ 25,537</u>	<u>\$ 25,441</u>

Government grants: Grants for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes revenues on grants for basic research and other sponsored programs as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor.

Stetson University, Inc.

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 17. Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2023	2022
Operating revenues:		
Equipment	\$ 10	\$ -
Reference material and archives	9	12
Clothing and supplies	7	-
Food	7	1
Household goods	3	-
Travel expenses	2	3
Musical instruments	2	6
	<u>\$ 40</u>	<u>\$ 22</u>
Nonoperating activities:		
Real estate	\$ 595	\$ -
	<u>\$ 595</u>	<u>\$ -</u>

The University recognized contributed nonfinancial assets within revenue, including contributed real estate, equipment, library materials, clothing, food, household goods travel expenses, and musical instruments. Contributed nonfinancial assets are utilized in University programs or monetized for investment into the University Endowment or direct program spending as specified by the original donor.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 17. Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets for the fiscal year ended June 30, 2023, are as follows:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Equipment	\$ 10	Student assistance; Library	Portable power system designated for use by Ukrainian students; 3D printer designated for use in the library	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Reference material and archives	9	Library	To be used for reference or display in the library	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Clothing and supplies	7	Athletics	Various uniforms and items designated for softball and baseball programs	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Food	7	Alumni events	To be used for alumni events	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Household goods	3	Student assistance	Various household items for use by Ukrainian students	Fair value determined on review of documentation submitted by board members of actual travel costs.
Travel expenses	2	Board meetings	For travel to various board meetings	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Musical instruments	2	School of Music	Tuba to be used by students in the School of Music	Fair value estimated on the basis of recent comparable sales prices in the local market where the properties are located as determined by a professional appraisal.
Real estate	595	Monetized for endowment investment	Proceeds from sale of property to benefit and endowed scholarship fund and an endowment for the Institute of Water and Environmental Resilience Program	

Contributed nonfinancial assets for the fiscal year ended June 30, 2022, are as follows:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Reference material and archives	\$ 12	Library	To be used for reference or display in the library	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Food	1	Student events	To be used for student events	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Travel expenses	3	Board meetings	For travel to various board meetings	Fair value determined on review of documentation submitted by board members of actual travel costs.
Musical instruments	6	School of Music	Guitar to be used by students in the School of Music	Fair value estimated on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Stetson University, Inc.**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 18. Liquidity and Funds Available

The following table reflects the University's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, state required annuity reserves, trust assets, assets held for others, perpetual endowments and accumulated earnings, net of appropriations within one year (if any), or because the Board of Trustees has set aside the funds for specific reserves or for board designated endowments. As of June 30, 2023 and 2022, board designated investments without donor restrictions of \$111,643 and \$107,961, respectively, could be released and drawn upon if the board approves such action.

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The University also has an unsecured \$5,000 line of credit, which it could draw upon in the event of an anticipated liquidity need (see Note 8).

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 7,967	\$ 18,876
Short-term investments	19,778	35,380
Notes, accounts and pledges receivable	32,122	30,708
Investments	364,854	346,830
Funds held in trust by others	8,698	8,375
Financial assets, at year-end	<u>433,419</u>	<u>440,169</u>
Less those unavailable for general expenditure within one year, due to:		
Reserved for self funded benefit plan	(392)	(688)
Proceeds from issuance of bonds, held for long-term investment	-	(8,125)
Contributions receivable for the endowment	(1,032)	(3,310)
Estate bequest receivable for the endowment	(1,900)	-
Other contributions and accounts receivable collectible beyond one year	(6,272)	(9,445)
Perpetual and term endowments and accumulated earnings	(243,566)	(230,453)
Investments held in trust	(9,734)	(3,176)
Investments in board designated endowments	(111,943)	(114,355)
Investments and perpetual trusts held by others	(8,698)	(8,375)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 49,882</u>	<u>\$ 62,242</u>

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 19. Expenses by Both Nature and Function

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function of the University. These expenses include depreciation, interest, information technology and facilities operations and maintenance. Depreciation, interest and operations and maintenance are allocated based on square footage of space. Costs of information technology are allocated on estimates of time and effort. Total expenses includes all operating expenses.

Functional expenses by natural classification as of June 30, 2023:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Facilities Operation and Maintenance	Auxiliary Enterprises	Total Expense
Academic salaries and wages	\$ 28,464	\$ 327	\$ 13	\$ 878	\$ -	\$ -	\$ -	\$ -	\$ 29,682
Staff salaries and wages	3,500	236	235	3,493	12,506	10,799	5,673	192	36,634
Employee benefits	9,530	104	20	1,273	3,746	3,497	1,811	63	20,044
Utilities, alterations and repairs	59	-	-	50	417	211	6,457	1,920	9,114
Insurance	183	-	6	69	463	1,836	49	349	2,955
Employee development and travel	1,806	59	125	435	2,669	256	11	8	5,369
Supplies and services	3,417	731	786	5,725	8,046	2,090	1,041	6,028	27,864
Depreciation	-	-	-	-	-	-	11,109	670	11,779
Interest	-	-	-	-	-	-	4,184	1,141	5,325
	46,959	1,457	1,185	11,923	27,847	18,689	30,335	10,371	148,766
Facilities operation and maintenance	7,599	-	351	3,369	4,208	1,407	(30,335)	13,401	-
Total expenses	\$ 54,558	\$ 1,457	\$ 1,536	\$ 15,292	\$ 32,055	\$ 20,096	\$ -	\$ 23,772	\$ 148,766

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 19. Expenses by Both Nature and Function (Continued)

Functional expenses by natural classification as of June 30, 2022:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Facilities Operation and Maintenance	Auxiliary Enterprises	Total Expense
Academic salaries and wages	\$ 29,040	\$ 395	\$ 6	\$ 817	\$ -	\$ -	\$ -	\$ -	\$ 30,258
Staff salaries and wages	3,367	231	165	3,435	11,670	10,380	5,191	189	34,628
Employee benefits	10,177	130	15	1,251	3,665	3,001	1,721	64	20,024
Utilities, alterations and repairs	62	36	-	18	410	246	5,524	1,898	8,194
Insurance	163	-	5	56	353	1,591	46	296	2,510
Employee development and travel	988	45	3	223	2,290	106	9	3	3,667
Supplies and services	2,934	360	569	5,247	8,167	2,396	688	6,338	26,699
Depreciation	-	-	-	-	-	-	10,484	684	11,168
Interest	-	-	-	-	-	-	4,312	1,174	5,486
	46,731	1,197	763	11,047	26,555	17,720	27,975	10,646	142,634
Facilities operation and maintenance	6,683	-	331	3,025	3,936	1,656	(27,975)	12,344	-
Total expenses	\$ 53,414	\$ 1,197	\$ 1,094	\$ 14,072	\$ 30,491	\$ 19,376	\$ -	\$ 22,990	\$ 142,634

Stetson University, Inc.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Note 20. COVID-19

On January 30, 2020, the World Health Organization declared COVID-19 a Public Health Emergency of International Concern and, on March 11, 2020, declared COVID-19 a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the University operates.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the COVID-19 pandemic. As part of the CARES Act, \$14 billion was provided to the Office of Postsecondary Education for the creation of the Higher Education Emergency Relief Fund (HEERF). HEERF provides funding to institutions for emergency financial aid grants to students, as well as funding to support the costs of shifting classes online and other institutional costs incurred related to the pandemic.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was enacted to supplement and extend the purpose of the CARES Act. As part of the CRRSAA, \$21 billion was provided to the Office of Postsecondary Education for the creation of the Higher Education Emergency Relief Fund II (HEERF II). HEERF II provides additional funding to institutions for emergency financial aid grants to students, as well as funding to support institutional costs related to the pandemic.

Under the provisions of CRRSAA and HEERF II, institutions are required to provide at least the same amount of funding in financial aid grants to students as was required under the CARES Act. The University received total funds of \$5,218 in aid under the provisions of HEERF II, of which \$1,790 is allocated for student emergency aid and \$3,428 was applied to lost housing revenues and costs incurred as a result of the pandemic. For the years ended June 30, 2023 and 2022, \$0 and \$862, respectively, of HEERF II funds was included in government grants revenue.

On March 11, 2021, the American Rescue Plan (ARP) was enacted to provide additional funding under the same provisions as CRRSAA and CARES. As part of the ARP, \$40 billion was provided to the Office of Postsecondary Education for the creation of the Higher Education Emergency Relief Fund III (HEERF III). HEERF III provides additional funding to institutions for emergency financial aid grants to students as well as funding to support institutional costs related to the pandemic.

Under the provisions of ARP and HEERF III, no less than 50% of HEERF III funds received by an institution must be used to provide emergency financial aid to students. The University received total funds of \$9,319 in aid under the provisions of HEERF III, of which \$4,660 is allocated for student emergency aid and \$4,659 was applied to lost housing revenue and costs incurred as a result of the pandemic. The institutional portion of HEERF III funds was included in other liabilities as of June 30, 2021, and was recognized as revenue in fiscal year 2022 when the student portion was distributed.

Note 21. Commitments and Contingencies

Contract commitments: The University has multiple construction contracts outstanding for various construction contracts in addition to the commitments as described in Note 7. Contract commitments outstanding at June 30, 2023, totaled \$19,581, of which \$10,591 was completed, leaving an outstanding commitment of \$8,990.

Stetson University, Inc.

**Notes to Consolidated Financial Statements
(Dollars in Thousands)**

Note 21. Commitments and Contingencies (Continued)

Contingencies: The University is party to certain litigation as of June 30, 2023 and 2022, which relates primarily to matters arising in the ordinary course of business. Management of the University anticipates that the final resolution of these items will not have a material adverse effect on the consolidated financial position of the University.

U.S. federal grants: The University receives grants from various agencies of the U.S. government. Such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards*. The ultimate determination of amounts received under the U.S. government grants is based upon the allowance of costs reported to and accepted by the U.S. government as a result of the audits. Until such audits have been accepted by the U.S. government, there exists a potential contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Note 22. Subsequent Events

ASC 855, Subsequent Events, establishes general standards of accounting for and disclosure of events that occur after the date of the consolidated statements of financial position but before the consolidated financial statements are issued. ASC 855 defines two types of subsequent events. The effects of events or transactions that provide additional evidence about conditions that existed at the consolidated statement of financial position date, including the estimates inherent in the process of preparing consolidated financial statements, are recognized in the consolidated financial statements. The effects of events that provide evidence about conditions that did not exist at the date of the consolidated statements of financial position, but arose after that date are not recognized in the consolidated financial statements. Management of the University has reviewed subsequent events through October 30, 2023, (the date of the issuance of the accompanying consolidated financial statements) and have determined that their effects do not require disclosure.

Supplementary Information

Stetson University, Inc.

Supplementary Disaggregated Consolidated Statement of Financial Position
 June 30, 2023
 (In Thousands)

	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
Assets					
Cash and cash equivalents	\$ 7,808	\$ -	\$ 157	\$ 2	\$ 7,967
Short-term investments	19,632	-	-	146	19,778
Notes and account receivable, net	20,369	1,742	2,422	8	24,541
Contributions receivable, net	1,713	-	1,028	4,840	7,581
Investments	1,196	-	363,557	101	364,854
Funds held in trust by others	-	-	8,698	-	8,698
Property, plant and equipment, net	1,104	-	-	215,072	216,176
Other assets	8,900	-	-	4	8,904
Beneficial interest in affiliated entity	-	-	5,248	-	5,248
Total assets	\$ 60,722	\$ 1,742	\$ 381,110	\$ 220,173	\$ 663,747
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 3,585	\$ -	\$ 455	\$ 2,198	\$ 6,238
Accrued liabilities	8,006	-	-	525	8,531
Student deposits and other current liabilities	11,462	-	1,564	-	13,026
Postretirement benefits	3,711	-	-	-	3,711
Refundable government loan funds	-	1,743	-	-	1,743
Annuities payable	-	-	1,397	-	1,397
Long-term debt	-	-	-	140,021	140,021
Due to (from) other funds	3,945	358	(356)	(3,947)	-
Total liabilities	30,709	2,101	3,060	138,797	174,667
Net assets (deficit):					
Without donor restrictions	(2,691)	(359)	111,643	71,057	179,650
With donor restrictions	32,704	-	266,407	10,319	309,430
Total net assets	30,013	(359)	378,050	81,376	489,080
Total liabilities and net assets	\$ 60,722	\$ 1,742	\$ 381,110	\$ 220,173	\$ 663,747

Stetson University, Inc.

Supplementary Disaggregated Consolidated Statement of Financial Position
June 30, 2022
(In Thousands)

	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
Assets					
Cash and cash equivalents	\$ 17,876	\$ -	\$ 999	\$ 1	\$ 18,876
Short-term investments	27,255	-	-	8,125	35,380
Notes and account receivable, net	11,727	2,458	576	8	14,769
Contributions receivable, net	2,024	-	3,306	10,609	15,939
Investments	1,032	-	345,706	92	346,830
Funds held in trust by others	-	-	8,375	-	8,375
Property, plant and equipment, net	1,124	-	-	199,874	200,998
Other assets	6,567	-	-	-	6,567
Beneficial interest in affiliated entity	-	-	5,059	-	5,059
Total assets	\$ 67,605	\$ 2,458	\$ 364,021	\$ 218,709	\$ 652,793
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 4,735	\$ -	\$ 496	\$ 1,452	\$ 6,683
Accrued liabilities	8,473	-	-	533	9,006
Student deposits and other current liabilities	10,733	-	-	-	10,733
Postretirement benefits	3,943	-	-	-	3,943
Refundable government loan funds	-	3,090	-	-	3,090
Annuities payable	-	-	1,628	-	1,628
Long-term debt	-	-	-	142,591	142,591
Due to (from) other funds	9,409	(46)	(233)	(9,130)	-
Total liabilities	37,293	3,044	1,891	135,446	177,674
Net assets (deficit):					
Without donor restrictions	9,489	(586)	107,961	65,757	182,621
With donor restrictions	20,823	-	254,169	17,506	292,498
Total net assets	30,312	(586)	362,130	83,263	475,119
Total liabilities and net assets	\$ 67,605	\$ 2,458	\$ 364,021	\$ 218,709	\$ 652,793

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Trustees
Stetson University, Inc.

We have audited, in accordance with the 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 (*Government Auditing Standards*), the consolidated financial statements of Stetson University, Inc. (the University), which comprise the consolidated statements of financial position as of June 30, 2023, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the University's financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
October 30, 2023

APPENDIX C

FORM OF PRINCIPAL DOCUMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION; GRANT OF SECURITY	3
Section 101. Terms Defined in Definitions Appendix	3
Section 102. Rules of Construction.	3
Section 103. Grant of Security.	3
ARTICLE II THE BONDS	5
Section 201. Authorization of Bonds.	5
Section 202. Method and Place of Payment	7
Section 203. Execution and Authentication	8
Section 204. Registration, Transfer and Exchange	8
Section 205. Temporary Bonds.	10
Section 206. Mutilated, Destroyed, Lost and Stolen Bonds.....	10
Section 207. Cancellation of Bonds.	11
Section 208. Book-Entry Bonds; Securities Depository.	11
ARTICLE III REDEMPTION AND PURCHASE OF BONDS	12
Section 301. Redemption of Bonds Prior to Maturity.....	12
Section 302. Election to Redeem; Notice to Trustee.....	13
Section 303. Selection of Bonds to be Redeemed; Bonds Redeemed in Part.	14
Section 304. Notice of Redemption.	14
Section 305. Deposit of Redemption Price; Bonds Payable on Redemption Date.....	16
ARTICLE IV FUNDS AND ACCOUNTS AND APPLICATION OF BOND PROCEEDS.....	16
Section 401. Creation of Funds and Accounts.....	16
Section 402. Deposit of Bond Proceeds.	17
Section 403. Debt Service Fund.	18
Section 404. Rebate Fund.	19
Section 405. Payments Due on Saturdays, Sundays and Holidays.....	21
Section 406. Nonpresentment of Bonds.	21
Section 407. Records and Reports of Trustee.....	21
Section 408. Repayment to the Borrower from the Funds.....	22
ARTICLE V SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS.....	22
Section 501. Moneys to be Held in Trust.....	22
Section 502. Investment of Moneys.	23

TRUST INDENTURE

between the

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY,
as Authority

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Relating to the
Issuance of

\$[]
Educational Facilities Revenue Refunding Bonds
(Stetson University, Inc. Project)
Series 2025

Dated as of [] 1, 2025

**TABLE OF CONTENTS
CONTINUED**

	Page
ARTICLE VI GENERAL REPRESENTATIONS, COVENANTS AND PROVISIONS.....	23
Section 601. Authority's Representations.....	23
Section 602. Limited Obligations.....	24
Section 603. Payment of Bonds.....	25
Section 604. Performance of Covenants.....	25
Section 605. Inspection of Books.....	25
Section 606. Enforcement of Rights.....	25
Section 607. Tax Covenants.....	25
Section 608. Certain Information and Opinions to be Provided to the Authority and the Borrower.....	26
Section 609. Continuing Disclosure.....	26
ARTICLE VII DEFAULT AND REMEDIES.....	27
Section 701. Events of Default.....	27
Section 702. Acceleration of Maturity; Rescission and Annulment.....	27
Section 703. Exercise of Remedies by the Trustee.....	28
Section 704. Trustee May File Proofs of Claim.....	29
Section 705. Limitation on Suits by Bondowners.....	30
Section 706. Control of Proceedings by Bondowners.....	30
Section 707. Application of Moneys Collected.....	31
Section 708. Rights and Remedies Cumulative.....	32
Section 709. Delay or Omission Not Waiver.....	32
Section 710. Waiver of Past Defaults.....	32
Section 711. Advances by Trustee.....	33
Section 712. Limitation of the Authority's Liability.....	33
ARTICLE VIII THE TRUSTEE AND PAYING AGENTS.....	34
Section 801. Acceptance of the Trusts.....	34
Section 802. Fees, Charges and Expenses of the Trustee and Paying Agents.....	37
Section 803. Notice to Bondholders if Default Occurs.....	38
Section 804. Intervention by Trustee.....	38
Section 805. Successor Trustee.....	38
Section 806. Resignation by Trustee.....	38
Section 807. Removal of Trustee.....	39
Section 808. Appointment of Successor Trustee by the Bondholders; Temporary Trustee.....	39
Section 809. Concerning any Successor Trustee.....	39
Section 810. Designation and Succession of Paying Agent.....	40
Section 811. Appointment of Co-Trustee.....	40
Section 812. Trustee Not Liable for Failure of Others to Act.....	41

**TABLE OF CONTENTS
CONTINUED**

	Page
ARTICLE IX SUPPLEMENTAL INDENTURES.....	42
Section 901. Supplemental Indentures and Amendments to Loan Agreement without Consent of Bondowners.....	42
Section 902. Supplemental Indentures and Amendments to Loan Agreement with Consent of Bondowners.....	43
Section 903. Execution of Supplemental Indentures or Amendment to Loan Agreement.....	44
Section 904. Effect of Supplemental Indentures or Amendment to Loan Agreement.....	45
Section 905. Reference in Bonds to Supplemental Indentures.....	45
Section 906. Manner of Obtaining Owners' Consent to Amendments; Failure to Object Deemed Consent.....	45
ARTICLE X SATISFACTION AND DISCHARGE.....	46
Section 1001. Payment, Discharge and Defeasance of Bonds.....	46
Section 1002. Rights Retained After Discharge; Unclaimed Moneys.....	47
ARTICLE XI NOTICES, CONSENTS AND OTHER ACTS.....	48
Section 1101. Notices.....	48
Section 1102. Acts of Bondowners.....	50
Section 1103. Form and Contents of Documents Delivered to Trustee.....	51
ARTICLE XII MISCELLANEOUS PROVISIONS.....	51
Section 1201. No Personal Liability; No Recourse.....	51
Section 1202. General Provisions Relating to Authority and Trustee.....	52
Section 1203. Benefit of Indenture.....	52
Section 1204. Severability.....	53
Section 1205. Execution in Counterparts.....	53
Section 1206. Governing Law; Venue.....	53
Section 1207. No Limitations on Actions of Authority In Exercise of its Governmental Powers.....	53
Appendix A. Definitions	
Appendix B. Form of Bond	

TRUST INDENTURE

This Trust Indenture (this "Indenture") is made and entered into as of [____] 1, 2025, by and between the **VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY** (the "**Authority**"), a body politic and corporate, duly created and existing under the laws of the State of Florida (the "State"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association organized and existing under and by virtue of the laws of the United States of America and authorized to exercise corporate trust powers in the State of Florida, and duly authorized to accept and administer trusts of the character hereinafter set forth (together with its successors and assigns, the "**Trustee**").

RECITALS

WHEREAS, the Authority is empowered pursuant to Chapter 243, Florida Statutes (the "**Act**") Statutes and other applicable provisions of law, to issue its bonds for the purpose of, among other things, assisting institutions of higher education in constructing, financing and refinancing projects as defined in the Act, throughout the State; and

WHEREAS, the Authority previously issued its Educational Facilities Revenue Bonds (Stetson University Project, Inc.) Series 2015 (the "2015 Bonds") the proceeds of which were loaned to Stetson University, Inc. (the "Borrower") for the purpose of financing, refinancing or reimbursing the costs of the construction and equipping of certain educational facilities owned and operated by the Borrower as described in Exhibit A to the Loan Agreement, as hereinafter defined (the "2015 Project"); and

WHEREAS, the Authority will issue its Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025 (the "Bonds") for the purposes of refinancing the obligations of the Borrower with respect to and, thereby, refunding all or a portion of the 2015 Bonds. The proceeds of the Bonds will also be used to pay certain costs of issuances for the Bonds; and

WHEREAS, it has been determined that the amount necessary to finance and refinance the costs of the 2015 Project, including necessary expenses incidental to the issuance of the Bonds, will require the issuance, sale and delivery of Bonds in the aggregate principal amount of \$[_____], as hereinafter provided; and

WHEREAS, in order to satisfy the requirements of Section 147(f) of the Code, on February 13, 2025, the Authority held a public hearing regarding the proposed issuance of the Bonds and the refinancing of the 2015 Project, located in DeLand, Florida, which date was at least 7 days following the posting of notice of such public hearing on the website of Volusia County, Florida and on February 18, 2025, the City Council of the City of Gulfport, Florida held a public hearing regarding the proposed issuance of the Bonds and the refinancing of the 2015 Project, located in Gulfport, Florida, which date was at least 7 days following the posting of notice of such public hearing on the website of the City of Gulfport, Florida which public

hearings were conducted in a manner that provided a reasonable opportunity for persons with differing views to be heard, both orally and in writing, on the issuance of the Bonds and the location and nature of the 2015 Project; and

WHEREAS, the Bonds shall be limited obligations of the Authority payable solely from the loan payments and other revenues and proceeds received by the Authority under a loan agreement between the Borrower and the Authority (the "Loan Agreement") or otherwise from the operation, sale, lease or other disposition of the 2015 Project, the proceeds of the Bonds and income from the temporary investment of the proceeds of the Bonds or of such other revenues and proceeds, as pledged for such payment under and as provided in this Indenture; neither the faith and credit of the Authority, the State or of any political subdivision thereof nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the Bonds issuable under this Indenture, and neither the Authority, the State nor any political subdivision thereof shall ever be required or obligated to levy ad valorem taxes on any property within their territorial limits to pay the principal of, premium, if any, or interest on such Bonds or any other pecuniary obligations or to pay the same from any funds thereof other than such revenues, receipts and proceeds so pledged, and the Bonds shall not constitute a lien upon any property owned by the Authority, the State or any political subdivision thereof, other than on the Authority's interest in the Loan Agreement and the property rights, receipts, revenues and proceeds pledged therefor under and as provided in this Indenture; and

WHEREAS, the obligations of the Borrower under the Loan Agreement shall be general obligations of the Borrower, and the full faith and credit of the Borrower is pledged to the payment of all amounts due and payable by the Borrower under the Loan Agreement; and

WHEREAS, all things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Authority according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the payments under the Loan Agreement (except for "Reserved Rights" as defined in the Definitions Appendix) for payment of the principal, premium, if any, and interest on the Bonds, and to constitute this Indenture a valid assignment of the rights of the Authority under the Loan Agreement except as otherwise stated herein, have been done and performed, and the creation, execution and delivery of this Indenture, and the issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements set forth herein, the Authority and the Trustee hereby agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION;
GRANT OF SECURITY

Section 101. Terms Defined in Definitions Appendix. All terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Definitions Appendix attached hereto and incorporated herein by this reference.

Section 102. Rules of Construction. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

- (a) The terms defined in the Definition Appendix include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.
- (c) All references herein to "generally accepted accounting principles" refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.
- (d) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.
- (e) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (f) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.
- (g) Whenever an item or items are listed after the word "including," such listing is not intended to be a listing that excludes items not listed.
- (h) All references made (a) in any gender shall be deemed to have been made in all genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Section 103. Grant of Security. For and in consideration of the purchase of the Bonds by the persons who at any time shall be or become the Owners thereof and the acceptance and performance by the Trustee of the trusts created by this Indenture, and in order to secure the payment of all amounts owing under and with respect to the Bonds and the payment and

performance by the Borrower of all of its obligations with respect to the Bonds, the Loan and the Loan Agreement, the Authority does hereby, without warranty, pledge, grant, assign and convey unto the Trustee all of the Authority's right, title and interest to and in the following:

- (a) the Loan Agreement, including but not limited to the Loan Payments, but expressly not including the Reserved Rights which are retained by the Authority for its own benefit;
- (b) all moneys and securities from time to time held by the Trustee under this Indenture in the Debt Service Fund or any other Fund that may be hereafter established with the Trustee under the terms of this Indenture, but expressly not including the moneys and securities held from time to time in the Rebate Fund which shall be held by the Trustee for the sole and exclusive purpose of paying any Rebate Amounts that may be or become owing with respect to the Bonds;
- (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under this Indenture by the Authority or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and
- (d) all of the proceeds of the foregoing, in particular investment income derived therefrom;

(all of the foregoing together with the security interest granted by the Borrower pursuant to Article V of the Loan Agreement being herein collectively called the "**Security**").

