New Issue - Book-Entry Only **Ratings: See "RATINGS" herein.**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2018 Bonds. See "TAX MATTERS" herein.

$516,615,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Student Housing Revenue Bonds
(CHF–Davis I, L.L.C. — West Village Student Housing Project)
Series 2018

UC DAVIS

Dated: Date of Delivery **Due: May 15, as shown on the inside cover**

California Municipal Finance Authority (the "Issuer") is offering $516,615,000 aggregate principal amount of its Student Housing Revenue Bonds (CHF–Davis I, L.L.C. – West Village Student Housing Project) Series 2018 (the "Series 2018 Bonds"). The proceeds of the sale of the Series 2018 Bonds will be used to provide funds to (i) pay the costs of constructing, improving and equipping an approximately 1,250-unit student housing facility comprised of approximately 3,290 beds along with related and appurtenant facilities, including but not limited to a community center and photovoltaic systems on land owned by The Regents of the University of California ("The Regents") and leased to the Borrower (as defined below) (the "Series 2018 Project"), and constructing, improving and equipping certain aboveground elements including landscaping, hardscaping, streets, sidewalks, bike paths, parking areas and certain underground elements including utility lines and fiber optic cables on adjacent land owned by The Regents but not leased to the Borrower (the "Series 2018 Offsite Elements"), (ii) fund a subaccount of the Liquidity Account (as defined herein), capitalized interest and certain other funds and expenses as authorized under the Indenture (as defined below) and (iii) pay the Issuance Costs (as defined in the Indenture) of the Series 2018 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Series 2018 Project will be owned by CHF–Davis I, L.L.C. (the "Borrower"), a limited liability company organized under the laws of the State of Alabama.

The Series 2018 Bonds are being issued under and pursuant to the Constitution and laws of the State of California, particularly the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, as amended (the "Act"), and an Indenture, dated as of December 1, 2018 (the "Indenture"), between the Issuer and Wilmington Trust, National Association, as trustee (the "Bond Trustee"). The Issuer will lend the proceeds of the Series 2018 Bonds to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), between the Issuer and the Borrower. The Borrower is obligated pursuant to the Loan Agreement to make or cause to be made monthly Basic Loan Payments (as defined herein) to the Issuer in amounts calculated to be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds (as defined below), as the same mature and become due. Basic Loan Payments are payable solely from a pledge of Project Gross Revenues (as defined herein) pursuant to the Loan Agreement, from property pledged under the Leasehold Deed of Trust (as defined herein) and from payments to be made by The Regents, if any, pursuant to the Debt Service Payment Agreement (as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Indenture permits the Issuer to issue Additional Bonds (as defined herein) secured on a parity with the Series 2018 Bonds under certain circumstances. The Series 2018 Bonds and any Additional Bonds issued pursuant to the Indenture (collectively, the "Bonds") are entitled to the equal benefit, protection and security of the pledge and covenants and agreements of the Indenture. See "INTRODUCTORY STATEMENT" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Neither the Foundation (as defined herein) nor any limited liability company established by the Foundation (other than the Borrower) will have any obligation with respect to the Series 2018 Bonds or under the Loan Agreement or any of the other Bond Documents (as defined in the Indenture). The Borrower's obligations with respect to the Series 2018 Bonds are non-recourse. See "NO RECOURSE AGAINST BORROWER'S MEMBER AND OFFICERS." See also "INVESTMENT CONSIDERATIONS—Limited Security; Non-Recourse Obligations."

As described under "BOND INSURANCE," the scheduled payment of principal and interest on the Series 2018 Bonds maturing on May 15, 2048 bearing interest at a rate of 4.00% and with the CUSIP number 13049YBL4 (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2018 Bonds by Build America Mutual Assurance Company ("BAM" or the "Insurer").

BAM
BUILD AMERICA MUTUAL

THE SERIES 2018 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) OR THE UNIVERSITY (AS DEFINED HEREIN) OR THE REGENTS OR THE COUNTY OF YOLO, CALIFORNIA BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. THE SERIES 2018 BONDS ARE A LIMITED OBLIGATION OF THE ISSUER. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF THE SERIES 2018 BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED UNDER THE INDENTURE AND THE LOAN AGREEMENT AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER) OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2018 BONDS. THE ISSUANCE OF THE SERIES 2018 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

The Series 2018 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and any multiple thereof. The Series 2018 Bonds will bear interest from the Date of Delivery, payable semiannually on each May 15 and November 15, commencing May 15, 2019 (each, an "Interest Payment Date"). The Series 2018 Bonds will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2018 Bonds. So long as Cede & Co. is the registered owner of the Series 2018 Bonds, references herein to the Owners of the Series 2018 Bonds shall mean Cede & Co. and will not mean the beneficial owners of the Series 2018 Bonds. So long as Cede & Co. is the registered owner of the Series 2018 Bonds, the payment of principal of, interest, and redemption premium, if any, on the Series 2018 Bonds will be made to Cede & Co., which will in turn be responsible for making such payments to its participants for subsequent disbursement to the beneficial owners. See "THE SERIES 2018 BONDS."

The Series 2018 Bonds will be subject to mandatory, optional and extraordinary redemption prior to maturity as described herein. See "THE SERIES 2018 BONDS—Redemption."

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS
SEE INSIDE COVER

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

The Series 2018 Bonds are offered when, as, and if received by the Underwriters, subject to the approval as to legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer. Certain legal matters will be passed upon by Jones Hall, counsel to the Issuer; Orrick, Herrington & Sutcliffe LLP, special counsel to The Regents; the Office of General Counsel, counsel to The Regents; Hand Arendall Harrison Sale LLC, counsel to the Borrower; Hunton Andrews Kurth LLP, counsel to the Developer and the Manager; and O'Melveny & Myers LLP, counsel to the Underwriters. It is expected that the Series 2018 Bonds will be available for delivery to DTC in New York, New York on or about December 13, 2018.

J.P. Morgan **Jefferies**

BofA Merrill Lynch **UBS Financial Services Inc.**

Loop Capital Markets **Ramirez & Co., Inc.** **Siebert Cisneros Shank & Co., L.L.C.**

Dated: December 6, 2018

MATURITY AND PRICING SCHEDULE

$516,615,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Student Housing Revenue Bonds
(CHF–Davis I, L.L.C. – West Village Student Housing Project)
Series 2018

Maturity (May 15)	Principal Amount ($)	Interest Rate (%)	Yield (%)	CUSIP† No.
2023	4,550,000	5.000	2.450	13049YAR2
2024	5,600,000	5.000	2.570	13049YAS0
2025	6,835,000	5.000	2.710	13049YAT8
2026	8,160,000	5.000	2.850	13049YAU5
2027	9,485,000	5.000	2.950	13049YAV3
2028	10,920,000	5.000	3.060	13049YAW1
2029	11,465,000	5.000	3.190c	13049YAX9
2030	12,040,000	5.000	3.290c	13049YAY7
2031	12,640,000	5.000	3.380c	13049YAZ4
2032	13,270,000	5.000	3.450c	13049YBA8
2033	13,935,000	5.000	3.510c	13049YBB6
2034	14,635,000	5.000	3.570c	13049YBC4
2035	15,365,000	5.000	3.630c	13049YBD2
2036	16,130,000	5.000	3.680c	13049YBE0
2037	16,940,000	5.000	3.730c	13049YBF7
2038	17,785,000	5.000	3.770c	13049YBG5
2039	18,675,000	5.000	3.800c	13049YBH3
2040	19,610,000	5.000	3.830c	13049YBJ9

$64,910,000 5.000% Term Bond due May 15, 2043 – Yield 3.920%c CUSIP† No. 13049YBK6

$71,925,000 4.000% Term Bond due May 15, 2048 – Yield 4.140% CUSIP† No. 13049YBL4‡

$58,335,000 5.000% Term Bond due May 15, 2048 – Yield 3.990%c CUSIP† No. 13049YBM2

$93,405,000 5.000% Term Bond due May 15, 2051 – Yield 4.040%c CUSIP† No. 13049YBN0

---

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS), is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the Borrower, The Regents, the Underwriters or their agents or counsel assume responsibility for the use or accuracy of such numbers.

c Priced to par call date of November 15, 2028.

‡ Insured Bonds to be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2018 Bonds by Build America Mutual Assurance Company.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2018 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

No representation is made that past experience, as it might be shown by financial and other information, will necessarily continue or be repeated in the future. See "FORWARD-LOOKING STATEMENTS" herein.

No dealer, broker, salesperson, or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Borrower, the University, The Regents, the Developer, the Manager or the Underwriters. Neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Borrower since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2018 Bonds generally or the Insured Bonds in particular or the advisability of investing in the Insured Bonds or any of the Series 2018 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and in APPENDIX J—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.

THE SERIES 2018 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR WITH THE SECURITIES COMMISSION OR ANY REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Statements in this Official Statement are made as of the date hereof unless stated otherwise and neither the delivery of this Official Statement at any time, nor any sales thereunder, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date hereof.

Any references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within such websites is not incorporated herein by reference and does not constitute part of this Official Statement.

In making an investment decision, investors must rely on their own examination of the Borrower and the terms of the offering, including the merits and risks involved. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.

TABLE OF CONTENTS

	Page
SUMMARY STATEMENT	i
The Issuer	i
The Borrower	i
The University and The Regents	ii
UC Davis	ii
The Series 2018 Bonds	iii
The Bond Trustee	iii
The Master Trustee	iii
The Series 2018 Project and the Series 2018 Offsite Elements	iii
The Developer	iv
The Manager	iv
The 2018 Ground Lease	iv
Security and Sources of Payment for the Bonds	v
Bond Insurance	vi
Investment Considerations; CEQA Lawsuit	vii
Continuing Disclosure	vii
Certain Information	vii
INTRODUCTORY STATEMENT	1
THE ISSUER	3
THE SERIES 2018 PROJECT AND THE SERIES 2018 OFFSITE ELEMENTS	4
THE BORROWER	5
General	5
Board of Directors	6
NO RECOURSE AGAINST BORROWER'S MEMBER AND OFFICERS	6
THE SERIES 2018 BONDS	6
General Description	6
Payment of the Series 2018 Bonds	7
Book-Entry Only System for the Series 2018 Bonds	7
Redemption	7
Registration Provisions; Exchange; Replacement	11
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	12
Limited Obligations	12
Leasehold Deed of Trust and Assignments of Agreements and Documents	13
Project Gross Revenues; Revenue Fund	13
Pledge and Assignment of Trust Estate	14
Pledge and Assignment of Financing Trust Estate	15
Construction Fund	16
Coverage Reserve Fund	16
Repair and Replacement Fund	16
Working Capital and Marketing Fund	17
Liquidity Account and Subaccounts	17
Debt Service Payment Agreement	19
Insurance Coverage	19
Additional Bonds	20
Rate Covenant	21
Enforceability of Remedies	21
BOND INSURANCE	22

TABLE OF CONTENTS
(continued)

Page

Bond Insurance Policy 22
Build America Mutual Assurance Company 22

THE DEVELOPMENT AGREEMENT 23

The Developer 23
The Development Agreement 24

THE MANAGEMENT AGREEMENT AND THE MARKETING AND LICENSING AGREEMENT 27

The Manager 27
The Management Agreement 27
Replacement of the Manager 29
The Marketing and Licensing Agreement 29

THE UNIVERSITY AND THE REGENTS 30

THE UNIVERSITY OF CALIFORNIA, DAVIS 30

General 30
Enrollment 31
Housing 31

ESTIMATED SOURCES AND USES OF FUNDS 33

DEBT SERVICE 34

THE 2018 GROUND LEASE 34

THE SERIES 2018 CONSTRUCTION CONTRACT, THE SERIES 2018 SOLAR CONTRACT AND THE ARCHITECT'S AGREEMENT 37

The Series 2018 Construction Contract 37
The Series 2018 Solar Contract 37
The Architect's Agreement 38

INVESTMENT CONSIDERATIONS 38

Limited Security; Non-Recourse Obligations 38
Competing Facilities and Rental Market Considerations 39
Reliance on Third-Parties by Borrower 39
Collection of Funds by The Regents Pursuant to the Marketing and Licensing Agreement 39
Risks of Construction and Delays in Completion of the Series 2018 Project 40
Limitations Regarding Operational Information Available Regarding Existing On-Campus Housing 40
Liquidity Account Available to Secure Other FTA-Secured Bonds; Financing Trust Agreement Subject to Amendment 40
CEQA Lawsuit Challenging the Series 2018 Project 41
Other Environmental Risks 43
General Risks of Real Estate Investment 43
Limitation on Acceleration 43
Debt Service Payment Agreement Obligations Terminate Upon Final Completion 44
Property and Possessory Interest Tax Risk 44
Seismic Risks and Other Disasters 44
Information Not Verified 44
No Requirement to Provide Credit Facility or Bond Insurance 45
Certain Rights of the Insurer 45
Enforceability of Remedies; Effect of Bankruptcy 45
Limits on Remedies Under the Deed of Trust (Anti-Deficiency Laws) 45
Tax-Exempt Status 46

TABLE OF CONTENTS
(continued)

Page

PROSPECTIVE EVALUATION OF STUDENT HOUSING MARKET 47
LITIGATION 48
The Issuer 48
The Borrower 48
The Regents....48
TAX MATTERS 49
UNDERWRITING 50
FORWARD-LOOKING STATEMENTS 51
MUNICIPAL ADVISOR 51
RATINGS....52
LEGAL MATTERS 52
CONTINUING DISCLOSURE....52
SOURCES OF INFORMATION 53
MISCELLANEOUS 54

APPENDIX A – THE SERIES 2018 PROJECT....A-1
APPENDIX B – THE UNIVERSITY OF CALIFORNIA....B-1
APPENDIX C – THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018 ....C-1
APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS....D-1
APPENDIX E – PROPOSED FORM OF BOND COUNSEL OPINION E-1
APPENDIX F – FORMS OF CONTINUING DISCLOSURE AGREEMENTS F-1
APPENDIX G – BOOK-ENTRY ONLY SYSTEM G-1
APPENDIX H – MARKET ANALYSIS STUDY H-1
APPENDIX I – CEQA LAWSUIT....I-1
APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY J-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information contained elsewhere in this Official Statement and the appendices hereto (collectively, this "Official Statement"). The offering of the Series 2018 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach the following Summary Statement from this Official Statement or to use it otherwise without the entire Official Statement.

The Issuer

The California Municipal Finance Authority (the "Issuer") is a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of January 1, 2004, by and among certain cities, counties and special districts in the State of California (the "State"), as may be amended from time to time (the "Joint Powers Agreement") pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act") for the purpose of exercising powers common to the members and exercising the additional powers granted to the Issuer by the Act and any other applicable provisions of State law. Under the Joint Powers Agreement, the Issuer may issue bonds, notes or any other evidence of indebtedness, for any purpose or activity permitted under the Act or any other applicable law. See "THE ISSUER" herein.

The Borrower

CHF–Davis I, L.L.C. (the "Borrower") is a limited liability company, organized in December 2017 under the laws of the State of Alabama for the purpose of assisting UC Davis (as defined below) to provide housing for its students. The proceeds of the Series 2018 Bonds will be loaned to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), between the Issuer and the Borrower. The Borrower is not expected to have any assets other than the "Project," which is defined in the Indenture as the Series 2018 Project (as defined below) and any additional project acquired, constructed, furnished and equipped with the proceeds of Additional Bonds (as defined herein). The Borrower's sole member is Collegiate Housing Foundation, a non-profit corporation organized and existing under the laws of the State of Alabama (the "Foundation"). The Foundation is an organization that is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Foundation was organized in 1996. See "THE BORROWER" herein. **Neither the Foundation nor any limited liability company established by the Foundation (other than the Borrower) will have any obligation with respect to the Series 2018 Bonds or under the Loan Agreement any of the other Bond Documents (as defined in the Indenture). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations" herein. The Borrower's obligations with respect to the Series 2018 Bonds are non-recourse. See "NO RECOURSE AGAINST BORROWER'S MEMBER AND OFFICERS" herein. The Borrower's ability to pay the principal of and interest on the Series 2018 Bonds may be adversely affected by its contractual obligations with respect to the Series 2018 Bonds and the Series 2018 Project, including requirements for payment by the Borrower pursuant to indemnity obligations under certain of the Bond Documents (as defined in the Indenture). See "INVESTMENT CONSIDERATIONS—Limited Security; Non-Recourse Obligations" herein.**

The University and The Regents

The University of California (the "University"), established in 1868, is the public institution of higher education designated by the State of California in its master plan for higher education for the training of individuals for the professions, for the awarding of doctoral degrees in all fields of human knowledge, and for the conduct of research. The Constitution of the State of California provides that the University shall be a public trust administered by the corporation, "The Regents of the University of California" ("The Regents"), which is vested with full powers of organization and government, subject only to such legislative control as may be necessary to ensure the security of its funds and compliance with the terms of the endowments of the University and such competitive bidding procedures as may be made applicable to the University by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods and services. See "THE UNIVERSITY AND THE REGENTS" herein and APPENDIX B—"THE UNIVERSITY OF CALIFORNIA" and APPENDIX C—"THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018." **The information contained in Appendices B and C describes, among other things, funds and assets of The Regents. None of the funds and assets of The Regents are pledged as security for the Series 2018 Bonds.**

Pursuant to the Debt Service Payment Agreement (as defined below in "Security and Sources of Payment for the Bonds"), The Regents unconditionally, absolutely and irrevocably covenants to pay to the Bond Trustee an amount equal to the Debt Service Shortfall, if any, upon receipt of a written notice from the Bond Trustee. See "Security and Sources of Payment for the Bonds" below. See also "INVESTMENT CONSIDERATIONS—Debt Service Payment Agreement Obligations Terminate Upon Final Completion" herein.

The Regents also will enter into a Marketing and Licensing Agreement, dated the date of issuance of the Series 2018 Bonds, with the Manager (the "Marketing and Licensing Agreement") for an initial term of five (5) years, subject to earlier termination, whereby The Regents (acting on behalf of UC Davis) will assume certain delegated responsibilities of the Manager under the Management Agreement in connection with the marketing and leasing of beds in the Series 2018 Project to eligible tenants. See "THE MANAGEMENT AGREEMENT AND THE MARKETING AND LICENSING AGREEMENT" herein.

UC Davis

The University of California, Davis ("UC Davis") is a campus of the University, located adjacent to the City of Davis, California. UC Davis was first established in 1908 as the University Farm, the research and science-based instruction extension of the University of California, Berkeley. In 1959, UC Davis became the seventh general campus in the University of California system. It offers undergraduate, graduate and professional level study. UC Davis is located on approximately 5,300 acres within Yolo County, approximately 18 miles west of Sacramento. Total student headcount enrollment for Fall Term 2017 was 38,369, an approximately 2.6% increase from Fall Term 2016. Freshman enrollment in Fall Term 2017 totaled 5,896, an increase of approximately 2% as compared to Fall Term 2016. Current housing at UC Davis consists of residence halls primarily for first year students and student apartments for continuing undergraduate students, transfer students and graduate students.

There are a total of approximately 10,181 beds on campus for students, and approximately 29% of UC Davis students live on campus. See "THE UNIVERSITY OF CALIFORNIA, DAVIS" herein and "THE SERIES 2018 PROJECT—Existing On-Campus Student Housing" in Appendix A hereto.

The Series 2018 Bonds

The Issuer will issue $516,615,000 aggregate principal amount of revenue bonds to be designated "California Municipal Finance Authority Student Housing Revenue Bonds (CHF–Davis I, L.L.C. – West Village Student Housing Project) Series 2018" (the "Series 2018 Bonds"). The Series 2018 Bonds are being issued under and pursuant to the Constitution and laws of the State of California, particularly the Act, and an Indenture, dated as of December 1, 2018 (the "Indenture"), between the Issuer and the Bond Trustee (as defined below). The proceeds of the sale of the Series 2018 Bonds will be used to provide funds to (i) pay the costs of constructing, improving and equipping the Series 2018 Project (as defined below) and constructing, improving and equipping the Series 2018 Offsite Elements (as defined below), (ii) fund a subaccount of the Liquidity Account (as defined herein), capitalized interest and certain other funds and expenses as authorized under the Indenture and (iii) pay the Issuance Costs (as defined in the Indenture) of the Series 2018 Bonds. See "THE SERIES 2018 BONDS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Indenture permits the Issuer to issue Additional Bonds secured on a parity with the Series 2018 Bonds under certain circumstances. The Series 2018 Bonds and any Additional Bonds issued pursuant to the Indenture (collectively, the "Bonds") are entitled to the equal benefit, protection and security of the pledge and covenants and agreements of the Indenture. See "INTRODUCTORY STATEMENT," "DEBT SERVICE" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bond Trustee

Wilmington Trust, National Association will act as trustee, bond registrar and paying agent for the Series 2018 Bonds.

The Master Trustee

Wilmington Trust, National Association. will also act as master trustee under the Financing Trust Agreement (as defined below). See "Security and Sources of Payment for the Bonds" below and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge and Assignment of Financing Trust Estate" herein.

The Series 2018 Project and the Series 2018 Offsite Elements

The Series 2018 Project, to be known as the "West Village Student Housing Project," will include approximately 1,250 student housing units, with a total of approximately 3,290 beds, along with related and appurtenant facilities, including but not limited to a community center and photovoltaic systems to provide power to the facility (the "Series 2018 Project"). The site for the construction of the Series 2018 Project (the "Series 2018 Project Site") is on approximately 34 acres on the campus of UC Davis that will be leased to the Borrower pursuant to the 2018 Ground Lease (as defined below). See "The 2018 Ground Lease" below. The Series 2018 Project is intended primarily for undergraduate students. Proceeds of the Series 2018 Bonds will also be used for constructing, improving and equipping elements intended to benefit the Series 2018 Project (the "Series 2018 Offsite Elements") on approximately 12 acres of land on the UC Davis campus that is adjacent to the Series 2018 Project

Site but that will not be leased to the Borrower. The Series 2018 Offsite Elements include certain aboveground elements including landscaping, hardscaping, streets, sidewalks, bike paths and parking areas, and certain underground elements including utility lines and fiber optic cables. The Borrower will be responsible for maintenance of certain of the Series 2018 Offsite Elements and will delegate this responsibility to the Manager.

The developer and construction manager for the Series 2018 Project will be University Student Living LLC. See "The Developer" below. The Developer was selected to develop the Series 2018 Project as a result of a request for proposals made by The Regents. Construction of the Series 2018 Project is scheduled to begin in December 2018. The Developer and UC Davis anticipate the Series 2018 Project will have approximately 1,000 beds completed in time for occupancy in Fall 2020 and that the remaining beds will be completed in time for occupancy in Fall 2021.

Initially, the Series 2018 Project will be operated, managed and maintained by University Student Living Management, LLC pursuant to the Management Agreement (as defined herein). See "The Manager" below. The Regents will enter into the Marketing and Licensing Agreement with the Manager, whereby The Regents (acting on behalf of UC Davis) will assume certain delegated responsibilities under the Management Agreement in connection with the marketing and leasing of beds in the Series 2018 Project to eligible tenants. See "The University and The Regents" above.

For additional information regarding the Series 2018 Project and the Series 2018 Offsite Elements, see "THE SERIES 2018 PROJECT AND THE SERIES 2018 OFFSITE ELEMENTS" herein and APPENDIX A—"THE SERIES 2018 PROJECT."

The Developer

The Developer is University Student Living, LLC (the "Developer"), a New Jersey limited liability company formed in 2011 for the purpose of developing student housing communities. As of the date hereof, the Developer has developed approximately 8,650 on- and off-campus student beds in 14 college communities. See "THE DEVELOPMENT AGREEMENT—The Developer" herein.

The Manager

The initial Manager is University Student Living Management, LLC (the "Manager"), a New Jersey limited liability company formed in 2014 for the purpose of managing and maintaining on-campus student housing communities. As of the date hereof, the Manager has responsibility for the management or oversight of approximately 6,640 on- and off-campus student beds at 10 college communities. See "THE MANAGEMENT AGREEMENT AND THE MARKETING AND LICENSING AGREEMENT" herein.

The 2018 Ground Lease

Pursuant to a Ground Lease Agreement, to be dated the date of issuance of the Series 2018 Bonds (the "2018 Ground Lease"), between The Regents, as ground lessor (the "Ground Lessor"), and the Borrower, as ground lessee, The Regents will lease the Series 2018 Project Site to the Borrower for the period commencing on such date and expiring on the earlier of (i) December 1, 2068 at 12:00 midnight or (ii) 12:00 midnight of the day preceding the first day of the month following final redemption or defeasance of all of the Bonds and satisfaction of any and all amounts due under the Loan Agreement or the Indenture, subject to automatic extension if amounts remain due to The Regents. Under no circumstances, however, shall the term of the 2018 Ground Lease exceed 50 years. The term of the 2018 Ground Lease is further subject to (x) certain early termination rights of The Regents related to events of default and any delays arising from the CEQA Lawsuit, as provided in the 2018 Ground Lease and (y) an option to purchase, whereby The Regents, subject to certain conditions, may acquire the Borrower's entire interest in the Series 2018 Project. See "THE 2018 GROUND LEASE" herein.

Security and Sources of Payment for the Bonds

The obligations of the Borrower under the Loan Agreement are secured by (i) a Leasehold Deed of Trust with Assignment of Rents and Fixture Filing, dated as of December 1, 2018 (the "Leasehold Deed of Trust"), pursuant to which the Borrower, (a) subject to Permitted Encumbrances (as defined therein), grants to the deed of trust trustee named therein for the benefit of the Bond Trustee a lien on the Borrower's interest in the Site (as defined therein and which term includes the 2018 Project Site) and all improvements thereon and other interests created by the Ground Lease (as defined therein and which term includes the 2018 Ground Lease) and, (b) subject to such Permitted Encumbrances (as defined therein), assigns and pledges to the deed of trust trustee named therein for the benefit of the Bond Trustee the Borrower's interest in the rents, revenues, issues, profits, products, royalties, income and other benefits of and from the Project (as defined herein) and any improvements thereto, and all fixtures, attachments, appliances, equipment, machines and other articles incorporated into the Project, and all tangible personal property of the Borrower located on the Site and used primarily in connection with the construction, operation or maintenance of the Project; (ii) a Developer Collateral Assignment Agreement, dated the date of issuance of the Series 2018 Bonds relating to the Series 2018 Project (the "Developer Collateral Assignment Agreement"), pursuant to which the Developer assigns to the Bond Trustee its rights under the Series 2018 Construction Contract, the Series 2018 Solar Contract, the Architect's Agreement and other contracts relating to the design or construction of the Series 2018 Project and the Series 2018 Offsite Elements and any improvements thereto or expansions thereof; and (iii) a Borrower Collateral Assignment Agreement, dated the date of issuance of the Series 2018 Bonds relating to the Series 2018 Project (the "Borrower Collateral Assignment Agreement"), pursuant to which the Borrower assigns to the Bond Trustee its rights under the Management Agreement and the Development Agreement. As security for its obligations under the Bonds, the Issuer will enter into an Indenture, dated as of December 1, 2018 (the "Indenture"), with the Bond Trustee. Pursuant to the Indenture, the Issuer assigns and pledges to the Bond Trustee, and grants to the Bond Trustee a first priority security interest in, all of its right, title and interest in the Loan Agreement (except for Unassigned Rights (as defined in the Loan Agreement)), the Leasehold Deed of Trust, the Management Agreement, the Developer Collateral Assignment Agreement, the Borrower Collateral Assignment Agreement and all revenues, payments, receipts and moneys to be received and held thereunder.

The Borrower will also enter into a Financing Trust Agreement, dated as of December 1, 2018, with the Master Trustee, together with a First Supplemental Financing Trust Agreement, dated as of December 1, 2018 (together, the "Financing Trust Agreement"), with the Master Trustee. Pursuant to the Financing Trust Agreement, the Borrower assigns and grants to the Master Trustee, for the benefit of the Owners of the Series

2018 Bonds and any other bonds or other evidences of indebtedness issued from time to time and secured under the Financing Trust Agreement, a security interest in all right, title and interest of the Borrower and any future borrowers in the funds and accounts established and maintained under the Financing Trust Agreement (collectively, the "Financing Trust Estate").

Under the Loan Agreement, the Borrower is subject to certain financial covenants and restrictions on incurring additional Indebtedness (as defined in the Indenture).

The Series 2018 Bonds are further secured by a Debt Service Payment Agreement, dated as of December 1, 2018, by and between The Regents and the Bond Trustee (the "Debt Service Payment Agreement"). Pursuant to the Debt Service Payment Agreement, The Regents unconditionally, absolutely and irrevocably covenants to pay to the Bond Trustee an amount equal to the Debt Service Shortfall, if any, upon receipt of a written notice from the Bond Trustee. The Debt Service Payment Agreement defines (i) the "Debt Service Shortfall" to mean solely to the extent that the funds then available to the Bond Trustee under the Indenture (excluding, however, any funds in the UCD Series 2018 Bonds Pooling Subaccount of the Liquidity Account) are not fully sufficient to pay Applicable Debt Service, an amount equal to the difference between the Applicable Debt Service and the amount available to the Bond Trustee under the Indenture (excluding, however, any funds in the UCD Series 2018 Bonds Pooling Subaccount of the Liquidity Account) to pay the Applicable Debt Service and (ii) "Applicable Debt Service" to mean the Debt Service (i.e., principal of and interest and redemption premium, if any, on the Series 2018 Bonds to be paid in accordance with the terms and conditions of the Indenture) as the same becomes due and payable in accordance with the Indenture for a period from the Closing Date through the Termination Date. The Debt Service Payment Agreement terminates on the "Termination Date," which is defined therein as the date upon which The Regents has delivered to the Bond Trustee a copy of the Certificate of Occupancy (as defined in the 2018 Ground Lease) issued in connection with Final Completion (as defined in the 2018 Ground Lease) with respect to the Series 2018 Project. The Debt Service Payment Agreement provides, however, that notwithstanding anything to the contrary in such agreement, in the event that The Regents does not provide a copy of the Certificate of Occupancy to the Bond Trustee, the Termination Date will mean the date of Final Completion.

The Indenture permits the Issuer to issue Additional Bonds secured on a parity with the Series 2018 Bonds under certain circumstances.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS."

Bond Insurance

Concurrently with the issuance of the Series 2018 Bonds, Build America Mutual Assurance Company ("BAM" or the "Insurer") will issue its Municipal Bond Insurance Policy (the "Policy") for the Series 2018 Bonds maturing on May 15, 2048 bearing interest at a rate of 4.00% and with the CUSIP number 13049YBL4 (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix J to this Official Statement. See "BOND INSURANCE" and "INVESTMENT

CONSIDERATIONS—Certain Rights of the Insurer" herein and APPENDIX J—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Investment Considerations; CEQA Lawsuit

This Official Statement includes a summary of certain risk factors attendant to an investment in the Series 2018 Bonds (see "INVESTMENT CONSIDERATIONS" herein), including information with respect to risks relating to competing facilities, construction costs and delays, reliance on third-parties, limitation on acceleration of the Series 2018 Bonds and enforceability of remedies/effect of bankruptcy, among others. Also described in such summary is the CEQA Lawsuit (as defined herein) that is currently pending and that challenges the Series 2018 Project. As described herein, the CEQA Lawsuit presents risks that could result in delays to construction, completion or occupancy of the Series 2018 Project, which risks include the possibility of the court enjoining construction or occupancy of the Series 2018 Project either during the pendency of the CEQA Lawsuit or as part of the court's decision on the merits. A stay or injunction in such CEQA Lawsuit could have a material adverse effect on the Borrower's ability to pay principal and interest on the Series 2018 Bonds when due; however, The Regents has agreed pursuant to the Debt Service Payment Agreement to make payments to the Bond Trustee sufficient to make such payments under certain circumstances as described under "Security and Sources of Payment for the Bonds" above. See "INVESTMENT CONSIDERATIONS—CEQA Lawsuit Challenging the Series 2018 Project" for additional information with respect to the CEQA Lawsuit.

Continuing Disclosure

The Borrower and The Regents will agree in separate continuing disclosure agreements for the benefit of the Owners and Beneficial Owners of the Series 2018 Bonds, each to provide certain information to enable the Underwriters to comply with the continuing disclosure requirements of the Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule"), as described further herein. The Issuer will not undertake any responsibility with respect to continuing disclosure under the Rule. The Master Trustee will covenant in the Financing Trust Agreement to cooperate with the Borrower, The Regents and the Bond Trustee, as the Borrower's dissemination agent with respect to the Series 2018 Bonds, to provide such information as they may reasonably request in order to meet the Borrower's continuing disclosure obligations under the Loan Agreement. See "CONTINUING DISCLOSURE" herein and APPENDIX F—"FORMS OF CONTINUING DISCLOSURE AGREEMENTS."

Certain Information

Statements in this Official Statement are made as of the date hereof unless stated otherwise and neither the delivery of this Official Statement at any time, nor any sales thereunder, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date hereof. Copies of this Official Statement and other relevant documents and information regarding the documents are available upon request from the Underwriters prior to the issuance and delivery of the Series 2018 Bonds and from the Bond Trustee after the issuance and delivery of the Series 2018 Bonds. See "INTRODUCTORY STATEMENT," "SOURCES OF INFORMATION" and "MISCELLANEOUS" herein.

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

$516,615,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
STUDENT HOUSING REVENUE BONDS
(CHF–DAVIS I, L.L.C. – WEST VILLAGE STUDENT HOUSING PROJECT)
SERIES 2018

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the appendices hereto, furnishes certain information in connection with the sale by the California Municipal Finance Authority (the "Issuer") of $516,615,000 in aggregate principal amount of its Student Housing Revenue Bonds (CHF–Davis I, L.L.C. – West Village Student Housing Project) Series 2018 (the "Series 2018 Bonds") to be issued by the Issuer under and pursuant to the Constitution and laws of the State of California (the "State"), particularly the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State, as amended (the "Act"), and an Indenture, dated as of December 1, 2018 (the "Indenture"), between the Issuer and Wilmington Trust, National Association, as trustee (the "Bond Trustee").

The Series 2018 Bonds and any Additional Bonds (as defined herein) issued pursuant to the Indenture are collectively referred to herein as the "Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds" herein.

The proceeds of the sale of the Series 2018 Bonds will be used to provide funds to (i) pay the costs of constructing, improving and equipping of an approximately 1,250-unit student housing facility comprised of approximately 3,290 beds along with related and appurtenant facilities, including but not limited to a community center and photovoltaic systems (the "Series 2018 Project"), on land owned by The Regents of the University of California ("The Regents") and leased to CHF–Davis I, L.L.C. (the "Borrower"), and constructing, improving and equipping the Series 2018 Offsite Elements (as defined herein), (ii) fund a subaccount of the Liquidity Account (as defined herein), capitalized interest and certain other funds and expenses as authorized under the Indenture and (iii) pay the Issuance Costs (as defined in the Indenture) of the Series 2018 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The site for the construction of the Series 2018 Project (the "Series 2018 Project Site") is on approximately 34 acres on the campus of UC Davis that will be leased to the Borrower pursuant to the 2018 Ground Lease (as defined herein). See "THE 2018 GROUND LEASE" herein.

The Issuer will lend the proceeds of the Series 2018 Bonds to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), between the Issuer and the Borrower. The Borrower is obligated pursuant to the Loan Agreement to make or cause to be made monthly Basic Loan Payments (as defined herein) to the Issuer in amounts calculated to be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same mature and become due. Under the Loan Agreement, the Borrower is obligated to pay all expenses of operating and maintaining the Project in good repair, to keep it properly insured, and to pay all taxes, assessments and other governmental charges levied or assessed against or with respect to the Project. Principal of, redemption premium, if any, and interest on the Series 2018 Bonds are payable solely from a pledge of Project Gross Revenues (as defined herein), including rental payments with respect to the Series 2018 Project, property pledged under the Leasehold Deed of Trust (as defined herein) and payments to be made by The Regents, if any, pursuant to the Debt Service Payment Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Neither the Foundation (as defined herein) nor any limited liability company established by the Foundation (other than the Borrower) will have any obligation with respect to the Series 2018 Bonds or under the Loan Agreement or any of the other Bond Documents. The Borrower's obligations with respect to the Series 2018 Bonds are non-recourse. See "NO RECOURSE AGAINST BORROWER'S MEMBER AND

OFFICERS" herein. The Borrower's ability to pay the principal of and interest on the Series 2018 Bonds may be adversely affected by its contractual obligations with respect to the Series 2018 Bonds and the Series 2018 Project, including requirements for payment by the Borrower pursuant to indemnity obligations under certain of the Bond Documents (as defined in the Indenture). See "INVESTMENT CONSIDERATIONS—Limited Security; Non-Recourse Obligations" herein.

THE SERIES 2018 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO, CALIFORNIA BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. THE SERIES 2018 BONDS ARE A LIMITED OBLIGATION OF THE ISSUER. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF THE SERIES 2018 BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED UNDER THE INDENTURE AND THE LOAN AGREEMENT AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER) OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2018 BONDS. THE ISSUANCE OF THE SERIES 2018 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

The obligations of the Borrower under the Loan Agreement are secured by (i) a Leasehold Deed of Trust with Assignment of Rents and Fixture Filing, dated as of December 1, 2018 (the "Leasehold Deed of Trust"), pursuant to which the Borrower, (a) subject to Permitted Encumbrances (as defined therein), grants to the deed of trust trustee named therein for the benefit of the Bond Trustee a lien on the Borrower's interest in the Site (as defined therein and which term includes the Series 2018 Project Site) and all improvements thereon and other interests created by the Ground Lease (as defined therein and which term includes the 2018 Ground Lease) and (b) subject to such Permitted Encumbrances, assigns and pledges to the deed of trust trustee named therein for the benefit of the Bond Trustee the Borrower's interest in the rents, revenues, issues, profits, products, royalties, income and other benefits of and from the Project (as defined herein) and any improvements thereto, and all fixtures, attachments, appliances, equipment, machines and other articles incorporated into the Project, and all tangible personal property of the Borrower located on the Site and used primarily in connection with the construction, operation or maintenance of the Project; (ii) a Developer Collateral Assignment Agreement, dated the date of issuance of the Series 2018 Bonds relating to the Series 2018 Project (the "Developer Collateral Assignment Agreement"), pursuant to which the Developer assigns to the Bond Trustee its rights under the Series 2018 Construction Contract, the Series 2018 Solar Contract, the Architect's Agreement and other contracts relating to the design or construction of the Series 2018 Project and the Series 2018 Offsite Elements and any improvements thereto or expansions thereof; and (iii) a Borrower Collateral Assignment Agreement, dated the date of issuance of the Series 2018 Bonds relating to the Series 2018 Project (the "Borrower Collateral Assignment Agreement" and, together with the Developer Collateral Assignment Agreement, the "Assignments of Agreements and Documents"), pursuant to which the Borrower assigns to the Bond Trustee its rights under the Management Agreement and the Development Agreement.

Pursuant to the Indenture, the Issuer assigns and pledges to the Bond Trustee, and grants to the Bond Trustee a first priority security interest in, all of its right, title and interest in the Loan Agreement (except for Unassigned Rights (as defined in the Loan Agreement)), the Leasehold Deed of Trust, the Management Agreement, the Developer Collateral Assignment Agreement, the Borrower Collateral Assignment Agreement and all revenues, payments, receipts and moneys to be received and held thereunder. The Borrower and the Master Trustee will also enter into a Financing Trust Agreement, dated as of December 1, 2018, and a First Supplemental Financing Trust Agreement, dated as of December 1, 2018 (together, the "Financing Trust Agreement"). Pursuant to the Financing Trust Agreement, the Borrower conveys, transfers, assigns, confirms and grants a security interest in, to the Master Trustee, for the benefit of the Owners of the Series 2018 Bonds and each additional Series of Bonds (as defined in the Financing Trust Agreement) issued from time to time and secured under the Financing Trust Agreement, all right, title and interest of the Borrower and any future borrowers in and to each the funds and accounts established and maintained under the Financing Trust Agreement as and to the extent set forth in the Financing Trust Agreement and subject to the terms and conditions thereof (collectively, the "Financing Trust Estate").

The Series 2018 Bonds are further secured by a Debt Service Payment Agreement, dated as of December 1, 2018, by and between The Regents and the Bond Trustee (the "Debt Service Payment Agreement"). Pursuant to the Debt Service Payment Agreement, The Regents unconditionally, absolutely and irrevocably covenants to pay to the Bond Trustee an amount equal to the Debt Service Shortfall, if any, upon receipt of a written notice from the Bond Trustee. The Debt Service Payment Agreement defines (i) the "Debt Service Shortfall" to mean solely to the extent that the funds then available to the Bond Trustee under the Indenture (excluding, however, any funds in the UCD Series 2018 Bonds Pooling Subaccount of the Liquidity Account) are not fully sufficient to pay Applicable Debt Service, an amount equal to the difference between the Applicable Debt Service and the amount available to the Bond Trustee under the Indenture (excluding, however, any funds in the UCD Series 2018 Bonds Pooling Subaccount of the Liquidity Account) to pay the Applicable Debt Service and (ii) "Applicable Debt Service" to mean the Debt Service (i.e., principal of and interest and redemption premium, if any, on the Series 2018 Bonds to be paid in accordance with the terms and conditions of the Indenture) as the same becomes due and payable in accordance with the Indenture for a period from the Closing Date through the Termination Date. The Debt Service Payment Agreement terminates on the "Termination Date," which is defined therein as the date upon which The Regents has delivered to the Bond Trustee a copy of the Certificate of Occupancy (as defined in the 2018 Ground Lease) issued in connection with Final Completion (as defined in the 2018 Ground Lease) with respect to the Series 2018 Project. The Debt Service Payment Agreement provides, however, that notwithstanding anything to the contrary in such agreement, in the event that The Regents does not provide a copy of the Certificate of Occupancy to the Bond Trustee, the Termination Date will mean the date of Final Completion.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Certain terms defined in the Indenture, the Financing Trust Agreement, the Loan Agreement, the 2018 Ground Lease and the Debt Service Payment Agreement are set forth in Appendix D attached to this Official Statement. Capitalized terms used but not defined herein or in Appendix D attached hereto have the same meanings as used in the Indenture unless the context clearly indicates otherwise. This Official Statement and the appendices hereto contain brief descriptions of, among other matters, the Issuer, the Borrower, The Regents, the University, UC Davis, the Series 2018 Project, the Developer, the Manager, the Series 2018 Bonds, the Loan Agreement, the 2018 Ground Lease, the Financing Trust Agreement, the Indenture and the Debt Service Payment Agreement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Financing Trust Agreement, the Indenture, the Loan Agreement, the Leasehold Deed of Trust, the Assignments of Agreements and Documents, the 2018 Ground Lease, the Development Agreement, the Marketing and Licensing Agreement, the Debt Service Payment Agreement and any other Bond Documents are qualified in their entirety by reference to such documents, and references herein to the Series 2018 Bonds are qualified in their entirety to the form thereof included in the Indenture.

THE ISSUER

The California Municipal Finance Authority (the "Issuer") is a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of January 1, 2004, by and among certain cities, counties and special districts in the State, as may be amended from time to time (the "Joint Powers Agreement") pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act") for the purpose of exercising powers common to the members and exercising the additional powers granted to the Issuer by the Act and any other applicable provisions of State law. Under the Joint Powers Agreement, the Issuer may issue bonds, notes or any other evidence of indebtedness, for any purpose or activity permitted under the Act or any other applicable law.

The Issuer may sell and deliver obligations other than the Series 2018 Bonds. These obligations will be secured by instruments separate and apart from the Indenture and the Loan Agreement, and the holders of such other obligations of the Issuer will have no claim on the security for the Series 2018 Bonds. Likewise, the holders of the Series 2018 Bonds will have no claim on the security for such other obligations that may be issued by the Issuer.

Neither the Issuer nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in this section and the section entitled "LITIGATION – The Issuer." The Issuer does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Series 2018 Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Series 2018 Bonds, the Borrower or The Regents has been undertaken either by the Borrower or The Regents, as described herein. See "CONTINUING DISCLOSURE" herein.

THE SERIES 2018 PROJECT AND THE SERIES 2018 OFFSITE ELEMENTS

The Series 2018 Project, to be known as the "West Village Student Housing Project," will include approximately 1,250 student housing units, with a total of approximately 3,290 beds, along with related and appurtenant facilities, including but not limited to a community center and photovoltaic systems to provide power to the facility. The site for the construction of the Series 2018 Project (the "Series 2018 Project Site") is on approximately 34 acres on the campus of UC Davis that will be leased to the Borrower pursuant to a Ground Lease Agreement (the "2018 Ground Lease"), to be dated the date of issuance of the Series 2018 Bonds, between The Regents, as ground lessor (the "Ground Lessor"), and the Borrower, as ground lessee. See "THE 2018 GROUND LEASE" herein. The Series 2018 Project is intended primarily for undergraduate students.