The Trustee shall hold in trust and administer the Security, pursuant to the terms and conditions set forth in this Indenture. The Authority shall, at the expense of the Borrower, cooperate to the extent necessary with the Trustee in its defense of the Security against the claims and demands of any Person, and will do, execute, acknowledge and deliver (or cause to be done, executed, acknowledged and delivered) such further acts, instruments and transfers as the Trustee may reasonably require for the better granting and pledging of the Security or any part thereof, including without limitation, delivery of any financing statements and continuation statements that are required under applicable law in order to perfect the Trustee's security interest in the Security. Except as provided herein, the Authority shall not sell, convey, mortgage, encumber or otherwise dispose of the Security or any part thereof while any Bonds remain outstanding. Notwithstanding anything to the contrary contained in this Indenture or the Loan Agreement, the Trustee shall not be responsible for determining whether any financing statements are required to be filed to perfect the Trustee's security interest in the Security or whether any financing statements filed in connection with the issuance of the Bonds are sufficient for their intended purposes. The Authority acknowledges that no financing statements are initially being filed by the Borrower in connection with the issuance of the Bonds. Notwithstanding anything to the contrary contained herein, the Trustee shall not be

responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Trustee shall have been notified in writing by the Authority or the Borrower that any such initial filing or description of collateral was or has become defective (including, but not limited to, any change in the address of the Borrower), the Trustee shall be fully protected in (i) conclusively relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto and (ii) filing any continuation statements in the same filing offices as the initial filings were made. In the event one or more financing statements are filed by the Authority in connection with the Bonds, the Trustee shall cause to be filed a continuation statement with respect to each such financing statement, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Borrower shall be responsible for the reasonable costs and expenses incurred by the Trustee in the preparation and filing of all continuation statements hereunder.

**ARTICLE II
THE BONDS**

Section 201. Authorization of Bonds. There shall be issued under and secured by this Indenture, Bonds in the aggregate principal amount of \$[_____], for the purpose of providing funds to make the Loan to the Borrower. The Bonds shall be designated "Volusia County Educational Facilities Authority Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025."

No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The total principal amount and series of Bonds that may be issued under this Indenture is limited to \$[_____].

The Bonds shall be issued as fully registered bonds without coupons in substantially the form set forth in the Appendix B attached to this Indenture, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto. The Bonds issued hereunder shall meet the requirements of Fla. Stat. § 189.051 at the time of closing.

Interest shall be payable in arrears on each Interest Payment Date, commencing on the first Interest Payment Date after the date of original issuance of the Bonds. The amount of interest payable with respect to any Bond on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds shall be issued in Minimum Authorized Denominations and shall be dated date of delivery. The Bonds shall be numbered from R-1 upward. The Bonds shall mature on June 1 in the years and in the principal amounts and shall bear interest at the rates *per annum*, all as set forth in the following tables:

Maturity Date (June 1),	Principal Amount	Interest Rate
\$[_____] Bonds		

The Bonds shall be executed in the manner set forth herein and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Bonds by the Trustee the following documents shall be filed with the Trustee:

- (a) A copy of the certificate of the Authority authorizing the issuance of the Bonds and the execution of this Indenture, the Loan Agreement, and any other Transaction Documents to which it is a party.
- (b) A copy, certified by the Secretary or an Assistant Secretary of the Borrower, of the resolutions adopted by the Borrower authorizing the execution and delivery of the Loan Agreement, and any other Transaction Documents to which it is a party, and approving this Indenture and the issuance and sale of the Bonds.
- (c) Original executed counterparts of this Indenture and the Loan Agreement.

(d) A request and authorization from the Authority to the Trustee to authenticate the Bonds and deliver said Bonds to the Original Purchaser upon payment to the Trustee, for the account of the Authority, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(e) An opinion of Bond Counsel and any supplemental opinion of Bond Counsel, dated the date of original issuance of the Bonds, in substantially the form attached as an Appendix to, respectively, the Official Statement and the Purchase Agreement.

(f) Such other opinions, certificates, statements, receipts and documents required by any of the Transaction Documents or as the Authority or the Trustee shall reasonably require for the delivery of the Bonds.

When the documents specified above have been filed with the Trustee, and when the Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Bonds to or upon the order of the Original Purchaser, but only upon payment to the Trustee of the purchase price of the Bonds. The proceeds of the sale of the Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee, and the Trustee shall deposit and apply such proceeds as provided in Article IV hereof.

Section 202. Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the designated corporate trust office or other designated payment office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered Owner of such Bond as shown on the bond register at the close of business on the Regular Record Date for such interest, (1) by check mailed to such registered Owner at his address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such Owner, or (2) with respect to Bonds if such Bonds are held by a Securities Depository, or at the written request addressed to the Trustee by any registered Owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic wire transfer in immediately available funds for credit to the ABA routing number and account number filed with the Trustee no later than 5 Business Days before a payment date, but no later than a Regular Record Date for any interest payment, that all such payments be made by wire transfer.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the Owner of such Bond on the relevant Regular Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Borrower shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof) and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Borrower of such Special Record Date and, in the name and at the expense of the Borrower, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Section 203. Execution and Authentication. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signatures as permitted by law of the Chairman or Vice Chairman, and attested by its Executive Director, and shall have impressed or printed thereon the seal of the Authority or a facsimile thereof. Facsimile signatures on the Bonds shall have the same force and effect as if each of such Bonds had been manually signed. In case any official of the Authority whose signature or facsimile signature shall appear on the Bonds shall cease to hold such office before the delivery of such Bonds, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes, as if such officer had remained in office until delivery. At the written direction of the Authority, the Trustee shall authenticate and deliver the Bonds. The proceeds of the Bonds shall be paid over to the Trustee for the account of the Authority and deposited as provided herein.

No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond shall have been duly executed by the Trustee, and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 204. Registration, Transfer and Exchange. The Trustee shall cause to be kept at its designated corporate trust office a register (referred to herein as the "**bond register**") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for

the registration, transfer and exchange of Bonds as herein provided. The Trustee is hereby appointed "bond registrar" for the purpose of registering Bonds and transfers of Bonds as herein provided.

Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee, as bond registrar, as provided in this Section 204. Upon surrender for transfer or exchange of any Bond at the designated corporate trust office or other designated payment office of the Trustee, the Authority shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount. Prior to any transfer of the Bonds outside of the Book-Entry Only System (including, but not limited to, the initial transfer outside of the Book-Entry Only System) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee, as bond registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Borrower. In the event any registered Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered Owner hereunder or under the Bonds.

The Trustee shall not be required (1) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of such Bond and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bond so selected for redemption in whole or in part, during a

period beginning at the opening of business on any Regular Record Date for such Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

The Person in whose name any Bond is registered on the bond register shall be deemed and regarded as the absolute Owner thereof for all purposes, except as otherwise provided in this Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered Owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its designated corporate trust office a list of the names and addresses of the last known Owners of all Bonds and the serial numbers of such Bonds held by each of such Owners. At reasonable times during the normal business hours of the Trustee, the list may be inspected and copied by the Authority, the Borrower, or the Owners of 10% in principal amount of Bonds Outstanding or the authorized representative thereof, *provided* that the ownership of such Owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Section 205. Temporary Bonds. Pending the preparation of definitive Bonds, the Authority may execute, and upon request of the Authority, the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the Authority will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the designated corporate trust office of the Trustee, without charge to the Owner. Upon surrender for cancellation of any one or more temporary Bonds, the Authority shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of this Indenture.

Section 206. Mutilated, Destroyed, Lost and Stolen Bonds. Subject to the laws of the State pertaining thereto and any other applicable law, in the event any Bond is mutilated, lost, stolen or destroyed, the Authority with consent of the Borrower may authorize the execution and delivery of a new Bond of like series, date, number, stated maturity and denomination as that mutilated, lost, stolen or destroyed; *provided, however*, that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority, the Borrower and the Trustee evidence of the ownership thereof and of such loss, theft or destruction satisfactory to the Authority, the Borrower and the Trustee, together with indemnity satisfactory to them. The Authority, the Borrower and the Trustee may charge the Holder or Owner of such Bond with

the costs and expenses (including attorney's fees, costs, and expense, if any) incurred in connection therewith and any amounts provided by applicable law.

Section 207. Cancellation of Bonds. All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Trustee, shall be promptly cancelled by the Trustee, and, if surrendered to any Paying Agent other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee. The Authority or the Borrower may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the Authority or the Borrower may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. All cancelled Bonds held by the Trustee shall be destroyed and disposed of by the Trustee in accordance with applicable record retention requirements. If requested in writing, the Trustee shall execute and deliver to the Authority and the Borrower a certificate describing the Bonds so cancelled and destroyed.

Section 208. Book-Entry Bonds; Securities Depository. The Bonds shall initially be issued in book-entry form subject to the Book-Entry System of ownership, registration and transfer and registered to Cede & Co., the nominee for The Depository Trust Company, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Trustee issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository, in accordance with the Book-Entry System, will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

The Authority may discontinue the Book-Entry System and the services of any institution acting as Securities Depository with respect to the Bonds. Upon the resignation of any institution acting as Securities Depository hereunder, or if the Authority discontinues the services of any institution acting as Securities Depository, the Authority will attempt to identify another institution qualified to act as Securities Depository hereunder. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein. If:

- (a) the Authority discontinues the Book-Entry System; or

- (b) the institution acting as Securities Depository resigns or is removed and the Authority is unable to identify such successor Securities Depository prior to the effective date of the resignation or removal;

the Authority shall discontinue the use of a Securities Depository and shall, at the sole cost and expense of the Borrower, cause certificated Bonds to be printed, executed by the Authority and delivered to the Trustee for authentication and delivery to the Persons who are the Beneficial Owners of the Bonds (herein called "**Replacement Bonds**"). The Trustee may rely on information from the Securities Depository and its Participants as to the names and addresses of and the principal amount held by the Beneficial Owners of the Bonds.

**ARTICLE III
REDEMPTION AND PURCHASE OF BONDS**

Section 301. Redemption of Bonds Prior to Maturity. The Bonds are subject to redemption prior to their stated maturity dates as follows:

(a) *Optional Redemption.* The Bonds are subject to redemption by the Authority, acting at the written direction of the Borrower, prior to maturity, in whole or in part (and if in part, in such order of maturity as the Borrower shall specify in writing to the Trustee or designating which Amortization Installments with respect to Term Bonds to be redeemed in part as further set forth in Section 303 hereof), any such redemption to be at a price equal to 100% of the principal amount or Amortization Installment, as applicable, to be redeemed plus unpaid interest accruing thereon to the date fixed for redemption, as follows:

- (i) The maturing on and after June 1, 20[--], are subject to redemption prior to maturity on June 1, 20[--], and on any date thereafter.

(b) *Mandatory Redemption.*

- (i) The Bonds maturing on June 1, 20[--] (herein called the "20[--] Term Bonds") shall be subject to mandatory redemption on June 1 of the years and in the Amortization Installments set forth in the following table, any such redemption to be at a price equal to 100% of the principal amount or Amortization Installment to be redeemed plus unpaid interest accruing thereon to the date fixed for redemption.

Redemption Date	Amortization Installment
<u>(June 1)</u>	

*Final Maturity

(ii) The Bonds maturing on June 1, 20[–] (herein called the "20[–] Term Bonds") shall be subject to mandatory redemption on June 1 of the years and in the Amortization Installments set forth in the following table, any such redemption to be at a price equal to 100% of the principal amount or Amortization Installment to be redeemed plus unpaid interest accruing thereon to the date fixed for redemption.

Redemption Date
(June 1)

Amortization Installment

*Final Maturity

The Authority shall receive a credit against its obligation to pay an Amortization Installment of the Term Bonds pursuant to this Section 301(b), in an amount equal to the principal amount of any Term Bonds which: (i)(A) have theretofore been purchased by or on behalf of the Borrower on the open market and surrendered to the Trustee for cancellation, or (B) theretofore redeemed pursuant to Section 301(a) hereof; and (ii) for which such a credit has not been previously given.

Section 302. Election to Redeem; Notice to Trustee. Redemptions pursuant to Sections 301(a) above shall be initiated by means of a written direction from the Borrower to the Trustee with a copy to the Authority. Upon receipt by the Trustee of such written direction, the Authority shall, *ipso facto* and without any further act on the part of the Authority, be deemed to join in such direction. In case of any redemption pursuant to Section 301(a) above, such written direction shall be given by the Borrower at least 45 days prior to the desired redemption date (unless a shorter notice shall be satisfactory to the Trustee), which written direction shall specify the provision of this Indenture pursuant to which such redemption is to be effected, the desired redemption date (which shall be a date upon which such redemption is permitted under the applicable redemption provision), the principal amount to be redeemed, and the maturities of Bonds to be called for redemption. Upon the receipt of such written direction, the Trustee shall proceed to give notice of such redemption in accordance with the requirements of this Indenture.

The foregoing provisions of this Section 302 shall not apply in the case of any redemption of Bonds pursuant to Section 301(b) above, and the Trustee shall call Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Authority or the Borrower and whether or not the Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

Section 303. Selection of Bonds to be Redeemed; Bonds Redeemed in Part. Bonds may be redeemed only in the principal amount of Minimum Authorized Denominations of the Bonds or any integral multiple thereof.

If less than all Bonds are to be redeemed pursuant to Section 301 hereof, such Bonds shall be redeemed from the maturity or maturities or Amortization Installments selected by the Borrower (except if required otherwise to preserve tax exemption). If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed or Amortization Installments to be paid shall be selected by the Trustee from the Bonds of such maturity or Amortization Installments, as applicable, which have not previously been called for redemption or paid, by such method as is customary and appropriate and which may provide for the selection for redemption or payment of portions equal to Minimum Authorized Denominations of the principal of Bonds of a denomination larger than such Minimum Authorized Denominations.

Any Bond which is to be redeemed or paid, as applicable, only in part shall be surrendered at the place of payment therefor (with, if the Authority or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Authority and the Trustee duly executed by, the Owner thereof or his attorney or legal representative duly authorized in writing), and the Authority shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of the same maturity of any authorized denomination or denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the Owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the unit or units of principal amount in Minimum Authorized Denominations called for redemption (and to that extent only).

In lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered Owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such Owner and, if such Owner is a nominee, the Person for whom such Owner is a nominee, that payment shall be so made and that such Owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such Owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

The Trustee shall promptly notify the Authority and the Borrower in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 304. Notice of Redemption. Unless waived by any Owner of Bonds subject to redemption, official notice of any optional redemption pursuant to Section 301(a) of this Indenture shall be given by the Trustee on behalf of the Authority by mailing a copy of an

official redemption notice by registered, certified or first class mail, at least 20 days prior to the redemption date to each registered Owner of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered Owner to the Trustee.

All official notices of redemption shall be dated and shall state:

- (a) the date fixed for redemption;
- (b) the redemption price;
- (c) the principal amount of Bonds to be redeemed and, in the case of partial redemption, the respective principal amounts or Amortization Installment of the Bonds to be redeemed;
- (d) the CUSIP numbers, if any, of all Bonds being redeemed;
- (e) the date of original issue of the Bonds being redeemed;
- (f) the rate of interest borne by each Bond being redeemed;
- (g) the maturity date of each Bond or Amortization Installment being redeemed;
- (h) such other descriptive information as may be necessary to accurately identify the Bonds being redeemed;
- (i) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date (*provided* that such notice of optional redemption may state that such redemption is conditioned upon sufficient funds to pay the redemption price being on deposit with the Trustee or other Paying Agent on the redemption date and if sufficient funds to pay the redemption price are not on deposit with the Trustee or other Paying Agent on the redemption date, then the redemption shall not occur and the parties shall be restored to their respective positions as if no notice had been transmitted); and
- (j) the place where the Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the designated corporate trust office of the Trustee or other Paying Agent.

The failure of any Owner of Bonds to receive notice given as provided in this Section 304, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section 304 shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

Notwithstanding the foregoing, so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in this Section only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the effectiveness or validity of the call for redemption of such Bond.

Section 305. Deposit of Redemption Price; Bonds Payable on Redemption Date. On or before 10:00 a.m., New York City time, on a redemption date, the Borrower, on behalf of the Authority shall deposit with the Trustee or with a Paying Agent, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Security.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Borrower shall fail to pay the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Trustee at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the Owners of the Bonds registered as such on the relevant Regular Record Dates according to the terms of such Bonds and the provisions of Section 202.

Upon the payment of the redemption price of Bonds being redeemed, each check or other electronic transfer of funds issued for such purpose shall bear or have enclosed the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other electronic transfer.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, or as otherwise provided under Section 303 in lieu of surrender, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

ARTICLE IV FUNDS AND ACCOUNTS AND APPLICATION OF BOND PROCEEDS

Section 401. Creation of Funds and Accounts. There are hereby created and ordered to be established in the custody of the Trustee the following Funds in the name of the Authority to be designated as follows:

- (a) "Volusia County Educational Facilities Authority -- Stetson University, Inc. Series 2025 Debt Service Fund" (the "**Debt Service Fund**");

(b) "Volusia County Educational Facilities Authority -- Stetson University, Inc. Series 2025 Rebate Fund" (the "**Rebate Fund**"); and

(c) "Volusia County Educational Facilities Authority -- Stetson University, Inc. Series 2025 Costs of Issuance Fund" (the "**Costs of Issuance Fund**").

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed in writing by the Borrower.

Section 402. Deposit of Bond Proceeds. On the date of issuance and delivery of the Bonds, the net proceeds in the amount of \$[_____] [(net of underwriting discount)], derived by the Authority from the issuance and sale thereof, shall be delivered to the Trustee by the Original Purchaser and applied by the Trustee as follows:

(a) *Application of Moneys to refinance 2015 Bonds.* On the date of issuance and delivery of the Bonds, the Trustee, without any further act on the part of the Authority or the Borrower, shall remit proceeds of the Bonds, in the amount of \$[_____] to the Escrow Agent to apply in accordance with the Escrow Agreement.

(b) *Disbursements to Pay Costs of Issuance.* On the date of issuance and delivery of the Bonds and in accordance with the Settlement Statement executed by the Borrower Representative, the Trustee shall transfer proceeds of the Bonds in an amount equal to \$[_____] to the Costs of Issuance Fund and, without any further act on the part of the Authority or the Borrower, disburse such proceeds in accordance with the Settlement Statement. Notwithstanding the foregoing or anything else expressed or implied herein or in the Loan Agreement to the contrary, in no event shall the Borrower direct that the proceeds of the Bonds and investment earnings derived therefrom be used to pay Costs of Issuance incurred in connection with the Bonds in an amount in excess of \$[_____] (which is 2% of the proceeds of the Bonds), all within the meaning of and for the purpose of ensuring compliance with the limits imposed by Section 147(g) of the Code.

Pursuant to Section 6.17 of the Loan Agreement, the Borrower has acknowledged and agreed that \$[_____] in Bond proceeds are deemed to have been used to pay Costs of Issuance by virtue of the underwriting discount received by the Original Purchaser under the Purchase Agreement, and that therefore not more than \$[_____] of the proceeds of the Bonds may be used to pay any additional Costs of Issuance. The Borrower has further agreed that the Borrower shall pay out of its own funds, or otherwise out of funds that do not constitute proceeds of the Bonds (within the meaning of the Code and Regulations), all such Costs of Issuance in excess of the amount thereof that can be paid from the proceeds of the Bonds as aforesaid.

(c) *Disposition of Proceeds of the Bonds in the Costs of Issuance Fund.* Amounts transferred to the Costs of Issuance Fund pursuant to Section 401(d) shall be applied by the

Trustee towards the payment of certain costs incurred in connection with the issuance of the Bonds. Any amounts remaining in the Costs of Issuance Fund on the date which is 180 days immediately following the Closing Date shall be transferred to the Borrower for deposit into the Debt Service Fund. Promptly upon disposition of amounts remaining on deposit in the Costs of Issuance Fund, the Trustee shall close the Costs of Issuance Fund.

Section 403. Debt Service Fund.

(a) *Generally.* The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

(i) All Loan Payments made by the Borrower pursuant to Section 4.01 of the Loan Agreement.

(ii) Any amount required to be deposited into the Debt Service Fund pursuant to Section 402(c), and Section 404(a) hereof.

(iii) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant this Indenture.

(iv) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture or the Loan Agreement or any other Transaction Document, when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

Except as otherwise provided herein, the moneys in the Debt Service Fund and the accounts therein shall be held in trust and applied in accordance with the provisions of this Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable.

The Trustee is authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Borrower, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Borrower, in accordance with the provisions of Article III hereof, so long as the Borrower is not in default with respect to any payments under the Loan Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Borrower may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the Borrower, as

the Borrower may direct in writing, to be applied by the Trustee on a best efforts basis for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

Section 404. Rebate Fund.

(a) *Calculation of Rebate Amount; Deposits to and Withdrawals from Rebate Fund.* In the Loan Agreement, the Borrower covenants and agrees that, in accordance with the applicable provisions of the Code, it shall cause to be calculated the Rebate Amount accruing with respect to the Bonds.

Within 10 days after the close of each Computation Period for the Bonds and within 10 days after the final payment in full of all Bonds respectively, at the written request of the Borrower, the Trustee shall provide the Borrower and the Rebate Analyst with detailed information concerning the investments made during the Computation Period just ended with any moneys related to the Bonds held by the Trustee hereunder. The Borrower shall provide to the Rebate Analyst, detailed information concerning the investments made during the period to be covered by such Rebate Report with any moneys held by the Borrower (or held by any person, other than the Trustee, on behalf of the Borrower), which moneys constitute "gross proceeds of the Bonds" that must be taken into account for purposes of compliance with the rebate requirements of Section 148(f) of the Code. The Trustee shall have no obligation to verify or review any such information received from the Borrower as required under the preceding sentence. The Rebate Analyst shall compute the Rebate Amount for the Bonds in accordance with the requirements of Section 148(f) of the Code and shall provide to the Trustee and the Borrower a Rebate Report setting forth such calculations.

The Borrower shall cause a Rebate Report to be prepared and delivered to the Trustee, upon which the Trustee shall conclusively rely, within 50 days after the close of each Computation Period and within 50 days after final payment in full of all amounts owing on the Bonds.

In the event a Rebate Report shows a positive Rebate Amount, the Borrower shall, no later than 2 Business Days prior to the date by which the Trustee is required to pay such Rebate Amount to the United States of America, make a Rebate Payment by remitting to the Trustee for deposit into the Rebate Fund an amount equal to such Rebate Amount.

In the event that a Rebate Report shows that the amounts on deposit in the Rebate Fund exceed the cumulative Rebate Amount with respect to the Bonds for all prior Computation Periods, the Trustee is directed to transfer an amount equal to such excess from the Rebate Fund (but only to the extent of any amounts on deposit in the Rebate Fund) to the Debt Service Fund.

Amounts on deposit from time to time in the Rebate Fund shall, to the extent practicable, be invested by the Trustee in such direct obligations of the United States of America as the Borrower shall direct in writing.

(b) *Payment of Rebate Amount to United States.* Not later than 60 days after each Computation Date for the Bonds, the Trustee shall pay to the United States of America, from moneys on deposit in the Rebate Fund or, if moneys on deposit in the Rebate Fund are insufficient or unavailable to make such payments, from moneys paid by the Borrower, at least 90% of the Rebate Amount during the preceding five Bond Years and 100% of the investment earnings on such Rebate Amount. In addition, not later than 60 days after each final Computation Date for the Bonds, the Trustee shall pay to the United States of America all amounts required to be paid thereto pursuant to Section 148(f) of the Code as set forth in the final Rebate Report, said payment to be made out of moneys on deposit in the Rebate Fund or, to the extent the moneys on deposit in the Rebate Fund are insufficient for such purpose, out of moneys paid by the Borrower. The obligation of the Trustee to make the payment of any rebate owed to the United States of America shall be satisfied if and to the extent that the Borrower delivers to the Trustee (i) a copy of the Form 8038-T, or any other such Internal Revenue Service ("IRS") form then filed with the payment of rebate, as filed with the IRS, (ii) evidence of payment to the United States of America of the amount of rebate owed based upon the Rebate Report, and (iii) evidence of mailing of such form and payment.

Notwithstanding anything expressed or implied herein to the contrary, it is the intent that there shall be paid to the United States of America, out of moneys on deposit in the Rebate Fund or payments made by the Borrower, all amounts required to be paid pursuant to Section 148(f) of the Code at the times required thereby.

(c) *Conformance to the Code Requirements; Covenant to Survive Payment.* Notwithstanding anything expressed or implied herein to the contrary: (i) the provisions of this Section 404 may be amended from time to time by the Authority, the Borrower and the Trustee without the consent of or notice to any Owners in order to conform to the requirements of the Code regarding the payment of the Rebate Amount to the United States of America or the manner or time of calculating such Rebate Amount; and (ii) in no event shall the Borrower be deemed to be in default in respect of its obligations under this Section 404 so long as all actions taken by the Borrower with respect to the computation of the Rebate Amount and the payment thereof to the United States of America conform to the requirements of the Code applicable to the Bonds as such requirements may be changed, modified or amended from time to time.

As used in this Section 404, the Definitions Appendix and the Borrower's Tax Certificate, the terms "Bond Year," "Computation Period," "Computation Date," and "Rebate Amount" shall have the meanings consistent, and in conformance, with the meanings for such terms in the Code and Regulations applicable to the Bonds, and the phrase "Bonds," or any words of similar import shall mean all obligations, which, for purposes of the arbitrage rebate provisions of the Code, are considered to be a single "issue" of obligations.

Notwithstanding anything expressed or implied herein or in any Supplemental Indenture to the contrary, the covenants of the Borrower set forth in this Section 404 shall survive the payment in full and/or defeasance of all Outstanding Bonds.

Section 405. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption or purchase of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or purchase, and no interest shall accrue for the period after such date.

Section 406. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Borrower and the Authority to the Owner thereof for the payment of such Bond, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within 4 years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the State the funds theretofore held by it for payment of such Bond, as provided in Section 1002 hereto.