Proceeds of the Series 2018 Bonds will also be used for constructing, improving and equipping elements intended to benefit the Series 2018 Project (the "Series 2018 Offsite Elements") on approximately 12 acres of land on the UC Davis campus that is adjacent to the Series 2018 Project Site but that will not be leased to the Borrower. The Series 2018 Offsite Elements include certain aboveground elements including landscaping, hardscaping, streets, sidewalks, bike paths and parking areas and certain underground elements including utility lines and fiber optic cables. . The developer and construction manager for the Series 2018 Project will be University Student Living LLC (the "Developer"). See "THE DEVELOPMENT AGREEMENT—The Developer" herein. The Developer was selected to develop the Series 2018 Project as a result of a request for proposals made by The Regents. Construction of the Series 2018 Project is scheduled to begin in December 2018. The Developer and UC Davis anticipate the Series 2018 Project will have approximately 1,000 beds completed in time for occupancy in Fall 2020 and that the remaining beds will be completed in time for occupancy in Fall 2021. Initially, the Series 2018 Project will be operated, managed and maintained by University Student Living Management, LLC (the "Manager") pursuant to the Management Agreement (as defined herein); however, The Regents will enter into the Marketing and Licensing Agreement (as defined herein) with the Manager, whereby The Regents (acting on behalf of UC Davis) will assume certain delegated responsibilities of the Manager under the Management Agreement in connection with the marketing and leasing of beds in the Series 2018 Project to eligible tenants. See "THE MANAGEMENT AGREEMENT AND THE MARKETING AND LICENSING AGREEMENT" herein. For a more detailed description of the Series 2018 Project, see APPENDIX A—"THE SERIES 2018 PROJECT."

CBG Building Company LLC, a Virginia limited liability company (the "General Contractor"), will be the general contractor (for the Series 2018 Project (except for the photovoltaic system), pursuant to a guaranteed maximum price construction contract (the "Series 2018 Construction Contract") between the Developer and the General Contractor. The Developer will also enter into an Engineering, Procurement and Construction Agreement (the "Series 2018 Solar Contract") with SunPower Corporation, Systems (the "Solar Contractor") with respect to the photovoltaic system to be installed to service the Series 2018 Project, and the Developer has entered into an architectural agreement (the "Architect's Agreement") with Stantec Architecture, Inc. (the "Architect") relating to the Series 2018 Project. See "THE SERIES 2018 CONSTRUCTION CONTRACT, THE SERIES 2018 SOLAR CONTRACT AND THE ARCHITECT'S AGREEMENT" herein.

To secure its obligations to the Issuer under the Loan Agreement, the Borrower will collaterally assign to the Bond Trustee its rights under the Development Agreement and the Management Agreement pursuant to the Borrower Collateral Assignment Agreement (as defined herein) and will cause the Developer to collaterally assign to the Bond Trustee its rights under the Series 2018 Construction Contract, the Series 2018 Solar Contract and the Architect's Agreement pursuant to the Developer Collateral Assignment Agreement (as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Leasehold Deed of Trust and Assignments of Construction Documents" herein.

THE BORROWER

General

The Borrower, CHF–Davis I, L.L.C., is a limited liability company, organized in December 2017 under the laws of the State of Alabama for the purpose of assisting UC Davis to provide housing for its students. The proceeds of the Series 2018 Bonds will be loaned to the Borrower pursuant to the Loan Agreement. The Borrower is not expected to have any assets other than the "Project," which is defined in the Indenture as the Series 2018 Project and any additional project acquired, constructed, furnished and equipped with the proceeds of Additional Bonds (as defined herein). The Borrower's sole member is Collegiate Housing Foundation, a non-profit corporation organized and existing under the laws of the State of Alabama (the "Foundation"). The Foundation is an organization that is exempt from federal income tax pursuant to Section 501(c)(3) of the Code. The Foundation was organized in 1996 exclusively for charitable and educational purposes, including assisting its member colleges and universities in providing housing for their enrolled students and faculty and otherwise assisting its member colleges and universities in furtherance of their educational missions. The membership of the Foundation is comprised of those colleges and universities so assisted by the Foundation, including The Regents during the term of the Ground Lease. In 1997, the Foundation obtained a determination letter from the Internal Revenue Service recognizing the Foundation as an exempt organization under Section 501(c)(3) of the Code. The Borrower is a disregarded entity for federal income tax purposes. The Borrower's and the Foundation's main offices are located in Fairhope, Alabama. Since its founding, the Foundation and/or its affiliates have acquired and financed 57 student housing projects in 24 different states, with aggregate project costs exceeding $2.2 billion.

Neither the Foundation nor any limited liability company established by the Foundation (other than the Borrower) will have any obligation with respect to the Series 2018 Bonds or under the Loan Agreement or any of the other Bond Documents. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations" herein. The Borrower's obligations with respect to the Series 2018 Bonds are non-recourse. See "NO RECOURSE AGAINST BORROWER'S MEMBER AND OFFICERS" herein. The Borrower's ability to pay the principal of and interest on the Series 2018 Bonds may be adversely affected by its contractual obligations with respect to the Series 2018 Bonds and the Series 2018 Project, including requirements for payment by the Borrower pursuant to indemnity obligations under certain of the Bond Documents. See "INVESTMENT CONSIDERATIONS—Limited Security; Non-Recourse Obligations" herein.

Board of Directors

The Foundation is governed by a Board of Directors elected by its members. The following individuals constituted the Board of Directors of the Foundation as of the date hereof:

Name	Business Affiliation	Term Expires
William B. Givhan	President of the Foundation	*
Leeman H. Covey	Immediate Past President of the Foundation	**
John B. Hicks	Senior Consultant, Academic Search, Inc., Former Executive Assistant to the Chancellor and Secretary of the Board of Trustees of the University of Alabama System	2021
Jack Edwards	Former President Pro Tem of the Board of Trustees of the University of Alabama System, Retired Member of Hand Arendall Harrison Sale, LLC	2019
John Brooks Slaughter	Professor of Education and Engineering, University of Southern California President Emeritus, Occidental College, Former President and Chief Executive Officer, National Action Council for Minorities in Engineering, Inc.	2018
Thomas M. Daly, Jr.	Former Senior Vice President and Managing Director Public Finance, Legg Mason Wood Walker, Inc.	2020
Robert A. Shearer	Mediator and Private Consultant for Project and Construction Management, Professor Emeritus, Mitchell College of Business, University of South Alabama, Former Executive Assistant to the President of the University of South Alabama	2019

* Mr. Givhan's term continues for as long as he serves as President of the Foundation.
** Mr. Covey's term continues for as long as he is the immediate past President of the Foundation unless removed by a majority of the remaining Board members.

NO RECOURSE AGAINST BORROWER'S MEMBER AND OFFICERS

No recourse under or upon any obligation, covenant, or agreement contained in the Loan Agreement, in any of the other Bond Documents, or in any other documents or certificates delivered in connection with the issuance of the Series 2018 Bonds, or for any claim based thereon, or under any judgment obtained against the Borrower, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, shall be had against any incorporator, director, member, or officer, as such, past, present, or future of the Borrower or the Foundation, or any incorporator, director, member, or officer of any successor entity, as such, either directly or through the Borrower or any successor entity, or otherwise, for the payment for or to the Borrower or any receiver thereof, of any sum that may be due and unpaid by the Borrower under the Loan Agreement, any of the other Bond Documents or any other documents delivered in connection with the issuance of the Series 2018 Bonds.

THE SERIES 2018 BONDS

General Description

The Series 2018 Bonds will be dated the Date of Delivery and will mature on May 15 of the years and bear interest at the rates shown on the inside cover page of this Official Statement. Interest with respect to the Series 2018

Bonds will be payable initially on May 15, 2019, and semi-annually thereafter on each November 15 and May 15 (collectively, the "Interest Payment Dates" and each, an "Interest Payment Date") until paid, in an amount equal to the interest accrued from the Interest Payment Date immediately preceding the date of registration and authentication of each Series 2018 Bond, unless such Series 2018 Bond is registered and authenticated as of an Interest Payment Date, in which case it will bear interest from said Interest Payment Date, or unless, as shown by the records of the Bond Trustee, interest on the Series 2018 Bonds will be in default, in which event such Series 2018 Bond will bear interest from the date to which interest will have been paid in full on such Series 2018 Bond, or unless no interest will have been paid on the Series 2018 Bonds, in which event such Series 2018 Bond will bear interest from the dated date.

Interest on the Series 2018 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2018 Bonds will be issued as fully registered bonds without coupons in denominations of Five Thousand Dollars ($5,000) and any multiple thereof ("Authorized Denominations").

The Series 2018 Bonds, together with any Additional Bonds issued pursuant to the Indenture, are collectively referred to under the Indenture as the "Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds" herein.

Payment of the Series 2018 Bonds

Principal of and redemption premium, if any, on the Series 2018 Bonds will be payable by check or draft at maturity or at a date set for prior redemption at the Office of the Bond Trustee to the registered owner of each Series 2018 Bond upon presentation and surrender of the Series 2018 Bonds being paid or redeemed. Interest on each Series 2018 Bond will be paid by check or draft mailed to the person in whose name such Series 2018 Bond is registered, at the address as it appears on the Bond Register as of the close of business on the first day of the month (whether or not such day is a Business Day) immediately preceding each Interest Payment Date (the "Regular Record Date") for such payment, irrespective of any transfer or exchange of such Series 2018 Bond subsequent to a Regular Record Date and prior to the related Interest Payment Date by the person in whose name such Series 2018 Bond is registered. At the option of an owner of not less than Five Hundred Thousand Dollars ($500,000) in aggregate principal amount outstanding of Series 2018 Bonds issued under and secured by the Indenture, interest will be paid by wire transfer in immediately available funds in accordance with written wire transfer instructions filed with the Bond Trustee prior to the close of business on the Regular Record Date. Interest will continue to be paid in accordance with such instructions, until revoked, except for the final payment of interest upon maturity or redemption prior to maturity which will be paid only upon presentation of the Series 2018 Bond to the Bond Trustee. While DTC or its nominee is owner of the Series 2018 Bonds, all payments of principal of, and redemption premium, if any, and interest on the Series 2018 Bonds will be paid to DTC or its nominee by wire transfer. See "Book-Entry Only System for the Series 2018 Bonds" below and APPENDIX G—"BOOK-ENTRY ONLY SYSTEM."

Book-Entry Only System for the Series 2018 Bonds

DTC will act as securities depository for the Series 2018 Bonds. The ownership of one fully registered Series 2018 Bond for the maturity date set forth on the cover page hereof, in the aggregate principal amount of the Series 2018 Bonds maturing on that date, will be registered in the name of Cede & Co., as nominee of DTC, or any successor nominee. See APPENDIX G—"BOOK-ENTRY ONLY SYSTEM" for a description of DTC and the Book-Entry Only System.

Redemption

Optional Redemption. The Series 2018 Bonds maturing on or before May 15, 2028 are not subject to optional redemption. The Series 2018 Bonds maturing on and after May 15, 2029 are subject to optional redemption prior to maturity, as set forth in a written request of an Authorized Borrower Representative approved by The Regents and filed with the Bond Trustee, on any day on and after November 15, 2028, in whole or in part, at a redemption price equal to the principal amount of the Series 2018 Bonds called for redemption plus accrued interest thereon to the date of redemption, without premium.

Extraordinary Optional Redemption. The Series 2018 Bonds are also subject to redemption as set forth in a written request of an Authorized Borrower Representative, approved by The Regents and filed with the Bond Trustee, in whole if:

(i) the Series 2018 Project shall have been destroyed or damaged and the Ground Lessor determines to redeem Series 2018 Bonds from funds made available in accordance with the 2018 Ground Lease; or

(ii) title to, or the temporary use of, a substantial portion of the Series 2018 Project shall have been taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority to such an extent that, in the opinion of a Consulting Architect expressed in a certificate filed with the Issuer and the Bond Trustee, (A) the Series 2018 Project cannot be reasonably restored or replaced within a period of 12 months to substantially the condition thereof immediately preceding such taking, or (B) the Borrower is thereby prevented from carrying on its normal operations therein for a period of 12 consecutive months, or (C) the cost of restoration or replacement would exceed the total amount of compensation for such taking together with any other funds held by the Borrower or the Bond Trustee available to pay such costs and the Borrower is not willing to advance the amount of such deficiency.

The Series 2018 Bonds will also be subject to redemption as set forth in a written request of an Authorized Borrower Representative, approved by The Regents and filed with the Bond Trustee, in part if:

(i) the Series 2018 Project shall have been destroyed or damaged and the Ground Lessor determines to redeem Series 2018 Bonds from funds made available in accordance with the 2018 Ground Lease; or

(ii) in the event of partial condemnation of the Series 2018 Project from the Net Proceeds received by the Borrower as a result of such taking to the extent such Net Proceeds are not used for the restoration of the Series 2018 Project or for the acquisition of substitute property suitable for the Borrower’s operations at the Series 2018 Project as such operations were conducted prior to such taking if the Borrower furnishes to the Issuer and the Bond Trustee (i) a certificate of a Consulting Architect stating (A) that the property forming a part of the Series 2018 Project that was taken is not essential to the Borrower’s use or occupancy of the Series 2018 Project at substantially the same revenue-producing level prior to such taking, or (B) that the Series 2018 Project has been restored to a condition substantially equivalent to its condition prior to the taking, or (C) that the Borrower has acquired or will acquire improvements that are substantially equivalent to the property forming a part of the Series 2018 Project that was taken, or (ii) a written report of a Financial Consultant that the Fixed Charges Coverage Ratio (as defined in the Indenture) for each of the two (2) Fiscal Years following the Fiscal Year following such taking will not be less than the lesser of (a) 1.20:1.0 and (b) the average Fixed Charges Coverage Ratio for the two (2) most recent Fiscal Years prior to such taking for which audited financial statements are available.

If the Series 2018 Bonds are called for extraordinary optional redemption, in whole or in part, upon the occurrence of any of the events described above in this subheading, the Series 2018 Bonds may be redeemed on any date for which the requisite notice of redemption can be given within 180 days of such event at a redemption price of one hundred percent (100%) of the principal amount thereof plus interest accrued to the redemption date.

Other Redemptions at Par. The Series 2018 Bonds are also subject to redemption prior to maturity in whole or in part on any date for which the requisite notice of redemption can be given, upon the deposit of moneys in the Redemption Fund as required by the Loan Agreement, the Indenture or the Financing Trust Agreement as set forth below in a principal amount equal to such deposit and at a redemption price of one hundred percent (100%) of such principal amount thereof plus interest accrued thereon to the redemption date:

(i) any Net Proceeds of title insurance on the Series 2018 Project (or any other portion of the Series 2018 Project if the Borrower, subject to approval by The Regents, directs that such proceeds be used to redeem Series 2018 Bonds) paid to the Bond Trustee pursuant to the provisions of the Loan Agreement; or

(ii) the release price for any unimproved portion of the Premises (or any other unimproved portion of the Premises if the Borrower, subject to approval by The Regents, directs that such proceeds be used to redeem Series 2018 Bonds) released from the lien of the Leasehold Deed of Trust determined and paid to the Bond Trustee upon certain events causing damage, destruction or condemnation as provided in the Loan Agreement; or

(iii) any unspent proceeds of the Series 2018 Bonds and investment earnings remaining in the 2018 Account of the Working Capital and Marketing Fund on the date that is one (1) year after the Series 2018 Completion Date and transferred to the 2018 Account of the Redemption Fund pursuant to the Indenture; or

(iv) any funds released from the UCD Series 2018 Bonds Redemption Subaccount within the Liquidity Account pursuant to the Financing Trust Agreement for deposit into the 2018 Account of the Redemption Fund in order to redeem the Series 2018 Bonds; or

(v) any unspent proceeds of the Series 2018 Bonds and investment earnings remaining in the 2018 Account of the Construction Fund on or after the Series 2018 Completion Date and transferred to the 2018 Account of the Redemption Fund pursuant to the Indenture.

See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE," "—THE GROUND LEASE" and "—THE FINANCING TRUST AGREEMENT."

In all instances where the Bond Trustee is directed by the terms of the Indenture to redeem Series 2018 Bonds from moneys deposited into the 2018 Account of the Redemption Fund, the Bond Trustee will redeem the maximum number of Series 2018 Bonds that may be redeemed in accordance with the provisions of the preceding paragraphs as directed in writing by an Authorized Borrower Representative and approved by The Regents, and any excess moneys will remain in the Redemption Fund.

Mandatory Sinking Fund Redemption. The Series 2018 Bonds listed below are subject to mandatory sinking fund redemption prior to maturity in part at a redemption price of one hundred percent (100%) of the principal amount thereof plus interest accrued thereon to the redemption date, in the following principal amounts and on the dates set forth below:

Series 2018 Bonds Maturing on May 15, 2043

May 15 of the Year	Principal Amount
2041	20,590,000
2042	21,620,000
2043	22,700,000*

* Maturity

Series 2018 Bonds Maturing on May 15, 2048
Bearing Interest at a Rate of 4.00%

May 15 of the Year	Principal Amount
2044	13,145,000
2045	13,740,000
2046	14,360,000
2047	15,005,000
2048	15,675,000*

* Maturity

Series 2018 Bonds Maturing on May 15, 2048
Bearing Interest at a Rate of 5.00%

May 15 of the Year	Principal Amount
2044	10,690,000
2045	11,155,000
2046	11,645,000
2047	12,155,000
2048	12,690,000*

* Maturity

Series 2018 Bonds Maturing on May 15, 2051

May 15 of the Year	Principal Amount
2049	29,630,000
2050	31,110,000
2051	32,665,000*

* Maturity

The Issuer will receive a credit against amounts required to be transferred under the Indenture in satisfaction of its mandatory sinking fund redemption obligations described above for Series 2018 Bonds delivered, purchased or redeemed, as hereinafter provided, if the Issuer or the Borrower at its option, on or before the forty-fifth (45th) day immediately preceding any May 15 on which Series 2018 Bonds are to be retired pursuant to the schedules above, (i) delivers to the Bond Trustee for cancellation Series 2018 Bonds or portions thereof, in any aggregate principal amount desired or (ii) directs the Bond Trustee to grant a credit for any such Series 2018 Bonds that prior to said date have been purchased or redeemed (otherwise than through mandatory sinking fund redemption) and canceled by the Bond Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Series 2018 Bond so delivered or previously purchased or redeemed and cancelled by the Bond Trustee will be credited by the Bond Trustee at one hundred percent (100%) of the principal amount thereof on the obligation of the Issuer on such mandatory sinking fund redemption payment date, and any excess will be credited on future mandatory sinking fund redemption obligations in chronological order, and the principal amount of such Series 2018 Bonds to be redeemed by operation of mandatory sinking fund redemption and the Loan Payments specified in the Loan Agreement for mandatory sinking fund redemption will be accordingly reduced.

Partial Redemption. The Series 2018 Bonds will be redeemed only in Authorized Denominations. If less than all of the Series 2018 Bonds of any maturity are called for redemption in any of the circumstances set forth above (other than mandatory sinking fund redemption), the particular Series 2018 Bonds or portions thereof within a maturity to be redeemed will be selected by the Bond Trustee in such manner as the Bond Trustee in its sole discretion will determine. If a book-entry system of evidence of transfer of ownership of bonds is in effect with a Securities Depository as provided in the Indenture and less than all of the Series 2018 Bonds of any maturity are to be redeemed, then such Securities Depository will determine by lot the amount of the interest of each direct participant in such Bonds to be redeemed. See "Book-Entry Only System for the Series 2018 Bonds" above. Notwithstanding the foregoing, if less than all of the Bonds are called for redemption (other than through mandatory sinking fund redemption), the Borrower will have the right to designate the Series and the maturity of such Bonds to be called for redemption and to designate the Sinking Fund Requirement to which such redemption will be credited.

Notice of Redemption; Cessation of Interest. In the event any of the Series 2018 Bonds are called for redemption, notice thereof identifying the Series 2018 Bonds or portions thereof to be redeemed will be given by the Bond Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of record of each Series 2018 Bond to be redeemed at the address shown on the Bond Register on the close of business on the fifth day preceding the date of the mailing; provided, however, that failure to give such notice by mailing to any owner of Series 2018 Bonds or any defect therein will not affect the validity of any proceedings for the redemption of any other Series 2018 Bonds for which notice will have been properly given. Each notice will specify the CUSIP numbers of the Series 2018 Bonds being called, the numbers of the Series 2018 Bonds being called, if less than all of the Series 2018 Bonds are being called, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable. Such notice will further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption will be made upon presentation and surrender of the Series 2018 Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Series 2018 Bond to be redeemed and that interest thereon will cease to accrue on and after such date, provided collected funds for the redemption of the Series 2018 Bonds to be redeemed are on deposit with the Bond Trustee at the place of, and the time for, payment. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the owner of such Series 2018 Bonds actually receives such notice. Upon the written request of the Borrower, any notice of optional redemption of Series 2018 Bonds to be redeemed pursuant to the provisions hereinabove described under the subheading "Optional Redemption" may contain a statement to the effect that the redemption of such Series 2018 Bonds is conditioned upon the receipt by the Bond Trustee of amounts equal to the redemption price of the Series 2018 Bonds to be redeemed on or before the redemption date, and, if a notice of such an optional redemption contains such statement, such optional redemption will be so conditioned.

Notice of redemption having been given as described above, the Series 2018 Bonds or portions thereof called for redemption will become and be due and payable on the date fixed for redemption at the redemption price provided for in the Indenture, provided funds for the payment of such redemption price are on deposit at the place of payment at that time and, unless the Issuer defaults in the payment of the principal thereof or redemption premium, if any, and interest thereon, such Series 2018 Bonds or portions thereof called for redemption will cease to accrue interest, whether or not such Series 2018 Bonds are presented and surrendered for payment on such date. If any Series 2018 Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Series 2018 Bond or portion thereof will continue to bear interest at the rate set forth therein until paid or until due provision is made for the payment thereof.

Registration Provisions; Exchange; Replacement

The Bond Trustee, for and on behalf of the Issuer, will keep the Bond Register in which will be recorded any and all transfers of ownership of Series 2018 Bonds. No Series 2018 Bonds will be registered to bearer. Any Series 2018 Bond may be transferred upon the Bond Register upon surrender thereof at the Office of the Bond Trustee by the owner in person or by his, her or its attorney-in-fact or legal representative duly authorized in writing together with a written instrument of transfer in form and with guarantee of signature satisfactory to the Bond Trustee duly executed by the owner or his or her attorney-in-fact or legal representative duly authorized in writing and upon payment by such owner of a sum sufficient to cover any governmental tax, fee or charge required to be paid as provided in the Indenture. Upon any such registration of transfer, the Issuer will cause to be executed and the Bond Trustee will authenticate and deliver in the name of the transferee a new fully registered Series 2018 Bond or Bonds of like tenor, in Authorized Denominations, and of the same maturity or maturities and interest rate or rates and in the same aggregate principal amount, and the Bond Trustee will enter the transfer of ownership in the Bond Register. No transfer of any Series 2018 Bond will be effective until entered on the Bond Register.