Section 407. Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of this Indenture as are requested by the Authority. The Trustee shall furnish to the Borrower, monthly on or before the tenth Business Day of each month, and shall furnish or otherwise make available to the Authority upon the written request of the Authority, a statement showing the status of each of the funds and accounts established under this Article which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render or otherwise make available an annual accounting for each fiscal year ending June 30 to the Borrower, and to any Beneficial Owner or the Authority if requested by any such party in writing, showing in reasonable detail all financial transactions relating to the Security during the accounting period, including investment earnings and the balance in any funds or accounts created by this Indenture as of the beginning and close of such accounting period. Upon the written request of the Authority, the Trustee shall provide or otherwise make available to the Authority and to the Authority's independent auditor representations as to the accuracy of the facts contained in the financial reports that were delivered by the Trustee to the Borrower with respect to the fiscal year of the Authority ending September 30. Upon the written request of the Authority the Trustee shall provide an annual accounting for each fiscal year of the Authority showing in reasonable detail all financial transactions relating to the Security during such accounting period including investment earnings and the balances in any funds and accounts created by this Indenture.

Section 408. Repayment to the Borrower from the Funds. After payment in full of:

- (a) the Bonds,
- (b) all Rebate Amounts,
- (c) the fees and expenses and other costs required to be paid by the Borrower hereunder or under the Loan Agreement, and
- (d) all other amounts required to be paid under this Indenture,

any amounts remaining in the Debt Service Fund or the Rebate Fund shall be transferred to the Borrower as an overpayment of Loan Payments; *provided, however*, that:

- (i) if the Bonds have been deemed paid by reason of a defeasance by the deposit of cash or Defeasance Obligations with the Trustee as permitted under Article X hereof, such cash or Defeasance Obligations (including any investment earnings thereon) shall not be so transferred to the Borrower until such time as all amounts owing to the Owners of the Outstanding Bonds have been paid to such Owners, unless otherwise specifically provided in any escrow agreement entered into by the Trustee in connection with such defeasance deposit;
- (ii) the moneys on deposit in the Rebate Fund shall not be so transferred until such time as all Rebate Amounts owing to the United States of America have been paid in full; and
- (iii) any moneys held by the Trustee in the Debt Service Fund for the payment of any Bonds that have matured or been redeemed but have not been paid because such Bonds have not been presented for payment as required herein shall not be so transferred to the Borrower but shall continue to be held and applied by the Trustee in accordance with the provisions of Sections 406 and 1002 hereof.

ARTICLE V SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 501. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for the funds and accounts held under this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture and the Loan Agreement, and, until used or applied as herein provided, and except as provided in Sections 305 and 1001 hereof and except for moneys in the Rebate Fund, shall constitute part of the Security and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the Authority or the Borrower except as provided under Section 502 hereof for investment purposes. Neither the Trustee nor any Paying Agent

shall be under any liability for interest on any moneys received hereunder except as may be agreed upon.

Section 502. Investment of Moneys. Moneys held in each of the funds and accounts under this Indenture shall, pursuant to written directions of the Borrower Representative or an investment manager designated in writing by the Borrower Representative, be invested and reinvested by the Trustee in accordance with the provisions of this Indenture in Permitted Investments which mature or are subject to redemption by the Owner thereof prior to the date such funds are expected to be needed; *provided* that the Borrower Representative shall only direct moneys on deposit in the Debt Service Fund shall only be invested in Government Obligations which, under the applicable laws of the State, are permissible investments for moneys of the State. The Trustee may make any and all investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such investments. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to Section 404 hereof) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account, and the Trustee shall not be liable for any loss resulting from such investments. The Trustee shall conclusively rely upon the Borrower Representative's written instructions as to both the suitability and legality of all directed investments. In the absence of written investment instructions from the Borrower Representative, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments.

Although the Authority and the Borrower each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority and the Borrower hereby agree that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered or made available by the Trustee.

ARTICLE VI GENERAL REPRESENTATIONS, COVENANTS AND PROVISIONS

Section 601. Authority's Representations. The Authority represents and warrants as follows as the basis for the undertakings on its part contained in this Indenture:

(a) Under the provisions of the Act, it has the power to consummate the transactions contemplated by the Transaction Documents to which it is a party.

(b) The Transaction Documents to which it is a party constitute legal, valid and binding obligations and, assuming due authorization, execution and delivery by all parties other than the Authority of the documents contemplated herein to which it is a party, are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (1) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

It is understood and agreed that the Authority has relied upon the rating of "BBB+" to determine the credit worthiness of the Borrower, but makes no representations or warranties (i) as to the financial position or business condition of the Borrower; (ii) as to any statements (financial or otherwise), representations, documents or certifications provided or to be provided by the Borrower in connection with the offer or sale of the Bonds; (iii) as to the correctness, completeness or accuracy of such statements, representations, documents or certifications provided by the Borrower; (iv) that the 2015 Project is, or will be, suitable for the Borrower's purposes or needs or as to the condition, suitability or utilization of the 2015 Project; or (v) that the proceeds of the Bonds will be sufficient to refinance the 2015 Project in accordance with the plans of the Borrower.

Section 602. Limited Obligations. At the request and for the benefit of the Borrower, the Authority is entering into this Indenture for the purpose of authorizing the issuance and sale of the Bonds and thereby providing the funds needed to make the requested Loan to the Borrower.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND NEITHER THE COUNTY OF VOLUSIA, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE AUTHORITY WILL BE OBLIGATED TO PAY THE BONDS OR INTEREST THEREON EXCEPT FROM REVENUES, PROCEEDS AND RECEIPTS PLEDGED UNDER THIS BOND INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF VOLUSIA, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF OR THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. NO ACT OR OMISSION TO ACT BY THE AUTHORITY SHALL DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY OF VOLUSIA, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT AND SUCH BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DOES NOT AND SHALL NEVER CONSTITUTE A DEBT OF THE COUNTY OF VOLUSIA, THE STATE, OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR THE STATUTES OF THE STATE AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE CREDIT OR TAXING POWER

OF THE COUNTY OF VOLUSIA, THE STATE, OR OF ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. THE AUTHORITY HAS NO TAXING POWER OR AUTHORITY.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF PAYMENTS BY THE BORROWER PURSUANT TO THE LOAN AGREEMENT, CERTAIN PROCEEDS OF THE BONDS AND INCOME FROM THE TEMPORARY INVESTMENT THEREOF. THE TRUSTEE WILL NOT HAVE A MORTGAGE ON OR SECURITY INTEREST IN THE REAL PROPERTY OF THE BORROWER.

Section 603. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but solely from the Security, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Indenture. Nothing herein or in the Bonds shall be construed as assigning or pledging any other funds or assets of the Authority.

Section 604. Performance of Covenants. The Authority shall (to the extent within its control) faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions which are to be performed by the Authority contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

Section 605. Inspection of Books. Subject to the Florida Public Records Law, the Authority covenants and agrees that all books and documents in its possession relating to the Bonds, this Indenture and the Loan Agreement, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds, this Indenture and the Loan Agreement, and the transactions relating thereto, including financial statements of the Borrower, shall be open to inspection by the Authority during normal business hours upon reasonable written notice.

Section 606. Enforcement of Rights. The Authority agrees that the Trustee, as assignee of the Authority's rights under the Loan Agreement and Holder of the Security provided hereunder, may enforce all rights of the Authority and the Trustee and all obligations of the Borrower under and pursuant to the Loan Agreement and any other Transaction Documents for and on behalf of the Owners, whether or not the Authority is in default hereunder. The Loan Agreement and all other Transaction Documents shall be delivered to and held by the Trustee.

Section 607. Tax Covenants. The Authority hereby covenants with the Owners of the Bonds that it will make no use of the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to the Code, which causes the Bonds to be "arbitrage bonds" within the meaning of the Code or which otherwise causes the interest on the Bonds to be or become includable for federal income tax purposes in the gross incomes of the

Owners thereof, and will comply with the requirements of the Code throughout the term of the Bonds in order to preserve their status as Tax-Exempt Obligations. The Authority recognizes that investment of the Bond proceeds will be at the written direction of the Borrower and that the use of the proceeds of the Bonds and the facilities financed therefrom will be within the control of the Borrower, but agrees that it will commit no act that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code or which otherwise causes the interest on the Bonds to be or become includable for federal income tax purposes in the gross incomes of the Owners thereof. The Trustee covenants that, while recognizing that investment of Bond proceeds will be at the written direction of the Borrower, should the Authority or the Borrower file with the Trustee, or should the Trustee receive an Opinion of Bond Counsel, to the effect that any proposed investment or other use of proceeds of the would cause the Bonds to become "arbitrage bonds," then the Trustee will comply with any written instructions of the Authority, the Borrower or Bond Counsel regarding such investment or use so as to prevent the Bonds from becoming "arbitrage bonds."

The Trustee agrees, upon receipt of any Opinion of Bond Counsel which sets forth such requirements, to comply with any statute, regulation or ruling that may apply to it as Trustee hereunder and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Bonds.

The foregoing covenants of this Section 607 shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to Article X of this Indenture or any other provision of this Indenture, until the final maturity date of all Bonds Outstanding and payment thereof.

Section 608. Certain Information and Opinions to be Provided to the Authority and the Borrower. Each Opinion of Bond Counsel required to be addressed and delivered to the Trustee under any provision of this Indenture shall also be addressed and delivered to the Authority and the Borrower.

Section 609. Continuing Disclosure. The Borrower has covenanted and agreed in the Loan Agreement and the Continuing Disclosure Agreement to undertake all responsibilities for compliance with any continuing disclosure requirements under Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The Authority acknowledges and agrees that the Authority is not an "obligated person" (as that term is defined under the Rule) and therefore the Authority shall have no liability to the Owners of the Bonds or any other Person with respect to such disclosure matters. Neither the Authority nor the Trustee has any duty to enforce the continuing disclosure obligations of the Borrower under the Rule as provided under the Continuing Disclosure Agreement; however, the Authority, the Trustee or any Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower to comply with its obligations under the Rule. Notwithstanding any other provision of this Indenture or the Loan Agreement, failure of the Borrower to comply

with its continuing disclosure obligations under the Continuing Disclosure Agreement shall not be an Event of Default hereunder.

ARTICLE VII DEFAULT AND REMEDIES

Section 701. Events of Default. The term "Event of Default," wherever used in this Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable; or

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon redemption, by acceleration or otherwise); or

(c) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Indenture or any agreement supplemental hereto (other than a default which constitutes an Event of Default under Section 701(d) below), and such default shall continue for 60 days or such further time as may be granted in writing by the Trustee after receipt by the Authority of a written notice from the Trustee specifying such default and requiring the same to be remedied; *provided, however*, that if such performance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 60-day period or other period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Authority shall commence such performance within such period and shall diligently and continuously prosecute the same to completion; or

(d) any Event of Default under the Loan Agreement shall occur and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the Borrower under the provisions of this Section, the Authority hereby grants the Borrower full authority for the account of the Authority to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts in order to remedy such default.

Section 702. Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, the Trustee may, and if requested in writing by the Owners of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Authority and the Borrower, declare the principal of all Bonds Outstanding and the interest

accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in this Article, the Owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Authority, the Borrower and the Trustee, rescind and annul such declaration and its consequences if:

(a) there is deposited with the Trustee a sum sufficient to pay:

- i. all overdue installments of interest on all Bonds,
- ii. the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds,
- iii. interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and
- iv. all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(b) all Events of Default hereunder or under the Loan Agreement (other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration) have been cured or have been duly waived as provided in Section 710 of this Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 703. Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any Event of Default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Authority as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Security or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the Owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in Section 801, the Trustee shall be obligated to exercise one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the Owners.

(c) *Enforcement Without Possession of Bonds.* All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust.

(d) *Restoration of Positions.* If the Trustee or any Owner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner, then and in every case the Authority, the Borrower, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the Owners shall continue as though no such proceeding had been instituted.

Section 704. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Authority or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Authority for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same.

When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any

federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 705. Limitation on Suits by Bondowners. No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under this Indenture;

(c) such Owner or Owners have offered to the Trustee indemnity as provided in Article VIII against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Owners of Bonds, or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal benefit of all Owners of the outstanding Bonds, and all moneys recovered as a result of any such enforcement action by the Owners shall be paid over to the Trustee and applied in accordance with the provisions of Section 707 hereof.

Section 706. Control of Proceedings by Bondowners. Subject to the provisions of Section 705 hereof, the Owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default,

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Trustee's security interest in the Security, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture, *provided that*:

- i. such direction shall be in writing and shall not be in conflict with any rule of law or this Indenture,
- ii. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and
- iii. the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction.

Section 707. Application of Moneys Collected. Amounts received by the Trustee with respect to the Bonds shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To equal and ratable payment of all outstanding fees of and other amounts due the Trustee (including but not limited to attorney's fees, costs and expenses) and then all fees and expenses incurred by the Authority in connection with the collection of such moneys, including but not limited to Attorneys' Fees;

(b) **Second:** To the payment of any Rebate Amounts required to be paid to the United States of America;

(c) **Third:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due;

(d) **Fourth:** To the payment of any other amounts owing by the Borrower to the Authority hereunder or under the Loan Agreement, including but not limited to any amounts owing to Bond Counsel or a financial advisor;

(e) **Fifth:** To the payment of the remainder, if any, to the Borrower or to whomever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

The Trustee under this Indenture and any paying agent therefor shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by the Trustee or such paying agent, unless and until the Trustee or such paying agent, as the case may be, shall have received written notice thereof from the Borrower.

Section 708. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 709. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners, as the case may be.

Section 710. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Borrower, the Trustee and the Authority, on behalf of the Owners of all the Bonds waive any Event of Default hereunder and its consequences, except an Event of Default:

(a) arising under Section 701(a) or (b) hereof, which may only be waived by the Owners of 100% in principal amount of the Bonds in respect of which such Event of Default exists;

(b) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected; and

(c) an Event of Default arising hereunder as a result of the occurrence of an Event of Default under Section 7.01(h) of the Loan Agreement, which may only be waived by the Authority (or the Trustee as to the Trustee's fees and expenses) as provided in the Loan Agreement.

Upon any such waiver, such Event of Default shall cease to exist and shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other Event of Default or impair any right or remedy consequent thereon.

Section 711. Advances by Trustee. If the Borrower shall fail to make any payment or perform any of its covenants in the Loan Agreement, the Trustee may, at any time and from time to time, use and apply any moneys held by it under this Indenture, other than the Rebate Fund and any cash or investment securities held by the Trustee for defeasance of the Bonds pursuant to Section 1001 hereof or for payment of Bonds previously redeemed, or make advances, to effect payment or performance of any such covenant on behalf of the Borrower. All moneys so used or advanced by the Trustee, together with interest at the Trustee's (or the Trustee's affiliated bank's) announced prime rate per annum, shall be repaid by the Borrower upon demand and such advances shall be secured under this Indenture prior to the Bonds. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it under this Indenture, other than the Rebate Fund and any cash or investment securities held by the Trustee for defeasance of the Bonds pursuant to Section 1001 hereof or for payment of Bonds previously redeemed, but no such use of moneys or advance shall relieve the Borrower from any default hereunder.

Section 712. Limitation of the Authority's Liability. No agreements or provisions contained herein nor any agreement, covenant or undertaking by the Authority contained in any document executed by the Authority in connection with the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Authority or a charge against its general credit, or shall obligate the Authority financially in any way, except with respect to the funds available hereunder and their application as provided herein. No failure of the Authority to comply with any term, covenant or agreement herein or in any document executed by the Authority in connection with the Transaction Documents, shall subject the Authority to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the funds available hereunder. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Authority for any failure to comply with any term, condition, covenant or agreement herein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Authority except as may be payable from the funds available hereunder.

ARTICLE VIII THE TRUSTEE AND PAYING AGENTS

Section 801. Acceptance of the Trusts.

The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform such trusts, but only upon and subject to the following express terms and conditions:

(a) Subject to clause (h) below, the Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, shall undertake to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in such exercise, as a prudent trustee would exercise or use under similar circumstances in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed, and shall be entitled to advice of its counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for the Authority) approved by the Trustee in the exercise of reasonable care under the circumstances. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for the validity of the execution by the Authority of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or secured hereby.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder or the proceeds thereof. The Trustee may become an owner of Bonds secured hereby with the same rights which it would have if not the Trustee.

(e) The Trustee shall conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper document or electronic transmission believed to be genuine and correct and to have been signed or sent by the proper person or persons, if signed or sent, in the case of the Authority, by the Chairman, Vice Chairman or by any other officer of the Authority and in the case of the Borrower, by the Borrower Representative. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making

such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking action or doing or not doing anything as such Trustee or as to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceedings, the Trustee shall be entitled to rely conclusively upon a certificate signed by an authorized officer of the Authority or the Borrower Representative, as sufficient evidence of the facts therein contained, and prior to the occurrence of a Default of which the Trustee has been notified as provided in clause (h) below, or of which by such Section it is deemed to have notice shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, at its discretion, secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Chairman or Secretary of the Authority under its seal to the effect that a resolution in the form therein set forth has been adopted by the Authority, as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Borrower to cause to be made any of the payments to the Trustee required to be made by Article IV hereof, unless the Trustee shall be specifically notified in writing of such Event of Default by the Borrower or by the Owners of at least 5% in principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to the Trustee to the address listed in Section 1101, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(i) At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Authority or the Borrower pertaining to the Security and the Bonds, and to take such memoranda from and in regard thereto as may be reasonably desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the such trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, in respect of the authentication of any Bonds, the withdrawal of any cash, or the taking of any action

whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand the delivery of any showings, certificates, opinions or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Trustee to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) The Trustee shall not be required to expend or risk its own funds other than in the normal course of performing its duties hereunder and the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(m) All money received by the Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which it was received, but need not be segregated from other funds except to the extent required by law.

(n) Any action required to be taken by the Trustee under this Indenture on a day that is not a Business Day shall be taken on the next succeeding Business Day.

(o) The duties and obligations of the Trustee shall be determined solely by the express provisions hereof.

(p) The Trustee shall have no duty or responsibility to independently verify any of the calculations required by the Rebate Analyst hereunder and shall be fully protected in relying solely upon the written instructions of the Rebate Analyst in this regard. Under no circumstances whatsoever shall the Trustee be liable to the Authority, any Bondholder or any other person for any loss of tax exempt status of the Bonds, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with the written instructions received by the Trustee pursuant to this Indenture or written instructions from Bond Counsel.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices

in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

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

Section 802. Fees, Charges and Expenses of the Trustee and Paying Agents.

The Trustee and any Paying Agent shall be entitled to payment and reimbursement for fees, costs and expenses solely from money available therefor as specified in Section 4.03 of the Loan Agreement. Upon an Event of Default described in Section 701(a) or (b) hereof, and only upon such an Event of Default, the Trustee and each Paying Agent shall have a parity lien on the Security with right of payment prior to payment on account of principal of and interest on any Bond for the foregoing fees, charges and expenses incurred by it, respectively.

Section 803. Notice to Bondholders if Default Occurs.

If an Event of Default occurs of which the Trustee is by Section 801(h) hereof required to take notice, or if notice of Event of Default be given as provided in Section 801(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the last known Holders of all Bonds then Outstanding.

Section 804. Intervention by Trustee.

In any judicial proceeding concerning the issuance or the payment of the Bonds to which the Authority is party, the Trustee may intervene on behalf of the Bondholders and shall do so, subject to the provisions of Section 801(l) hereof if requested in writing by the Holders of at least 25% in the principal amount of the Bonds then Outstanding.

Section 805. Successor Trustee.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, or any successor Trustee appointed in accordance with this Indenture, *ipso facto* shall be and become successor Trustee hereunder and vested with all of the title to all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 806. Resignation by Trustee.

The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days written notice by registered or certified mail to the Authority and the Borrower and by first class mail (postage prepaid) to the Owners of each Bond, and such resignation shall take effect upon the appointment of a successor Trustee by the Owners of the Bonds or the Authority, at the direction of the Borrower (as provided in Section 808 herein). If no successor Trustee has been appointed by the Owners of Bonds or the Authority, at the direction of the Borrower, (as provided in Section 808 herein) by the expiration of such 30-day period, the Trustee may, in its discretion, appoint a successor Trustee meeting the qualifications set forth in Section 808 herein, until a successor or temporary Trustee has been appointed pursuant thereto. The Trustee shall not be relieved of its duties hereunder until a successor has accepted such duties. The Trustee shall have the right to petition a court of competent jurisdiction for the appointment of a permanent successor trustee if none has been appointed within such 30-day period. The successor Trustee shall notify the Rating Service of its appointment as successor trustee for the Bonds.

Section 807. Removal of Trustee.

The Trustee may be removed at any time upon thirty (30) days' notice by the Authority, at the direction of the Borrower, by an instrument in writing delivered to the Trustee and to the Bondholders; *provided, however*, that the Borrower shall not direct any such removal if there exists an Event of Default of the Borrower under the Loan Agreement. The Trustee shall not be relieved of its duties hereunder until a successor Trustee has accepted such duties.

Section 808. Appointment of Successor Trustee by the Bondholders; Temporary Trustee.

In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, become insolvent or bankrupt, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, and the Authority shall not appoint a successor Trustee within 30 days after such event, a successor, may be appointed by the Owners of a majority in principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized and a copy of which shall be delivered personally or sent by registered mail to the Authority and the Borrower. Nevertheless, in case of such vacancy, the Authority, at the direction of the Borrower, shall appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners in the manner above provided; and any such temporary Trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such Owners. Notice of the appointment of a successor Trustee shall be given in the same manner as provided in Section 806 hereof with respect to the resignation of the Trustee. Written notice of such appointment shall also be given to the Rating Service. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing and subject to examination by a federal or State authority, having approximately \$75,000,000 in capital and undivided profits surplus.

Section 809. Concerning any Successor Trustee.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority (with a copy to the Borrower) an instrument in writing accepting such appointment hereunder and certifying that it is eligible to act as successor Trustee hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessors shall, nevertheless, on the written request of the Authority, at the direction of the Borrower, or of their successors, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and money held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be

vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority, at the direction of the Borrower. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where this Indenture or notice hereof shall have been filed or recorded.

Section 810. Designation and Succession of Paying Agent.

(a) The Trustee is hereby appointed as Paying Agent. Any bank or trust company with which or into which any Paying Agent may be merged or consolidated, or to which the paying agent business of such Paying Agent, as a whole or substantially as a whole, may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Indenture. If the position of Paying Agent shall become vacant for any reason, the Authority shall, within 30 days thereafter, appoint a bank or trust company, or other entity located in the same city as such Paying Agent to fill such vacancy and, so long as there exists no Event of Default under the Loan Agreement, with the approval of the Borrower. Other Paying Agents or fiscal agents may be appointed pursuant to Article VIII hereof by the Authority and, so long as there exists no Event of Default under the Loan Agreement, with the approval of the Borrower, if in the Authority's sole discretion additional Paying Agents or fiscal agents are deemed advisable.

(b) The Paying Agent shall enjoy the same protection provisions in the performance of its duties hereunder as are specified in Section 801 hereof with respect to the Trustee insofar as such provisions may be applicable.

(c) Notice of the appointment of additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 808 hereof with respect to the appointment of a successor Trustee.

Section 811. Appointment of Co-Trustee.

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as the Trustee in such jurisdiction. It is recognized that, in case of litigation under this Indenture, in particular, in case of the enforcement thereof upon an Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction, it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate or Co-Trustee; *provided* that any Co-Trustee must have capital, surplus and undivided profits of at least \$50,000,000. The following provisions of this Section 811 are adopted to these ends:

(i) In the event that the Trustee appoints an additional institution as a separate or Co-Trustee, each and every remedy, power, right, claim, demand, cause

of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them. The responsibilities of the Co-Trustee under this Indenture shall be limited to exercising remedies as provided herein, and providing such assistance to the Trustee as may be necessary to carry out the duties of the Trustee and Co-Trustee hereunder.

(ii) Should any instrument in writing from the Authority be required by a separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority, at the direction of the Borrower. In case any separate or Co-Trustee, or a successor to either, shall cease to exist, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

Section 812. Trustee Not Liable for Failure of Others to Act.

The Trustee shall not be liable or responsible because of the failure of the Authority, or any of its agents, or any other party to make any collections or deposits or to perform any act herein required of the Authority or such other parties hereunder or because of the loss of any moneys arising through the insolvency or the act or default or omission of any other depository in which such moneys shall have been deposited in accordance with this Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Indenture. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

None of the provisions of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that (a) the Trustee shall not be liable for any error of judgment reasonably consistent with the prudent man standard set forth in Section 801(a) hereof made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts on which such judgment is based; and (b) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority of the Bonds pursuant to Section 706 hereof, relating to the time, method and place of conducting any proceedings to be taken by the

Trustee in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver hereunder.

**ARTICLE IX
SUPPLEMENTAL INDENTURES**

Section 901. Supplemental Indentures and Amendments to Loan Agreement without Consent of Bondowners. Without the consent of the Owners of any Bonds, the Authority and the Trustee (in the case of a Supplemental Indenture) or the Authority, the Trustee (as assignee of the Authority's rights under the Loan Agreement) and the Borrower (in the case of an amendment to the Loan Agreement) may from time to time enter into one or more Supplemental Indentures or amendments to the Loan Agreement for any of the following purposes:

(a) to correct or amplify the description of the 2015 Project or any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property; or

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the issue, authentication and delivery of Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed, or to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the Loan, as set forth in the Loan Agreement, additional conditions, limitations and restrictions thereafter to be observed; or

(c) to evidence the appointment of a separate trustee or the succession of a new Trustee under this Indenture, or (subject to compliance with the conditions set forth in Section 6.10 of the Loan Agreement) to evidence the succession of another corporation to the Participation Institution and the assumption by any such successor of the covenants of the Participation Institution herein contained; or

(d) to add to the covenants of the Borrower under the Loan Agreement or to the rights, powers and remedies of the Trustee for the benefit of the Owners of all Bonds or to surrender any right or power herein conferred upon the Authority or conferred upon the Borrower under the Loan Agreement; or

(e) to cure any ambiguity, to correct or supplement any provision in this Indenture or in the Loan Agreement which may be inconsistent with any other provision herein or in the Loan Agreement, or to make any other change, with respect to matters or questions arising under this Indenture or the Loan Agreement which shall not be inconsistent with the provisions of this Indenture and the Loan Agreement, provided such action shall not materially adversely affect the interests of the Owners of the Bonds; or

(f) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States;

provided that:

(i) no such amendment or modification of, or supplement to, this Indenture that affects any rights or obligations of the Borrower shall be effective without the prior written consent of the Borrower;

(ii) no such amendment or modification of, or supplement to, this Indenture or the Loan Agreement that affects any rights or obligations of the Trustee shall be effective without the prior written consent of the Trustee; and

Any Rating Service rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution by the Trustee.

Section 902. Supplemental Indentures and Amendments to Loan Agreement with Consent of Bondowners. With the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected thereby, the Authority and the Trustee may enter into one or more Supplemental Indentures or the Authority, the Trustee (as assignee of the Authority's rights under the Loan Agreement) and the Borrower may amend the Loan Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or the Loan Agreement or of modifying in any manner the rights of the Owners of the Bonds under this Indenture; *provided, however,* that without the consent of the Owner of each Outstanding Bond affected thereby, no such Supplemental Indenture or amendment of the Loan Agreement shall:

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Indenture or amendment to the Loan Agreement, or the consent of whose Owners is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

(c) modify the obligation of the Authority to make payment on or provide funds for the payment of any Bond; or

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(e) modify any of the provisions of this Section 902 or Section 710, except to increase any percentage of Owners of Bonds provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Security or terminate the lien of this Indenture on any property at any time subject hereto or deprive the Owner of any Bond of the security afforded by the lien of this Indenture;

provided that:

(i) no such amendment or modification of, or supplement to, this Indenture that affects any rights or obligations of the Borrower shall be effective without the prior written consent of the Borrower; and

(ii) no such amendment or modification of, or supplement to, this Indenture or the Loan Agreement that affects any rights or obligations of the Trustee shall be effective without the prior written consent of the Trustee.

Any Rating Service rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of execution by the Trustee.

It shall not be necessary for the required percentage of Owners of Bonds under this Section 902 to approve the particular form of any proposed Supplemental Indenture or amendment to the Loan Agreement, but it shall be sufficient if the Owners of Bonds approve the substance thereof.

Section 903. Execution of Supplemental Indentures or Amendment to Loan Agreement. In executing, or accepting the additional trusts created by, any Supplemental Indenture or amendment to the Loan Agreement permitted by this Article IX or the modification thereby of the trusts created by this Indenture, the Trustee and the Authority shall receive, and, subject to Section 801, shall be fully protected in conclusively relying upon, an Opinion of Bond Counsel addressed and delivered to the Trustee and the Authority stating that the execution of such Supplemental Indenture or amendment to the Loan Agreement is authorized or permitted by the Act and this Indenture, and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Bonds. The Trustee may, but shall not, except to the extent required in the case of any Supplemental Indenture entered into under Section 901(f), be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures or Amendment to Loan Agreement.

Upon the execution by the Trustee of any Supplemental Indenture or amendment to the Loan Agreement under this Article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Reference in Bonds to Supplemental Indentures. Bonds authenticated and delivered after the execution by the Trustee of any Supplemental Indenture pursuant to this Article may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the Authority shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Authority, to any such Supplemental Indenture may be prepared and executed by the Authority and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

Section 906. Manner of Obtaining Owners' Consent to Amendments; Failure to Object Deemed Consent. If at any time the Authority and the Borrower shall request the consent of the Trustee to any such proposed amendment of the Loan Agreement or this Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment to be given by first-class mail to the Owners of the Outstanding Bonds affected thereby at the addresses shown on the registration books maintained by the Trustee. Such notice shall briefly set forth the nature of such proposed amendment, shall state that copies of the instrument embodying the same are on file at the designated office of the Trustee for inspection during the normal business hours of the Trustee by all Owners of the Outstanding Bonds and shall expressly state that the failure of the requisite number of Owners of the Outstanding Bonds to protest or object in writing as provided below shall constitute consent.

If within 60 days following the giving of such notice or such longer period as shall be prescribed by the Trustee (but in no event longer than 120 days), the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds affected by such amendment shall have consented to and approved, or been deemed to have consented to and approved, the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the Borrower or the Authority from executing the same or from taking any action pursuant to the provisions thereof. The Owners of not less than a majority of the aggregate principal amount of the Outstanding Bonds affected by any such amendment shall be deemed to have consented to and approved the adoption of such amendments if the Trustee does not receive letters of protest or objection thereto signed by or on behalf of the Owners of not less than a majority of the aggregate principal amount of the Outstanding Bonds affected by such amendment on or before 3:30 p.m. New York time at the designated corporate trust office of the Trustee on the 60th day after the giving of the foregoing notice.

**ARTICLE X
SATISFACTION AND DISCHARGE**

Section 1001. Payment, Discharge and Defeasance of Bonds. Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the Authority shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); *provided* that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above; *provided* that in the case of such a defeasance made in whole or in part with Defeasance Obligations (as opposed to such a defeasance accomplished entirely with cash) the Borrower shall be required to provide to the Trustee and the Authority a verification report, addressed to the Trustee and the Authority, in form and substance satisfactory to the Trustee and prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee.

The foregoing notwithstanding, the right of the Owners of the Bonds to receive payment of the Bonds shall continue, but the Owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section 1001 in connection with a partial defeasance of all Bonds then Outstanding shall not be a part of the Security but shall constitute a separate trust fund for the benefit of the Owners of the defeased Bonds entitled thereto.

All moneys and Defeasance Obligations deposited with the Trustee for defeasance purposes pursuant to this Section 1001 shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Owners of the defeased Bonds entitled thereto, of the principal (and premium, if any) and interest.

Notwithstanding the foregoing, only cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing) shall be used to effect defeasance of the Bonds. In the event anything other than cash is used to defease the Bonds, the Authority shall cause to be delivered a verification report of an independent nationally recognized certified public accountant.

Section 1002. Rights Retained After Discharge; Unclaimed Moneys. Notwithstanding the satisfaction and discharge of this Indenture, the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein.

Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for 4 years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, shall be repaid by the Trustee to the State pursuant to applicable escheat laws of the State, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the State (and not to the Authority, the Trustee or the Borrower) for the payment of such Bonds; *provided, however*, that before being required to make any such payment to the State the Trustee shall, at the expense of the Borrower, cause to be mailed, postage prepaid, to each Owner of any unpaid Bonds at his address, if any, appearing upon the registry books of the Authority which are maintained by the bond registrar, a notice that said moneys remain unclaimed and that after a date named in said notice, which date shall be not less than 30 days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the State.

ARTICLE XI NOTICES, CONSENTS AND OTHER ACTS

Section 1101. Notices.

(a) *Notices and Notice Addresses.* Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Indenture to be made, given or furnished to or filed with the following Persons, if the same shall be delivered in person or duly mailed by first class mail, postage prepaid, at the following addresses, or if transmitted by Electronic Means:

(i) To the Authority:

Volusia County Educational Facilities Authority
501 Beville Road
Daytona Beach, Florida 32119
Attention: Executive Director

With a copy to:

Landis Graham French, P.A.
145 East Rich Avenue, Suite C
DeLand, Florida 32724
Attention: Edwin Channing Coolidge, Jr.

(ii) To the Trustee at:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust

(iii) To the Borrower at:

Stetson University, Inc.
1st Floor, Elizabeth Hall
421 N. Woodland Blvd.
DeLand, Florida 32723
Attention: Chief Financial Officer

(iv) To the Bondowners:

At the addresses of the Owners as shown on the bond register maintained by the Trustee under this Indenture; or, so long as the Bonds are subject to the Book-Entry, such notice shall be given to

the Securities Depository for distribution to the Beneficial Owners in accordance with the applicable Book-Entry procedures.

(v) To Rating Service at:

[Moody's Investor Service, Inc.
7 World Trade Center at 250 Greenwich Street
Public Finance Group – 23rd Floor
New York, New York 10007
Attention: MSPG Surveillance Team

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041]

(b) *Notices by Mail to Owners; Certain Waivers of Notice Requirement.* If notice to Owners is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Owner shall affect the sufficiency of such notice with respect to other Owners. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(c) *Notice of Supplemental Indenture or Loan Agreement Amendment.* The Trustee shall, prior to the execution and delivery of any Supplemental Indenture or consenting to any amendment to the Loan Agreement, cause notice of the proposed execution and delivery of such Supplemental Indenture or Supplemental Loan Agreement together with a copy of the proposed Supplemental Indenture or Supplemental Loan Agreement to be given to any rating service then maintaining a rating on the Bonds at least 15 days prior to the proposed date of execution and delivery of such Supplemental Indenture or Supplemental Loan Agreement. The Trustee shall also give notice to each rating service then maintaining a rating on the Bonds if:

- (i) the Trustee resigns or is removed, or a new Trustee or Co-Trustee is appointed;
- (ii) there is a call for the redemption of all Bonds;
- (iii) all of the Bonds are paid or defeased in accordance with the provisions of this Indenture;
- (iv) an event of default occurs or the Trustee waives any event of default or acceleration under this Indenture;
- (v) any amendment is made to any of the other Transaction Documents;

(vi) the giving of notice of a mandatory purchase or a redemption of Bonds in whole or in part, or a payment of all principal, interest and premium, if any, on the Bonds; or

(vii) appointment of a successor Paying Agent.

Section 1102. Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by Owners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such Owners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Authority or the Borrower. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds (other than the assignment of ownership of a Bond), shall be sufficient for any purpose of this Indenture and conclusive in favor of the Authority and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, pledged Bonds, other bonds of the Borrower or Bonds owned by the Authority or the Borrower or any affiliate of the Authority or the Borrower shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of

every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1103. Form and Contents of Documents Delivered to Trustee. Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Authority stating that the information with respect to such factual matters is in the possession of the Authority, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Authority shall deliver any document as a condition of the granting of such application, or as evidence of the Authority's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Authority to have such application granted or to the sufficiency of such certificate or report.

ARTICLE XII MISCELLANEOUS PROVISIONS

Section 1201. No Personal Liability; No Recourse. No member, officer, agent, employee or attorney of the Authority, including any person executing this Indenture or the Bonds, will be liable personally on the Bonds or for any reason relating to the issuance of the Bonds, this Indenture, the Loan Agreement or the transactions contemplated hereby. No recourse will be had for the payment of the principal of or the interest on the Bonds, or for any claim based on such Bonds, or otherwise in respect of such Bonds, or based on or in respect of this Indenture or any indenture supplemental to this Indenture, against any member, officer,

employee or agent or attorneys, as such, of the Authority or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Indenture and as part of the consideration for the issuance of the Bonds, expressly waived and released.

Section 1202. General Provisions Relating to Authority and Trustee.

(a) *Payment of Bonds and Performance of Covenants.* The Authority shall, but only out of the Security specifically pledged to particular Bonds, promptly pay the principal of, premium (if any) and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds. The Authority shall promptly perform and observe all other covenants, undertakings and obligations set forth in this Indenture, the Bonds and in the Loan Agreement.

(b) *Enforcement of the Loan Agreement and Other Rights of the Authority.* The Trustee may enforce against the Borrower or any person any rights of the Authority or obligations of the Borrower under or arising from the Bonds, the Security, this Indenture, or the Loan Agreement, whether or not the Authority is in default hereunder or under the Bonds, but the Trustee shall not be deemed to have thereby assumed the obligations of the Authority under the Loan Agreement or this Indenture. The Authority shall fully cooperate with the Trustee in the enforcement by the Trustee of any such rights.

At the request of the Trustee and upon provision for reasonable indemnification to the Authority by the Borrower or the Owners of the Bonds, the Authority shall cooperate in any effort of the Trustee on behalf of the Authority to enforce the Loan Agreement, the Security and this Indenture.

Notwithstanding the foregoing, the Authority shall at all times retain the right to exercise and enforce the Reserved Rights on its own behalf and on behalf of the Authority's Agents.

(c) *No Personal Liability.* The Authority's Agents, including any person executing this Indenture or the Bonds, shall not be liable personally on the Bonds or subject to any personal liability for any reason relating to the issuance of the Bonds or the performance of any obligations under or with respect to the Loan Agreement or this Indenture.

Section 1203. Benefit of Indenture. This Indenture shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. This Indenture shall inure to the benefit of the Authority's Agents and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Indenture, nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder and the Owners of Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1204. Severability. If any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1205. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 1206. Governing Law; Venue. This Indenture shall be construed under the laws of the State, without regard to conflict of law principles. The parties hereby agree that the courts of the State in Volusia County, Florida, shall have exclusive jurisdiction over any claim, action, suit or proceeding (collectively, a "Claim") brought by or against the Authority under this Indenture or the Loan Agreement or in any way relating to the Bonds, the Loan or the transactions contemplated hereby (except when the location of any tangible collateral constituting a part of the Security requires that the Claim be brought in a court of the State other than one located in Volusia County, Florida, in which event such other court of the State shall have exclusive jurisdiction over such Claim); *provided* that if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively in the United States District Court for the Middle District of Florida. In no event shall this Section 1206 be construed as a waiver by the State of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States of America or otherwise, from any Claim or from the jurisdiction of any court. In no event shall this Section 1206 be construed as a waiver by the Authority as special district of the County of Volusia of the State of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity from any Claim or from the jurisdiction of any court. Each party hereby consents to the exclusive *in personam* jurisdiction of such courts and waives any and all objections it might have thereto.

Section 1207. No Limitations on Actions of Authority In Exercise of its Governmental Powers. Nothing in the Loan Agreement or this Indenture is intended, nor shall it be construed, to in any way limit the actions of the Authority in the exercise of its corporate powers. It is the express intention of the parties hereto that the Authority shall retain the full right and ability to exercise its corporate powers with respect to the Borrower, the 2015 Project, the Trustee, the Owners and the transactions contemplated by the Loan Agreement and this Indenture to the same extent as if it were not a party to the Loan Agreement, this Indenture or the transactions contemplated thereby, and in no event shall the Authority have any liability in contract arising under the Loan Agreement or this Indenture by virtue of any exercise of its governmental powers.

*[This space intentionally left blank.
The signatures, the Bond Form Appendix and Exhibits appear on the pages that follow.]*

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Trust Indenture to be duly executed by their duly authorized officers, all as of the day and year first above written.

**VOLUSIA COUNTY EDUCATIONAL
FACILITIES AUTHORITY**

(SEAL)

By: _____
Sara Caldwell
Chairman

ATTEST:

By: _____
Disston Moore
Executive Director

[This space intentionally left blank. The Trustee's signature, the Bond Form Appendix and Exhibits appear on the pages that follow.]

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Lori-Ann Soriano
Vice President

APPENDIX A TO TRUST INDENTURE

DEFINITIONS

S-2

[Trust Indenture]

C-30

"**2015 Project**" means the projects identified as such in Exhibit A to the Loan Agreement which were financed with proceeds of the Refunded Bonds.

"**20[--] Term Bonds**" shall have the meaning assigned thereto in Section 301(b)(i) of the Indenture.

"**20[--] Term Bonds**" shall have the meaning assigned thereto in Section 301(b)(ii) of the Indenture.

"**Affiliate**" means of a particular Person means, at any time, (a) any other Person directly or indirectly Controlling, Controlled by, or under common Control with, such Person and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of securities having ordinary voting power for the election of directors or other members of the governing body of a corporation or other Person, or 10% or more of any partnership or other ownership interests having ordinary voting power for the election of directors or other members of the governing body of a corporation or any other Person.

"**Amortization Installments**" means the Amortization Installments set forth in Section 301(b) of the Indenture.

"**Annual Debt Service Requirement**" means the sum of interest expense on an accrued basis plus current maturities of Long-Term Indebtedness for the applicable period; provided, for purposes of computing maximum Annual Debt Service Requirements, (i) principal shall be based on stated principal amortization schedules included in the instruments for such Long-Term Indebtedness, without regard to tender or put rights, (ii) portions of indebtedness representing balloon principal payments (whether by maturity, mandatory redemption or mandatory purchase) of 25% or more of the original principal amount of such Long-Term Indebtedness, shall be assumed to have stated principal amortizations for such balloon portion based on a level amortization for a period of up to 20 years following such scheduled balloon date, and (iii) interest rate swaps and hedges may be identified by the Borrower as to Indebtedness and netted against identified interest payments; provided, however, with respect to the Series 2019 Bonds the original principal amount shall be assumed to have level annual debt service payments from the date of original issue of the Series 2019 Bonds through the maturity date of December 1, 2059. For purposes of clarity, the foregoing provision regarding balloon principal payments is only for purposes of computing maximum Annual Debt Service Requirements in connection with financial covenants and financial covenant-based tests, and for purposes of actual payments to be made by the Borrower under the Loan Agreement, such provision shall not be construed to affect the requirement of the Borrower to make payments in accordance with the actual documented amortization of any such Indebtedness.

"**Attorneys' Fees**" means, with respect to any Person, the reasonable attorneys' fees, costs and expenses incurred by such Person in connection with:

(1) the performance of its obligations, or the enforcement of its rights, under the Indenture, the Loan Agreement, or any other document, instrument or agreement pertaining to the Bonds or the transactions contemplated by the Indenture or the Loan Agreement;

(2) the defense or prosecution of any pending or threatened proceeding brought under or in connection with the Indenture, the Loan Agreement, or any other document, instrument or agreement pertaining to the Bonds or the transactions contemplated by the Indenture or the Loan Agreement;

(3) the negotiation or settlement of any claim or dispute arising under, or the interpretation or amendment of any provision of, or advice as to a Person's rights or obligations under, the Indenture, the Loan Agreement, or any other document, instrument or agreement pertaining to the Bonds or the transactions contemplated by the Indenture or the Loan Agreement;

in each case, whether incurred at trial, in any administrative, arbitration or mediation proceeding, on appeal, or otherwise, including for all purposes any reasonable fees and expenses of:

(a) any outside counsel, including (in the case of the Authority) Bond Counsel, and

(b) any in-house counsel, including (in the case of the Authority) special disclosure counsel appointed to represent the Authority.

"**Authority**" means the Volusia County Educational Facilities Authority as the Issuer of the Bonds.

"**Authority's Agents**" means any appointed official, director, member, officer, employee, representative, attorney or agent of the Authority.

"**Beneficial Owners**" means, whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant pursuant to the arrangements for Book-Entry System of ownership, registration and transfer applicable to the Securities Depository.

"**Bond**" or "**Bonds**" means the \$[_____] Volusia County Educational Facilities Authority Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025, issued, authenticated, and delivered pursuant to Section 203 of the Indenture.

"**Bond Counsel**" shall mean the attorney or firm of attorneys serving as the Borrower's bond counsel with respect to the Bonds at the time in question; as of the date of issuance and delivery of the Bonds, the bond counsel is Bryant Miller Olive P.A. or such other firm or attorney or attorneys acceptable to the Borrower and the Authority.

"**Bond Year**" shall mean the one year period that ends at the close of business on the day in the calendar year that is selected by the Authority (with the approval of the Borrower and designated in writing to the Trustee). The first and last Bond Years may be short periods.

"**Bondholder**" or "**holder**" or "**Owner**" or "**Bondowner**" (when used with reference to Bonds) means the registered owner of any Bond as shown by the registration books maintained by the Trustee.

"**Book-Entry System**" means that system whereby the clearance and settlement of securities transactions is made through electronic book-entry changes, thereby eliminating the need for physical movement of securities.

"**Borrower**" means Stetson University, Inc., a Florida not for profit corporation.

"**Borrower Representative**" means the President or Chief Financial Officer of the Borrower, and such other person or persons at the time designated to act on behalf of the Borrower in matters relating to the Indenture and the Loan Agreement as evidenced by a written certificate furnished to the Authority and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Borrower by its President or Vice President for Business and Finance.

"**Business Day**" means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the designated corporate trust office or designated payment office of the Trustee or any Paying Agent is located are required or authorized by law or regulation to remain closed or (c) a day on which the New York Stock Exchange is closed.

"**Closing Date**" means [___] [___], 2025, the date of initial issuance and delivery of, and payment for, the Bonds.

"**Computation Date**" means "computation date" as such phrase is used in Regulations § 1.148-3(e) pursuant to Section 148(f) of the Code (or any successor thereto) for calculating the Rebate Amount with respect to any series of the Bonds.

"**Computation Period**" means the period elected by the Borrower in accordance with and pursuant to the Regulations promulgated pursuant to Section 148(f) of the Code (or any successor thereto) for calculating the Rebate Amount with respect to the Bonds.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement dated [___] [___], 2025 between the Borrower and The Bank of New York Mellon Trust Company, N.A. (the "Dissemination Agent") for the benefit of the Owners, under which the Borrower will provide continuing disclosure with respect to the Bonds.

"**Control**" means in relation to any Person, (a) the power to (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of such Person, (ii) appoint or remove all, or the majority, of the board of directors or other

equivalent officers of such Person, or (iii) give directions with respect to the operating and financial policies of such Person which the directors or other equivalent officers of such Person are obliged to comply with, or (b) the holding of more than one-half of the issued and voting capital of such Person (excluding any part of that capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); *provided* that "Controlling" and "Controlled" have corresponding meanings.

"**Costs of Issuance**" means issuance costs with respect to the Bonds described in Section 147(g) of the Internal Revenue Code and any regulations thereunder, including but not limited to the following:

(A) underwriters' spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);

(B) counsel fees (including Bond Counsel, underwriters' counsel, disclosure counsel, Authority's counsel, Borrower's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);

(C) rating agency fees;

(D) trustee, escrow agent and paying agent fees;

(E) accountant fees and other expenses related to issuance of the Bonds;

(F) printing costs (for the Bonds and of the Official Statement relating to the Bonds); and

(G) the Authority's issuance fee and expenses incurred in connection with the issuance of the Bonds.

"**Costs of Issuance Fund**" means the fund by that name created by Section 401(c) of the Indenture.

"**County of Volusia**" means the County of Volusia, a political subdivision of the State.

"**Debt Service Coverage Ratio**" means Income Available for Debt Service divided by the Annual Debt Service Requirement.

"**Debt Service Fund**" means the fund by that name created by Section 401(a) of the Indenture.

"**Defaulted Interest**" shall have the meaning assigned thereto in Section 202 of the Indenture.

"Defeasance Obligations" means Government Obligations which are not subject to redemption prior to maturity.

"DeLand Campus" means the campus of the Borrower located in DeLand, Florida.

"Dissemination Agent" means The Bank of New York Mellon Trust Company, N.A.

"Electronic Means" means the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as escrow agent under the Escrow Deposit Agreement.

"Escrow Deposit Agreement" means the Escrow Deposit Agreement dated [] 1, 2025, between the Borrower and the Escrow Agent.

"Event of Default" means: (1) when used with respect to the Indenture, those events of default specified in Section 701 of the Indenture; and (2) when used with respect to the Loan Agreement, those events of default specified in Section 7.01 of the Loan Agreement.

"Financing Leases" means any sales-type lease or direct financing lease of real or personal property that constitutes indebtedness in accordance with GAAP.

"Fiscal Year" with respect to the Borrower means, July 1 through the following June 30.

"Fitch" means Fitch Ratings, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, "Fitch" shall be deemed to refer to any other nationally recognized securities rating service designated by the Borrower, with notice to the Authority and the Trustee.

"Fund" means any fund or account (howsoever designated) established under the Indenture.

"Generally Accepted Accounting Principles" or **"GAAP"** shall mean those accounting principles, as in effect from time to time, applicable in the preparation of financial statements of institutions of higher education as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board, which are applicable to the circumstances as of the date of determination.

"General Limitations" means those general limitations on Borrower action or failure to act specified in Article VI of the Loan Agreement, together with the Tax Covenants of the Borrower, sometimes referenced as a condition to a particular Borrower action, but applicable to any action by the Borrower under the Loan Agreement.

"Government Obligations" means the following:

(1) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and

(2) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"Gulfport Campus" means the campus of the Borrower located in Gulfport, Florida.

"Historical Pro Forma Debt Service Coverage Ratio" means, with respect to existing and proposed Long-Term Indebtedness for any Fiscal Year, the ratio of the Income Available for Debt Service of the Borrower for such Fiscal Year to the maximum Annual Debt Service Requirement with respect to such existing and proposed Long-Term Indebtedness as if such proposed Long-Term Indebtedness had been outstanding during such entire Fiscal Year.

"Income Available for Debt Service" means, for each Fiscal Year (a) change in net assets from operating activities without donor restrictions, plus (b) interest expense, plus (c) depreciation and amortization expense.

"Indebtedness" means, without duplication, as to any Person, (a) indebtedness created, issued or incurred by such Person for borrowed money (whether by loan or the issuance or sale of debt securities) whether or not recourse is limited to specific assets of such Person; (b) obligations of such Person to pay the deferred purchase or acquisition price of property or services, other than trade accounts payable arising in the ordinary course of business so long as such trade accounts payable are not for borrowed money and are paid within sixty (60) days of the date the respective goods are delivered or the respective services are rendered (except for any such trade account payable being contested in good faith); (c) indebtedness of another secured by a lien of such property of such Person, whether or not the indebtedness so secured has been assumed by such person; (d) all indebtedness of another guaranteed by such Person, directly or indirectly, whether through an agreement, contingent or otherwise, to purchase or repurchase such indebtedness; (e) reimbursement obligations of such Person in respect of letters of credit, acceptances or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (f) installment sales agreements and Financing Leases incurred or assumed by such Person as determined in accordance with GAAP; (g)

guaranties by such Person; (h) net liabilities of such Person under interest rate collar agreements, interest rate swap agreements, foreign currency exchange agreements, netting agreements and other hedging agreements or arrangements (calculated on a basis in accordance with accepted practice); and (j) accrued reserves for insurance (including self-insurance) and other liabilities. For avoidance of doubt, obligations arising from an Operating Lease are not considered Indebtedness.