Any Series 2018 Bonds, upon surrender thereof at the Office of the Bond Trustee with a written instrument of transfer in form and with guarantee of signature satisfactory to the Bond Trustee, duly executed by the owner or his or her attorney-in-fact or legal representative duly authorized in writing, may be exchanged, at the option of the owner thereof; and upon payment by such owner of a sum sufficient to cover any governmental tax, fee or charge required to be paid as provided in the Indenture, when not prohibited by law, for an equal aggregate principal amount of Series 2018 Bonds of like tenor and of the same interest rate and maturity or maturities and in any other Authorized Denominations and registered in the name of the same owner. The Issuer will cause to be executed and the Bond Trustee will authenticate and deliver Series 2018 Bonds that the owner making the exchange is entitled to receive, bearing numbers not then Outstanding, and the Bond Trustee, as bond registrar, will enter the exchange in the Bond Register.

Except as provided in the Indenture with respect to exchanges for certain temporary Series 2018 Bonds, the cost of printing, lithographing and engraving of all Series 2018 Bonds will be deemed to be an Ordinary Expense of the Bond Trustee and there will be no charge to any owner for the registration, exchange or transfer of Series 2018 Bonds, although in each case the Bond Trustee may require the payment by the owner requesting exchange or transfer of any tax, fee or other governmental charge required to be paid with respect thereto and may require that such amount be paid before any such new Bond will be delivered.

The Issuer and the Bond Trustee may deem and treat the owner of any Series 2018 Bond as the absolute owner of such Series 2018 Bond for the purpose of receiving any payment on such Series 2018 Bond and for all other purposes of the Indenture and the Loan Agreement, whether such Series 2018 Bond shall be overdue or not, and neither the Issuer nor the Bond Trustee will be affected by any notice to the contrary. Payment of or on account of the principal of and interest and redemption premium, if any, on any Series 2018 Bond will be made to or upon the written order of the owner thereof or his or her attorney-in-fact or legal representative duly authorized in writing. All such payments will be valid and effectual to satisfaction and discharge the liability upon such Series 2018 Bond to the extent of the sum or sums so paid.

New Series 2018 Bonds delivered upon any transfer or exchange will be valid limited obligations of the Issuer, evidencing the same obligation as the Series 2018 Bonds surrendered, will be secured by the Indenture and will be entitled to all of the security and benefits thereof to the same extent as the Series 2018 Bonds (or portions thereof) surrendered. The Bond Trustee will not be required to transfer or exchange any Series 2018 Bonds (a) after the notice calling such Series 2018 Bond (or a portion thereof) for redemption will have been given as provided in the Indenture, or (b) during the period beginning at the opening of business on the first (1st) day (whether or not a Business Day) immediately preceding either an Interest Payment Date or any date of selection of Series 2018 Bonds to be redeemed and ending at the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

THE SERIES 2018 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO, CALIFORNIA BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. THE SERIES 2018 BONDS ARE A LIMITED OBLIGATION OF THE ISSUER. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF THE SERIES 2018 BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED UNDER THE INDENTURE AND THE LOAN AGREEMENT AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER) OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2018 BONDS. THE ISSUANCE OF THE SERIES 2018 BONDS SHALL NOT DIRECTLY

OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

Neither the Foundation nor any limited liability company established by the Foundation (other than the Borrower) will have any obligation with respect to the Series 2018 Bonds or under the Loan Agreement or any of the other Bond Documents.

See "INVESTMENT CONSIDERATIONS—Limited Security; Non-Recourse Obligations" herein.

Leasehold Deed of Trust and Assignments of Agreements and Documents

The obligations of the Borrower under the Loan Agreement are secured by (i) the Leasehold Deed of Trust pursuant to which the Borrower, subject to Permitted Encumbrances, grants to the deed of trust trustee named therein for the benefit of the Bond Trustee a first priority lien on the Borrower's leasehold interest in the Series 2018 Project Site and its interest in all improvements thereon and other interests created by the 2018 Ground Lease and, subject to Permitted Encumbrances, assigns and pledges to the deed of trust trustee named therein for the benefit of the Bond Trustee the Borrower's interest in the rents, revenues, issues, profits, products, royalties, income and other benefits of and from the Series 2018 Project and any improvements thereto, and all fixtures, attachments, appliances, equipment, machines and other articles incorporated into the Series 2018 Project and all tangible personal property of the Borrower located on the Series 2018 Project Site and used primarily in connection with the construction, operation or maintenance of the Series 2018 Project, (ii) the Developer Collateral Assignment Agreement, pursuant to which the Developer assigns to the Bond Trustee its rights under the Series 2018 Construction Contract, the Series 2018 Solar Contract, the Architect's Agreement and other contracts relating to the design or construction of the Series 2018 Project and the Series 2018 Offsite Elements and any improvements thereto or expansions thereof; and (iii) the Borrower Collateral Assignment Agreement, pursuant to which the Borrower assigns to the Bond Trustee its rights under the Management Agreement and the Development Agreement. The lien created by the Leasehold Deed of Trust is subject to the rights of the Ground Lessor under the 2018 Ground Lease as the fee simple owner of the Series 2018 Project Site. See "INVESTMENT CONSIDERATIONS—Limits on Remedies Under the Deed of Trust (Anti-Deficiency Laws)" herein. The Leasehold Deed of Trust does not constitute a lien on the Ground Lessor's fee simple interest in the Series 2018 Project Site or create any lien with respect to the Series 2018 Offsite Elements (as defined in the Indenture and which term includes the Series 2018 Offsite Elements).

Project Gross Revenues; Revenue Fund

As security for payments under the Loan Agreement and as security for payment of the Series 2018 Bonds, the Issuer will execute and deliver the Indenture, under the terms of which all of the right, title, interest, and remedies of the Issuer in the Loan Agreement (except the Unassigned Rights), the Financing Trust Agreement, the Leasehold Deed of Trust, and the Assignments of Agreements and Documents, together with all revenues and amounts to be received and all property to be held by the Issuer under the Indenture will be assigned and will be the subject of a grant of a first priority security interest to the Bond Trustee and will be pledged as security for, among other things, the payment of the Series 2018 Bonds. Pursuant to the Loan Agreement, the Borrower consents to such assignment and grant of a first priority security interest and agrees that its obligations to make all payments under the Loan Agreement will be absolute and will not be subject to any defense, except payment, or to any right of setoff, counterclaim, or recoupment arising out of any breach by the Issuer of any obligation to the Borrower, whether thereunder or otherwise, or arising out of any indebtedness or liability relating to the Project at any time owing to the Borrower by the Issuer. The Borrower further agrees that all Basic Loan Payments required to be made under the Loan Agreement, which are payable solely from Project Gross Revenues pursuant to the Loan Agreement, will be paid directly to the Bond Trustee for the account of the Issuer. The Bond Trustee will have all rights and remedies accorded to the Issuer under the Loan Agreement (except for Unassigned Rights), and any reference therein to the Issuer will be deemed, with the necessary changes in detail, to include the Bond Trustee, and the Bond Trustee and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of the Borrower contained in the Loan Agreement.

The Indenture defines "Project Gross Revenues" as means (i) the gross receipts and operating and non-operating revenues of the Borrower, and interest earnings thereon, derived from the ground leasing or operation of the Project, all as determined in accordance with GAAP, and interest earned on all Funds, but excluding, in any event, (ii) the sum of (a) earnings on amounts that are irrevocably deposited in escrow to achieve defeasance or similar arrangement for the payment of the principal of or interest on Indebtedness, and (b) security deposits received from student residents of the Project and held by the Borrower until such time, if any, as the Borrower shall be permitted to apply such deposits to the payment of rent or to the repair and maintenance of the Project in accordance with the terms of a lease or residency agreement.

The Indenture requires the Issuer to create and order established by the Bond Trustee a trust fund designated as the "Revenue Fund" into which the Borrower is required by the Loan Agreement to deposit or cause to be deposited the Project Gross Revenues on a weekly basis (including any amounts required to be deposited therein pursuant to the Development Agreement). The Indenture provides that the amounts so transferred and deposited into the Revenue Fund maintained by the Bond Trustee will be disbursed by the Bond Trustee each month or at such other times described in the Indenture in the order set forth in the Indenture, including, among other transfers, monthly transfers to the Bond Fund to pay a portion of the principal and interest due on the Series 2018 Bonds and any other Bonds on the immediately succeeding Interest Payment Date. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE—Events of Default" and "—Funds and Accounts—*Revenue Fund*."

Rental payments with respect to the Series 2018 Project will be collected initially by The Regents pursuant to the Marketing and Licensing Agreement and, prior to deposit in the Revenue Fund, will be held by The Regents in one or more accounts of The Regents. See "INVESTMENT CONSIDERATIONS—Collection of Funds by The Regents Pursuant to the Marketing and Licensing Agreement."

Pledge and Assignment of Trust Estate

Pursuant to the Indenture, the Issuer assigns and grants a security interest to the Bond Trustee, in order to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of the covenants expressed in the Indenture and in the Series 2018 Bonds, in and to the following (the "Trust Estate"), in each case, whether now owned or hereafter acquired by the Issuer and howsoever its interest therein may arise or appear (whether by ownership, security interest, claim or otherwise) and whether due or to become due and whether or not earned by performance:

(i) all the right, title and interest of the Issuer in and to (a) the Loan Agreement (except for Unassigned Rights) and any loan, financing or similar agreement between the Issuer and the Borrower relating to Additional Bonds, (b) the Leasehold Deed of Trust, (c) the Management Agreement, (d) the Development Agreement, (e) the Borrower Collateral Assignment Agreement, and (f) the Developer Collateral Assignment Agreement (together with the Borrower Collateral Assignment Agreement, the "Assignments of Agreements and Documents") and all extensions and renewals of the terms thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and make receipt for payments and other sums of money payable, receivable or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Issuer is or may become entitled to do under the foregoing;

(ii) all the right, title and interest of the Issuer in and to all cash proceeds and receipts arising out of or in connection with the sale of the Series 2018 Bonds and all moneys held by the Bond Trustee in the funds created under the Indenture, other than the Rebate Fund, including the Revenue Fund, the Bond Fund, the Redemption Fund, the Issuance Cost Fund, the Construction Fund, the Working Capital and Marketing Fund, the Coverage Reserve Fund, the Repair and Replacement Fund, the Insurance Fund, the Condemnation Fund, the Operations Contingency Fund and the Surplus Fund created thereunder, or held by the Bond Trustee as special trust funds derived from insurance proceeds, condemnation awards, payments on contractors' performance or payment bonds or other surety bonds or any other source;

(iii) all the right, title and interest of the Issuer in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Bond Trustee under the terms of the Indenture, and all other rights of every name and nature and any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security thereunder by the Issuer or by anyone on its behalf or with its written consent to the Bond Trustee;

(iv) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Bond Trustee; and

(v) all right, title and interest of the Issuer in the Financing Trust Agreement and all extensions and renewals of the terms thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and make receipt for payments and other sums of money payable, receivable or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Issuer is or may become entitled to do under the foregoing.

Under the Indenture, at all times while the Bonds are outstanding, the rights of the Owners of the Bonds to the Trust Estate, to the extent provided for, are subject to a first and prior lien to secure the payment of all fees and expenses of the Bond Trustee. The Bond Trustee may apply moneys received by it pursuant to any action taken by it in accordance with the Indenture in connection with any Event of Default to the payment of the costs and expenses of the proceedings resulting on the collection of such moneys and to the payment of the expenses, liabilities and advances incurred or made by the Bond Trustee prior to its applying such moneys to the payment of principal of, redemption premium, if any, and interest on, the Bonds.

Pledge and Assignment of Financing Trust Estate

Pursuant to the Financing Trust Agreement, the Borrower conveys, transfers, assigns, confirms and grants a security interest in, to the Master Trustee, for the benefit of the Owners of the Series 2018 Bonds and each additional Series of Bonds (as defined in the Financing Trust Agreement) issued from time to time and secured under the Financing Trust Agreement, all right, title and interest of the Borrower and any future borrowers in and to each the funds and accounts established and maintained under the Financing Trust Agreement as and to the extent set forth in the Financing Trust Agreement and subject to the terms and conditions thereof (collectively, the "Financing Trust Estate") for the equal and proportionate benefit and protection of the Owners of each Series of Bonds (including but not limited to the Series 2018 Bonds) and, without privilege, preference, priority or distinction as to lien or otherwise, of any Series of Bonds over any other Series of Bonds by reason of priority in their issuance or of principal over interest or interest over principal.

Other bonds and indebtedness in addition to the Series 2018 Bonds may be secured by the Financing Trust Agreement if such bonds or indebtedness satisfy the requirements thereof, including the requirement that any such bonds or indebtedness receive not less than an investment grade rating from a Rating Agency upon issuance (collectively, the "FTA-Secured Bonds"). See "Liquidity Account and Subaccounts" below and "INVESTMENT CONSIDERATIONS—Liquidity Account Available to Secure Other FTA-Secured Bonds; Financing Trust Agreement Subject to Amendment."

The pledge and assignment effected by each borrower of the proceeds of FTA-Secured Bonds through the Financing Trust Agreement will be valid and binding from the date of execution and delivery of the related Supplemental Financing Trust Agreement, the moneys so pledged and assigned and hereafter received by the Master Trustee will be subject to the lien of such pledge and assignment and such lien will be a continuing, irrevocable and exclusive first lien and will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Master Trustee irrespective of whether such parties have notice thereof. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS" for a summary of the Financing Trust Agreement.

Construction Fund

The Indenture creates a Construction Fund, and within that fund a separate account designated as the "2018 Account" with respect to the Series 2018 Bonds, and provides that the Bond Trustee will deposit into the Construction Fund as and when received any moneys paid to it under the Loan Agreement or the Indenture for credit or transfer to the Construction Fund. Subject to the final paragraph in this section, moneys in the 2018 Account of the Construction Fund will be expended for the Costs of the Project (as defined in the Indenture) and the costs of the Series 2018 Offsite Elements in accordance with the provisions of the Loan Agreement and disbursed upon receipt of a requisition for payment.

All proceeds of the Series 2018 Bonds and investment earnings thereon remaining in the Series 2018 Account of the Construction Fund on or after the Series 2018 Completion Date and after required payment to the Developer, if any, under the Development Agreement, less amounts retained or set aside to meet costs not then due and payable or that are being contested, will be applied or transferred to one or more of the following upon written direction of the Borrower to the Bond Trustee, subject in each case to the requirements set forth in the Indenture with respect thereto: (i) for other capital expenditures approved by the Ground Lessor, with the consent of the Borrower; provided, however, a Favorable Opinion of Bond Counsel with respect to such capital expenditures is provided to the Indenture Trustee; (ii) to the UCD Series 2018 Bonds Pooling Subaccount; (iii) to the 2018 Account of the Bond Fund; provided the Borrower delivers to the Bond Trustee a Favorable Opinion of Bond Counsel and (iv) to the 2018 Account of the Redemption Fund, provided the Borrower delivers to the Bond Trustee a Favorable Opinion of Bond Counsel.

In the event that the Ground Lessor elects to terminate the 2018 Ground Lease and acquire the uncompleted Series 2018 Project and the Series 2018 Offsite Elements by paying to the Bond Trustee all amounts then required by the Bond Trustee for defeasance and payment of the Series 2018 Bonds (either at maturity or, if sooner, on their first optional redemption date) in accordance with their terms pursuant to the Indenture, moneys in the Construction Fund may be expended for such defeasance and payment. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE—Funds and Accounts—*Construction Fund*" and "—THE GROUND LEASE—Early Termination."

Coverage Reserve Fund

The Indenture creates a Coverage Reserve Fund, and within that fund a separate account designated as the "2018 Account" with respect to the Series 2018 Bonds, that is to be funded from the Surplus Fund. Amounts in the Coverage Reserve Fund will be transferred to the Bond Fund to be used to pay interest on, redemption premium, if any, for and principal of the Bonds to the extent there are insufficient funds on deposit in the Bond Fund, the Surplus Fund, the Operations Contingency Fund and the Repair and Replacement Fund therefor, on the date such payment is due. In addition, amounts in the Coverage Reserve Fund may be included in calculating the Fixed Charges Coverage Ratio when determining compliance with the additional borrowing test and the rate covenant under the Indenture and the Loan Agreement. Subject to the terms of the Indenture, certain amounts on deposit in the Surplus Fund may be deposited into the Coverage Reserve Fund to restore the Coverage Reserve Fund to the Coverage Reserve Required Balance. The Indenture provides that the Coverage Reserve Required Balance equals 5% of the Maximum Annual Debt Service for each series of the Bonds. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE—Funds and Accounts—*Coverage Reserve Fund*."

Repair and Replacement Fund

The Indenture also creates a Repair and Replacement Fund, which is a fund into which the Borrower is required to make deposits from Project Gross Revenues on a monthly basis as and to the extent set forth in the Indenture and the Loan Agreement. In addition, subject to the terms of the Indenture, certain amounts on deposit in the Surplus Fund may be deposited into the Repair and Replacement Fund to establish the Repair and Replacement Fund in the amount of the Minimum Repair and Replacement Fund Balance. The Minimum Repair and Replacement Fund Balance means, with respect to the Series 2018 Project, commencing with the fiscal year in which the Series 2018 Completion Date occurs until June 30, 2027, $1,500,000, during the period from July 1, 2027 to June 30, 2032, $2,500,000, and during the period from July 1, 2032 and thereafter, $3,500,000. The Indenture provides that moneys in the Repair and Replacement Fund may be withdrawn by the Bond Trustee (i) to pay the budgeted maintenance and repair costs of the Project and those in excess of budgeted amounts as permitted under the Ground Lease or (ii) to pay the principal of, redemption premium, if any, and interest on the Bonds to the extent there are insufficient funds on deposit in the Bond Fund, the Surplus Fund and the Operations Contingency Fund therefor, on the date such payment is due. In the event that funds in the Construction Fund are insufficient for the payment of Costs of the Project in full, the Bond Trustee may transfer the amount of such deficiency from the Repair and Replacement Fund. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE—Funds and Accounts—*Repair and Replacement Fund*."

Working Capital and Marketing Fund

A Working Capital and Marketing Fund is created under the Indenture and within that fund a separate account designated as the "2018 Account" with respect to the Series 2018 Bonds. The Indenture and the Loan Agreement permit the 2018 Account of the Working Capital and Marketing Fund to be used to fund the working capital needs of the Borrower and to pay for the costs of marketing the Series 2018 Project until one (1) year after the Series 2018 Completion Date (including without limitation wages and benefits, printing, advertising, recruiting, relocation and brochures), in each case in accordance with the Loan Agreement. Upon issuance of the Series 2018 Bonds, proceeds in the amount of $1,360,000 will be deposited in the 2018 Account of the Working Capital and Marketing Fund to be used for such purposes. All proceeds of the Series 2018 Bonds and investment earnings thereon remaining in the Working Capital and Marketing Fund on the date that is one year after the Series 2018 Completion Date will be transferred (i) to the 2018 Account of the Bond Fund and used for payment of principal of the Series 2018 Bonds, provided the Borrower delivers to the Bond Trustee a Favorable Opinion of Bond Counsel; (ii) to the 2018 Account of the Redemption Fund and used to redeem Series 2018 Bonds in accordance with the Indenture; or (iii) for other capital expenditures approved by the Ground Lessor; provided, however, a Favorable Opinion of Bond Counsel with respect to such capital expenditures is provided to the Bond Trustee.

Liquidity Account and Subaccounts

So long as any of the FTA-Secured Bonds (including the Series 2018 Bonds) remain Outstanding, the Master Trustee is required under the Financing Trust Agreement to establish, maintain and hold in trust, a separate trust account to be designated as the "UC Davis Privatized Housing Financing Trust Liquidity Account" (the "Liquidity Account"). Pursuant to the Financing Trust Agreement, the Master Trustee will create within the Liquidity Account: (1) the UCD Series 2018 Bonds Pooling Subaccount and (2) the UCD Series 2018 Bonds Redemption Subaccount and, in connection with the issuance of each series of other FTA-Secured Bonds, a Series Pooling Subaccount and a Series Redemption Subaccount applicable to such series of FTA-Secured Bonds. The Financing Trust Agreement provides that the Master Trustee will deposit amounts to, and transfer amounts from the Liquidity Account and such subaccounts in accordance with the terms and conditions of the Financing Trust Agreement. All such moneys shall be promptly deposited by the Master Trustee upon receipt thereof and shall be held, disbursed, allocated and applied by the Master Trustee only as provided in the Financing Trust Agreement.

On the date of issuance of the Series 2018 Bonds, the Bond Trustee, on behalf of the Borrower, will deposit in the UCD Series 2018 Bonds Pooling Subaccount held by the Master Trustee the amount of $25,726,125, which amount represents 75% of Maximum Annual Debt Service on the Series 2018 Bonds, which will constitute the Initial Liquidity Subaccount Requirement (as defined in the Financing Trust Agreement) with respect to the Series 2018 Bonds.

Thereafter, pursuant to the Indenture and upon written requisition of the Borrower subject to the reasonable approval by The Regents and filed with the Bond Trustee, for the Fiscal Year during which the Series 2018 Group 1 Completion Date occurs, provided the Series 2018 Completion Date does not occur in such Fiscal Year, and subject to certain conditions, the Bond Trustee will transfer to the Master Trustee from amounts deposited to the Surplus Fund, if any, the sum of $1,000,000 for deposit in the UCD Series 2018 Bonds Pooling Subaccount.

Thereafter, pursuant to the Indenture, on or after the Series 2018 Completion Date, and subject to certain conditions, the Bond Trustee shall transfer to the Master Trustee, from amounts deposited to the Construction Fund, an amount as set forth in the written direction of the Borrower not in excess of the lesser of: (i) an amount that will cause the deposit in the UCD Series 2018 Bonds Pooling Subaccount (excluding any Revenues deposited therein on or after the Series 2018 Completion Date) to equal the Liquidity Subaccount Requirement (as defined herein), and (ii) $30,298,136.56. Additionally, on or after the Series 2018 Completion Date, the Bond Trustee, on behalf of the

Borrower, will transfer to the Master Trustee, from amounts deposited in the Revenue Fund, an amount each month equal to one-thirty-sixth of the difference between the Maximum Annual Debt Service on the Series 2018 Bonds and the amount deposited from the Series 2018 Bonds in the UCD Series 2018 Bonds Pooling Subaccount pursuant to the Financing Trust Agreement, until the amount on deposit in the UCD Bonds Pooling Subaccount is equal to $34,301,500.00, which amount represents 100% of Maximum Annual Debt Service on the Series 2018 Bonds (the "Liquidity Subaccount Requirement"). The Liquidity Subaccount Requirement may be satisfied by a AA-rated surety bond. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE—Liquidity Account under the Financing Trust Agreement."