"Interest Payment Date" means June 1 and December 1 of each year, commencing June 1, 2025.

"Indenture" means the Trust Indenture dated [____] 1, 2025, between the Authority and the Trustee, as from time to time amended or supplemented in accordance with its terms.

"Internal Revenue Code" or **"Code"** means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

"Lien" means, with respect to any asset or property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any type of preferential arrangement that has substantially the same practical effect as a security interest, in respect of such asset or property.

"Loan" means the loan of the proceeds of the Bonds made by the Authority to the Borrower pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated [____] 1, 2025, between the Authority and the Borrower, as from time to time amended by Supplemental Loan Agreements in accordance with the provisions of the Loan Agreement.

"Loan Payments" means the payments of principal and interest on the Loan referred to in Section 4.01 of the Loan Agreement.

"Long Term Indebtedness" means Indebtedness which is not Short-Term Indebtedness.

"Minimum Authorized Denominations" means denominations of \$5,000, or any integral multiple thereof.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, "Moody's" shall be deemed to refer to any other nationally recognized securities rating service designated by the Borrower, with notice to the Authority and the Trustee.

"Officer's Certificate" means a written certificate of the Borrower signed by the Borrower Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Borrower with respect to matters set forth therein.

"Official Statement" means the Official Statement dated [____] [____], 2025 describing the Bonds, the Borrower and its affairs, and related matters, and used in connection with the public offering of the Bonds conducted by the Original Purchaser.

"Operating Lease" means any lease relating to a Person's right to use the leased asset for the lease term that does not meet the criteria under GAAP to constitute a Financing Lease.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Opinion of Counsel" means a written opinion of any legal counsel acceptable to the Authority, Borrower and the Trustee.

"Original Purchaser" means Raymond James & Associates, Inc., being the representative of the underwriters that purchased the Bonds under the Purchase Agreement.

"Outstanding" means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in Section 207 of the Indenture;
- (2) Bonds for whose payment or redemption money or Defeasance Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in Section 1001 of the Indenture, *provided* that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (4) Bonds alleged to have been destroyed, lost or stolen as provided in Section 206 of the Indenture which have, in fact, been paid.

"Participants" means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

"Paying Agent" means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying

agent for any Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

"Permitted Encumbrance" means:

(a) any right reserved to any municipality or other public authority by the terms of any franchise, grant, license or provision of law affecting any property of the Borrower and any Lien on any property of the Borrower for taxes, assessments or other municipal charges so long as such charges are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such Lien is stayed);

(b) mechanics', materialmen's and similar Liens in connection with any property of the Borrower so long as any amounts secured by such Lien are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such Lien is stayed);

(c) any Lien on property received by the Borrower through a gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest (or the income therefrom), *provided* that any such Lien may not be extended, renewed or modified in any material way or applied to any additional property of the Borrower unless it would otherwise qualify as a Permitted Encumbrance;

(d) such ground leases, facility leases, space or service use agreements, cooperative activity agreements, easements, rights-of-way, servitudes, restrictions and other defects and Liens as are determined not to materially impair the use of the Borrower's facilities for their intended purposes or the value of such facilities;

(e) zoning laws and similar restrictions not violated by the property subject thereto;

(f) any judgment Lien against the Borrower so long as such judgment is being contested in good faith (including on appeal) and execution thereon is stayed;

(g) any security interest on monies contained in a Fund, or any similar fund established pursuant to a Supplemental Indenture or Supplemental Loan Agreement;

(h) Liens on monies deposited by students or others with the Borrower as security for or as prepayment for the cost of services to be provided by the Borrower;

(i) any Lien arising from deposits that enable the Borrower to maintain self-insurance programs, or to participate in any funds, privileges or benefits established to

cover insurance risks or in connection with retirement, social security, unemployment insurance, worker's compensation;

(j) amounts due to Persons pursuant to One-Life Gift Annuity Agreements heretofore and hereafter entered into by the Borrower and charitable donors of the Borrower;

(k) Liens incurred or assumed primarily for the acquisition or use of personal property and equipment under the terms of installment purchase contracts, loans secured by purchase money mortgages or security interests in the financed property, lease purchase agreements or capital leases of the financed property;

(l) any Lien in the form of a purchase money security interest or mortgage in property, the acquisition of which is financed with the proceeds of the Indebtedness secured thereby; and

(m) Liens in existence as of the date hereof, or arising hereafter, related to mortgages and any renewals, replacements and modifications thereof granted by the Borrower and encumbering lands or leaseholds presently or in the future owned by Borrower in order to finance development for commercial use.

"Permitted Investments" means:

(a) Government Obligations;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (1) *U.S. Export-Import Bank* (Eximbank) -Direct obligations or fully guaranteed certificates of beneficial ownership; (2) *Farmers Home Administration* - (FmHA) Certificates of beneficial ownership; (3) *Federal Financing Bank*; (4) *Federal Housing Administration Debentures* (FHA); (5) *General Services Administration* - Participation certificates; (6) *Government National Mortgage Association* (GNMA or "Ginnie Mae") - GNMA - guaranteed mortgage-backed bonds; GNMA - guaranteed pass-through obligations (not acceptable for certain cash-flow sensitive issues); (7) *U.S. Maritime Administration* - Guaranteed Title XI financing; (8) *U.S. Department of Housing and Urban Development* (HUD) - Project Notes; Local Authority Bonds; New Communities Debentures - U.S. government guaranteed debentures; U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds;

(c) Bonds, debentures, notes bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (1) Federal Home Loan Bank System; (2) Federal Home Loan

Mortgage Corporation (FHLMC or "Freddie Mac"); (3) Federal National Mortgage Association (FNMA or "Fannie Mae");

(d) bonds, notes or other obligations of any state of the United States or any political subdivision of any state, which at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(e) certificates of deposit or time or demand deposits constituting direct obligations of any bank, bank holding company, savings and loan association, trust company or other financial institution, including the Trustee or any of its affiliates, except that investments may be made only in certificates of deposit or time or demand deposits which are:

(1) Insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or any other similar United States Government deposit insurance program then in existence; or

(2) Continuously and fully secured by securities described in paragraph (a) above, which have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time or demand deposits; or

(3) Issued by a bank, bank holding company, savings and loan association, trust company or other financial institution whose outstanding unsecured long-term debt is rated at the time of issuance in either of the two highest rating categories by a nationally recognized rating service;

(f) repurchase agreements with providers whose rating or whose guarantor's ratings are at least A- by S&P and A3 by Moody's at the time the agreement is entered into, are secured by securities listed in (a), (b), (c) and (d) above, such securities have a market value of at least 104% of the principal on deposit for securities listed in (a) and 105% for all other securities, and the securities are transferred to the Borrower or an independent third party custodian holding the securities on behalf of the Borrower;

(g) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company, financial institution or other credit provider whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service;

(h) short term discount obligations of the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or any Federal Home Loan Bank; and

(i) money market mutual funds that are registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940 and that are rated in either of the two highest categories by a nationally recognized rating service, including those for which the Trustee or one of its affiliates acts as investment manager and receives compensation for that service.

"**Person**" means any natural person, firm, association, corporation, partnership, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"**Purchase Agreement**" means the Bond Purchase Agreement relating to the Bonds among the Authority, the Borrower and the Original Purchaser.

"**Rating Service**" means Fitch, if the Bonds are rated by Fitch at the time, Moody's, if the Bonds are rated by Moody's at the time, and S&P, if the Bonds are rated by S&P at the time, or any other nationally recognized securities rating service acceptable to the Authority, the Trustee and the Borrower that maintains a rating on the Bonds.

"**Rebate Amount**" means the excess of the future value, as of the date computed, of all actual or constructive receipts on:

(i) investments from moneys on deposit from time to time in the Funds, accounts and subaccounts established under the Indenture or otherwise with respect to any series of the Bonds; or

(ii) any other investment property, as that term is defined in Code section 148(b) and the regulations promulgated thereunder, allocated to any the Bonds and not acquired to carry out the governmental purpose of the Bonds, including any amounts in a commingled fund (the "**Nonpurpose Investments**");

over the future value, as of that date, of all actual or constructive payments on the Nonpurpose Investments; it being the intent of this definition that the Rebate Amount be determined in accordance with the requirements of Code section 148(f) and the regulations promulgated thereunder.

"**Rebate Analyst**" means a firm of independent certified public accountants or other firm or organization designated by the Borrower and reasonably acceptable to the Trustee, and qualified and experienced in the calculation of rebatable arbitrage under Section 148 of the Code and in compliance with the regulations promulgated under the Code, and then providing rebate calculation services.

"**Rebate Fund**" means the fund by that name created by Section 401 of the Indenture.

"Rebate Report" shall mean a report for each Calculation Period prepared by a Rebate Analyst calculating the Rebate Amount, all for the purpose of enabling the Authority to comply with the requirements of Section 148 of the Code (or any successor thereto).

"Refunded Bonds" means the Series 2015 Bonds refunded with the proceeds of the Bonds.

"Regular Record Date" means the close of business on either the May 15 or November 15 (whether or not a Business Day) immediately preceding the Interest Payment Date.

"Replacement Bonds" shall have the meaning assigned thereto in Section 208 of the Indenture.

"Reserved Approval Rights" means the rights of the Authority under the Indenture and the Loan Agreement to receive notices and, prior to an Event of Default under the Indenture or the Loan Agreement, to give approvals and consents and to make determinations.

"Reserved Indemnity Rights" means the rights of the Authority and the Authority's Agents to indemnification pursuant to the provisions of the Indenture and the Loan Agreement, including without limitation the indemnification rights under Sections 6.09(a),(b) of the Loan Agreement.

"Reserved Payment Rights" means the rights of the Authority, the Authority's Agents under the Indenture and the Loan Agreement to have the Borrower pay the fees and expenses incurred by the Authority and the Authority's Agents, in connection with the issuance and sale of the Bonds and the performance of the Authority's duties, and the exercise of the Authority's rights, under the Indenture and the Loan Agreement, including without limitation the collection of the annual fee of the Authority the obligations of the Borrower under Section 6.08 of the Loan Agreement.

"Reserved Rights" means, collectively, the Reserved Approval Rights, the Reserved Indemnity Rights and the Reserved Payment Rights.

"Responsible Officer" means, when used with respect to the Trustee, any vice president or other officer of the Trustee within the corporate trust office specified in Section 1101 of the Indenture (or any successor corporate trust office) and having direct responsibility for the administration of this Indenture.

"Revenues" shall mean for any period, (a) unrestricted and temporarily restricted operating revenues, plus (b) revenues from unrestricted and temporarily restricted non-operating activities; *provided, however*, no determination thereof shall take into account (i) any gain or loss resulting from the early extinguishment of indebtedness, (ii) the equity in the earnings or losses from investments in affiliates, (iii) any gains or losses resulting from the sale, exchange or other disposition of investments not in the ordinary course of business, (iv) any

gains or losses resulting from the sale, exchange or other disposition of property, plant and equipment, (v) gifts, grants, bequests or donations permanently restricted, and (vi) insurance (other than business interruption) and condemnation proceeds of the Borrower and its Affiliates.

"S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLC, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, S&P shall be deemed to refer to any other nationally recognized securities rating service designated by the Borrower, with notice to Authority and the Trustee.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"Security" shall have the meaning assigned thereto in Section 103 of the Indenture.

"Series 2015 Bonds" means the Authority's Educational Facilities Revenue Bonds (Stetson University Project, Inc.), Series 2015.

"Series 2019 Bonds" means the University's Taxable Revenue Bonds, Series 2019.

"Settlement Statement" means the closing memorandum prepared by the Original Purchaser and acknowledged by the Authority and the Borrower in connection with the issuance of the Bonds.

"Short-Term Indebtedness" means Indebtedness which has an original term or maturity of less than or equal to one year and which is not renewable by the debtor for a term greater than one year beyond the date of original issuance.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on such Bond pursuant to Section 202 of the Indenture.

"State" means the State of Florida.

"Supplemental Indenture" means any indenture supplemental or amendatory to the Indenture entered into by the Authority and the Trustee pursuant to Article IX of the Indenture.

"Supplemental Loan Agreement" means any agreement supplemental or amendatory to the Loan Agreement entered into by the Authority and the Borrower pursuant to Article IX of the Indenture.

"Tax Certificate" means the certificate of the Borrower relating to the issuance of the Bonds dated as of the date of issuance of the Bonds and setting forth certain of the Borrower's representations, warranties and covenants regarding the Project and the use of the Bond

proceeds, all for the purpose of demonstrating and evidencing compliance with the requirements of the Code and the Regulations governing the federal tax-exempt status of the interest on the Bonds, together with the corresponding certificate of the Authority executed and delivered in reliance on the representations and warranties made by the Borrower in the aforementioned certificate of the Borrower.

"**Tax Covenants**" shall mean the covenants of the Authority and the Borrower to effect the Authority's and the Borrower's compliance with the Code to ensure the initial and continued exclusion from gross income for federal income tax purposes of the interest on such Bonds.

"**Tax-Exempt Obligation**" means any Bond or other evidence of indebtedness, the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code.

"**Tax-Exempt Organization**" means a nonprofit organization, organized under the laws of the United States of America or any state thereof, that is an organization described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, or corresponding provisions of federal income tax laws from time to time in effect.

"**Term Bonds**" shall have the meaning assigned thereto in Section 301(b)(ii) of the Indenture.

"**Transaction Documents**" means the Indenture, the Bonds, the Bond Purchase Agreement, the Loan Agreement, the Official Statement, the Tax Certificate, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; *provided, however*, that when the term "**Transaction Documents**" is used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

"**Trustee**" means The Bank of New York Mellon Trust Company, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

LOAN AGREEMENT

between the

VOLUSIA COUNTY EDUCATIONAL
FACILITIES AUTHORITY,
as Authority

and

STETSON UNIVERSITY, INC.,
as Borrower

Relating to the
Issuance of

\$_[]
Educational Facilities Revenue Refunding Bonds
(Stetson University, Inc. Project)
Series 2025

Dated [] 1, 2025

The interest (subject to certain specified exclusions) of the Authority in this Loan Agreement has been assigned to The Bank of New York Mellon Trust Company, N.A., not in its individual capacity but solely as Trustee (the "Trustee") under a Trust Indenture dated [] 1, 2025, between the Authority and the Trustee.

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION	2
Section 1.01 Terms Defined in Indenture	2
Section 1.02 Rules of Construction	2
ARTICLE II REPRESENTATIONS	3
Section 2.01 Representations by the Authority	3
Section 2.02 Representations by the Borrower.....	3
Section 2.03 Survival of Representations.....	6
ARTICLE III THE LOAN.....	6
Section 3.01 Loan of Funds to the Borrower	6
Section 3.02 Use of Proceeds	7
ARTICLE IV PAYMENT PROVISIONS	7
Section 4.01 Loan Payments	7
Section 4.02 Credits on Loan Payments.....	8
Section 4.03 Additional Payments.....	9
Section 4.04 Prepayment of the Loan.....	10
Section 4.05 Obligations Absolute and Unconditional.....	10
Section 4.06 Assignment of Authority's Rights	11
ARTICLE V SECURITY INTEREST IN FUNDS.....	11
Section 5.01 The Security.....	11
ARTICLE VI GENERAL COVENANTS AND FINANCIAL COVENANTS	12
Section 6.01 Corporate Existence and Tax-Exempt Status	12
Section 6.02 Maintenance and Use of Property	12
Section 6.03 Compliance with Laws and Regulations.....	13
Section 6.04 Payment of Taxes and Other Charges.....	13
Section 6.05 Liens and Encumbrances.....	13
Section 6.06 Licenses and Permits	14
Section 6.07 Insurance.....	14
Section 6.08 Authority Fees and Expenses.....	14
Section 6.09 Indemnification of the Authority and the Trustee	14
Section 6.10 Consolidation, Merger, Conveyance or Transfer of Property	15
Section 6.11 Tax Covenants	17
Section 6.12 Assignment By the Borrower	18
Section 6.13 Statement as to Compliance	18
Section 6.14 Financial Statements and Other Information.....	18
Section 6.15 Lease or Management of Project.....	19
Section 6.16 Continuing Disclosure	20

**TABLE OF CONTENTS
CONTINUED**

		PAGE
Section 6.17	Cost of Issuance.....	20
Section 6.18	Restrictions as to Incurrence of Additional Indebtedness.....	20
ARTICLE VII DEFAULT AND REMEDIES	22	
Section 7.01	Events of Default.....	22
Section 7.02	Acceleration of Maturity; Rescission and Annulment	24
Section 7.03	Exercise of Remedies; Restoration of Positions	24
Section 7.04	Application of Moneys Collected.....	25
Section 7.05	Rights and Remedies Cumulative	25
Section 7.06	Delay or Omission Not Waiver	26
Section 7.07	Waiver of Past Defaults	26
Section 7.08	Advances by Trustee.....	26
ARTICLE VIII SUPPLEMENTAL LOAN AGREEMENTS	27	
Section 8.01	Supplements to Loan Agreement Governed by the Indenture	27
Section 8.02	Effect of Supplemental Loan Agreements	27
Section 8.03	Reference in Bonds to Supplemental Loan Agreements	27
ARTICLE IX TERM AND TERMINATION OF LOAN AGREEMENT	27	
Section 9.01	Term and Termination; Survival of Certain Obligations	27
ARTICLE X MISCELLANEOUS PROVISIONS	28	
Section 10.01	Covenants under Transaction Documents	28
Section 10.02	Further Assurances.....	28
Section 10.03	Payments Due on Saturdays, Sundays and Holidays	28
Section 10.04	Notices.....	28
Section 10.05	Limitation of Authority's Liability	28
Section 10.06	No Violations of Law.....	30
Section 10.07	Benefit of Loan Agreement.....	30
Section 10.08	Severability.....	30
Section 10.09	Counterparts.....	30
Section 10.10	Borrower Bound by Indenture.....	30
Section 10.11	Captions and Table of Contents.....	30
Section 10.12	Applicable Law; Venue	31
Section 10.13	No Limitations on Actions of Authority In Exercise of its Governmental Powers	31
Exhibit A	2015 Project	

LOAN AGREEMENT

This Loan Agreement (this "Loan Agreement") is made and entered into as of [____] 1, 2025, by and between the VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY (the "Authority"), a body corporate and politic, duly created and existing under the laws of the State of Florida (the "State") and STETSON UNIVERSITY, INC., a Florida not-for-profit corporation (the "Borrower").

RECITALS

WHEREAS, the Authority is empowered pursuant to Chapter 243, Florida (the "Act") Statutes and other applicable provisions of law, to issue its bonds for the purpose of, among other things, assisting institutions of higher education in constructing, financing and refinancing projects as defined in the Act, throughout the state; and

WHEREAS, the Authority previously issued its Educational Facilities Revenue Bonds (Stetson University, Inc. Project) Series 2015 (the "2015 Bonds") the proceeds of which were loaned to the Borrower for the purpose of financing, refinancing or reimbursing the costs of construction and equipping of certain educational facilities owned and operated by the Borrower as described in Exhibit A to this Loan Agreement, as hereinafter defined (the "2015 Project"); and

WHEREAS, the Authority will issue its Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025 (the "Bonds") for the purposes of refinancing the obligations of the Borrower with respect to and, thereby refunding all or a portion of the 2015 Bonds; and

WHEREAS, it has been determined that the amount necessary to refinance the costs of the 2015 Project, including necessary expenses incidental to the issuance of the Bonds, will require the issuance, sale, and delivery of Bonds in the aggregate principal amount of \$[____], as hereinafter provided; and

WHEREAS, in order to satisfy the requirements of Section 147(f) of the Code, on February 13, 2025, the Authority held a public hearing regarding the proposed issuance of the Bonds and the refinancing of the 2015 Project, located in DeLand, Florida, which date was at least 7 days following the posting of notice of such public hearing on the website of Volusia County, Florida and on February 18, 2025, the City Council of the City of Gulfport, Florida held a public hearing regarding the proposed issuance of the Bonds and the refinancing of the 2015 Project located in Gulfport, Florida, which date was at least 7 days following the posting of notice of such public hearing on the website of the City of Gulfport, Florida which public hearings were conducted in a manner that provided a reasonable opportunity for persons with differing views to be heard, both orally and in writing, on the issuance of the Bonds and the location and nature of the 2015 Project; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements set forth herein, the Authority and the Borrower hereby agree as follows:

**ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION**

Section 1.01 Terms Defined in Indenture. All terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Definitions Appendix to the Indenture.

Section 1.02 Rules of Construction. For all purposes of this Loan Agreement, except as otherwise provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Loan Agreement:

- (a) All terms defined in the Definitions Appendix to the Indenture and used herein include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein or in the Indenture shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.
- (c) All references herein to "generally accepted accounting principles" refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.
- (d) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be the designated Articles, Sections and other subdivisions of this Loan Agreement.
- (e) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.
- (f) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.
- (g) Whenever an item or items are listed after the word "including," such listing is not intended to be a listing that excludes items not listed.
- (h) All references made (i) in any gender shall be deemed to have been made in all genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

**ARTICLE II
REPRESENTATIONS**

Section 2.01 **Representations by the Authority.** The Authority represents and warrants to the Borrower and the Trustee as follows:

(a) The Authority has found that the refinancing of the 2015 Project through issuance of the Bonds will promote the public purposes of the Act.

(b) The Authority has duly taken all action required by the Act to authorize, execute and deliver this Loan Agreement and to issue the Bonds and make the Loan. Nothing in this Loan Agreement shall be construed as requiring the Authority to provide any financing for the 2015 Project other than the proceeds of the Bonds or to provide sufficient moneys for all of the cost of financing the 2015 Project.

(c) The Authority makes no warranty, either express or implied as to the 2015 Project or the condition thereof, or that the 2015 Project refinanced with the 2015 Bonds has been or will be suitable for the purposes or needs of the Borrower. The Authority makes no representation or warranty, express or implied that the Borrower will have quiet and peaceful possession of the 2015 Project. The Authority makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the 2015 Project or its suitability for the Borrower's purposes.

(d) No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or in any certificate or other instrument to be executed on behalf of the Authority in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member, officer, employee or agent of the Authority executing the Transaction Documents or any certificate or other instrument to be executed in connection with the issuance of the Bonds and no member, officer, employee, or agent of the Authority shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

Section 2.02 **Representations by the Borrower.** The Borrower represents and warrants to the Authority and the Trustee as follows:

(a) The Borrower is a not-for-profit corporation duly incorporated under the laws of the State, is in good standing and duly authorized to conduct its business in the State, and has the power and authority to construct, own and operate the 2015 Project, undertake the Loan and enter into and perform all of its obligations hereunder and under the Indenture.

(b) The Borrower is duly authorized and licensed to operate its facilities under the laws, rulings, regulations and ordinances of the State and the departments, agencies, and political subdivisions thereof and under all other applicable provisions of law. The Borrower has obtained all approvals of the State and other federal, regional and local governmental

bodies which are necessary for the construction and operation of the 2015 Project. The Borrower's property is in compliance in all material respects with applicable federal, state and local zoning, subdivision, environmental, land use and other laws, rules, regulations, codes and ordinances which are material to the construction of the 2015 Project and to the operation thereof.

(c) All corporate action on its part necessary for the valid execution and delivery of this Loan Agreement has been duly and effectively taken; and this Loan Agreement is the legal, valid and binding obligation of the Borrower, subject to the qualification that the enforcement of such obligation may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights and by the availability of equitable remedies or the application of principles of equitable subordination.

(d) The execution and delivery by the Borrower of this Loan Agreement and the other agreements contemplated hereby and by the Official Statement related to the Bonds and the approval by the Borrower of the Indenture and compliance with the provisions thereof will not conflict in any material respect with or result in a material breach of any of the terms, conditions or provisions of, or constitute a material default under, the articles of incorporation or bylaws of the Borrower or any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease or instrument by which the Borrower or its property is or may be bound.

(e) There does not exist any corporate restriction or any agreement or instrument to which the Borrower is now a party or by which it or any of its property is bound, which would prevent the execution and delivery of this Loan Agreement, the consummation and fulfillment thereof or result in the creation or imposition of any Lien upon the 2015 Project (other than a Permitted Encumbrance), or permit any party to seek injunctive relief as to the execution, delivery, consummation or fulfillment of the terms of any of the foregoing.

(f) Except as specifically described in the Official Statement related to the Bonds, no litigation, proceedings or investigations are pending or, to the knowledge of the Borrower, threatened against the Borrower seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of any Official Statement related to the Bonds and this Loan Agreement by the Borrower, or which would in any manner challenge or adversely affect the corporate existence or powers of the Borrower to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the Borrower of the terms and provisions of this Loan Agreement.

(g) Any Official Statement and the certification delivered by the Borrower to the Authority and the Trustee pursuant to the Purchase Agreement, or otherwise, as a condition to the issuance of the Bonds, and the representations and warranties contained in this Loan Agreement do not contain any untrue statement of a fact relating to the Borrower material to a purchaser of a Bond. The statements, facts and information presented in any Official Statement for the Bonds do not omit any fact which materially adversely affects or, so far as the Borrower

can now foresee, will materially adversely affect the status of the Borrower as a tax-exempt organization under Section 501(c)(3) of the Code, its ability to own and operate its properties or its ability to make the payments under this Loan Agreement when and as the same become due and payable.

(h) Except as otherwise noted in the Tax Certificate, the Borrower is currently occupying and operating the 2015 Project for educational purposes and intends to occupy the 2015 Project, or cause the 2015 Project to be occupied, and to operate the 2015 Project for educational purposes at all times during the term of this Loan Agreement, and does not know of any reason why the 2015 Project will not be so used by it in the absence of supervening circumstance not now anticipated by it or beyond its control. Except as otherwise noted in the Tax Certificate, the Borrower enjoys the peaceable and undisturbed possession of all premises material to its operations and the operations of the 2015 Project.