The Financing Trust Agreement and the Loan Agreement require the Borrower to maintain funds on deposit in the Series Pooling Subaccounts in an aggregate amount not less than the Liquidity Subaccount Requirement (as such requirement is adjusted pursuant to the Financing Trust Agreement); provided that during the period prior to the date the Borrower has made all of the scheduled transfers described above, as required pursuant to the Indenture, the aggregate amount required to be on deposit in the related Series Pooling Subaccount will be not less than the aggregate amount of the scheduled deposits then required to have been made pursuant to the Financing Trust Agreement.

Upon receipt of notice from a bond trustee of a Debt Service Account Deficiency relating to FTA-Secured Bonds (currently consisting of only the Series 2018 Bonds), the Master Trustee will determine if the amount on deposit in the Series Pooling Subaccount for such bonds is sufficient to pay such deficiency. If the amounts on deposit in such Series Pooling Subaccount are not less than such deficiency, the Master Trustee will transfer the amount of such deficiency to such bond trustee for deposit into such Debt Service Account. If the amounts on deposit in such Series Pooling Subaccount are less than such deficiency, then the Master Trustee will (1) transfer all amounts on deposit in such Series Pooling Subaccount to such bond trustee for deposit into such Debt Service Account and (2) transfer an amount equal to the difference between such amount and the amount of the deficiency to such bond trustee for deposit into such Debt Service Account by withdrawing an amount from each remaining Series Pooling Subaccount equal to the Proportionate Share (as defined in the Financing Trust Agreement) of such subaccount.

Amounts on deposit in the UCD Bonds Pooling Subaccount in excess of the Liquidity Subaccount Requirement shall, upon the receipt of a written certificate of The Regents by the Master Trustee, with the consent of the Borrower, be transferred to the UCD Bonds Redemption Subaccount as and unless otherwise provided in to the related Supplemental Financing Trust Agreement; provided that for purposes of this calculation, the Maximum Annual Debt Service of any FTA-Secured Bonds to be redeemed shall be excluded.

Each UCD Bonds Redemption Subaccount will be applied from time to time in accordance with the terms of its related Supplemental Financing Trust Agreement to redeem, purchase or defease the related series of FTA-Secured Bonds in accordance with the terms of the related Indenture. Upon the written direction of The Regents with the consent of the Borrower, moneys on deposit in the UCD Series 2018 Bonds Redemption Subaccount will be transferred to the Bond Trustee for deposit into (i) the Bond Fund and applied to pay principal of and interest on the Series 2018 Bonds as it becomes due and payable in accordance with the Indenture or (ii) the Redemption Fund and applied to redeem or purchase Series 2018 Bonds in accordance with the Indenture. Interest earnings allocable to proceeds of the Series 2018 Bonds on investments held in the UCD Series 2018 Bond Pooling Subaccount will, unless otherwise directed by a written direction of The Regents filed with the Master Trustee with the consent of the Borrower, be transferred (i) prior to the Series 2018 Completion Date, to the Bond Trustee for deposit in the 2018 Account of the Construction Fund, and (ii) on and following the Series 2018 Completion Date, to the Bond Trustee for deposit in the 2018 Account of the Bond Fund. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE FINANCING TRUST AGREEMENT—Deposits to UCD Bonds Pooling Subaccount; Application of UCD Series 2018 Bonds Redemption Subaccount."

The Financing Trust Agreement permits the provisions described above, and any and all other provisions of the Financing Trust Agreement, to be amended by a written instrument of the Master Trustee and any Borrower (as defined in the Financing Trust Agreement and including, but not limited to, the Borrower (as defined herein)), upon approval of The Regents, if the Master Trustee receives written confirmation from the Rating Agency that the amendment will not result in the downgrade of its credit rating on any Series of Bonds to less than an Investment Grade Rating (generally defined as a rating of "Baa3" or higher from Moody's).

For additional information regarding the Financing Trust Agreement and the provisions described above, see APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE FINANCING TRUST AGREEMENT." See also "INVESTMENT CONSIDERATIONS—Liquidity Account Available to Secure Other FTA-Secured Bonds; Financing Trust Agreement Subject to Amendment" herein.

Debt Service Payment Agreement

The Series 2018 Bonds are further secured by the Debt Service Payment Agreement. Pursuant to the Debt Service Payment Agreement, The Regents unconditionally, absolutely and irrevocably covenants to pay to the Bond Trustee an amount equal to the Debt Service Shortfall, if any, upon receipt of a written notice from the Bond Trustee. The Debt Service Payment Agreement defines (i) the "Debt Service Shortfall" to mean solely to the extent that the funds then available to the Bond Trustee under the Indenture (excluding, however, any funds in the UCD Series 2018 Bonds Pooling Subaccount of the Liquidity Account) are not fully sufficient to pay Applicable Debt Service, an amount equal to the difference between the Applicable Debt Service and the amount available to the Bond Trustee under the Indenture (excluding, however, any funds in the UCD Series 2018 Bonds Pooling Subaccount of the Liquidity Account) to pay the Applicable Debt Service and (ii) "Applicable Debt Service" to mean the Debt Service (i.e., principal of and interest and redemption premium, if any, on the Series 2018 Bonds to be paid in accordance with the terms and conditions of the Indenture) as the same becomes due and payable in accordance with the Indenture for a period from the Closing Date through the Termination Date. The Debt Service Payment Agreement terminates on the "Termination Date," which is defined therein as the date upon which The Regents has delivered to the Bond Trustee a copy of the Certificate of Occupancy (as defined in the 2018 Ground Lease) issued in connection with Final Completion (as defined in the 2018 Ground Lease) with respect to the Series 2018 Project. The Debt Service Payment Agreement provides, however, that notwithstanding anything to the contrary in such agreement, in the event that The Regents does not provide a copy of the Certificate of Occupancy to the Bond Trustee, the Termination Date will mean the date of Final Completion.

The Debt Service Payment Agreement provides that notwithstanding anything to the contrary contained in the Indenture or in the Debt Service Payment Agreement, whether express or implied, The Regents will in no event: (i) be required to pay or be liable under any circumstances for any consequential, indirect or punitive damages, opportunity costs or lost profits relating to the Series 2018 Bonds or otherwise; or (ii) make any payment from any of its funds that are not lawfully available to make such payment, including without limitation (a) any moneys which are restricted as to expenditure by a granting agency or donor or (b) educational appropriations made by the State.

See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE DEBT SERVICE PAYMENT AGREEMENT." See also "INVESTMENT CONSIDERATIONS—CEQA Lawsuit Challenging the Series 2018 Project," "—Limitation on Acceleration" and "—Debt Service Payment Agreement Obligations Terminate Upon Final Completion" herein.

Insurance Coverage

A mortgagee's title insurance policy, covering the Series 2018 Project Site, will be available to the Bond Trustee at or prior to closing of the Series 2018 Bonds in the face amount of at least equal to the initial principal amount of the Series 2018 Bonds to insure that the Bond Trustee (as its interests may appear) will have a valid first lien on the Borrower's leasehold interest in and to the Series 2018 Project Site, subject only to Permitted Encumbrances and the standard exception for survey matters. Any net proceeds payable either to the Issuer or to the Borrower under such policy shall be subject to the lien of the Indenture, paid to the Bond Trustee and held by the Bond Trustee in the Insurance Fund or the Redemption Fund, as the case may be, and shall, at the Borrower's written direction, be either (i) used to acquire or construct replacement or substitute property in Davis, California for that to which title has been lost or (ii) used to redeem Series 2018 Bonds pursuant to the Indenture.

The Borrower agrees in the Loan Agreement to maintain or cause to be maintained at all times during construction of the Series 2018 Project in full force and effect: (i) builder's risk-completed value form insurance insuring all buildings, structures, boilers, equipment, facilities, fixtures, supplies and other property constituting part of the Series 2018 Project and the Series 2018 Offsite Elements on an "all risk of loss or damage basis" subject to standard exclusions and sub-limits including perils of earth movement, (including, but not limited to, earthquake, landslide and subsidence), flood, windstorm, collapse, boiler and machinery accidents, strikes, riot, civil commotion and sabotage to the full replacement cost of the Series 2018 Project and the Series 2018 Offsite Elements except for flood/water damage coverage which each shall have a sub-limit of twenty-five million dollars ($25,000,000) with a deductible provision not to exceed one-hundred thousand dollars ($100,000) and earth movement/earthquake coverage which shall have a sublimit of twenty-five million dollars ($25,000,000) with the lowest commercially available deductible provisions, but in any case with deductibles not to exceed 5% of value at risk; (ii) commercial general liability insurance on an occurrence basis for liability of the general contractor, the Solar Contractor or the Borrower, as an additional insured, arising out of claims for bodily injury and/or property damage; (iii) commercial automobile liability insurance for the liability of the general contractor and the Solar Contractor arising out of claims for bodily injury and/or property damage covering all owned (if any), leased, hired, and non-owned vehicles used in the performance of the general contractor's and the Solar Contractor's obligations under the Series 2018 Construction Contract and the Series 2018 Solar Contract with a minimum limit of $1,000,000 each accident for combined bodily injury and property damage and including personal injury protection and uninsured motorist protection in the minimum statutory limits where required by law; (iv) worker's compensation insurance as required by applicable state law with statutory limits; (v) employers' liability insurance for liability of the general contractor and the Solar Contractor arising out of injury to or death of the general contractor's and the Solar Contractor's employees, with a minimum limit of $1,000,000 per accident; and (vi) excess or umbrella liability insurance on an occurrence basis (on at least a following form basis) in excess of the underlying insurance described in this paragraph with a twenty-five million dollars ($25,000,000) combined bodily injury, death and property damage minimum limit per occurrence and a twenty-five million dollars ($25,000,000) aggregate; all as subject to the requirements contained in the Loan Agreement. In addition, the Solar Contractor will be required to maintain excess liability with minimum limits of five million dollars ($5,000,000) per occurrence and a five million dollar ($5,000,000) aggregate.

The Borrower also agrees in the Loan Agreement to keep or cause to be kept the Series 2018 Project continuously insured against such risks as are customarily insured against with respect to facilities of like size and type, as recommended by an Insurance Consultant, including, but not limited to: (a) the insurance policies required under the 2018 Ground Lease (including (i) property damage insurance on an "all risk or special form" basis; (ii) business auto liability insurance; (iii) commercial general liability insurance; (iv) excess/umbrella liability; and (v) workers' compensation insurance; all as more particularly described in the Ground Lease); and (b) commencing on the Series 2018 Completion Date, business interruption insurance (also referred to as "business income" or "loss of rents insurance") covering loss of revenues and other income by the Borrower by reason of total or partial suspension of, or interruption in, the operation of the Series 2018 Project caused by damage or destruction insured under the property casualty insurance required under the Ground Lease in an amount not less than Annual Debt Service on the Series 2018 Bonds for the next succeeding twenty-four (24) months (the deductible provisions for such business interruption insurance shall not exceed thirty (30) days per occurrence) or such greater amount as may be approved in writing by the Ground Lessor. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE LOAN AGREEMENT—Acquisition, Construction, Furnishing and Equipping of the Series 2018 Project."

The Loan Agreement requires that earth movement/earthquake insurance on the Series 2018 Project be maintained during the construction of the Series 2018 Project. Other than during construction, the Loan Agreement does not require earth movement/earthquake insurance to be maintained with respect to the Series 2018 Project, and neither the Borrower nor The Regents has obtained or plans to obtain or maintain such coverage for any completed portion of the Series 2018 Project. See "INVESTMENT CONSIDERATIONS—Seismic Risks and Other Disasters."

Additional Bonds

The Indenture defines "Additional Bonds" as any additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of the Indenture. The Indenture provides that, so long as no Event of Default under the Indenture is then existing, Additional Bonds may be issued by the Issuer upon the written request of the Borrower to provide funds to pay any one or more of the following: (i) the costs of completing, renovating or expanding the Project (including the Series 2018 Project), (ii) the costs of refunding any Bonds (including the Series 2018 Bonds) and (iii) in each such case, the costs of the issuance and sale of the Additional Bonds and capitalized or funded interest for such period and such other costs reasonably related to the financing as shall be agreed upon by the Borrower and the Issuer. Any such Additional Bonds hereafter issued will be secured by the lien and security interests granted by the Leasehold Deed of Trust equally and ratably with the Series 2018 Bonds and any other Additional Bonds hereafter issued, and will be payable from the Bond Fund and the Redemption Fund. The Indenture also requires an amount equal to the amount, if any, needed to qualify such Additional Bonds for the additional security of the Financing Trust Agreement in accordance therewith to be deposited into a subaccount of the Liquidity Account.

The UC Davis 2018 Long Range Development Plan contemplates that The Regents will develop another housing facility (referred to therein as “Orchard Park”) at UC Davis. See “UNIVERSITY OF CALIFORNIA, DAVIS” herein. While it is possible that Orchard Park is ultimately financed either in whole or in part by Additional Bonds, no determination regarding the method of financing Orchard Park (assuming the project is pursued by The Regents) has been made.

The Indenture provides that no Additional Bonds may be issued without written confirmation from each Rating Agency then providing an underlying rating on the Outstanding Bonds that the issuance of such Additional Bonds will not result in the underlying rating on the Outstanding Bonds being below Baa3 (or the equivalent rating).

Further, no Additional Bonds may be issued pursuant to the Indenture unless and until there is furnished to the Bond Trustee either: (i) a certificate of the chief financial officer of the Borrower confirming that (A) for the Fiscal Year immediately preceding the issuance of such Additional Bonds, the Fixed Charges Coverage Ratio was at least 1.2:1.0, and (B) based on a written report of a Financial Consultant accompanying such certificate, the Fixed Charges Coverage Ratio for the first full Fiscal Year following completion of improvements to the Project financed with the proceeds of such Additional Bonds is reasonably expected to be at least 1.2:1.0; or (ii) a certificate of the chief financial officer of the Borrower confirming that (A) such Additional Bonds are issued in order to refund Bonds previously issued, and (B) following the issuance of such Additional Bonds, Annual Debt Service of the Bonds shall be reduced.

Rate Covenant

The Borrower has covenanted and agreed in the Loan Agreement to operate the Project (including the Series 2018 Project) as a revenue producing student housing facility with related facilities, and to the extent permitted by law and by the Ground Lease (including the 2018 Ground Lease), to charge such fees and rates for its facilities and services and to exercise such skill and diligence as will provide Revenue Available for Fixed Charges, together with other available funds, sufficient to pay promptly all expenses of operation, maintenance and repair of the Project, to provide all payments required to be made by the Borrower under the Loan Agreement and to maintain the Fixed Charges Coverage Ratio of at least 1.2:1.0. The Loan Agreement provides that such rates, fees and charges in each Fiscal Year beginning with the first full Fiscal Year after the Series 2018 Completion Date, shall be sufficient to produce a Fixed Charges Coverage Ratio of at least 1.20:1.0. The Loan Agreement also provides that, in the event that, based upon the financial statements of the Borrower required by the Loan Agreement, for any Fiscal Year, such Fixed Charges Coverage Ratio was not maintained at a level of at least 1.15:1.0 (which, for purposes of this requirement, will be calculated without including any amount on deposit in the Coverage Reserve Fund), such failure shall not constitute an Event of Default so long as the Borrower will (i) promptly (and in no event later than 30 days after such determination) employ a Financial Consultant to submit (not later than 30 days after commencing such employment) a report of such firm containing recommendations as to changes in the operating policies of the Borrower designed to maintain such Fixed Charges Coverage Ratio and (ii) promptly follow such recommendations to the extent permitted by law and by the Ground Lease. Notwithstanding the retention of a Financial Consultant, an Event of Default shall occur under the Loan Agreement, if the Fixed Charges Coverage Ratio is less than 1.0:1.0 as of the end of any Fiscal Year.

The Borrower also is required under the Loan Agreement, from time to time as often as necessary and to the extent permitted by law and the Ground Lease (including the 2018 Ground Lease), to revise the rates, fees and charges aforesaid in such manner as may be necessary or proper so that the Revenue Available for Fixed Charges will be sufficient to meet the requirements of the Loan Agreement, and further, in order to comply with provisions of the Loan Agreement, to take all action within its power to obtain approvals of any regulatory or supervisory authority to implement any rates, fees, and charges required by the Loan Agreement.

Enforceability of Remedies

The realization of value from the real and personal property comprising the Project (including the Series 2018 Project) and from the other security for the Bonds (including the Series 2018 Bonds) upon any default will depend upon the exercise of various remedies specified by the Bond Documents and the other agreements described herein. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. See “INVESTMENT CONSIDERATIONS—Limits on Remedies Under the Deed of Trust (Anti-Deficiency Laws) herein.”

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2018 Bonds, Build America Mutual Assurance Company (“BAM” or the “Insurer”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series 2018 Bonds maturing on May 15, 2048 bearing interest at a rate of 4.00% and with the CUSIP number 13049YBL4 (the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix J to this Official Statement. See APPENDIX J—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2018 Bonds generally or the Insured Bonds in particular, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2018 Bonds generally and, in particular, the Insured Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the Issuer with respect to the Insured Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $524 million, $104.1 million and $419.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2018 Bonds generally or the Insured Bonds in particular or the advisability of investing in the Insured Bonds or any of the Series 2018 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under this heading (i.e., "BOND INSURANCE") and in APPENDIX J—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g., general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the Issuer, the Borrower, The Regents or the Underwriters, and none of the Issuer, the Borrower, The Regents or the Underwriters assumes any responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Insured Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2018 Bonds, whether at the initial offering or otherwise.

THE DEVELOPMENT AGREEMENT

The Developer

The Developer is University Student Living, LLC (the "Developer"), a New Jersey limited liability company formed in 2011 for the purpose of developing student housing communities. As of the date hereof, the Developer has developed approximately 8,650 on- and off-campus student beds in 14 college communities. The Developer's corporate headquarters are located in Marlton, New Jersey. Prior to forming the Developer, its senior staff worked for various other firms on the development of student housing communities and, collectively, such projects total over 57,000 beds in approximately 80 college communities.

The Developer has the in-house capability to provide development, marketing, finance and construction management services. The Developer has a staff of approximately 30 full-time employees, including an architect and certified public accountants.

The Developer is a wholly-owned subsidiary of The Michaels Organization ("TMO"), which was formed in 1974 and has developed and managed more than 50,000 housing units in 34 states, as well as the District of Columbia and the U.S. Virgin Islands. TMO has financially closed over $2.5 billion of new construction and substantial rehabilitation projects during the last ten years. TMO-managed properties house more than 135,000 residents throughout approximately 370 communities. TMO has annual revenues exceeding $900 million and has a staff of approximately 1,800 employees.

The Developer is an affiliate of the Manager. See "THE MANAGEMENT AGREEMENT AND THE MARKETING AND LICENSING AGREEMENT—The Manager" herein.

The Development Agreement

The Borrower will engage the Developer to develop the Series 2018 Project and the Series 2018 Offsite Elements and serve as development and construction manager pursuant to a Development Agreement, to be dated the date of issuance of the Series 2018 Bonds (the "Development Agreement"). The Development Agreement generally permits the Developer to subcontract various services to third parties (with the Borrower's consent) and specifically contemplates that the Developer will contract with the General Contractor to construct the Series 2018 Project (other than photovoltaic system to be installed to service the Series 2018 Project) and the Series 2018 Offsite Elements and with the Solar Contractor to construct the photovoltaic system. The Borrower will approve the Series 2018 Construction Contract and the Series 2018 Solar Contract in the Development Agreement. Pursuant to the Development Agreement, the Developer is responsible, among other duties, for the following:

- evaluating and monitoring compliance with the Construction Management Plan and Schedule of Performance (as each is defined in the Development Agreement);
- coordinating with the Borrower and The Regents in monitoring, managing and enforcing the General Contractor's activities;
- coordinating with the Borrower and The Regents in monitoring, managing and enforcing the Solar Contractor's activities;
- coordinating the activities of the General Contractor and the Solar Contractor to ensure that each is able to carry out its contract obligations as contemplated, and within the times permitted, by the Series 2018 Construction Contract and the Series 2018 Solar Contract;
- scheduling and conducting meetings between the Borrower (and/or the Developer, on the Borrower's behalf), the Architect (as applicable), the General Contractor, the Solar Contractor, the Borrower's consultants and The Regents to discuss such matters as procedures, progress, prior and proposed change orders, prior uses of the Development Contingency (as defined in the Development Agreement) and proposed uses of the Development Contingency, and scheduling of the Series 2018 Project;
- providing the Borrower and The Regents with copies of all material documents and correspondence provided to or generated by the Developer in connection with the construction of the Series 2018 Project and the Series 2018 Offsite Elements;
- taking any actions reasonably necessary in consultation with the Borrower to obtain satisfactory performance from the Architect, the General Contractor, the Solar Contractor and the Borrower's consultants, including, without limitation, when requirements of the Series 2018 Construction Contract or the Series 2018 Solar Contract are not being fulfilled;
- evaluating and monitoring compliance with the Project Development Budget (as defined in the Development Agreement) and issuing written reports monthly to the Borrower and The Regents comparing actual costs incurred with those costs set forth in the Project Development Budget;
- reviewing and making recommendations as may be necessary relative to the Series 2018 Project's and the Series 2018 Offsite Elements' safety and security programs designed and implemented by the General Contractor, the Solar Contractor and their respective sub-contractors to reduce injuries, theft and vandalism;
- inspecting, or requiring the Architect to inspect, the work of the General Contractor and the Solar Contractor and their respective subcontractors to determine if the work conforms with the standards, conditions and requirements of the Series 2018 Construction Contract and the Series 2018 Solar Contract, respectively;

- reviewing all proposals by the General Contractor and the Solar Contractor for additive or deductive changes in the Series 2018 Construction Contract or Series 2018 Solar Contract, respectively, negotiating such contractor's proposals related thereto, submitting recommendations to the Borrower and The Regents, and, if they are accepted by all applicable parties, preparing change orders and construction change directives which incorporate the modifications to the appropriate contracts;
- in consultation with the Borrower, reviewing and evaluating the submittal and documentation of any claims by the General Contractor, the Solar Contractor, any of their respective subcontractors, or any of the Borrower's consultants;
- requesting and receiving certificates of insurance from the General Contractor and the Solar Contractor in accordance with the Series 2018 Construction Contract or the Series 2018 Solar Contract, respectively, and forwarding them to the Borrower and The Regents insurance consultant for review and approval;
- establishing and implementing procedures for expediting the processing and approval by the Developer and the Borrower, where necessary, of shop drawings, product data, samples and other submittals;
- monitoring the delivery, storage, protection and security of purchased materials, systems and equipment ordered by the General Contractor, the Solar Contractor, any of their respective subcontractors, or any of the Borrower's consultants;
- following the issuance of a certificate of substantial completion, evaluating the completion of the work, reviewing interior, exterior and site punch lists, and conducting, or causing the Architect to conduct, progress or final inspections to determine that all Work (as defined in the Development Agreement) is complete;
- evaluating and monitoring the completion of the punch list work and requiring the Architect to conduct inspections to determine that all punch list work is complete;
- monitoring the General Contractor's and the Solar Contractor's respective obligation to coordinate with appropriate governmental authorities for inspections and secure and deliver certificates of occupancy for each building or structure;
- monitoring the obligations to deliver the certificates of substantial completion and the certificates of occupancy;
- after final completion of the Series 2018 Project and the Series 2018 Offsite Elements, preparing and delivering to the Borrower and The Regents certain deliverables required by the Development Agreement;
- securing and delivering to the Borrower and The Regents warranties and similar submittals required by the Series 2018 Construction Contract;
- coordinating warranty inspection at least thirty (30) days prior to expiration of the General Contractor's, the Solar Contractor's or any other contractor's warranty period;
- providing the Borrower and The Regents with materials developed by the Developer related to the maintenance of the Series 2018 Project and the Series 2018 Offsite Elements together with one complete set of operations and maintenance manuals for all Essential Operating Systems (as defined in the Development Agreement) and personalty;
- arranging for an independent audit of the Series 2018 Project's and the Offsite Element's actual cost to complete if an audit is requested pursuant to the Development Agreement;
- assisting the Borrower in providing final allocations of expenditures of bond proceeds to the extent necessary for federal tax compliance; and
- assisting the Borrower with other post-final completion tasks.