(i) The Borrower is a corporation organized and operated exclusively for charitable purposes, not for pecuniary profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual. Except as described in the Tax Certificate, the proceeds of the Bonds will not be used by any person not a "501(c)(3) organization" within the meaning of Section 150 of the Code, nor will the Bond proceeds be used by a "501(c)(3) organization" in an "unrelated trade or business" within the meaning of Section 513(a) of the Code. The proceeds of the Bonds will not be used by any person or entity not described in Section 3(a)(4) of the Securities Act of 1933. The Borrower is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and has received a letter of determination from the Internal Revenue Service regarding its status as such an organization; said letter of determination has not been modified, limited or revoked; the facts and circumstances that form the basis of such letter of determination as represented to the Internal Revenue Service continue substantially to exist; the construction, ownership and operation of the 2015 Project by the Borrower are activities which are substantially the same as those described in and represented to the Internal Revenue Service in the Borrower's application for such determination letter and upon which such determination letter was based and such activities do not and will not constitute a trade or business which could give rise to unrelated business income subject to tax pursuant to Section 511 of the Code; and the Borrower is exempt from federal income taxes under Section 501(a) of the Code in connection with all activities undertaken by it. The Borrower does further covenant, warrant and represent that: (i) no portion of the proceeds of the Bonds will be used, directly or indirectly, to provide any of the following: any airplane, skybox or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises; and (ii) the Borrower is not primarily engaged in religious or sectarian activities and the 2015 Project will not include any facility used or to be used for sectarian instruction or as a place of religious worship or any facility which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(j) Each of the components comprising a portion of the 2015 Project constitutes a "project" within the meaning of the Act.

Section 2.03 Survival of Representations. All representations of the Authority and the Borrower contained in this Loan Agreement or in any certificate or other instrument delivered by the Authority and the Borrower pursuant to this Loan Agreement, the Indenture, or any other Transaction Document, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations.

ARTICLE III THE LOAN

Section 3.01 Loan of Funds to the Borrower. Upon issuance and delivery of the Bonds, the net proceeds derived by the Authority from the sale thereof shall be applied to make the Loan to the Borrower by remitting the net sale proceeds for application as provided in the Section 402 of the Indenture. The Borrower shall receive such Loan from the Authority, for the purposes and upon the terms and conditions provided in this Loan Agreement and in the Indenture. The obligations of the Authority and the Borrower under this Loan Agreement with respect to the Loan are expressly conditioned upon delivery of the Bonds.

The Loan shall be deemed to have been made in full to the Borrower immediately upon the remittance of the net proceeds derived from the issuance and sale of the Bonds pursuant to Section 402 of the Indenture as aforesaid, whereupon all net proceeds so remitted shall become and remain the property of the Borrower as a result of the Loan having been so made, and the Authority shall have no further right, title or interest therein (other than the security interest granted therein by the Borrower to the Authority pursuant to this Loan Agreement).

With the approval of the Borrower (which approval shall be evidenced by the execution of the Purchase Agreement by the Borrower), the Bonds may be sold by the Authority at a discount from or premium to their principal amount (including an underwriter's discount and an original issue discount or original issue premium) and, in such event, the amount of such discounts or premiums shall be deemed to have been loaned to the Borrower and the portion of any such discount or premium which constitutes the underwriter's discount or premium, as applicable, shall constitute proceeds of such Bonds applied to Costs of Issuance incurred in connection with such Bonds. The accrued interest, if any, received by the Authority upon the initial sale of the Bonds shall be deposited into the Debt Service Fund and shall be applied to the first interest payment due on such Bonds, with a corresponding credit in the Loan Payments otherwise due.

The Loan shall be deemed to be made in a principal amount equal to the original aggregate principal amount of the Bonds, notwithstanding the fact that the net sale proceeds derived from the issuance and sale of the Bonds is different from such original aggregate principal amount of the Bonds.

The outstanding principal balance of a Loan shall bear interest at the same rate(s) of interest *per annum* as borne by the outstanding principal balance of the Bonds and shall mature on the same dates and in the same principal amounts as such Bonds. The Bonds mature at the times and in the principal amounts, bear interest at the rates of interest *per annum* payable at the times, are subject to optional and mandatory redemption prior to maturity, and have such other terms and conditions, all as set forth in the Indenture and the Bond Form Appendix thereto.

Section 3.02 Use of Proceeds The proceeds of the Bonds loaned to the Borrower shall be deposited with the Borrower as set forth in Section 402(a) of the Indenture and shall be disbursed and applied by the Borrower for the purposes and in the manner as provided in the Indenture and in this Loan Agreement. Prior to expenditure by the Borrower the proceeds of Bonds deposited with Borrower shall be invested solely in Permitted Investments.

The Borrower agrees to comply with all of the provisions set forth in the Indenture with respect to the construction or rehabilitation of the 2015 Project and to perform all obligations of the Borrower set out in the Indenture.

ARTICLE IV PAYMENT PROVISIONS

Section 4.01 Loan Payments. The Borrower shall make the following payments on the Loan ("**Loan Payments**") to provide for the payment of the interest on and principal of, and redemption premium, if any, on the Bonds, directly to the Trustee, as assignee of the Authority's rights under this Loan Agreement, for deposit in the Debt Service Fund, on the following dates, and otherwise as set out below:

(a) *Debt Service Fund - Interest:* On or before 10:00 a.m., New York City time, on the day that is three (3) Business Days prior to each Interest Payment Date of the Bonds, an amount which is not less than the interest to become due on such Interest Payment Date; *provided, however,* that the Borrower may be entitled to certain credits on such payments as permitted under Section 4.02 of this Loan Agreement.

(b) *Debt Service Fund - Principal:* On or before 10:00 a.m., New York City time, on the day that is three (3) Business Days prior to each principal payment date of the Bonds or Amortization Installment due on a payment date, an amount which is not less than the principal due on the Bonds on such principal payment date or Amortization Installment due on a payment date; *provided, however,* that the Borrower may be entitled to certain credits on such payments as permitted under Section 4.02 of this Loan Agreement.

(c) *Debt Service Fund - Redemption:* On or before 10:00 a.m., New York City time, on each date required by this Loan Agreement or the Indenture, the amount required to redeem Bonds then Outstanding if the Borrower exercises its right to redeem Bonds under any provision of the Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture.

Notwithstanding the foregoing or any schedule of payments upon the Loan set forth in this Loan Agreement or anything else expressed or implied herein or in the Indenture to the contrary, the Borrower shall make payments upon the Loan and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon the Bonds from time to time Outstanding under the Indenture. If, at any date upon which any amounts owing on the Bonds are due and payable (whether by reason of the stated due date thereof, call for redemption, or otherwise), the balance in the Debt Service Account, together with other amounts then held by the Trustee and available for the purpose, is not sufficient to pay such total amount due on the Bonds on such date, the Borrower shall pay to the Trustee, on or before such date, Loan Payments under this Loan Agreement equal to the amount of such deficiency.

Unpaid Loan Payments shall bear interest at the applicable rate of interest on the Bonds. Any interest charged and collected on an unpaid Loan Payment shall be deposited to the credit of the Debt Service Fund and applied to pay interest on overdue amounts in accordance with the Indenture.

Section 4.02 Credits on Loan Payments. Notwithstanding anything expressed or implied herein or in the Indenture to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment of Loan Payments from other sources:

(a) any moneys deposited by the Trustee or the Borrower in the Debt Service Fund as interest (including moneys received as accrued interest from the sale of the Bonds and any initial deposit representing capitalized interest made from the proceeds of the sale of the Bonds) shall be credited against the obligation of the Borrower to pay interest on the Loan as the same becomes due;

(b) any moneys deposited by the Trustee or the Borrower in the Debt Service Fund as principal shall be credited against the obligation of the Borrower to pay the principal of the Loan as the same becomes due in the order of maturity thereof, except that prepayments for purposes of making an optional deposit into the Debt Service Fund for the redemption of Bonds shall be applied to the principal of the Loan corresponding to the Bonds to be redeemed or purchased, delivered and cancelled from the proceeds of such optional deposit;

(c) the principal amount of Bonds of any maturity purchased by the Borrower and delivered to the Trustee for cancellation, or purchased by the Trustee and cancelled, shall be credited against the obligation of the Borrower to pay principal on the Loan related to such Bonds so purchased; *provided, however,* that the purchase of a Bond of one maturity may not be credited against a payment which would be used, in the normal course, to retire a Bond of another maturity; and

(d) the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be

credited against the obligation of the Borrower to pay interest or principal, as the case may be, as the same become due;

provided, however, that the Borrower shall not receive a credit for any such amounts on deposit in the Debt Service Fund that are being held by the Trustee for payment of any amounts owing under any Bonds which have theretofore matured or been redeemed.

Section 4.03 Additional Payments. The Borrower shall make the following additional payments to the following Persons:

(a) *Trustee, Paying Agent, and Professional Fees.* The Borrower shall pay to the Trustee and any Paying Agent, authenticating agents, registrars, counsel, accountants and other Persons when due, all reasonable fees, charges and expenses of such Persons for services rendered under the Indenture and under any of the Transaction Documents and reasonable costs and expenses incurred in the performance of such services under the Indenture and any of the Transaction Documents for which such Persons are entitled to payment or reimbursement.

(b) *Advances By Trustee.* The Borrower shall pay to the Trustee the amount of all advances of funds made by the Trustee under Section 7.08 of this Loan Agreement or Section 711 of the Indenture, with interest thereon at the prime rate announced from time to time by the Trustee or the Trustee's affiliated bank.

(c) *Costs of Enforcement.* In the event the Borrower defaults under any of the provisions of this Loan Agreement and the Trustee employs attorneys or incurs other costs or expenses for the collection of required payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Loan Agreement, the Borrower on demand therefor shall pay to the Trustee the reasonable fees, costs and expenses of such attorneys and such other reasonable costs and expenses so incurred by the Trustee. The Borrower also shall pay and shall indemnify the Authority and the Trustee from and against, all costs, expenses and charges, including reasonable counsel fees, costs and expenses, incurred for the collection of payments due or for the enforcement or performance or observance of any covenant or agreement of the Borrower under this Loan Agreement, the Indenture or any other Transaction Document.

(d) *Taxes and Assessments.* The Borrower also covenants and agrees, at its expense, to pay all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including property and other taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding any taxes based upon the capital and/or income of the Trustee or any other Person other than the Borrower; *provided, however*, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Borrower's expense, to protest and contest any such taxes or assessments assessed or levied

upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest, or contest would materially adversely affect the rights or interests of the Authority or the Trustee.

(e) *Other Amounts Payable.* The Borrower shall pay to the Person or Persons entitled thereto, any other amounts which the Borrower has agreed to pay under this Loan Agreement or which the Borrower is required to pay under the Indenture including those amounts due to the Authority pursuant to section 6.08 hereof.

Section 4.04 Prepayment of the Loan. The Borrower shall have and is granted the option to prepay from time to time the amounts payable under this Loan Agreement in sums sufficient to redeem or to pay or cause to be paid all or part of the Bonds in accordance with the provisions of the Indenture. Upon written notice and direction by the Borrower to the Trustee to redeem Bonds subject to optional redemption under the Indenture, the Trustee shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds, as may be specified by the Borrower, on the date established for such redemption. Whenever any Bonds shall have been called for optional redemption under any provision of the Indenture, the Borrower shall deposit with the Trustee moneys in such amounts required and at such times to redeem such Bonds, including the principal, redemption premium, if any, and accrued interest thereon to the redemption date. The Borrower further agrees that, in accordance with and as set forth in Section 7.02 hereof, in the event the payment of principal of and interest on the Loan is accelerated upon the occurrence of an Event of Default under this Loan Agreement, all Loan Payments payable for the remainder of the term of this Loan Agreement shall be accelerated and prepayment shall be made on the Loan in such amounts. Any such prepayments shall be deposited in the Debt Service Fund and applied by the Trustee in accordance with the provisions of the Indenture. The Borrower may also prepay all or any portion of its indebtedness on the Loan by providing for the payment of all or any portion of the Bonds in accordance with Article X of the Indenture.

Section 4.05 Obligations Absolute and Unconditional. The obligations of the Borrower under this Loan Agreement are general obligations of the Borrower, and the full faith and credit of the Borrower is pledged to the payment of and all amounts due and payable by the Borrower under this Loan Agreement are *pari passu* with the Borrower's obligations with respect to the Bonds. The Borrower agrees to pay all such amounts due and payable under this Loan Agreement using any and all available resources of the Borrower, as necessary. The Borrower's obligations are absolute and unconditional, and the Borrower shall pay all Loan Payments and other payments due under this Loan Agreement and perform its obligations, covenants and agreements under this Loan Agreement, without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment, discrimination or defense or any right of termination or cancellation arising from any circumstances whatsoever, and regardless of the invalidity of any portion of this Loan Agreement, and, to the extent permitted by law, the Borrower waives the provisions of any statute or other law now or hereafter in effect contrary to

any of its obligations, covenants or agreements under this Loan Agreement or which releases or purports to release the Borrower therefrom.

Without limiting the generality of the foregoing, during the term of this Loan Agreement, the Borrower:

- (a) shall not suspend or discontinue its Loan Payments;
- (b) shall perform and observe all of its other obligations contained herein; and
- (c) except as explicitly permitted herein, shall not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, defect in title to any Project, failure to complete all or any portion of the 2015 Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction or damage to or condemnation of all or any portion of the 2015 Project, commercial frustration of purpose, any change in the tax or other law by the United States of America or the State or any political subdivision of either, or any failure of the Authority to perform and observe any obligation or condition arising out of or connected with this Loan Agreement.

The Borrower may, at its own cost and expense, prosecute or defend any action or proceedings or take any other action involving third persons, the Authority, or the Trustee, which the Borrower deems reasonably necessary in order to secure or protect its rights under this Loan Agreement, and in such event the Authority shall cooperate fully with the Borrower.

Section 4.06 Assignment of Authority's Rights. Under the Indenture, the Authority has pledged, assigned, transferred in trust and granted a security interest to the Trustee in all of the Authority's rights, title and interest under this Loan Agreement accruing to or vested in the Authority (except for Reserved Rights) as security for the Bonds and the payment and performance by the Borrower of its obligations under and with respect to this Loan Agreement, the Indenture and the Bonds, and such rights, title and interest may be exercised, protected and enforced for or on behalf of the Owners of the Bonds in conformity with this Loan Agreement and the Indenture. The Trustee is hereby given the right to enforce, as assignee of the Authority, the performance of the obligations of the Borrower under this Loan Agreement, and the Borrower hereby consents to the same and agrees that the Trustee may enforce such rights as provided in this Loan Agreement and in the Indenture. This Loan Agreement recognizes that the Trustee is a third-party creditor-beneficiary of this Loan Agreement.

**ARTICLE V
SECURITY INTEREST IN FUNDS**

Section 5.01 The Security.

(a) *Security Interest in Funds.* To secure its obligations under this Loan Agreement and under the Indenture including the obligation to pay all Loan Payments as and when they are due, the Borrower hereby grants to the Authority and the Trustee (in the case of the Trustee,

for the benefit of the Owners of the Bonds) a security interest pursuant to Article 8 or Article 9 of the Uniform Commercial Code, as applicable, in the moneys and investments at any time held in the Funds established with the Trustee under the Indenture, and any proceeds thereof and investment earnings thereon, to be perfected by control of such moneys by the Trustee (as the assignee of the Authority's rights and interests under this Loan Agreement) or the filing of a financing statement by the Borrower, as applicable; *provided* that, notwithstanding the foregoing or anything else expressed or implied herein or in the Indenture to the contrary, the security interest in the Rebate Fund (and any and all Accounts therein) granted by the Borrower to the Authority as aforesaid shall be held as security only for the payment of the Rebate Amounts that may be or become owing, and shall not serve as security for any other purpose.

(b) The security interest granted hereby shall be for the sole and exclusive benefit of the Owners of the Bonds issued under the Indenture and no other Person shall have an interest in the amounts held by the Trustee held under the Indenture.

(c) *Assignment by Authority.* The Borrower hereby acknowledges and agrees that, pursuant to the Indenture, the security interests granted to the Authority pursuant to Section 5.01(a) above (other than the security interest in the Rebate Fund) will be assigned by the Authority to the Trustee as security for the Bonds and for the benefit of the Owners of the Bonds, and that such security interest shall be held by the Trustee as part of the Security and be subject in all respects to the terms and conditions applicable to the Security as set forth in the Indenture. Notwithstanding anything expressed or implied herein or in the Indenture to the contrary, all moneys and investments held as part of the Rebate Fund, and the security interest in the Rebate Fund granted by the Borrower to the Authority under Section 5.01(a) above, shall be held solely as security for the payment when due of any Rebate Amounts that may be or become owing.

**ARTICLE VI
GENERAL COVENANTS AND FINANCIAL COVENANTS**

Section 6.01 Corporate Existence and Tax-Exempt Status. Except as otherwise expressly provided in this Loan Agreement, the Borrower shall (1) preserve and keep in full force and effect its existence as a not-for-profit corporation organized and existing under the laws of the State, (2) remain qualified to do business and conduct its affairs in each jurisdiction where ownership of its property or the conduct of its business or affairs requires such qualification, and (3) maintain its status as a Tax-Exempt Organization and an institution of higher education under the Act.

Section 6.02 Maintenance and Use of Property. The Borrower shall cause all of its property used or useful in the conduct of its business and operations to be maintained, preserved and kept in good repair and working order and condition (ordinary wear and tear excepted) and will make all repairs, renewals, replacements and improvements thereof necessary for the efficient and advantageous conduct of its business and operations, and shall, during the term of the Bonds, operate the 2015 Project as a "project" within the meaning of the

Act. Nothing in this Section 6.02 shall obligate the Borrower to preserve, repair, renew or replace any property no longer used or no longer useful in the conduct of its business, or prevent the Borrower from discontinuing the operation of any of its property or from removing or demolishing any building or buildings, if in its judgment (evidenced, in each case other than in the ordinary course of business, by a determination by its governing board) such action is desirable in the conduct of its business and not disadvantageous in any material respect to the Owners of the Bonds.

Subject to the provisions of this Article VI and the Act, the Borrower shall have the right to use its property for any purpose allowed by law and contemplated by the Act. Except as provided in this Loan Agreement, the Authority reserves no power or authority with respect to the operation of the property by the Borrower and activities incident thereto, it being the intention of the parties to this Loan Agreement that so long as the Borrower shall duly and faithfully observe and perform all of the terms, covenants, provisions and agreements of this Loan Agreement, the Borrower shall manage, administer and govern the property of the Borrower in its activities and affairs on a continuing day-to-day basis.

Section 6.03 Compliance with Laws and Regulations. The Borrower shall conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the several states thereof which are applicable to the Borrower, the 2015 Project, the Borrower's other properties and the conduct of the Borrower's business and operations, and to observe and conform to all valid orders, regulations or requirements of any governmental authority applicable to the conduct of its business and operations and the ownership of its property; *provided, however*, that nothing contained in this Loan Agreement shall require the Borrower to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof shall be contested by the Borrower in good faith by appropriate proceedings; and *provided, further*, that the Borrower shall have set aside on its books adequate reserves with respect to such contest and such contest shall not materially impair the ability of the Borrower to meet its obligations under this Loan Agreement.

Section 6.04 Payment of Taxes and Other Charges. The Borrower shall pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Borrower or its property or any part thereof or upon any income therefrom; *provided, however*, that the Borrower shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and the Borrower shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 6.05 Liens and Encumbrances. With respect to those Liens which are Permitted Encumbrances, the Borrower shall comply with all terms, covenants and provisions contained in any Lien existing upon its property or any part thereof or securing any of its indebtedness unless the validity, amount or collectability thereof is being contested in good faith

or the failure to comply or contest would not materially impair its ability to pay its indebtedness when due nor subject a material amount of the property of the Borrower to loss or forfeiture.

Section 6.06 Licenses and Permits. The Borrower shall procure and maintain all licenses and permits necessary or desirable in the operation of its business and facilities and will maintain accreditation of its programs and facilities by the appropriate accrediting bodies which the governing board of the Borrower determines are appropriate; *provided, however*, that the Borrower shall not be required to procure or maintain in effect any permit, license or accreditation that the Borrower determines in good faith, is not in the best interests of the Borrower and is no longer needed or desirable in the conduct of its business or the lack of which will not materially impair the ability of the Borrower to pay or perform its obligations under this Loan Agreement when due.

Section 6.07 Insurance. The Borrower shall maintain insurance coverage through reputable insurance companies, or through one or more self-insurance or other alternative risk management programs, and flood insurance if appropriate with respect to its property (including the 2015 Project) and operations, covering such risks that are of an insurable nature and of the character customarily insured against by organizations operating similar properties and engaged in similar operations, and in such amounts as, in its judgment, are adequate to protect the Borrower and its property and operations. The Borrower annually, within 180 days after the end of each fiscal year of the Borrower, will provide the Trustee with an Officer's Certificate on which the Trustee may conclusively rely, stating that such insurance required by this Section is in force and effect.

Section 6.08 Authority Fees and Expenses. The Borrower shall pay to or on behalf of the Authority, upon demand, all reasonable costs, fees and expenses incurred by it relating to the Bonds and not otherwise required hereunder to be paid by the Borrower, including but not limited to, the fees and costs of counsel to the Authority related to the issuance of the Bonds, the Authority audit fees and costs related to the Bond, and all actions taken by the Authority related to transactions, obligations, rights and duties of the Authority hereunder or under the Bond Indenture or incurred upon the written request of the Borrower. Such payments shall be made upon written annual requests by the Authority to the Borrower setting forth the amount of such reasonable expenses. The Borrower will not make any payment of the Borrower's share of such expenses if such payment would violate the provisions of the Tax Certificate.

Section 6.09 Indemnification of the Authority and the Trustee.

(a) *Indemnification Generally.* The Borrower shall and hereby agrees to indemnify and save the Authority and the Trustee and each of their respective officers, directors, members and employees harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of the 2015 Project during the term of this Loan Agreement, including without limitation, (i) any condition of the 2015 Project, (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under this Loan Agreement, (iii) any act or negligence of the Borrower or of any

of its agents, contractors, servants, employees or licensees or (iv) any act or negligence of any assignee or lessee of the Borrower, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Borrower. The Borrower shall indemnify and save the Authority and the Trustee and each of their respective officers, directors, members and employees harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Authority or the Trustee, the Borrower shall defend them or either of them in any such action or proceeding.

(b) *Indemnification of the Authority.* Notwithstanding the fact that it is the intention of the parties hereto that the Authority shall not incur any pecuniary liability by reason of the terms of this Loan Agreement or the undertakings required of the Authority hereunder, by reason of the issuance of the Bonds, by reason of the execution of the Indenture or by reason of the performance of any act requested of the Authority by the Borrower, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Authority should incur any such pecuniary liability, then in such event the Borrower shall indemnify and hold the Authority harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same or out of any offering statement or lack of offering statement in connection with the sale or resale of the Bonds and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Authority, the Borrower shall defend the Authority in any such action or proceeding. All references to the Authority in this Section 6.09 shall be deemed to include its board members, commissioners, directors, officers, employees, and agents.

Notwithstanding anything to the contrary contained herein, (including Section 6.09(a) and Section 6.09(b)), the Borrower shall have no liability to indemnify the Authority against claims or damages resulting from the Authority's own gross negligence (in action or omission to act) or fraud or other willful misconduct.

(c) *Indemnification of the Trustee.* The Borrower shall and hereby agrees to indemnify the Trustee and its officers, directors, and employees for, and hold each of them harmless against, any loss, liability or expense (including the costs and expenses of defending against any claim of liability) incurred without negligence or willful misconduct by the Trustee and arising out of or in connection with its acting as Trustee under the Indenture. The indemnification provided to the Trustee and its officers, directors and employees in this Loan Agreement shall survive the discharge of the Indenture and the termination of this Loan Agreement or the sooner resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

Section 6.10 Consolidation, Merger, Conveyance or Transfer of Property. The Borrower shall not consolidate with or merge into any other Person or convey or transfer its property substantially as an entirety to any Person, unless the following conditions are met:

(a) such merger, consolidation, conveyance, or transfer is on such terms as shall fully preserve the lien and security of the Indenture and this Loan Agreement and the rights and powers of the Trustee and the Owners of the Bonds under the Indenture and this Loan Agreement;

(b) the Person formed by such consolidation or into which the Borrower is merged or the Person which acquires by conveyance or transfer the Borrower's property substantially as an entirety is a corporation or other legal entity organized and existing under the laws of the United States of America or any state thereof, is a not-for-profit "institution of higher education" within the meaning of the Act authorized to conduct business in the State, is a Tax-Exempt Organization, and shall execute and deliver to the Trustee a written instrument in form and substance satisfactory to the Trustee, containing an assumption by such successor of the due and punctual payment of the principal of (and premium, if any) and interest on the Loan and the performance and observance of every covenant and condition of this Loan Agreement to be performed or observed by the Borrower;

(c) the Trustee receives an Officer's Certificate stating that, immediately after giving effect to such transaction, (1) no Event of Default hereunder shall have occurred and be continuing; and (2) the successor or transferee shall possess such licenses, permits and accreditations to operate such property as may be required if it is to operate such property;

(d) the Trustee and the Authority receive an Opinion of Counsel to the effect that (1) such consolidation, merger, conveyance or transfer complies with this Section 6.10 and all conditions precedent herein provided for relating to such transaction have been complied with; (2) such transaction will not adversely affect the status of the Borrower as a Tax-Exempt Organization; (3) the Person which is the surviving entity is liable on the Loan, as if such Loan were originally made to such Person; and

(e) the Trustee and the Authority receive an Opinion of Bond Counsel to the effect that, under then existing law the consummation of such consolidation, merger, conveyance, or transfer would not cause the interest payable on such Bonds to become includable in gross incomes of the Owners thereof for federal income tax purposes.

Upon any consolidation or merger or any conveyance or transfer of the Borrower's property substantially as an entirety in accordance with this Section, the successor corporation or other entity formed by such consolidation or into which the Borrower is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Borrower under this Loan Agreement with the same effect as if such successor corporation or other entity had been named as the Borrower herein.

Section 6.11 Tax Covenants. The Borrower covenants and agrees that:

- (a) it will comply with the requirements and conditions of the Tax Certificate;
- (b) it will not take, or permit to be taken on its behalf, any action which would cause the interest payable on any Bonds to be included in the gross incomes of the Owners thereof for federal income tax purposes and that it will take such action as may be necessary in the Opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation the following:
 - (i) it will comply with all of the requirements of this Loan Agreement and the Indenture;
 - (ii) it will pay to the United States of America any Rebate Amount required to be paid by the Authority or the Borrower pursuant to Section 148(f) of the Code and the Regulations under Section 148, all as contemplated and required by this Loan Agreement and the Indenture; and
 - (iii) it will cause not less than 95% of the net proceeds of the 2015 Bonds (within the meaning of Section 145(a) of the Code) to be expended for Qualified Project Costs of the 2015 Project;
- (c) in order to satisfy the requirements set forth in subpart (4) of the definition of "program investment" that appears in Regulations § 1.148-1(b) (which requirements must be met in order for the Loan to qualify as a program investment within the meaning of the aforementioned Regulation), neither the Borrower nor any related person (within the meaning of the aforementioned definition of "program investment") will purchase Bonds in an amount related to the amount of the Loan;
- (d) no changes will be made in all or any portion of the 2015 Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the federal tax-exempt status of the interest on the Bonds;
- (e) the Borrower will not make any use of the proceeds of any Bonds, or of any other funds which may be deemed to be proceeds of any such Bonds pursuant to Section 148 of the Code and the Regulations issued under Section 148, which will cause such Bonds to be "arbitrage bonds" within the meaning of such Section and such Regulations, and will comply with the requirements of Section 148 and such Regulations throughout the term of the Bonds;
- (f) if the Borrower becomes aware of any situation, event or condition which would result in the interest payable on any Bonds becoming includable in the gross incomes of the Owners thereof for federal income tax purposes, the Borrower will promptly give written notice of such situation, event or condition to the Authority and the Trustee; and

(g) it will not use or permit the use of all or any portion of the 2015 Project refinanced, in whole or in part, out of the proceeds of the Bonds:

- (1) in an unrelated trade or business as defined in Section 513(a) of the Internal Revenue Code, or by any person who is not an organization described in Section 501(c)(3) of the Internal Revenue Code, in either case in such manner or to any extent which could jeopardize the validity of the Bonds or result in the inclusion of interest on the Bonds in gross income for federal income tax purposes;
- (2) for sectarian instruction or study or as a chapel or place for devotional activities or religious worship or in connection with any part of a program of a school or department of divinity of or for any religious denomination or for the training of ministers, priests, rabbis or other similar persons in the field of religion; or
- (3) in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America and the decisions of the United States Supreme Court interpreting the same or by any comparable provisions of the Constitution of the State and the decisions of the Florida Supreme Court interpreting the same.

Section 6.12 Assignment By the Borrower. The Borrower shall not assign this Loan Agreement, as a whole or in part, without the prior written consent of the Authority and the Trustee, and the Owners of a majority in principal amount of the Bonds Outstanding, unless such assignment is pursuant to a merger, consolidation or transfer of the Borrower's property substantially as an entirety undertaken in accordance with, and upon fulfillment of the requirements of this Loan Agreement (including but not limited to the provisions of Section 6.11 above).

Section 6.13 Statement as to Compliance. The Borrower shall deliver to the Authority and the Trustee, within 180 days after the end of each fiscal year of the Borrower, an Officer's Certificate, stating, as to each signer thereof, that:

- (a) a review of the activities of the Borrower during such fiscal year and of performance under this Loan Agreement has been made under the supervision of the appropriate officers of the Borrower, and
- (b) to the best of the signer's knowledge, based on such review, the Borrower has fulfilled all its obligations under this Loan Agreement throughout such fiscal year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status thereof.

Section 6.14 Financial Statements and Other Information. The Borrower shall keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the properties, business and affairs of the Borrower in accordance with generally accepted accounting principles. The Borrower shall furnish to the

Trustee and the Beneficial Owner, as soon as practicable after they are available but in no event more than 180 days after the last day of each fiscal year, the audit report and audited financial statements of the Borrower for such fiscal year certified by the Borrower's independent certified public accountants, covering the operations of the Borrower for such fiscal year and containing a statement of financial position as of the end of such fiscal year and a statement of activities and changes in net assets and a statement of cash flows for such fiscal year, showing in each case in comparative form the financial figures for the preceding fiscal year. The Trustee shall have no duty to review or analyze any such audit or financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner.

The Borrower shall at any and all reasonable times, during normal business hours, upon the written request of the Authority, the Trustee or the Beneficial Owner at least 2 business days in advance and at the expense of the Borrower, permit the Authority, the Trustee or the Beneficial Owner by its representative to enter and inspect the properties, books of account, records, reports and other papers of the Borrower in a manner that will not disrupt the ordinary course of the Borrower's business, except donor records, student records, faculty peer review and other personnel records, and any other confidential records, and (at no additional cost to the Borrower) to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Borrower shall furnish to the Authority, the Trustee or the Beneficial Owner any and all information as the Authority, the Trustee or the Beneficial Owner may reasonably request, and at the expense of the requesting party, information concerning the Borrower, including such statistical and other operating information requested on a periodic basis, in order to enable the requesting party to make any reports required by law, governmental regulations or the Indenture in connection with any Bonds and to determine whether the covenants, terms and provisions of this Loan Agreement have been complied with by the Borrower.

Section 6.15 Lease or Management of Project. The Borrower may, without the consent of the Authority, Trustee or the Owners of the Bonds, but subject to the General Limitations and upon the delivery to the Authority and the Trustee of an Opinion of Bond Counsel, lease all or a portion of the 2015 Project or any part thereof or enter into an agreement pursuant to which a person or entity other than the Borrower shall manage or operate all or a portion of the 2015 Project or any part thereof; *provided, however*, that:

(a) the Borrower shall nevertheless remain primarily liable to the Authority for the payment of the Loan Payments and all other sums payable by it under this Loan Agreement and for the full performance and observance of all the obligations and conditions of this Loan Agreement; and

(b) notwithstanding any such lease or manager or operator arrangement, the 2015 Project shall continue to qualify as a "project" under the Act and there shall be no violation of the Tax Covenants as a result thereof.

Section 6.16 Continuing Disclosure. The Borrower shall undertake all responsibilities for compliance with any continuing disclosure requirements under Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule") with respect to the Bonds. The Borrower and the Authority acknowledge and agree that the Authority is not an "obligated person" (as that term is defined under the Rule) and that the Authority shall have no liability to the Owners of the Bonds or any other Person with respect to such disclosure matters. Neither the Authority nor the Trustee has any duty to enforce the continuing disclosure obligations of the Borrower under the Rule as provided under the Continuing Disclosure Agreement; however, the Authority, the Trustee or any Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower to comply with its obligations under the Rule. Notwithstanding any other provision of the Indenture or this Loan Agreement, failure of the Borrower to comply with its continuing disclosure obligations under the Continuing Disclosure Agreement shall not be an Event of Default hereunder.

Section 6.17 Cost of Issuance. The Borrower acknowledges and agrees that \$[] in Bond proceeds are deemed to have been used to pay Costs of Issuance [by virtue of the underwriting discount] received by the Original Purchaser under the Purchase Agreement, and that therefore not more than \$[] of the proceeds of the Bonds may be used to pay any additional Costs of Issuance. The Borrower further agrees that it shall pay out of its own funds, or otherwise out of funds that do not constitute proceeds of the Bonds (within the meaning of the Code and Regulations), all such Costs of Issuance in excess of the amount thereof that can be paid from the proceeds of the Bonds as aforesaid.

Section 6.18 Restrictions as to Incurrence of Additional Indebtedness. The Borrower agrees that it will not incur any additional Indebtedness to finance capital improvements, other than the following Indebtedness if incurred at any time when there shall not exist any event of default of the Borrower under this Loan Agreement:

(a) Long-Term Indebtedness provided that:

(1) the Borrower shall certify in an Officer's Certificate delivered to the Trustee the intended uses of the proceeds of such Long-Term Indebtedness and, if such intended uses include acquisition, construction, or equipping of capital improvements, the estimated cost thereof; and

(2) the Borrower shall have delivered to the Trustee either:

(i) Report on Historical Coverage. An Officer's Certificate to the effect that for the most recent Fiscal Year for which its annual audited financial statements is available the Historical Pro Forma Debt Service Coverage Ratio was not less than 1.10; or

(ii) Reports on Pro-Forma Coverage. An Officer's Certificate to the effect that the Debt Service Coverage Ratio for each of the first two consecutive Fiscal Years following the incurrence of such Long-Term Indebtedness or, if such Long-Term Indebtedness is being issued to finance improvements, equipment or new facilities, the first two consecutive Fiscal Years after such improvements, equipment or new facilities are placed in service, is projected to be at least 1.10. Such Officer's Certificate shall include forecast balance sheets, statement of activities and statement of cash flows for each of such two Fiscal Years and a statement of the relevant assumptions upon which such forecasted statements are based.

(b) Refunding Indebtedness if the maximum Annual Debt Service Requirement with respect to all Long-Term Indebtedness to be outstanding after giving effect to the incurrence of such Refunding Indebtedness and the application of the proceeds thereof is less than the maximum Annual Debt Service Requirement for all Long-Term Indebtedness of the Borrower outstanding immediately prior to such incurrence of such Refunding Indebtedness.

(c) Non-recourse debt (debt which is not a general obligation of the Borrower and which is secured by and payable solely from the revenues of the particular property acquired by the Borrower from the proceeds of such debt).

(d) Financing Leases for equipment and with a term not exceeding seven (7) years if, immediately after the incurrence of such Financing Leases, the total principal amount of outstanding Financing Leases of the Borrower incurred under this subsection does not exceed \$1,000,000.

(e) Short-Term Indebtedness if, immediately after the incurrence of such Short-Term Indebtedness, the total principal amount of outstanding Short-Term Indebtedness of the Borrower incurred under this subsection does not exceed 20% of the total revenues of the Borrower as of the end of the most recent Fiscal Year for which the Borrower annual audited financial statements are available.

(f) Indebtedness not otherwise described in clauses (a) through (e) above in an aggregate amount not to exceed \$1,000,000 outstanding at any time.

Notwithstanding the foregoing, the University is not precluded from incurring Indebtedness which is necessary for health, safety or welfare reasons, to remediate a natural disaster, to effect repairs to or replacement of property, facilities or equipment of the University or to pay operating expenses on a short term basis.

ARTICLE VII DEFAULT AND REMEDIES

Section 7.01 Events of Default. The term "Event of Default," wherever used in this Loan Agreement, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on the Loan when such interest becomes due and payable; or

(b) default in the payment of the principal of (or premium, if any, on) the Loan when the same becomes due and payable (whether at maturity, upon redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the Borrower in this Loan Agreement (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section 7.01), and continuance of such default or breach for a period of 60 days after a written notice specifying such default or breach and requiring it to be remedied has been given:

(i) to the Borrower by the Authority or the Trustee; or

(ii) to the Borrower and the Trustee by the Owners of at least 25% in principal amount of the Bonds Outstanding;

provided that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the Borrower shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any representation or warranty made by the Borrower in this Loan Agreement or in any written statement or certificate furnished to the Authority or the Trustee or the purchaser of any Bond in connection with the sale of any Bond or furnished by the Borrower pursuant to this Loan Agreement proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within 60 days after a written notice specifying such default or breach and requiring it to be remedied has been given:

(i) to the Borrower by the Authority or the Trustee; or

(ii) to the Borrower and the Trustee by the Beneficial Owners of at least 25% in principal amount of the Bonds Outstanding;

provided that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the Borrower shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(e) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Borrower, or adjudging the Borrower a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Borrower under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for the Borrower or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order remains unstayed and in effect for a period of 90 consecutive days; or

(f) the commencement by the Borrower of a voluntary case, or the institution by it of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the United States Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Borrower or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by the Borrower in furtherance of any such action; or

(g) the occurrence and continuance of any Event of Default under and as defined in the Indenture; or

(h) failure by the Borrower to pay:

(i) any Rebate Amounts when due; or

(ii) any fees, costs or charges of the Trustee or the Authority with respect to this Loan Agreement, the 2015 Project, or the Bonds, including Attorneys' Fees and the annual fee of the Authority as described in Section 6.08 hereof, within 30 days of the mailing of a statement for such fees, costs or charges to the Borrower by the Trustee or the persons to whom such amounts are owed;

but only if the Authority directs the Trustee in writing to treat such failure as an "Event of Default" hereunder.

Promptly after any officer of the Borrower may reasonably be deemed to have knowledge of a default hereunder, the Borrower will deliver to the Trustee a written notice

specifying the nature and period of existence thereof and the action the Borrower is taking and proposes to take with respect thereto.

Section 7.02 Acceleration of Maturity; Rescission and Annulment. Whenever any Event of Default under this Loan Agreement occurs and is continuing, the Trustee, and, if requested by the Beneficial Owners of not less than 25% in principal amount of the Bonds Outstanding, shall, by written notice to the Borrower and the Authority, declare the principal of the Loan and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made in the case of an Event of Default arising under Section 7.01(h) above, but before any judgment or decree for payment of money due on the Loan has been obtained by the Trustee as hereinafter in this Article provided, the Authority or the Trustee shall, by written notice to the Borrower, rescind and annul such declaration and its consequences if

(a) the Borrower has deposited with the Trustee a sum sufficient to pay

(i) all overdue installments of interest on the Loan,

(ii) the principal of (and premium, if any, on) the Loan which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in this Loan Agreement,

(iii) interest upon overdue installments of interest at the rate or rates prescribed therefor in this Loan Agreement,

(iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(v) all amounts owing in respect of which an Event of Default has occurred under Section 7.01(h) above; and

(b) all Events of Default, other than the non-payment of the principal of the Loan which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in Section 7.07 of this Loan Agreement.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 7.03 Exercise of Remedies; Restoration of Positions.

(a) *Exercise of Remedies.* Upon the occurrence and continuance of any Event of Default under this Loan Agreement, unless the same is waived as provided in this Loan

Agreement, the Authority (in the case of an Event of Default arising under Section 7.01(h) above) or the Trustee (in the case of any Event of Default other than one arising under Section 7.01(h) above) shall have the following rights and remedies, in addition to any other rights and remedies provided under this Loan Agreement or by law:

(i) *Right to Bring Suit, Etc.* Pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment the payment and performance by the Borrower of its obligations under this Loan Agreement and compel the performance of the duties and obligations of the Borrower as set forth in this Loan Agreement and to enforce or preserve any other rights or interests of the Trustee under this Loan Agreement existing at law or in equity.

(ii) *Exercise of Remedies at Direction of Bondowners.* In the case of any Event of Default other than one arising under Section 7.01(h) above, if requested in writing to do so by the Beneficial Owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of all of the Beneficial Owners.

(iii) *Application of Security.* Apply the Security and any other moneys received as a result of the enforcement of remedies hereunder or under the Indenture to the payment of the obligations of the Borrower, such application to be in accordance with the priorities set forth in Section 707 of the Indenture.

(b) *Restoration of Positions.* If the Trustee or the Authority has instituted any proceeding to enforce any right or remedy under this Loan Agreement by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or the Authority (as the case may be), then and in every case the Authority, the Borrower, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder, and thereafter all rights and remedies of the Trustee and the Authority shall continue as though no such proceeding had been instituted.

Section 7.04 **Application of Moneys Collected.** Any moneys collected by the Trustee pursuant to this Article VII (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Security, other than the Rebate Fund and amounts held for Bonds previously redeemed or defeased, shall be applied as provided in the Indenture and, in case of the distribution of such money on account of principal (or premium, if any) or interest on the Bonds, shall be credited against amounts due on the Loan.

Section 7.05 **Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other right or remedy, and

every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.06 **Delay or Omission Not Waiver.** No delay or omission of the Trustee, the Authority or the Owners to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, the Authority or the Owners may be exercised from time to time and as often as may be deemed expedient by the Trustee.

Section 7.07 **Waiver of Past Defaults.** Before any judgment or decree for payment of money due has been obtained by the Trustee or the Authority as provided in this Article VII, the Owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee, the Authority, and the Borrower, waive, on behalf of the Owners of all the Bonds, any past Event of Default hereunder and its consequences, except an Event of Default:

- (a) arising under Section 7.01(a) or (b) above, or
- (b) in respect of a covenant or provision hereof which under Article IX of the Indenture cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected, or
- (c) any Event of Default arising under Section 7.01(h) above, which may only be waived by the Authority (or the Trustee as to the Trustee's fees and expenses).

No waiver of an Event of Default hereunder shall be effective hereunder unless and until the same is reduced to a writing signed by a representative of the Person having the right hereunder to waive the Event of Default in question.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Loan Agreement; but no such waiver shall extend to or affect any subsequent or other Event of Default or impair any right or remedy consequent thereon

Section 7.08 **Advances by Trustee.** If the Borrower fails to make any payment or perform any of its covenants in this Loan Agreement, the Trustee may, at any time and from time to time, use and apply any moneys held by it under the Indenture, other than the Rebate Fund, any amounts held by the Trustee for Bonds previously redeemed, and any cash or investment securities held by the Trustee for defeasance of the Bonds pursuant to Section 1001 of the Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the Borrower. The Trustee shall not be required to expend any of its own funds for

such purposes. All moneys so used or advanced by the Trustee, together with interest at the Trustee's (or the Trustee's affiliated bank's) announced prime rate per annum, shall be repaid by the Borrower upon demand and such advances shall be secured under the Indenture prior to the Bonds. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it under the Indenture, other than the Rebate Fund, any amounts held by the Trustee for Bonds previously redeemed, and any cash or investment securities held by the Trustee for defeasance of the Bonds pursuant to Section 1001 of the Indenture, but no such use of moneys or advance shall relieve the Borrower from any default hereunder.

ARTICLE VIII SUPPLEMENTAL LOAN AGREEMENTS

Section 8.01 Supplements to Loan Agreement Governed by the Indenture. This Loan Agreement may only be modified, amended or supplemented in accordance with the applicable terms, provisions and conditions set forth in Article IX of the Indenture.

The Trustee may, but shall not be obligated to, consent to any such Supplemental Loan Agreement which affects the Trustee's own rights, duties or immunities under this Loan Agreement or otherwise.

Any Rating Service rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption.

Section 8.02 Effect of Supplemental Loan Agreements. Upon the execution of any Supplemental Loan Agreement in accordance with this Article and the applicable provisions of the Indenture, this Loan Agreement shall be modified in accordance therewith and such Supplemental Loan Agreement shall form a part of this Loan Agreement for all purposes; and the Borrower, the Authority, the Trustee and every Owner of Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Section 8.03 Reference in Bonds to Supplemental Loan Agreements. Bonds authenticated and delivered after the effective date of any Supplemental Loan Agreement pursuant to this Article VIII may, and if required by the Authority shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Loan Agreement. If the Authority shall so determine, new Bonds so modified as to conform, in the opinion of the Authority, to any such Supplemental Loan Agreement may be prepared and executed by the Authority and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE IX TERM AND TERMINATION OF LOAN AGREEMENT

Section 9.01 Term and Termination; Survival of Certain Obligations. The Term of this Loan Agreement shall commence upon the issuance and delivery of the Bonds by the Authority. Except as otherwise expressly provided herein, this Loan Agreement shall expire

upon payment in full of all amounts owing under the Bonds, the Indenture and this Loan Agreement.

Notwithstanding the foregoing or anything else expressed or implied herein to the contrary, the Borrower's obligations under Sections 4.03(a), 4.03(b), 4.03(c), 6.08 and 6.09 hereof shall survive any expiration or termination of this Loan Agreement.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.01 Covenants under Transaction Documents. The Borrower shall deliver to the Trustee all reports, opinions and other documents required by this Loan Agreement and the Indenture and all other Transaction Documents to be submitted to the Trustee at the times required by this Loan Agreement and the Indenture and all other Transaction Documents, and the Borrower shall perform or cause to be performed all covenants and agreements required on the part of the Borrower contained in this Loan Agreement and the Indenture and any other Transaction Documents. This Loan Agreement, the Indenture and all other Transaction Documents shall be delivered to and held by the Trustee.

Section 10.02 Further Assurances. The Borrower will do, execute, acknowledge and deliver such further acts, instruments, financing statements and assurances as may be reasonably required for accomplishing the purposes of the Indenture and this Loan Agreement.

Section 10.03 Payments Due on Saturdays, Sundays and Holidays. If the day for any payment due under this Loan Agreement is not a Business Day, then such payment may be made on the next succeeding Business Day without additional interest and with the same force and effect as if made on the specified date for payment.

Section 10.04 Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Loan Agreement to be given to or filed with the Authority, the Trustee, the Borrower or the Owners of the Bonds if the same is given or filed in the manner and at the addresses specified in the Indenture.

Section 10.05 Limitation of Authority's Liability. The Borrower acknowledges and agrees that the Authority is entering into this Loan Agreement and the Indenture and is issuing the Bonds and making the Loan at the request of and for the benefit of the Borrower, and not for the Authority's own benefit. As a condition to the Authority's willingness to enter into this Loan Agreement and the Indenture and issue the Bonds and make the Loan for the benefit of the Borrower, the Authority has required that its liability hereunder and under the Indenture and the Bonds be strictly limited as provided herein, in the Indenture and the Bonds.

No agreements or provisions contained herein nor any agreement, covenant or undertaking of the Authority contained in any Transaction Document executed by the Authority in connection with the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Authority or a general obligation of or a charge against its general

credit or shall obligate the Authority financially in any way, except with respect to the Security pledged to the payment of the Bonds, and the application thereof as provided under the Indenture. No failure of the Authority to comply with any term, covenant or agreement herein or in any Transaction Document executed by the Authority in connection with the Bonds shall subject the Authority to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the funds available hereunder or under the Indenture and pledged to the payment of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Authority for any failure to comply with any term, condition, covenant or agreement herein or in the Indenture; *provided* that no costs, expenses or other monetary relief shall be recoverable from the Authority except as may be payable from the funds available hereunder or under the Indenture and pledged to the payment of the Bonds.

Notwithstanding any other provision of this Loan Agreement or any other Transaction Document:

(a) the Authority shall not be required to take action under this Loan Agreement unless the Authority:

(i) is requested in writing by an appropriate Person to take such action, and

(ii) is assured of payment of or reimbursement for any expense incurred in taking such action, and

(b) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Authority nor any Authority's Agent shall be liable to the Borrower, the Trustee or any other Person for any action taken by the Authority or the Authority's Agents, or for any failure to take action under this Loan Agreement or the Indenture.

In acting under this Loan Agreement, or in refraining from acting under this Loan Agreement, the Authority may conclusively rely on the advice of its counsel.

No recourse shall be had for the payment of the principal of or premium or interest on the Loan or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement contained against any past, present or future officer, member, trustee, director, employee or agent (including but not limited to the Authority's Agents) of the Authority or the Borrower, or, respectively, of any successor public or private corporation thereto, as such, either directly or through the Authority, the Borrower, or respectively, any successor public or private corporation thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, trustees, directors, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement.

Section 10.06 No Violations of Law. Any other term or provision in this Loan Agreement to the contrary notwithstanding:

(a) in no event shall this Loan Agreement be construed as:

(i) depriving the Authority of any right or privilege; or

(ii) requiring the Authority or any member, agent, employee, representative or advisor of the Authority to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else,

which deprivation or requirement would violate, or result in the Authority's being in violation of the Act or any other applicable state or federal law; and

(b) at no time and in no event will the Borrower permit, suffer or allow any of the proceeds of the Loan to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act or any other state or federal law.

Section 10.07 Benefit of Loan Agreement. This Loan Agreement shall inure to the benefit of the Authority and the Borrower and shall be binding upon the Authority and the Borrower and their respective successors and assigns. Nothing in this Loan Agreement or in the Indenture or the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns, any benefit or any legal or equitable right, remedy or claim under this Loan Agreement.

Section 10.08 Severability. If any provision in this Loan Agreement, the Indenture or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 10.09 Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10.10 Borrower Bound by Indenture. The Indenture has been submitted to the Borrower for examination, and the Borrower, by execution of this Loan Agreement, acknowledges and agrees that it has participated in the preparation of the Indenture and agrees that it has approved the Indenture and agrees that it is bound by and shall have the rights and duties set forth by the terms and conditions thereof and covenants and agrees to perform all obligations required of the Borrower pursuant to the terms of the Indenture.

Section 10.11 Captions and Table of Contents. The captions or headings and the Table of Contents in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Loan Agreement.

Section 10.12 Applicable Law: Venue. This Loan Agreement shall be construed under the laws of the State. The parties hereby agree that the courts of the State in Volusia County, Florida, without regard to conflict of law principles, shall have exclusive jurisdiction over any claim, action, suit or proceeding (collectively, a "Claim") brought by or against the Authority under this Loan Agreement or the Indenture or in any way relating to the Bonds, the Loan or the transactions contemplated hereby (except when the location of any tangible collateral constituting a part of the Security requires that the Claim be brought in a court of the State other than one located in Volusia County, Florida, in which event such other court of the State shall have exclusive jurisdiction over such Claim); *provided* that if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively in the United States District Court for the Middle District of Florida. In no event shall this Section be construed as a waiver by the State of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States of America or otherwise, from any Claim or from the jurisdiction of any court. In no event shall this Section be construed as a waiver by the Authority as special district of the County of Volusia of the State of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity from any Claim or from the jurisdiction of any court. Each party hereby consents to the exclusive *in personam* jurisdiction of such courts and waives any and all objections it might have thereto.

Section 10.13 No Limitations on Actions of Authority In Exercise of its Governmental Powers. Nothing in this Loan Agreement, the Indenture or the other Transaction Documents is intended, nor shall it be construed, to in any way limit the actions of the Authority in the exercise of its corporate powers. It is the express intention of the parties hereto that the Authority shall retain the full right and ability to exercise its corporate powers with respect to the Borrower, the 2015 Project, the Trustee, the Owners of the Bonds or the transactions contemplated by this Loan Agreement, the Indenture and the other Transaction Documents to the same extent as if it were not a party to this Loan Agreement, the Indenture, any of the other Transaction Documents or the transactions contemplated thereby, and in no event shall the Authority have any liability in contract arising under this Loan Agreement, the Indenture or the other Transaction Documents by virtue of any exercise of its governmental powers.