Following completion of construction of the Series 2018 Offsite Elements, the Series 2018 Offsite Elements will be transferred to The Regents. (The Manager will remain responsible for management of the Series 2018 Offsite Elements pursuant to the Management Agreement.)

The Development Agreement provides that the Developer is responsible for completion of construction of the Series 2018 Project and the Series 2018 Offsite Elements in accordance with the Series 2018 Construction Contract, the Series 2018 Solar Contract, the Architect's Agreement and the Schedule of Performance (as defined in the Development Agreement), subject to force majeure and other adjustments permitted by the Development Agreement and the 2018 Ground Lease. Pursuant to the Development Agreement, the Developer agrees to cause completion of the Series 2018 Project and the Series 2018 Offsite Elements in compliance with applicable terms of the 2018 Ground Lease including the following: (i) performing or causing the performance of the Borrower's obligations under the 2018 Ground Lease relative to initial development and construction of the Series 2018 Project and the Series 2018 Offsite Elements; (ii) causing the Borrower's obligations under the 2018 Ground Lease relating to certain environmental impact mitigation measures outlined in the 2018 Ground Lease; (iii) causing the construction of the Series 2018 Project and the Series 2018 Offsite Elements to be performed in accordance with applicable laws and other requirements of The Regents; and (iv) endeavoring to cause completion of the Series 2018 Project and the Series 2018 Offsite Elements to be performed in a good, workmanlike quality and condition, free and clear of liens other than permitted liens. See "THE 2018 GROUND LEASE" herein for additional information regarding the 2018 Ground Lease.

In the event that substantial completion of the two separate phases of the Series 2018 Project is not achieved by specific Resident Contract Commencement Dates (as defined in the Development Agreement) and, as a result thereof, prospective tenants of the Series 2018 Project are unable to take occupancy in the Series 2018 Project on such dates, then the Developer will be obligated to provide alternative housing, except where such delay in delivery arises from the CEQA Lawsuit, and, if such alternative housing is more than 1.25 miles from the campus of UC Davis, transportation to those students who have executed leases for units in the Series 2018 Project and are unable to take occupancy until such time as substantial completion of the unit(s) is achieved.

The Borrower will pay the Developer for its services under the Development Agreement (i) the Development Fee in the amount of $11,673,000 (which is the aggregate sum of the Closing Fee of $3,501,900, the Completion Fee of $2,334,600 and aggregate Monthly Development Fees of $171,661.77) and (ii) the Construction Management Fee in the amount of $3,561,000 (each as defined in the Development Agreement). Such fees, together with reasonable and necessary reimbursable expenses included in the approved budget, are payable solely out of proceeds of the Bonds. Fifty percent (50%) of any Development Contingency remaining following completion of construction of the Series 2018 Project and the Series 2018 Offsite Elements and following payment of all construction and development costs and any costs of providing Alternate Services shall also be payable to the Developer.

Pursuant to the Development Agreement, the Developer has agreed to cause the Series 2018 Project to be completed in accordance with the approved Plans and Specifications at a cost not greater than the total Project Development Budget set forth in the Development Agreement, subject to change order adjustments permitted under the Development Agreement and the 2018 Ground Lease (subject to certain exceptions) and increased costs of construction arising solely as a result of an injunction preventing continued construction or other form of judicially ordered work stoppage arising from the CEQA Lawsuit. The total Project Development Budget is approximately $475,000,000. In the event that the Developer is unable to complete the Series 2018 Project in accordance with the approved Plans and Specifications and within the Project Development Budget such that additional funds are required to pay costs greater than the total Project Development Budget, the Development Agreement provides that the Developer shall still be obligated to complete the Series 2018 Project in accordance with the approved Plans and Specifications at no additional cost to the Borrower or the Ground Lessor with such excess costs to be paid for first, out of funds otherwise owed to the Developer for the Development Fee or the Construction Management Fee, and second, out of other funds to be provided by the Developer. The Development Agreement contemplates a "Development Contingency" as part of the Project Development Budget. The Developer is required to obtain the Borrower's and The Regents approval before spending amounts (subject to certain thresholds) from the Development Contingency.

The Developer is required to maintain during construction of the Series 2018 Project, in its own name and at its own expense, professional liability insurance, business auto liability insurance, commercial general liability insurance, worker's compensation insurance, and umbrella or excess liability insurance.

Unless earlier terminated pursuant to its terms, the Development Agreement terminates upon Final Completion (as defined in the Development Agreement) of the Series 2018 Project and the Series 2018 Offsite Elements. The Borrower may also terminate the Development Agreement without cause after obtaining any necessary approvals required pursuant to the 2018 Ground Lease and the Bond Documents. The Development Agreement includes certain standard default provisions, subject to certain notice and cure rights, including the Developer's failure to achieve Substantial Completion (as defined in the Development Agreement) of certain student housing units and related Series 2018 Offsite Elements by dates specified in the Development Agreement.

In performing its duties under the Development Agreement, the Developer serves as construction manager to enforce, on behalf of the Borrower, the contracts with the Architect, the General Contractor and the Solar Contractor. Such parties and contracts are described herein under the captions "THE SERIES 2018 CONSTRUCTION CONTRACT, THE SERIES 2018 SOLAR CONTRACT AND THE ARCHITECT'S AGREEMENT."

THE MANAGEMENT AGREEMENT AND THE MARKETING AND LICENSING AGREEMENT

The Manager

The Manager is University Student Living Management, LLC (the "Manager"), a New Jersey limited liability company formed in 2014 for the purpose of managing and maintaining on-campus student housing communities. As of the date hereof, the Manager has responsibility for the management or oversight of approximately 6,640 on- and off-campus student beds at 10 college communities. In addition, the Manager's senior staff have prior experience in the student housing business that include managing on-campus projects collectively totaling over 6,000 beds (as well as approximately 51,000 off-campus beds) with other student housing providers. The Manager's corporate headquarters is located in Marlton, NJ but the Manager maintains on-site property managers at each of its student housing development locations. The Manager is an indirect, wholly-owned subsidiary of TMO and is an affiliate of the Developer. For information regarding TMO and the Developer, see "THE DEVELOPMENT AGREEMENT—The Developer" herein.

The Management Agreement

The Borrower has engaged the Manager to manage, operate and lease the Series 2018 Project pursuant to a Management Agreement, to be dated the date of issuance of the Series 2018 Bonds (the "Management Agreement"). Pursuant to the Management Agreement, the Manager's obligation to market and lease the student bed accommodations includes the following duties, among others:

- designing and implementing a residential education program which embraces student support and the UC Davis Principles of Community (as defined in the Management Agreement);
- meeting regularly with certain UC Davis staff to coordinate the services to be provided to the Occupants (as defined in the Management Agreement) and develop strong links to the academic programs, faculties and staffs of UC Davis;
- endeavoring to create a culture that is welcoming, safe, participative and supportive of the Occupants' academic goals;
- notifying representatives of The Regents when certain incidents occur;
- hiring, training and overseeing applicable personnel in accordance with the staffing plan;
- hiring, training and overseeing all resident advisors (the "RAs") and ensuring that RAs are trained in all applicable UC Davis policies and procedures;
- hiring, training and overseeing administrative and other positions in accordance with the staffing plan;
- developing and maintaining residential policies and procedures including an emergency response plan, job descriptions for personnel, procedures for contacting key offices of The Regents and procedures for handling emergencies;
- developing and implementing a staff training program;
- providing reports to The Regents as requested regarding all programs, along with evaluations and recommendations for future programs;
- developing a communication plan for Occupants and staff of the Series 2018 Project;
- anticipating whenever possible and responding effectively to Occupant behavior issues, including issues of safety, security and the general welfare of all Occupants and staff of the Series 2018 Project;
- developing fair and consistent policies, rules and regulations governing behavior and activity in the Series 2018 Project;

- developing policies, practices and standards for emergency response following campus policies and procedures;
- developing and documenting policies, procedures and expectations for governing Occupant conduct, including descriptions of standards of acceptable behavior and the potential consequences for violating those standards;
- developing and maintaining a database that includes number, type, location, names, and other information concerning incidents related to Occupants' behavior;
- conducting regular and on-going research of Occupants' satisfaction using surveys, focus groups, exit interviews and other means;
- conducting an assessment of Occupants that will provide information as to levels of satisfaction with the quality of life within the Series 2018 Project as well as areas for improvement;
- making all student bed assignments and coordinating the plans of Occupants for moving into or out of the Series 2018 Project;
- maintaining businesslike relationships with Occupants and receiving and responding in a timely fashion to all Occupant complaints, requests for services, and reports of injuries, crimes or similar incidents;
- employing a General Manager; and
- maintaining within the Occupant database information that allows for all Occupants to be identified by their student ID.

The Management Agreement requires the Manager to manage, operate and maintain the Series 2018 Project in compliance with the standards, rules and procedures outlined within the 2018 Ground Lease. This includes preparing an initial management plan for the Series 2018 Project, which must be approved by The Regents and the Borrower, and then supplementing such plan each year as necessary. The Manager is also responsible for preparing a plan for advertising and otherwise marketing the student beds within the Series 2018 Project. As part of its leasing obligations, the Manager must supervise rent-up of the student bed accommodations, process applications for such accommodations, prepare the rental contracts for students, market and lease the accommodations, and collect all rent and other payments due from Occupants. The Management Agreement permits the Manager to subcontract certain marketing, licensing, and lease-up services to The Regents. The Manager expects to subcontract such services at closing pursuant to the Marketing and Licensing Agreement (see "The Marketing and Licensing Agreement" below).

As part of its obligations under the Management Agreement, the Manager is responsible for maintenance of the Series 2018 Project and is required to meet certain maintenance standards set forth therein. The Manager is also responsible for maintaining all records relating to the Series 2018 Project and reporting certain information to the Borrower and The Regents.

All employees necessary or appropriate to the implementation of the terms of the Management Agreement will be employed by either the Manager or The Regents and will be under the control and supervision of the Manager or, in the case of such subcontracted services, The Regents.

The Management Agreement provides that the Manager will be paid an annual fee (the "Distributed Management Fee"), in accordance with the Indenture and the Management Agreement, of two percent (2%) of the Occupancy Receipts (as defined in the 2018 Ground Lease) received during such Lease Year (as defined in the 2018 Ground Lease) as a Subordinated Expense (as defined in the Indenture) and subject to the terms of the Indenture.

Under the Management Agreement, neither the Manager nor its affiliates may, individually or with others, engage in, or possess an interest in, any other project and ventures of any nature and description, including, but not limited to, the ownership, financing, leasing, operation, management, brokerage, development or sale of real property other than the Series 2018 Project within the City of Davis without the prior written consent of the Borrower and The Regents.

The primary term of the Management Agreement is five (5) years, unless terminated earlier in accordance with the provisions thereof. In particular, the Borrower may (i) terminate the Management Agreement upon the prior written approval of The Regents if the Fixed Charges Coverage Ratio is not at least 1.0:1.0 or 1.20:1.0 for two consecutive fiscal years, or (ii) upon obtaining any necessary approvals pursuant to the 2018 Ground Lease and the

Bond Documents, terminate the Management Agreement at any time without cause upon written notice to the Manager specifying the effective date of such termination. Upon the expiration or earlier termination of the Management Agreement for any reason, the Borrower is required by the Management Agreement promptly to give written notice of such expiration or termination to the Bond Trustee, and the Manager is required to cause all funds held by the Manager relating to the Series 2018 Project, if any, to be delivered to the Bond Trustee and to deliver to the Borrower and the Bond Trustee copies of all records and documents in the Manager's possession or relating to the Series 2018 Project, including, without limitation, all accounting data and records, rent rolls, originals and copies of all residential contracts, service contracts and agreements, and technical data with respect to the operation and maintenance of the various systems at the Series 2018 Project. The Management Agreement also requires the Borrower, upon such a termination to pay the Manager all fees and reimbursements then due and payable and accrued through the date of termination.

Replacement of the Manager

In the Loan Agreement, the Borrower agrees that if the initial Manager shall cease to serve as Manager, the Borrower will promptly employ and at all times thereafter employ as Manager either UC Davis or a recognized manager of student housing facilities that then manages, and shall have for the past five years managed, at least 5,000 beds of student housing facilities. The Borrower also agrees that the Manager may be replaced, upon the prior written approval of the Ground Lessor, (i) if the Fixed Charges Coverage Ratio (excluding, until after the Series 2018 Completion Date, Revenues and Fixed Charges relating to the Series 2018 Project) is not at least 1.0:1.0 for any Fiscal Year or 1.2:1.0 for two consecutive Fiscal Years, as shown in the financial statements of the Borrower related to the Project required under the Loan Agreement or (ii) within 5 business days of providing written notice of termination to the Manager due to the occurrence of an event of default under the Management Agreement that is not appropriately cured. Events of default under the Management Agreement include (a) the Manager's failure to comply with the terms and conditions of the Management Agreement relating to the collection, possession, or remittance of rents or any other amounts payable to the Borrower or to the Manager on behalf of the Borrower, and such failure continues after 10 days of written notice; (b) the Manager's failure to observe or perform any other material term or condition of the Management Agreement, which failure shall persist for 30 days after written notice, subject to a 90-day cure window in the event the default cannot with due diligence be corrected within the 30-day period; (c) a petition in bankruptcy is filed by or against the Manager and such proceeding is not dismissed within 90 days thereof, or in the event the Manager makes an assignment generally for the benefit of creditors, files a petition in bankruptcy or otherwise takes advantage of any insolvency act; or (d)(1) the Manager's gross negligence in the performance of its obligations under the Management Agreement, (2) any willful misconduct or fraud of the Manager or any of the Project Personnel (as defined in the Management Agreement), or (3) the Manager's failure to replace Project Personnel or terminate and replace any third-party property management company used by the Manager after notice from Owner.

Pursuant to the Loan Agreement, prior to entering into a contract with a successor Manager, the Borrower is required to first deliver to the Bond Trustee an opinion of Bond Counsel to the effect that the terms of the proposed Management Agreement will not cause the interest on Outstanding Tax-Exempt Bonds to be included in gross income for federal income tax purposes. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE LOAN AGREEMENT—Covenant Regarding Manager."

The Marketing and Licensing Agreement

As permitted under the Management Agreement, the Manager expected to enter into a Marketing and Licensing Agreement, to be dated the date of issuance of the Series 2018 Bonds (the "Marketing and Licensing Agreement"), with The Regents (acting on behalf of UC Davis) for an initial term of five (5) years, subject to earlier termination, whereby The Regents will assume certain delegated responsibilities of the Manager under the Management Agreement in connection with the marketing and leasing of beds in the Series 2018 Project to eligible tenants in accordance with the 2018 Ground Lease. Specific obligations to be assumed by The Regents include coordination of initial rent-up of the Series 2018 Project, design and implementation of a residential life and housing administration program, the collection of rental payments under resident leases and the hiring, training and overseeing of personnel, including resident advisors. As an expense of the Series 2018 Project, The Regents will be paid an annual fee, subject to annual increase, to compensate The Regents for providing services to the Series 2018 Project under the Marketing and Licensing Agreement, which will be paid as a Subordinated Expense (as defined in the Indenture).

Rental payments with respect to the Series 2018 Project will be collected by The Regents pursuant to the Marketing and Licensing Agreement and, prior to deposit in the Revenue Fund, will be held by The Regents in one or more accounts of The Regents. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Project Gross Revenues; Revenue Fund" and "INVESTMENT CONSIDERATIONS—Collection of Funds by The Regents Pursuant to the Marketing and Licensing Agreement" herein.

The Marketing and Licensing Agreement states that the Borrower and the Bond Trustee are intended third-party beneficiaries of the agreement and that they and their respective successors and assigns shall be entitled to rely upon the covenants and agreements therein and to seek enforcement in the event of any nonperformance thereunder.

THE UNIVERSITY AND THE REGENTS

The University of California (the "University"), established in 1868, is the public institution of higher education designated by the State of California in its master plan for higher education for the training of individuals for the professions, for the awarding of doctoral degrees in all fields of human knowledge, and for the conduct of research. The Constitution of the State of California provides that the University shall be a public trust administered by the corporation, "The Regents of the University of California" ("The Regents"), which is vested with full powers of organization and government, subject only to such legislative control as may be necessary to ensure the security of its funds and compliance with the terms of the endowments of the University and such competitive bidding procedures as may be made applicable to the University by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods and services.

For additional information, see APPENDIX B—"THE UNIVERSITY OF CALIFORNIA."

The audited Annual Financial Report of the University for the year ended June 30, 2018 is contained in Appendix C. The Annual Financial Report should be read in its entirety. See APPENDIX C—"THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018."

The information contained in Appendices B and C describes, among other things, funds and assets of The Regents. None of the funds and assets of The Regents are pledged as security for the Series 2018 Bonds.

Pursuant to the Debt Service Payment Agreement, The Regents unconditionally, absolutely and irrevocably covenants to pay to the Bond Trustee an amount equal to the Debt Service Shortfall, if any, upon receipt of a written notice from the Bond Trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Debt Service Payment Agreement" herein. See also "INVESTMENT CONSIDERATIONS—Debt Service Payment Agreement Obligations Terminate Upon Final Completion" herein.

The Regents also will enter into the Marketing and Licensing Agreement for an initial term of five (5) years, subject to earlier termination, whereby The Regents (acting on behalf of UC Davis) will assume certain delegated responsibilities of the Manager under the Management Agreement in connection with the marketing and leasing of beds in the Series 2018 Project to eligible tenants. See "THE MANAGEMENT AGREEMENT AND THE MARKETING AND LICENSING AGREEMENT" herein.

THE UNIVERSITY OF CALIFORNIA, DAVIS

General

The University of California, Davis ("UC Davis") is a campus of the University, located adjacent to the City of Davis, California. UC Davis was first established in 1908 as the University Farm, the research and science-based instruction extension of the University of California, Berkeley. In 1959, UC Davis became the seventh general campus in the University of California system. It offers undergraduate, graduate and professional level study. UC Davis is located on approximately 5,300 acres within Yolo County, approximately 18 miles west of Sacramento.

Enrollment†

Total student headcount enrollment for Fall 2017 was 38,369, approximately a 2.6% increase from Fall 2016. Freshman enrollment in Fall 2017 totaled 5,896, an increase of approximately 2% as compared to Fall 2016. The following table shows student enrollment levels at UC Davis for the last five academic years. The three-term average figures indicate average enrollment levels for the fall, winter and spring terms for each academic year listed and include both the main Davis campus and the Sacramento health sciences campus.

	Undergraduate		Graduate(1)	
Academic Year	**Fall**	**Three-Term Average**	**Fall**	**Three-Term Average**
2013-14	26,533	25,319	7,642	7,405
2014-15	27,565	26,463	7,850	7,538
2015-16	28,257	26,995	7,861	7,545
2016-17	29,379	28,037	8,018	7,740
2017-18	30,066	28,771	8,303	7,964

(1) The Graduate category includes post baccalaureates, students in graduate academic programs, professional programs, and self-supporting degrees programs. It also includes interns and residents.

Housing†

Current housing at UC Davis consists of residence halls intended primarily for first year students and student apartments available to continuing undergraduate students, transfer students and graduate students. For Fall 2017, such housing included (i) three University-owned undergraduate residence hall communities ranging in size from 676 to 3,313 beds and totaling 5,747 beds in aggregate, (ii) one University-owned on-campus graduate and family apartment complex that houses approximately 300 students and 362 non-students (dependents, spouses, partners, etc.), (iii) seven non-University-owned student residential communities, developed through prior third-party public-private partnerships, totaling 4,265 beds in aggregate and (iv) two University-owned cooperative housing projects that are ground leased to a non-profit, third-party entity, totaling 63 beds. Additionally, in Fall 2017, UC Davis master leased 558 student beds in on-campus public-private partnership apartment complexes and 475 beds in privately-owned, off-campus apartments in the City of Davis. There were a total of approximately 10,181 beds on campus for students (excluding off-campus leases) and approximately 29% of UC Davis students lived on campus in Fall 2017.

Rental rates ranged from $13,303 to $17,731 (including room and board) per academic year per student in University-owned undergraduate residence halls and $766 to $906 per month in the Solano Park (the University-owned on-campus graduate and family apartment complex) in Fall 2017. Occupancy rates in both University-owned residence halls and apartments averaged over 99% in each of the Academic Years 2013-14 through 2017-18.

In each of Academic Years 2013-14 through 2017-18, the collection rate for all University-owned on-campus student housing payments averaged approximately 99.5%.

Although UC Davis does not require any of its students to live on campus, it does offer guaranteed housing to freshmen and new transfer students. Any on-campus beds remaining after such guarantees are met are offered to returning undergraduate students who have applied to be on a wait-list. Each year, approximately 230 to 525 returning undergraduate students put themselves on a housing wait-list for University-owned communities. In these communities, there tend to be approximately 100 to 150 spaces available for non-guaranteed returning undergraduate student applicants. On-campus housing for students with families and graduate students is assigned on a first-come, first-served basis at Solano Park, the only University-owned apartment complex.

Over the last five academic years, housing available for UC Davis students has increased by approximately 11.5%. In 2014, the 8th and Wake apartment complex was opened, adding 236 graduate student beds. In 2016, UC Davis reached a "double-up" agreement with Carmel Partners, which owns and operates the existing West Village public-private partnership apartment project, which agreement resulted in additional capacity of 624 beds. With respect to the residence halls, during 2017: (i) Webster Hall was demolished in preparation for the construction of a

† Source: UC Davis Student Housing and Dining Services.

new, denser residence hall, which resulted in the loss of 266 beds, (ii) during that same period, the Tercero 4 project became available for occupancy and added 550 new residence hall beds and (iii) the campus reduced density at Tercero 3 by 94 beds, resulting in a net impact of 190 additional residence hall beds.

In Fall 2017, approximately 5,896 freshmen enrolled at UC Davis and approximately 5,483 of those freshmen lived on campus. As freshman enrollment has continued to grow at UC Davis during recent academic years, residence hall capacity has kept pace through redevelopment and new construction. As a result, current and future residence hall housing demand has met and is expected to continue to meet the capacity of the residence halls. In Fall 2017, the first year residential program encompassing all residence halls opened at 100% occupancy.

The Series 2018 Project is part of the UC Davis 2018 Long Range Development Plan (the "LRDP") with respect to the campus. The LRDP also includes plans for other on-campus housing and other facilities to be developed at UC Davis. In particular, the LRDP contemplates that The Regents will develop another housing facility referred to therein as "Orchard Park" intended for students with families and single graduate students, and the Market Analysis Study includes Orchard Park in its analysis. See "PROSPECTIVE EVALUATION OF STUDENT HOUSING MARKET" herein. However, the timing, size, design, cost and method of financing Orchard Park have not been finalized.

See APPENDIX A—"THE SERIES 2018 PROJECT—Existing On-Campus Student Housing" for additional information regarding current on-campus housing at UC Davis.

As the third-party on-campus housing inventory has increased at UC Davis, more spaces have become available for non-guaranteed students. While spaces in University-owned housing communities remain very limited, third-party owned housing has provided non-guaranteed students with a wider set of options. For the 2017-18 academic year, approximately 2,800 non-guaranteed undergraduate students were able to secure on-campus housing (primarily in third-party owned housing). Additional information with respect to the nine non-University-owned student residential communities and cooperative housing projects described above is set forth in APPENDIX A—"THE SERIES 2018 PROJECT—Existing On-Campus Student Housing."

The Bond Documents permit the Borrower to develop, operate and/or own additional on- and off-campus housing at UC Davis. See "INVESTMENT CONSIDERATIONS—Competing Facilities and Rental Market Considerations" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Series 2018 Bonds:

SOURCES OF FUNDS:	
Par Amount of the Series 2018 Bonds	$516,615,000.00
Net Original Issue Premium	43,627,615.55
TOTAL SOURCES OF FUNDS	$560,242,615.55
USES OF FUNDS:	
Deposit to Construction Fund[1]	$458,739,794.53
Deposit to Working Capital and Marketing Fund	1,360,000.00
Deposit to Capitalized Interest Account[2]	69,762,648.94
Issuance Costs[3]	4,654,047.08
Transfer to Master Trustee for Deposit to UCD Bonds Pooling Subaccount	25,726,125.00
TOTAL USES OF FUNDS	$560,242,615.55

(1) Pursuant to the Indenture amounts remaining in the Construction Fund after the Series 2018 Completion Date may be transferred to various other funds.

(2) Proceeds of the Series 2018 Bonds in the amount of $69,762,648.94 will be deposited in the Capitalized Interest Fund. Such amount, together with investment earnings thereon, will be used to pay all of the interest on the Series 2018 Bonds accruing through the date that is approximately six months after the expected completion date for the first phase of the Series 2018 Project and thereafter to pay a portion of the interest on the Series 2018 Bonds accruing through the date that is approximately six months after the expected completion date for the remainder of the Series 2018 Project (see "THE SERIES 2018 PROJECT AND THE SERIES 2018 OFFSITE ELEMENTS" herein), with such portion being the percentage of the Series 2018 Bonds allocable to costs associated with the final phase of the Series 2018 Project. The amounts and dates of the payments to be made from the Capitalized Interest Fund are as follows: $10,602,633.33 on May 15, 2019, $12,555,750.00 on November 15, 2019, $12,555,750.00 on May 15, 2020, $12,555,750.00 on November 15, 2020, $10,981,398.47 on May 15, 2021, $8,726,246.25 on November 15, 2021 and $5,138,789.46 on May 15, 2022.

(3) Issuance Costs include Underwriters' discount, premium for the Policy, legal fees, printing costs, fees of the Issuer, the Bond Trustee, the rating agency and other miscellaneous costs.

DEBT SERVICE

The following table shows the scheduled principal and interest requirements on the Series 2018 Bonds.

Fiscal Year Ending June 30	Series 2018 Debt Service		
	Principal	Interest(1)	Total
2019	-	$ 10,602,633.33	$ 10,602,633.33
2020	-	25,111,500.00	25,111,500.00
2021	-	25,111,500.00	25,111,500.00
2022	-	25,111,500.00	25,111,500.00
2023	$ 4,550,000	25,111,500.00	29,661,500.00
2024	5,600,000	24,884,000.00	30,484,000.00
2025	6,835,000	24,604,000.00	31,439,000.00
2026	8,160,000	24,262,250.00	32,422,250.00
2027	9,485,000	23,854,250.00	33,339,250.00
2028	10,920,000	23,380,000.00	34,300,000.00
2029	11,465,000	22,834,000.00	34,299,000.00
2030	12,040,000	22,260,750.00	34,300,750.00
2031	12,640,000	21,658,750.00	34,298,750.00
2032	13,270,000	21,026,750.00	34,296,750.00
2033	13,935,000	20,363,250.00	34,298,250.00
2034	14,635,000	19,666,500.00	34,301,500.00
2035	15,365,000	18,934,750.00	34,299,750.00
2036	16,130,000	18,166,500.00	34,296,500.00
2037	16,940,000	17,360,000.00	34,300,000.00
2038	17,785,000	16,513,000.00	34,298,000.00
2039	18,675,000	15,623,750.00	34,298,750.00
2040	19,610,000	14,690,000.00	34,300,000.00
2041	20,590,000	13,709,500.00	34,299,500.00
2042	21,620,000	12,680,000.00	34,300,000.00
2043	22,700,000	11,599,000.00	34,299,000.00
2044	23,835,000	10,464,000.00	34,299,000.00
2045	24,895,000	9,403,700.00	34,298,700.00
2046	26,005,000	8,296,350.00	34,301,350.00
2047	27,160,000	7,139,700.00	34,299,700.00
2048	28,365,000	5,931,750.00	34,296,750.00
2049	29,630,000	4,670,250.00	34,300,250.00
2050	31,110,000	3,188,750.00	34,298,750.00
2051	32,665,000	1,633,250.00	34,298,250.00
Total	$516,615,000	$549,847,383.33	$1,066,462,383.33

(1)Includes amounts to be paid from capitalized interest. See "ESTIMATED SOURCES AND USES OF FUNDS."

THE 2018 GROUND LEASE

Pursuant to the 2018 Ground Lease, The Regents has leased the Series 2018 Project Site to the Borrower for a period commencing on the date of issuance of the Series 2018 Bonds and expiring on the earlier of (i) December 1, 2068 at 12:00 midnight or (ii) 12:00 midnight of the day preceding the first day of the month following final redemption or defeasance of all of the Bonds and satisfaction of any and all amounts due under the Loan Agreement or the Indenture, subject to automatic extension if amounts remain due to The Regents. Under no circumstances, shall the term of the 2018 Ground Lease exceed 50 years. The 2018 Ground Lease is also subject to certain early termination rights of The Regents related to events of default, untimely completion of the Series 2018 Project and construction delays resulting from the CEQA Lawsuit, as provided in the 2018 Ground Lease. See APPENDIX D—"SUMMARY

OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE GROUND LEASE" for a summary of the 2018 Ground Lease.

Except with respect to the collateral assignment evidenced by the Leasehold Deed of Trust, the Borrower may assign or transfer its interest in the 2018 Ground Lease, the Series 2018 Project and/or the Series 2018 Project Site only with the prior written consent of The Regents, which consent may be granted or withheld in The Regents' sole discretion. The Borrower's interest in the 2018 Ground Lease, the Series 2018 Project and/or the Series 2018 Project Site is also subject to an exclusive option to purchase granted to The Regents in the 2018 Ground Lease. The Regents may only exercise the option to purchase with respect to the entire Series 2018 Project, not just a portion thereof. The Regents' option to purchase, effective no earlier than the tenth year following the Effective Date, may be exercised by providing appropriate notice and paying to Borrower: (i) all amounts due under the Bond Documents, (ii) costs of defeasance or any premium payable on such indebtedness, (iii) all interest accrued or to accrue on such indebtedness through the date of payment of such indebtedness and (iv) closing costs. Upon exercise of the option, title to the Series 2018 Project will be conveyed to The Regents, subject only to Resident Leases, Permitted Encumbrances and all matters that would be disclosed by an accurate survey and inspection of the Series 2018 Project.

The occurrence of any of the following will constitute an event of default on the part of the Borrower under the 2018 Ground Lease:

(i) The Borrower shall fail to pay the rent due thereunder at the times specified in the 2018 Ground Lease, and such failure shall continue for 15 days after written notice from The Regents.

(ii) The Borrower shall fail to correct any Operating Deficiency (as defined in the 2018 Ground Lease) within the periods provided for in the 2018 Ground Lease.

(iii) Except for failures to perform which are the subject of the preceding items (i) and (ii) and except to the extent caused by Force Majeure, the Borrower shall fail to perform or cause to be performed any other term, covenant, condition or provision of the 2018 Ground Lease and shall fail to correct such failure within 30 days after written notice specifying such is given to the Borrower by The Regents. In the case of any such failure that cannot with due diligence be corrected within such 30 day period, but can be wholly corrected within a period of time not materially detrimental to the rights of The Regents, it will not constitute an event of default thereunder if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the failure shall be corrected.

(iv) The Borrower shall fail to pay any Additional Rent within 60 days after written notice from The Regents.

(v) The Borrower shall be adjudicated a bankrupt.

(vi) A receiver shall be appointed for the Borrower's interest in the Series 2018 Project and/or the Series 2018 Project Site and such receiver shall not be removed within 90 days after notice from The Regents to the Borrower to obtain such removal.

(vii) The Borrower shall voluntarily take advantage of any debtor relief proceedings under any present or future law whereby rent due under the 2018 Ground Lease or any part thereof shall be reduced or payment thereof deferred or shall become subject to any such involuntary proceedings and said involuntary proceedings shall not be dismissed within 90 days after notice from The Regents to the Borrower to obtain such dismissal.

(viii) The Borrower shall make a general assignment for the benefit of creditors.

(ix) The Premises (as defined in the 2018 Ground Lease) or the Borrower's effects or interests therein shall be levied upon or attached under process against the Borrower, and the same shall not be satisfied or dissolved within 90 days after notice from The Regents to the Borrower to obtain satisfaction or dissolution thereof.

(x) A default by the Borrower shall have occurred and continue beyond any applicable notice and cure periods under any of the Construction Documents to which the Borrower is a party.

(xi) A default by the Borrower shall have occurred and continue beyond any applicable notice and cure periods under any of the Bond Documents to which Borrower is a party.

Upon the occurrence of any of the foregoing events of default, The Regents will, subject to the provisions of the 2018 Ground Lease, have the right to (i) upon 90 days written notice and opportunity to cure provided to the Bond Trustee, terminate the 2018 Ground Lease immediately upon written notice to the Borrower and thereafter, to the extent permitted by law, without legal process, enter on and take possession and control of the Premises to the complete exclusion of the Borrower, and The Regents may demand, collect and retain all rents due from tenants occupying the Premises, and may otherwise treat and occupy the Premises as if the 2018 Ground Lease had expired of its own limitation, or (ii) without terminating the 2018 Ground Lease, re-let the Premises (upon obtaining the written consent of the Bond Trustee) and collect from the Borrower the reasonable costs and expenses of re-letting, repairing and altering the Premises.

Notwithstanding the foregoing termination rights of The Regents, if The Regents elects to terminate the 2018 Ground Lease upon the occurrence of an Event of Default, the Leasehold Deed of Trust Trustee shall be entitled to extend the date of termination for a limited time in order to allow it to acquire the Borrower's interest in the 2018 Ground Lease by foreclosure or otherwise, provided that during such time, the Leasehold Deed of Trust Trustee shall pay rent and other charges required under the 2018 Ground Lease during such period. If the 2018 Ground Lease shall be terminated due to any Event of Default, the Leasehold Deed of Trust Trustee will have the option, but not the obligation, to enter into a lease of the Series 2018 Project Site with The Regents at the same rent and upon the same terms and conditions contained in the 2018 Ground Lease.

The Borrower's liability under the 2018 Ground Lease will be non-recourse, and The Regents' source of satisfaction of the Borrower's obligations will be limited to the Borrower's interest in the 2018 Ground Lease, the Series 2018 Project and Series 2018 Project Site, all personal property owned by Borrower and used in connection with the Series 2018 Project, and Net Available Cash Flow (as defined in the 2018 Ground Lease).

The Borrower will be obligated to maintain and repair the Premises as provided in the 2018 Ground Lease. The 2018 Ground Lease will require the Borrower to enter into a management agreement with the Manager that will provide for operation of the Series 2018 Project and the aboveground Series 2018 Offsite Elements. The 2018 Ground Lease will prohibit the Borrower from entering an agreement with a subsequent manager without the consent of The Regents.

Under the 2018 Ground Lease, the Borrower will be obligated, subject to *force majeure* and eminent domain, to cause the Developer to commence and pursue to final completion the construction of the Series 2018 Project and the Series 2018 Offsite Elements in accordance with the Construction Documents (as defined in the 2018 Ground Lease) and the construction schedule set forth in the Construction Contract. If the Borrower does not deliver on schedule the number of student rooms contemplated in the Construction Documents, the Developer will be liable to provide alternative housing and transportation to students who have executed leases with respect to the Series 2018 Project but are unable to occupy such rooms due to non-completion of the Series 2018 Project, except where such delay in delivery arises from the CEQA Lawsuit. In addition, if the Borrower fails to diligently pursue completion Series 2018 Project or fails to achieve substantial completion of the Series 2018 Project by a certain date, as more fully provided in the 2018 Ground Lease, The Regents has certain early termination rights. See "THE DEVELOPMENT AGREEMENT—The Development Agreement" herein.

If the Series 2018 Project is not projected to achieve Break-Even Occupancy (as defined in the 2018 Ground Lease) during any of the first three (3) full Lease Years (as defined in the Ground Lease) following Final Completion of the Series 2018 Project, then the Ground Lessor is required to execute and deliver Resident Contracts (as defined in the Ground Lease) for the number of additional Student Bed (as defined in the Ground Lease) spaces in the Series 2018 Project necessary for the Series 2018 Project, when taking into account other signed Resident Contracts with respect to the subject Lease Year, to achieve Break-Even Occupancy during the subject Lease Year. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE GROUND LEASE—Contingent Lease Commitment."

THE SERIES 2018 CONSTRUCTION CONTRACT, THE SERIES 2018 SOLAR CONTRACT AND THE ARCHITECT'S AGREEMENT

The Series 2018 Construction Contract

The Developer expects to enter into a guaranteed maximum price construction contract (the "Series 2018 Construction Contract") with CBG Building Company LLC, a Virginia limited liability company (the "General Contractor"), the general contractor for the Series 2018 Project (excluding the photovoltaic system) and the Series 2018 Offsite Elements. The Series 2018 Construction Contract provides that the General Contractor will perform all construction services, and provide all labor, materials and equipment necessary to complete the Work (as defined in the Series 2018 Construction Contract). The General Contractor may use further subcontractors to provide construction services but will assume responsibility for any acts or omissions of such subcontractors.

The Series 2018 Construction Contract requires the Developer to pay the General Contractor for the costs of performing the Work, plus a fee, all subject to a guaranteed maximum price set forth in the Series 2018 Construction Contract. The guaranteed maximum price included in the Series 2018 Construction Contract is subject to adjustment as provided therein, such as for changes in scope of the Work. The Series 2018 Construction Contract will require the General Contractor to provide a payment and performance bond on the construction portion of the Series 2018 Project and will provide that the Borrower and the Ground Lessor be named as obligees on such bond(s). Under the Series 2018 Construction Contract, construction is scheduled to commence in December 2018. The Series 2018 Construction Contract provides for completion of the Series 2018 Project to occur in phases, in time for occupancy in part in Fall 2020 with the remainder in Fall 2021 (see "THE SERIES 2018 PROJECT AND THE SERIES 2018 OFFSITE ELEMENTS") and for the payment of liquidated damages by the General Contractor for late completion of the Series 2018 Project, subject to the terms and conditions of the Series 2018 Construction Contract.

The General Contractor is licensed in the State and has been in the construction contracting business for 26 years individually, and along with an affiliated company, has been in the contracting business for over 100 years. With over $650 million in annual revenue, the General Contractor has completed more than 20,000 multi-family units and over $3 billion in residential projects in the State and around the country, including the first large-scale privatization of military housing for the United States Navy, which is located in San Diego, California. The project for the Navy, which includes family housing and bachelor housing, is the largest project the General Contractor has completed to date.

The Series 2018 Solar Contract

The Developer also expects to enter into an Engineering, Procurement and Construction Agreement (the "Series 2018 Solar Contract"), to be dated the date of issuance of the Series 2018 Bonds, with SunPower Corporation, Systems ("SunPower" or the "Solar Contractor") with respect to the photovoltaic system to be installed to service the Series 2018 Project. Pursuant to the Series 2018 Solar Contract, the Solar Contractor will provide, along with the photovoltaic system, all professional design and engineering services, equipment procurement, supervision, labor, materials, equipment, tools, construction equipment and machinery, utilities, transportation, and procurement of installer permits for the system. The Series 2018 Solar Contract will provide for the system to be delivered in phases to support the delivery of Series 2018 Project buildings. The Series 2018 Solar Contract requires the Solar Contractor will assume the risk of loss and full responsibility for the cost of replacing any damage to the photovoltaic system during construction due to their actions. The Developer also expects to enter into a separate, 10-year agreement with the Solar Contractor pursuant to which the Solar Contractor will be responsible for operations and maintenance with respect to the photovoltaic system during such period.

SunPower was founded in 1985 and is headquartered in San Jose, California. SunPower operates in Africa, Asia, Australia, Europe, North America and South America. Since 2011, SunPower has been majority-owned by Total S.A., a French oil and gas company. Total S.A. has a current market capitalization of approximately $116 billion.

SunPower has delivered over 42MW of solar capacity to the University of California system on over 25 individual sites. SunPower currently operates two solar photovoltaic systems at UC Davis sites, including 4MW at the existing West Village (existing student apartments adjacent to this proposed the Series 2018 Project Site), as well as a 16MW solar tracker system.

The Architect's Agreement

The Developer has also entered into an agreement (the "Architect's Agreement") with Stantec Architecture, Inc. (the "Architect"), pursuant to which the Architect will provide certain architectural and engineering services in connection with construction of the Series 2018 Project. The Architect has approximately 22,000 employees in over 400 locations across six continents. The Architect trades on the TSX and the NYSE under the symbol STN. The Architect is licensed in the State.

INVESTMENT CONSIDERATIONS

In making investment decisions, investors must rely on their own investigations and evaluation of the merits of a particular investment; however, each investment has particular factors an investor should review and evaluate. The following is a summary, which does not purport to be comprehensive or definitive, of some of the factors an investor may want to consider before purchasing the Series 2018 Bonds. The following is intended only as a summary of certain risk factors attendant to an investment in the Series 2018 Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement, including, with respect to the amounts (if any) payable by The Regents pursuant to the Debt Service Payment Agreement, APPENDIX C—"THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018." Investors should read APPENDIX C in its entirety. Inclusion of certain factors below is not intended to signify that there are not other investment considerations or risks attendant to the Series 2018 Bonds that are as material to an investment decision with respect to the Series 2018 Bonds that are otherwise described or referred to elsewhere herein.

Limited Security; Non-Recourse Obligations

THE SERIES 2018 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO, CALIFORNIA BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. THE SERIES 2018 BONDS ARE A LIMITED OBLIGATION OF THE ISSUER. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF THE SERIES 2018 BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED UNDER THE INDENTURE AND THE LOAN AGREEMENT AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER) OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2018 BONDS. THE ISSUANCE OF THE SERIES 2018 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR THE UNIVERSITY OR THE REGENTS OR THE COUNTY OF YOLO TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

Neither the Foundation nor any limited liability company established by the Foundation (other than the Borrower) will have any obligation with respect to the Series 2018 Bonds or under the Loan Agreement or any of the other Bond Documents. The Borrower's obligations with respect to the Series 2018 Bonds are non-recourse. See "NO RECOURSE AGAINST BORROWER'S MEMBER AND OFFICERS" herein. The Borrower's ability to pay the principal of and interest on the Series 2018 Bonds may be adversely affected by its contractual obligations with respect to the Series 2018 Bonds and the Series 2018 Project, including requirements for payment by the Borrower pursuant to indemnity obligations under certain of the Bond Documents (as defined in the Indenture).

Competing Facilities and Rental Market Considerations

The Bond Documents do not contain any restrictions on the ability of The Regents or the Borrower to develop, operate or own facilities that could compete with the Series 2018 Project for tenants. Any competing facilities, if so constructed, could materially adversely affect the occupancy and revenues of the Series 2018 Project and, as a result, the ability of the Borrower to pay principal of and interest on the Series 2018 Bonds when due.