*[This space intentionally left blank.
Signatures and Exhibits appear on the pages that follow.]*

IN WITNESS WHEREOF, the Authority and Borrower have caused this Loan Agreement to be executed by their duly authorized officers, as of the day and year first above written.

**VOLUSIA COUNTY EDUCATIONAL
FACILITIES AUTHORITY**

(SEAL)

By: _____
Sara Caldwell
Chairman

ATTEST:

By: _____
Executive Director

*[This space intentionally left blank.
Signature of the Borrower appears on the following page.]*

STETSON UNIVERSITY, INC.

EXHIBIT A TO LOAN AGREEMENT

By: _____
Dr. Christopher Roellke
President

By: _____
Jeremy DiGorio
Vice President and
Chief Financial Officer

[This space intentionally left blank.]

The 2015 Project being refinanced by the proceeds of the Bonds consists of the acquisition, construction, renovation, equipping and furnishing of various capital improvements located on the DeLand Campus and the Gulfport Campus, as described below:

(i) certain renovations and improvements to the DeLand Campus and the Gulfport Campus;

(ii) the acquisition of the Colonial Oaks Apartments located at 275 and 285 E. Stetson Street in DeLand, Florida for the purposes of conversion to additional student housing, and the property located at 310 N. Amelia Avenue in DeLand, Florida for the purposes of administrative and operational facilities;

(iii) the acquisition of one or more properties including the property located at 208. E. Pennsylvania Avenue in DeLand, Florida for the purposes of student housing, educational or administrative facilities;

(iv) the acquisition of the property located at the Southwest corner of N. Woodland Boulevard and W. Michigan Avenue in DeLand, Florida for the purposes of administrative or ancillary facilities;

(v) the acquisition of the student housing facilities located on the DeLand Campus along Michigan Avenue currently owned by CHF-Deland, L.L.C.

APPENDIX D

CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

This **CONTINUING DISCLOSURE AGREEMENT** (this "Agreement") dated _____, 2025, is executed and delivered by The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent (the "Dissemination Agent") and Stetson University, Inc. (the "University").

RECITALS

WHEREAS, this Agreement is being executed and delivered, at the request of the Participating Underwriter (as defined herein), in connection with the issuance by the Volusia County Educational Facilities Authority (the "Authority") of those certain \$ _____ in original aggregate principal amount of its Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025 (the "Bonds") pursuant to that certain resolution adopted by the Authority on _____, 2025 and secured by a Trust Indenture, dated _____ 1, 2025, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Indenture"), in order to assist the Participating Underwriter in complying with the Rule (as defined herein); and

WHEREAS, the proceeds of the Bonds are being loaned by the Authority to the University under a Loan Agreement, dated _____ 1, 2025, between the Authority and the University (the "Loan Agreement") and the Bonds are payable solely from the Security (as defined in the Indenture), which primarily includes the revenues derived by the Authority under the Loan Agreement; and

WHEREAS, upon the initial sale of the Bonds to the Participating Underwriter, the Authority and the University authorized the preparation and distribution of the Official Statement dated _____, 2025 with respect to the Bonds (the "Official Statement"); and

WHEREAS, as a condition precedent to the initial purchase of the Bonds by the Participating Underwriter in accordance with the Bond Purchase Agreement dated _____, 2025 by and among the Participating Underwriter, the Authority and the University, and in compliance with the Participating Underwriter's obligations under the Rule, the University has agreed to undertake certain disclosure obligations of certain operating data and financial information for so long as this Agreement is not terminated as set forth in Section 5(e) herein; and

WHEREAS, the University and the Dissemination Agent are entering into this Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the underwriter in complying with the Rule; and

NOW, THEREFORE, in consideration of the purchase of the Bonds by the Participating Underwriter and the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the University and the Dissemination Agent do hereby certify and agree as follows:

SECTION 1. INCORPORATION OF RECITALS

The above recitals are true and correct and are incorporated into and made a part hereof.

SECTION 2. DEFINITIONS; SCOPE OF THIS AGREEMENT

(a) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in this Section 2 or in the Indenture, the Loan Agreement or the Official Statement, as applicable. Notwithstanding the foregoing, the term "Dissemination Agent" shall initially mean The Bank of New York Mellon Trust Company, N.A. and any successor Dissemination Agent pursuant to subsection (f) of Section 5, without any amendment hereto pursuant to Section 4. The following capitalized terms shall have the following meanings:

"Annual Filing Date" shall mean not later than December 31 following the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2025; provided, however, that if such date falls on a Saturday, a Sunday or a holiday, the Annual Filing Date shall be the first business day thereafter; and provided further, that the University may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the Repository, provided that the period between the existing Annual Filing Date and the new Annual Filing Date shall not exceed one (1) year.

"Annual Financial Information" shall mean (i) annual financial information as such term is defined in paragraph (f)(9) of the Rule and specified in Exhibit D hereof, and (ii) the Audited Financial Statements. The Annual Financial Information may be set forth in one document or a set of documents, or may be included by specific reference to documents available to the public on the MSRB's Internet Web site or filed with the SEC.

"Audited Financial Statements" shall mean the financial statements (if any) of the University for the most recently completed Fiscal Year, certified by an independent auditor and prepared in accordance with generally accepted auditing standards.

"Beneficial Owner" shall mean any beneficial owner of the Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the SEC, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system, or its successor as designated by the MSRB, as provided at <http://www.emma.msrb.org>.

"Event" shall mean any of the Events listed in items (i) through (xvii) below, which Events shall be reported by the University to the Dissemination Agent for further reporting to EMMA. To the extent any Event requires a materiality determination, such determination shall be made by the University.

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) an Event of Bankruptcy or similar event of an Obligated Person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the 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, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Obligated Person, any of which reflect financial difficulties."
- (xvii) Notice of any failure on the part of the Obligated Person to meet the requirements of Section 3 hereof.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii)

guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean the fiscal year of the University, which currently is the twelve-month period beginning July 1 and ending on June 30 of the following year or any such other twelve month period designated by the University, from time to time, to be its fiscal year.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" means the University and any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The University confirms that currently it is the Obligated Person with respect to the Bonds.

"Participating Underwriter" shall mean, collectively, any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the SEC may be found by visiting the SEC's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the only Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal at <http://emma.msrb.org>.

"Rule" shall mean Rule 15c2-12 of the SEC promulgated pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of Florida.

(b) The University has agreed to enter into this Agreement, undertake the disclosure obligations hereunder and retain the Dissemination Agent to perform the disclosure dissemination tasks set forth herein on its behalf in order to assist the Participating Underwriter with compliance with the Rule. The disclosure obligations of the University under this Agreement relate solely to the Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the University, nor to any other securities issued by or on behalf of the University.

(c) The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the University, apart from the relationship created by the Rule shall not be construed to mean that the Dissemination Agent

has actual knowledge of any event or condition except as may be provided by written notice from the University.

SECTION 3. DISCLOSURE OF INFORMATION

(a) General Provisions: This Agreement governs the University's direction to the Dissemination Agent, with respect to information to be filed under the Rule. In its actions under this Agreement, the Dissemination Agent is acting as the University's agent.

(b) Annual Financial Information, Event Notices, and Notices of Failures to File Annual Financial Information: Except to the extent this Agreement is modified or otherwise altered in accordance with Section 4 hereof, the University shall file or cause the Dissemination Agent to file the following information to the MSRB in an electronic format as prescribed by the MSRB:

(i) Annual Financial Information: Annual Financial Information provided annually and accompanied with a written certification substantially in the form of Exhibit B attached hereto from the University furnished to the Dissemination Agent that such Annual Financial Information complies with the requirements of this Agreement. The Annual Financial Information is to be provided to the Dissemination Agent at least five (5) business days prior to the Annual Filing Date. If the Audited Financial Statements are not submitted as part of the Annual Financial Information, then the University will file or cause the Dissemination Agent to file unaudited basic financial statements of the University prepared in accordance with generally accepted accounting principles, as in effect from time to time (subject to (i) the absence of footnotes and schedules that may be required by generally accepted accounting principles and (ii) normal year-end adjustments that are not material), and the Audited Financial Statements shall be filed in the same manner as the Annual Financial Information when they become available. Notwithstanding anything to the contrary contained in this Agreement, in order to expedite the transmission of the Annual Financial Information to the MSRB, as set forth in this subsection (b)(i), the University shall have the option to submit the Annual Financial Information directly to the MSRB. In the event the University elects to submit the Annual Financial Information directly to the MSRB, the University shall submit the Annual Financial Information to the Dissemination Agent accompanied with a written certification substantially in the form of Exhibit C, upon which the Dissemination Agent may conclusively rely. Such written certification shall be provided at the same time that the University submits the Annual Financial Information to the MSRB. In the event that the University elects not to submit the Annual Financial Information directly to the MSRB, the University shall provide the Annual Financial Information to the Dissemination Agent within the time period specified in this subsection (b)(i).

(ii) Event Notices: Notice of the occurrence of an Event of which the University has actual knowledge, in a timely manner, not in excess of eight (8) business days after the occurrence of the Event; provided, however, to the extent any such Event has been previously and properly disclosed by or on behalf of the

University, the University shall not be required to provide additional notice of such Event in accordance with this subsection (ii). Such notice may be accompanied with the text of the disclosure that the University desires to make

(each an "Event Filing"), and the date the University desires for the Dissemination Agent to disseminate the information.

(iii) Failure to Provide Annual Financial Information: University shall provide the Dissemination Agent the Compliance Certificate in the form attached as Exhibit C prior to the Annual Filing Date. To the extent the University does not provide the Dissemination Agent the Compliance Certificate by the Annual Filing Date, the terms of Section 3(c)(iv) shall apply.

(c) Information Filed by the Dissemination Agent:

(i) The University hereby directs the Dissemination Agent on its behalf to file in accordance with subsection (d) of this Section 3 and within the time frame set forth in clause (iii) below, and the Dissemination Agent agrees to act as the University's agent in so filing, the following:

(A) Annual Financial Information (provided that the Dissemination Agent shall not file with the Repository the certificate provided in the form of Exhibit B);

(B) Event occurrences and any Event Filing;

(C) Notices of Failure to Provide Annual Financial Information in substantially the form attached hereto as Exhibit A, to the extent provided in clause (iv) of this subsection (c);

(D) such other information as the University, in its absolute and sole discretion, shall deliver to the Dissemination Agent for filing with the Repository in the form required by subsection (c)(ii) of this Section 3. If the University chooses to include any information in any Annual Financial Information filing or in any notice of the occurrence of an Event, in addition to that which is specifically required by this Agreement, the University shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information filing or notice of the occurrence of an Event.

(ii) The information which the University has agreed to file under this Agreement shall be in the following form:

(A) as to all notices, reports and financial information to be provided to the Dissemination Agent by the University, in a word searchable portable document format (PDF), or other applicable electronic format as prescribed by the MSRB, and accompanied by identifying information as prescribed by the MSRB; and

(B) as to all other notices or reports, in such form as the University shall deem suitable for the purpose of which such notice or report is given.

(iii) The Dissemination Agent shall file the Annual Financial Information and Event occurrences and Event Filings within the following time periods:

(A) with respect to the Annual Financial Information, five (5) business days after receipt by the Dissemination Agent of the Annual Financial Information from the University but not later than the Annual Filing Date, and

(B) with respect to any notice of the occurrence of an Event or accompanying Event Filing, two (2) business days after receipt by the Dissemination Agent of the notice of the occurrence of an Event from the University.

If, on any such date, information required to be provided by the University to the Dissemination Agent has not been provided as required per this Agreement, the Dissemination Agent shall file such information immediately upon receipt from the University.

(iv) The Dissemination Agent shall file a Notice of Failure to Provide Annual Financial Information in substantially the form attached hereto as Exhibit A if it does not receive the Annual Financial Information by the Annual Filing Date, or a written certification, substantially in the form of Exhibit C attached hereto, from the University that it has filed the Annual Financial Information by the Annual Filing Date.

(d) Means of Filing Annual Financial Information, Event Notices, Notice of a Failure to Provide Annual Financial Information and Other Information:

(i) All Annual Financial Information, notices of the occurrence of an Event and Event Filings, Notices of a Failure to Provide Annual Financial Information, and other information shall be filed with EMMA in a word searchable portable document format (PDF), or other applicable electronic format as prescribed by the MSRB, and accompanied by identifying information as prescribed by the MSRB;

(ii) Nothing in this Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information provided by the University. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the University for response.

(e) Dissemination Agent Compensation: The University shall pay or reimburse the Dissemination Agent for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Agreement.

(f) Indemnification of Dissemination Agent: In addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the University shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney

fees, costs and expenses) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Agreement; provided that the University shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of the Dissemination Agent in such disclosure of information hereunder. The obligations of the University under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the University, the Bondholder or any other party.

The University acknowledges and agrees that each of the rights and protections provided to the Dissemination Agent in its capacity as trustee under the documents relating to the Bonds shall be afforded the Dissemination Agent with respect to this Agreement.

SECTION 4. AMENDMENT OR WAIVER

This Agreement shall not be amended or modified except as provided in this Section 4. No modification, amendment, alteration or termination of all or any part of this Agreement shall be construed to be, or operate as, altering or amending in any way the provisions of the Indenture or the Loan Agreement.

Notwithstanding any other provision of this Agreement, the University may amend this Agreement and any provision of this Agreement may be waived, if: (a) such amendment or waiver is 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 the obligor on the Bonds, or type of business conducted by such obligor; (b) such amendment or waiver does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by an unqualified opinion of counsel expert in federal securities laws retained by the University or by the approving vote of the Beneficial Owners of the Bonds owning more than two-thirds in aggregate principal amount of the Bonds outstanding at the time of such amendment or waiver; and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws retained by the University, to the effect that (i) is authorized or permitted pursuant to the terms of this Agreement and (ii) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances

If any provision related to the Annual Financial Information is amended or waived, the first annual filing containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of this Agreement specifying the accounting principles to be followed in preparing the University's financial statements are amended or waived, the Annual Filing for the year in which the change is made shall present a comparison between the financial statements or

information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the beneficial owners of the Bonds to enable them to evaluate the ability of the University to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The University will file a notice of the change in the accounting principles with the Repository on or before the effective date of any such amendment or waiver.

Notwithstanding the foregoing, the Dissemination Agent shall not be obligated to agree to any amendment expanding its duties or obligations hereunder without its consent thereto.

The University shall prepare or cause to be prepared a notice of any such amendment or modification and shall direct the Dissemination Agent to file such notice in accordance with Section 3(c)(i)(D) hereof.

SECTION 5. MISCELLANEOUS

(a) Representations: Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver, and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) to the knowledge of the party's undersigned officer, that the execution and delivery of this Agreement and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the knowledge of the party's undersigned officer, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(b) Governing Law: This Agreement shall be governed by and interpreted in accordance with the laws of the State, without regard to conflict of law principles; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(c) Severability: If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(d) Counterparts: This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(e) Termination: This Agreement shall terminate upon: (i) the defeasance, redemption or payment in full of all Bonds, in accordance with the Indenture, as amended, or (ii)

the delivery by the University to the Dissemination Agent of an opinion of counsel expert in federal securities laws retained by the University to the effect that continuing disclosure is no longer required under the Rule as to the Bonds.

(f) Resignation; Removal; Successors: The Dissemination Agent may resign at any time by giving at least ninety (90) days prior written notice thereof to the University. The Dissemination Agent may be removed for good cause at any time by written notice to the Dissemination Agent from the University, provided that such removal shall not become effective until a successor dissemination agent has been appointed by the University under this Agreement. In the event the Dissemination Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Dissemination Agent for any reason, the University shall promptly appoint a successor. Notwithstanding any provision to the contrary in this Agreement or elsewhere, the University may appoint itself to serve as Dissemination Agent hereunder. Any company or other legal entity into which the Dissemination Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Dissemination Agent may be a party or any company to whom the Dissemination Agent may sell or transfer all or substantially all of its disclosure agency business shall be the successor Dissemination Agent hereunder without the execution or filing of any paper or the performance of any further act and shall be authorized to perform all rights and duties imposed upon the Dissemination Agent by this Agreement, anything herein to the contrary notwithstanding. The Dissemination Agent shall provide written notice to the University of any event described in this subsection (f).

(g) Default: In the event of failure of the University to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement and the sole remedy under this Agreement in the event of any failure of the University to comply with this Agreement shall be an action to compel performance. Under no circumstances shall the University have any obligation or liability to any person or entity for (i) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstances involved in processing, collecting, compiling or interpreting the data included in this Agreement, or (ii) for any direct, indirect, special, consequential, incidental or punitive damages whatsoever arising from any action or inaction under this Agreement.

(h) Beneficiaries: This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the University, the Dissemination Agent, the Participating Underwriter and Bondholder and shall create no rights in any other person or entity.

SECTION 6. NOTICES

Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the University

Stetson University, Inc.
1ST Floor, Elizabeth Hall
421 N. Woodland Blvd.
DeLand, Florida 32723
Attention: Chief Financial Officer

To the Dissemination Agent:

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department
Phone (904) 645-1900

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

IN WITNESS WHEREOF, the Dissemination Agent and the University have each caused their duly authorized officers to execute this Agreement, as of the day and year first above written.

STETSON UNIVERSITY, INC.

By: _____
Name: Jeffrey DiGorio
Title: Vice President and Chief Financial Officer

[Signature page for Continuing Disclosure Agreement]

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Dissemination Agent**

By: _____

Name: Lori-Ann Soriano

Title: Vice President

[Signature page for Continuing Disclosure Agreement]

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT

NOTICE OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name: Stetson University, Inc.

Bond Issue Long Name: Volusia County Educational Facilities Authority Educational Facilities Revenue Refunding Bonds (Stetson University, Inc. Project), Series 2025

CUSIP Number(s): _____

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that Stetson University, Inc. (the "*Obligated Party*") has not provided its Annual Financial Information with respect to the above named Bond issue as required by Section 2 of the Continuing Disclosure Agreement, dated _____, 2025, between the Obligated Party and the Dissemination Agent. [TO BE INCLUDED IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE – The Obligated Party anticipates that the specified Annual Financial Information will be filed by _____.]

Dated _____, 20__

The Bank of New York Mellon Trust
Company, N.A., as Dissemination
Agent

cc: Stetson University, Inc.

EXHIBIT B TO CONTINUING DISCLOSURE AGREEMENT

**FORM OF COMPLIANCE CERTIFICATE
NAME OF ISSUE**

[Date]

[The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent]

[Attention]

[Address]

Re: Compliance Certificate for Annual Financial Information

Dear _____:

Pursuant to the Continuing Disclosure Agreement dated _____, 2025 between Stetson University, Inc. (the "*Obligated Party*") and The Bank of New York Mellon Trust Company, N.A., (the "Dissemination Agent"), the undersigned as a representative of the Obligated Party, does hereby certify that the enclosed Annual Financial Information for the fiscal year-end _____, of the Obligated Party complies with the requirements of this Continuing Disclosure Agreement.

STETSON UNIVERSITY, INC.

By: _____
Name: _____
Title: _____

Enclosure

EXHIBIT C TO CONTINUING DISCLOSURE AGREEMENT

FORM OF COMPLIANCE CERTIFICATE
NAME OF ISSUE

[Date]

[The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent]

[Attention]

[Address]

Re: Compliance Certificate for Annual Financial Information

Dear _____:

Pursuant to the Continuing Disclosure Agreement dated _____ 1, 2025 between Stetson University, Inc. (the "*Obligated Party*") and The Bank of New York Mellon Trust Company, N.A., (the "*Dissemination Agent*"), the undersigned as a representative of the Obligated Party, does hereby certify that the enclosed Annual Financial Information of the Obligated Party, complies with the requirements of the Continuing Disclosure Agreement and was submitted directly to the MSRB on _____ (date).

STETSON UNIVERSITY, INC.

By: _____
Name: _____
Title: _____

Enclosure

EXHIBIT D TO CONTINUING DISCLOSURE AGREEMENT

OPERATING AND FINANCIAL INFORMATION TO BE INCLUDED IN ANNUAL FINANCIAL INFORMATION

Operating data or financial information, consisting of updates of the following information contained in Appendix A attached to the Official Statement, but only to the extent not included in the Audited Financial Statements:

1. The table entitled "Fall Semester Enrollment (Head Count)" under the heading "Admissions Program — Admission Statistics";
2. The table entitled "Fall Admissions Statistics — First-Year Undergraduate Students" under the heading " Admissions Program — Admission Statistics";
3. The table entitled "Fall Admissions Statistics — Law (Full-Time)" under the heading " Admissions Program — Admission Statistics";
4. The table entitled "Fall Admissions Statistics — Other Graduate Students" under the heading " Admissions Program — Admission Statistics";
5. The table entitled "Full-Time Student Tuition and Fees" under the heading "Tuition and Fees ";
6. The table entitled "Financial Aid Awarded to Students" under the heading "Student Financial Aid";
7. The table entitled "Historical Tuition and Fee Revenues" under the heading "Summary of Student Net Revenues";
8. The table entitled "Statement of Financial Position" under the heading "Selected Financial Information";
9. The table entitled "Statement of Activities" under the heading "Selected Financial Information"; and
10. The table entitled "Total Endowment Net Assets" under the heading "Endowment Net Assets."

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

FORM OF BOND COUNSEL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Bonds in definitive form, Bryant Miller Olive P.A., Bond Counsel, proposes to render an approving opinion with respect to the Bonds in substantially the following form:

[Date of Issuance]

Volusia County Educational
Facilities Authority
Daytona Beach, Florida

Re: \$[_____] Volusia County Educational Facilities Authority Educational Facilities
Revenue Refunding Bonds (Stetson University, Inc. Project) Series 2025 (the "Bonds")

Ladies and Gentlemen:

We have acted as Bond Counsel to Stetson University, Inc. (the "University"), a Florida not-for-profit corporation, in connection with the issuance by the Volusia County Educational Facilities Authority (the "Authority"), a public body corporate and politic and a public instrumentality of the State of Florida, of its above-referenced Bonds pursuant to and under the authority of the Constitution of the State of Florida, Chapter 243, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), a resolution adopted by the Authority on February 13, 2025 (the "Resolution") and pursuant to a Trust Indenture dated [_____] 1, 2025 (the "Trust Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Bonds will be loaned by the Authority to the University pursuant to a Loan Agreement dated [_____] 1, 2025, between the Authority and the University (the "Loan Agreement"). The proceeds of the Bonds will be applied by the University to (i) refinance the obligations of University with respect to, and thereby, refund the Educational Facilities Revenue Bonds (Stetson University, Inc. Project) Series 2015, the proceeds of which were loaned to the University for the purpose of financing the construction and equipping of certain educational facilities owned and operated by the University, and (ii) pay the costs and expenses associated with the issuance of the Bonds. In such capacity, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meanings set forth in the Trust Indenture and the Loan Agreement.

As to questions of fact material to our opinion, we have examined and relied upon representations of the Authority contained in the Trust Indenture and the University contained in the Loan Agreement and in the certified proceedings and other certifications of public

officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have also examined and relied upon the opinion of even date herewith of Landis Graham French, P.A., as Counsel for the Authority, with respect to various matters concerning the Authority, including (i) the due creation and valid existence of the Authority, the due adoption of the Resolution, (ii) the due execution and delivery of the Bonds, (iii) the compliance by the Authority with all conditions contained in ordinances and resolutions of the Authority precedent to the issuance of the Bonds, and (iv) the due execution and delivery of the Authority Documents (as defined in such opinion) by the Authority.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of Cobb & Cole, P.A., Special Counsel for the University, as to, among other matters, including (i) the due organization and valid existence of the University, (ii) the authorization, execution and delivery of the Loan Agreement by the University, (iii) the power of the University to enter into and perform certain documents, (iv) the status of the University as a corporation described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and (v) the absence of any currently expected use of the 2025 Project in any "unrelated trade or business" of the University as defined in Section 513 of the Code.

Under the Loan Agreement, the University has agreed to make payments sufficient for the Authority to pay when due, the principal of, premium, if any, and interest on the Bonds in the manner provided in the Trust Indenture, and such payments and the rights of the Authority under the Loan Agreement (except for the Authority's Reserved Rights) were pledged and assigned by the Authority to the Trustee as security for the Bonds.

The Bonds are limited and special obligations of the Authority and are payable solely from the Security in the manner and to the extent provided in the Trust Indenture, and neither the Bonds nor the interest thereon shall constitute an indebtedness or a pledge of the faith and credit of the Authority, the State, or any political subdivision of the State within the meaning of any State constitutional provision, statutory limitation, or charter provision and will not constitute or give rise to a pecuniary liability of the Authority, the State, or any political subdivision of the State or a charge against the general credit or taxing power of any of them. The issuance of the Bonds does not directly or indirectly or contingently obligate the Authority, the State, or any political subdivision of the State to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment.

The principal of and interest on the Bonds are payable from and secured by a lien upon and pledge of the Security (as defined in the Trust Indenture). The obligations of the University under the Loan Agreement are general obligations of the University.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion that, under existing law:

(1) The Trust Indenture and the Loan Agreement constitute valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms. All rights of the Authority under the Loan Agreement (except for Reserved Rights) have been validly assigned to the Trustee under the Trust Indenture.

(2) The Bonds are valid and legally binding limited obligations of the Authority enforceable in accordance with their terms, payable solely from the Security in the manner and to the extent provided in the Trust Indenture.

(3) The Trust Indenture creates a valid lien upon the Security for the security of the Bonds, all in the manner and to the extent provided in the Trust Indenture.

(4) Interest on the Bonds **[(including any original issue discount properly allocable to an owner thereof)]** is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the University have covenanted in the Trust Indenture and in the Loan Agreement, respectively, to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

It is to be understood that the rights of the owner of the Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of

the Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Authority or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Bonds or regarding the perfection or priority of the lien on the Security created by the Trust Indenture. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

STETSON UNIVERSITY



Printed by: ImageMaster, LLC
www.imagemaster.com