Additionally, the economic feasibility of the Series 2018 Project depends in large part upon the ability of the Manager to attract sufficient numbers of residents to the Series 2018 Project to achieve, and then, maintain, substantial occupancy throughout the entire term of the Series 2018 Bonds. The ability of the Manager to achieve, and then maintain, substantial occupancy for the entire term of the Series 2018 Bonds depends to some extent on factors outside of its control. Such factors include, but are not limited to, the following: competition (both from other on-campus housing and from off-campus rental units, whether now existing or constructed in the future), changes in enrollment at UC Davis, changes in rates of commuting or telecommuting by students at UC Davis, and perceived desirability of the Series 2018 Project to prospective residents.

Moreover, the Series 2018 Project will be subject to numerous University policies, such as the University Fair Wage Plan and the University Seismic Safety Policy, that may increase the operating costs with respect to the Series 2018 Project and, as a result, hamper its ability to compete with other student housing facilities.

Reliance on Third-Parties by Borrower

The ability of the Borrower to generate sufficient revenues to meet its operating expenses, working capital needs and obligations on the Series 2018 Bonds is subject to many factors, including the capabilities of the Manager, the operation of the University (in particular UC Davis) by The Regents and the performance by The Regents of its obligations under the Marketing and Licensing Agreement, the status of the Series 2018 Project as official student housing facilities at UC Davis, the demand for student housing facilities such as the Series 2018 Project, competition from other housing facilities (including student housing facilities developed, operated and owned by The Regents or the Borrower on the UC Davis campus), rates and charges for rentals of facilities such as those of the Series 2018 Project, available insurance coverage, inflation, litigation and future economic and other concerns which are not determinable or quantifiable at this time.

No assurance can be given that the Manager will be able to successfully manage the Series 2018 Project or that the Borrower will be able to successfully manage (or cause to be managed) the Series 2018 Project if the Manager is terminated or resigns. Moreover, no assurance can be given that The Regents will continue to operate UC Davis and, in particular, the student housing system at UC Davis as contemplated in this Official Statement, that The Regents will perform its obligations under the Marketing and Licensing Agreement or that The Regents will not provide incentives in the future for students at UC Davis to elect to live in student housing facilities owned by The Regents rather than in the Series 2018 Project. For example, The Regents or the Borrower, the Manager or the Developer may pursue additional housing projects that compete with the Series 2018 Project. See "Competing Facilities and Rental Market Considerations" above.

If the Manager fails to perform as contemplated in the Management Agreement, The Regents fails to perform its obligations under the Marketing and Licensing Agreement or The Regents or private developers other than the Borrower take actions that alter the student housing market at UC Davis, the ability of the Borrower to make timely payment of debt service may be materially adversely affected. Neither the Developer nor the Manager has any obligation to pay debt service on the Series 2018 Bonds.

Collection of Funds by The Regents Pursuant to the Marketing and Licensing Agreement

Rental payments with respect to the Series 2018 Project will be collected by The Regents pursuant to the Marketing and Licensing Agreement and, prior to deposit in the Revenue Fund (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Project Gross Revenues; Revenue Fund" herein), will be held by The Regents in one or more accounts of The Regents. While on deposit in The Regents' account(s), such funds will be held by The Regents but such funds will not be deposited in a segregated account with a perfected security interest for the benefit of the Bond Trustee until such funds are transferred by The Regents to the Revenue Fund. The Marketing and Licensing Agreement requires such transfers to occur weekly. In the event of an insolvency of the Borrower or The Regents or a failure by The Regents to comply with its obligations under the Marketing and Licensing Agreement (particularly, its obligation to transfer rental payments received by it), disputes over the security interest in the account(s) in which the funds are held by The Regents, including comingling of those funds with those of The Regents, could impair the ability of the Manager, on behalf of the Borrower, to collect any funds remaining on account with The Regents in order to apply such funds toward payment of debt service. In addition, this flow of funds could lead to potential recovery of previously transferred funds as preferential under bankruptcy law. In the case of occurrence of any of such events, various factual and legal defenses could be asserted, but there can be no certainty as to the outcome of any such disputes and payments with respect to the Series 2018 Bonds could be materially adversely affected.

Risks of Construction and Delays in Completion of the Series 2018 Project

Although, pursuant to the Development Agreement, the entire Series 2018 Project is scheduled to be completed in time for occupancy in Fall 2021 (with approximately 1,000 beds scheduled to be completed earlier, in time for occupancy in Fall 2020), no assurance can be provided that the Series 2018 Project will be completed by such date. The construction of the Series 2018 Project is subject to the risks of cost overruns and delays due to a variety of factors including, among others, site difficulties, escalating labor costs and labor disputes, delays in delivery and shortages of materials, weather conditions, fire and casualty and escalating construction costs. In addition, changes in the current legal and regulatory structure applicable to construction projects in the State, such as the Series 2018 Project, as well as University policies such as the University Seismic Safety Policy and the University Fair Wage Plan, may increase the cost of the Series 2018 Project or delay its completion. The University Seismic Safety Policy requires peer review with an Independent Seismic Peer Reviewer of the plans and specifications for the Series 2018 Project. This peer review will not be completed by the closing date of the Series 2018 Bonds, and any revisions to the plans and specifications resulting from such peer review may increase the cost of the Series 2018 Project or delay its completion. If the General Contractor does not deliver on schedule the number of student rooms contemplated in the Construction Documents, the Developer will be liable, pursuant to and subject to the Development Agreement, to provide alternative housing and transportation to students who have executed leases with respect to the Series 2018 Project but are unable to occupy such rooms due to non-completion of the Series 2018 Project, except where such delay in delivery arises from the CEQA Lawsuit, but in either case the Developer has no obligation to pay debt service on the Series 2018 Bonds. If completion of the Series 2018 Project is delayed beyond the estimated construction period, receipt of revenues projected from the operation of the Series 2018 Project will be delayed and the ability of the Borrower to make the required payments could in such case be adversely affected.

See also "CEQA Lawsuit Challenging the Series 2018 Project" below.

Limitations Regarding Operational Information Available Regarding Existing On-Campus Housing

The information set forth in "UNIVERSITY OF CALIFORNIA, DAVIS" and in Appendix A includes, among other things, certain operational information (such as rental rates and occupancy rates) relating to the existing on-campus student housing at UC Davis. Some of the information presented relates to student housing facilities owned and maintained by The Regents. The Series 2018 Project will not be owned or maintained by The Regents (though The Regents will have certain operational obligations with respect to the Series 2018 Project pursuant to the Marketing and Licensing Agreement, as described herein). In addition, the information available with respect to the existing non-University-owned student housing may itself be of limited value due to the inability of The Regents to verify independently some of that information. No assurances can be given that results with respect to the operation of the Series 2018 Project will not differ materially from the operational information presented in Appendix A relating to the existing on-campus housing at UC Davis.

Liquidity Account Available to Secure Other FTA-Secured Bonds; Financing Trust Agreement Subject to Amendment

As security for the payment of the Series 2018 Bonds and any other FTA-Secured Bonds issued in the future, the UCD Bonds Pooling Subaccount and the UCD Bonds Redemption Subaccount and all amounts on deposit therein, and the UCD Bonds Liquidity Account Loan Payments will be pledged for the equal and pro rata benefit of all such

FTA-Secured Bonds, in the manner and to the extent provided in, and subject to the terms and conditions of the Financing Trust Agreement. Upon receipt of notice from the Bond Trustee, or any other bond trustee of other FTA-Secured Bonds, of a deficiency in the Debt Service Account relating to a series of FTA-Secured Bonds, the Financing Trust Agreement provides that the Master Trustee will, if funds on deposit in the Series Pooling Subaccount with respect to such series are insufficient, transfer funds on deposit in all other Series Pooling Subaccounts, pro rata as provided in the Financing Trust Agreement, to pay debt service on such other series of FTA-Secured Bonds. Currently, the UCD Series 2018 Bonds Pooling Subaccount is the only Series Pooling Subaccount established within the Liquidity Account under the Financing Trust Agreement. Pursuant to the Financing Trust Agreement, the Borrower is obligated to replenish the UCD Bonds Pooling Subaccount if the funds in such subaccount are less than the Liquidity Account Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge and Assignment of Financing Trust Estate" and "—Liquidity Account and Subaccounts" herein.

Any use of funds on deposit in the UCD Bonds Pooling Subaccount pursuant to the Financing Trust Agreement to pay debt service on FTA-Secured Bonds other than the Series 2018 Bonds would result in decreased amounts available under the Financing Trust Agreement to secure payment of the Bonds and would require increased additional payments to be made by the Borrower to replenish the UCD Bonds Pooling Subaccount to the extent necessary to meet the Liquidity Account Requirement. Any such use could materially adversely affect the ability of the Borrower to utilize funds held under the Financing Trust Agreement to pay principal of and interest on the Series 2018 Bonds when due and could cause the Borrower to fail to comply with the required Fixed Charges Coverage Ratio.

Moreover, the Financing Trust Agreement permits the provisions described above, and any and all other provisions of the Financing Trust Agreement, to be amended by a written instrument of the Master Trustee and any Borrower (as defined in the Financing Trust Agreement and including, but not limited to, the Borrower (as defined herein)), upon approval of The Regents, if the Master Trustee receives written confirmation from the Rating Agency that the amendment will not result in the downgrade of its credit rating on any Series of Bonds (including, but not limited to, the Series 2018 Bonds) to less than an Investment Grade Rating (generally defined as a rating of "Baa3" or higher from Moody's). Any such amendment or amendments could alter the provisions of the Financing Trust Agreement described in this Official Statement and the Borrower's rights and obligations thereunder and could, as a result, materially adversely affect the Borrower's ability to pay principal of and interest on the Series 2018 Bonds when due.

CEQA Lawsuit Challenging the Series 2018 Project

A lawsuit titled *Kelly Klein, et al. v. The Regents of the University of California, et al*. was filed in Alameda County Superior Court on September 27, 2018 (Case No. RG18922500) (the "CEQA Lawsuit"). The CEQA Lawsuit is attached as Appendix I hereto and should be read in its entirety. The Regents has retained the law firm Meyers Nave Riback Silver and Wilson, PLC ("Litigation Counsel") to represent The Regents with respect to the CEQA Lawsuit. Although The Regents has concluded, based on the advice of Litigation Counsel and applicable provisions of State law, that the filing of the CEQA Lawsuit in and of itself does not legally prevent the UCD Project (which is defined below and includes the Series 2018 Project) from moving forward, the CEQA Lawsuit does present risks as described further below.

The CEQA Lawsuit challenges The Regents' approval of the UC Davis 2018 Long Range Development Plan ("LRDP") and the Series 2018 Project and the certification of an environmental impact report ("EIR") prepared under the California Environmental Quality Act ("CEQA"). Collectively, the LRDP and the Series 2018 Project are referred to herein as the "UCD Project." The CEQA Lawsuit names The Regents as the Respondent and the Developer as a Real Party In Interest. All claims in the lawsuit are for violations of CEQA. In particular, the CEQA Lawsuit alleges that the analysis and mitigation of environmental impacts of the UCD Project violate CEQA. The alleged violations include several different environmental impacts including agricultural, air quality, biological, traffic, noise, and greenhouse gases. The lawsuit seeks a writ of mandate ordering The Regents to set aside their approval of the UCD Project and the certification of the EIR and to comply with CEQA before taking any subsequent action to approve the UCD Project. The lawsuit also includes in its prayer for relief a request for a temporary stay or temporary, preliminary and permanent injunctive relief to prevent further actions to implement or proceed with the UCD Project (including construction and occupancy) during pendency of the CEQA Lawsuit. The statute of limitations for any other challenge to the UCD Project under CEQA has expired.

The CEQA Lawsuit is pending in the trial court. Because it is a writ of mandate case, the answer is due 30 days after the administrative record of The Regents' action on the UCD Project is certified. As of the date of this Official Statement, a case management conference has been scheduled for January 9, 2019. The Regents expects that, at the case management conference, the date for the hearing on the merits will be set. CEQA actions are entitled to calendar preference under State law and The Regents intends to seek an expedited hearing date.

In order to obtain a stay or injunction of the UCD Project, the petitioner would be required to file a noticed motion requesting a court order. No such motion has been filed as of the date of this Official Statement. If such a motion is filed, The Regents, based on the advice of Litigation Counsel, believes that there is a low likelihood of the court granting a stay or injunction which would delay construction of the Series 2018 Project during the pendency of the CEQA Lawsuit. The Regents' belief of the low likelihood of the court granting a stay or injunction is based on a number of factors, including but not limited to that (i) the standards for an injunction (i.e., irreparable harm if the injunction is not issued; balancing of harm between parties and likelihood of success on the merits) are difficult to meet and the burden is on petitioner and (ii) The Regents believes the facts and law do not support issuance of a stay or injunction on the Series 2018 Project during the lawsuit. With regard to the Series 2018 Project, The Regents would expect to argue, among other things, the following in opposing any such injunction and arguing that the balancing of harms favors The Regents: (1) the CEQA Lawsuit does not allege environmental impacts that would result in irreparable harm from construction, and the Series 2018 Project includes mitigation to address and reduce any alleged environmental harm; (2) a delay in much-needed student housing for UC Davis is a significant harm to the University, UC Davis, its students and the surrounding community due to low residential vacancy rates in the area; and (3) the harm to any parties under existing contracts for the Series 2018 Project, including construction contracts, should also be considered by the court. Further, The Regents, based on the advice of Litigation Counsel, believes it is even less likely that the court would grant a stay/injunction preventing occupancy of the Series 2018 Project once it has been constructed because the environmental harms of the UCD Project alleged in the CEQA Lawsuit are mostly caused by construction, not occupancy and operation of the Series 2018 Project (which will be occupied by students as housing) and, also, the impacts caused by operation could be addressed by other actions and mitigations rather than a complete prohibition of occupancy. If the court were nevertheless to issue a stay or injunction order at any time during the pendency of the CEQA Lawsuit, The Regents intends to request that the court require the petitioner to post a bond to cover the economic costs and other harm The Regents and other parties would suffer as a result of the stay/injunction, including any resulting delay of the Series 2018 Project; however, the court would have the discretion to decide whether or not to require the posting of a bond as part of its stay/injunction order.

Based on the advice of Litigation Counsel, The Regents also believes that it will likely succeed on the merits of the CEQA Lawsuit. In defending the CEQA Lawsuit, The Regents expects to argue, among other things, that (1) the standard of review under CEQA is very deferential to the public agency's (i.e., The Regents') environmental analysis and decision-making and, thus, the court cannot reconsider the merits of the UCD Project approval and, instead, the court can only set aside the approval if The Regents failed to comply with the law or substantial evidence does not support the environmental analysis or findings; (2) the violations alleged under the CEQA Lawsuit are, for the most part, subject to the "substantial evidence test," and there is a large and detailed factual record that The Regents relied upon to support its decision and, as a result under the substantial evidence test, the court should uphold The Regents' decision because it is supported by substantial evidence (even if there is contrary substantial evidence in the record); (3) in CEQA litigation, it is the petitioner's burden to identify all material evidence in the record related to the agency's decision, and then demonstrate why that decision is not supported by any substantial evidence, and this burden will be difficult to meet due to the significant amount of evidence in the record supporting The Regent's decision; and (4) there are limited allegations in the CEQA Lawsuit raising non-compliance with CEQA and the factual and legal arguments on which those allegations are based are weak.

Finally, based on the advice of Litigation Counsel, the Regents believes that even if the court rules that it violated CEQA, the court is not required to stop or delay all UCD Project activities, including construction and occupancy of the Series 2018 Project. The Regents expects that under such circumstances The Regents would assert, among other things, that CEQA requires that the court must tailor the remedy to the violation and that the court has the authority to allow the UCD Project (including the Series 2018 Project) to proceed if it finds that the violation can be cured without stopping the UCD Project. In addition, The Regents believes that, under such circumstances, the court does not have the power to prevent The Regents from re-approving the same UCD Project in connection with any correction of CEQA violation identified by the court (although unlikely, the court would have the power to order the Series 2018 Project construction or occupancy to be enjoined pending compliance with any court order requiring the completion of additional CEQA analysis).

Notwithstanding the foregoing, no assurances can be given regarding the outcome of the CEQA Lawsuit or whether or not the court would order a stay or injunction of the UCD Project (including the Series 2018 Project) if requested to do so. Thus, the CEQA Lawsuit presents risks that could result in delays to construction, completion or occupancy of the Series 2018 Project, which risks include the possibility of the court enjoining construction or occupancy of the Series 2018 Project either during the pendency of the CEQA Lawsuit or as part of the court's decision on the merits, though The Regents believes such risks are low for the reasons described above. A stay or injunction could have a material adverse effect on the Borrower's ability to pay principal and interest on the Series 2018 Bonds when due; however, The Regents has agreed pursuant to the Debt Service Payment Agreement to make payments to the Bond Trustee sufficient to make such payments under the circumstances described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Debt Service Payment Agreement" herein. See, however, "Debt Service Payment Agreement Obligations Terminate at Final Completion" below.

Other Environmental Risks

There are potential risks relating to liabilities for environmental conditions with respect to the ownership of real property. For example, if hazardous substances are found to be located on property, owners of such property may be held liable for costs and other liabilities related to the presence, migration or removal of such substances, which costs and liabilities could exceed the value of the property.

Except as described above under "CEQA Lawsuit Challenging the Series 2018 Project", The Regents is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental issues relating to the Series 2018 Project, which, if determined adversely, would have material adverse consequences to the operations or financial condition of the Series 2018 Project. There can be no assurance given, however, that the Borrower will not encounter other environmental risks in the future.

General Risks of Real Estate Investment

There are many diverse risks attending any investment in real estate not within the Borrower's control, which may have a substantial bearing on the profitability and financial feasibility of the Series 2018 Project. Such risks include the risk of adverse changes in general economic and local conditions, adverse weather delays, over-supply or similar facilities in the area, population decreases, uninsured losses, operating deficits and mortgage foreclosure, adverse changes in neighborhood values and adverse changes in zoning laws, other laws and regulations and real property tax rates. Such losses also include the possibility of fire or other casualty or condemnation. If the Series 2018 Project, or any part of the Series 2018 Project, were uninhabitable during restoration after damage or destruction, it could materially adversely affect the ability of the Series 2018 Project to generate sufficient revenues to enable the Borrower to pay principal of and interest on the Series 2018 Bonds when due.

Limitation on Acceleration

Although the Indenture provides that, on the happening and continuance of any Event of Default (as defined in the Indenture, the Bond Trustee may, and at the written request of the Requisite Number of Bondholders (as defined in the Indenture) shall, by notice in writing to the Issuer, the Borrower, and the Bond Trustee, declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, the Indenture also provides that, during the term of the Debt Service Payment Agreement, there shall be no acceleration of the Series 2018 Bonds upon the occurrence of such an Event of Default without the prior written consent of The Regents. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE—Events of Default," "—Acceleration of Maturities" and "—Terms Relating to the Debt Service Payment Agreement." This right of prior written consent applies even if The Regents is in default under the Debt Service Payment Agreement, including a default relating to failure to pay to the Bond Trustee amounts required thereunder. Under such circumstances, the limitation on the Bond Trustee's and the Bondholders' respective rights to declare such Bonds to be due and payable immediately could materially adversely affect such parties' ability to enforce their respective rights under the Indenture and, as a result, could materially adversely affect payment of principal of and interest on the Series 2018 Bonds.

Debt Service Payment Agreement Obligations Terminate Upon Final Completion

The Debt Service Payment Agreement is described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - The Debt Service Payment Agreement" herein. As described, the Debt Service Payment Agreement obligates The Regents to pay the Debt Service Shortfall but that such payment obligation and the other obligations of The Regents under the Debt Service Payment Agreement terminate on the "Termination Date," which is defined therein as the date upon which The Regents has delivered to the Bond Trustee a copy of the Certificate of Occupancy (as defined in the 2018 Ground Lease) issued in connection with Final Completion (as defined in the 2018 Ground Lease) with respect to the Series 2018 Project. The Debt Service Payment Agreement also provides that notwithstanding anything to the contrary in such agreement, in the event that The Regents does not provide a copy of the Certificate of Occupancy to the Bond Trustee, the Termination Date will mean the date of Final Completion. The date of receipt of a Certificate of Occupancy (and subsequent delivery to the Bond Trustee of a copy thereof) and also the date of Final Completion with respect to the Series 2018 Project are both dates that are likely to occur in advance of occupancy of the entire Series 2018 Project, which is currently expected for Fall 2021 but may occur at a different time due to the CEQA Lawsuit or any other events or circumstances that cause delay in completion of the Series 2018 Project (see "CEQA Lawsuit Challenging the Series 2018 Project" and "Risks of Construction and Delays in Completion of the Series 2018 Project" above). There is a possibility, as a result, that the Debt Service Payment Agreement (and therefore the obligation to pay the Debt Service Shortfall) terminates but the Series 2018 Project is not able to produce rentals sufficient to pay debt service with respect to the Series 2018 Bonds. (For example, if the Final Completion of the Series 2018 Project occurs mid-year, it is likely that full leasing of the Series 2018 Project will not occur until the following Fall Quarter due to the nature of student housing rentals.) Such circumstances could materially adversely affect payment of principal of and interest on the Series 2018 Bonds during any interim Lease Year period before The Regents' contingent lease commitment applies (as described in the final paragraph under "THE 2018 GROUND LEASE") and the full, regular operation of the Series 2018 Project commences.

Property and Possessory Interest Tax Risk

In the event any property interest in the Project becomes subject to property taxes or possessory interest taxes at any time, the amount of such taxes (which could be significant), would constitute an expense of the Series 2018 Project. Increased expenses relating to property taxes or possessory interest taxes could result in material increases in rental rates with respect to the Series 2018 Project, possibly materially adversely affecting the marketability of the Series 2018 Project to students.

Seismic Risks and Other Disasters

The Series 2018 Project is located in a seismically active region of northern California. The Series 2018 Project was designed to meet current, applicable seismic standards; however, the occurrence of severe seismic activity in the area could result in substantial damage to the Series 2018 Project. The Loan Agreement requires that earth movement/earthquake insurance in the amount of twenty-five million dollars ($25,000,000) with the lowest commercially available deductible provisions, but in any case with a deductible not to exceed 5% of value at risk, be maintained on the Series 2018 Project during the construction of the Series 2018 Project. Other than during construction, the Loan Agreement does not require earthquake insurance to be maintained with respect to the Series 2018 Project, and neither the Borrower nor The Regents has obtained or plans to obtain or maintain such coverage for any completed portion of the Series 2018 Project. The Series 2018 Project is also subject to other natural and man-made disasters or "acts of God" that could significantly damage the facilities. For a description of the insurance required to be maintained with respect to certain of such disasters, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance Coverage" herein. In the event of a severe earthquake or other disaster, available funds may be insufficient to restore the Series 2018 Project and, as a result, such a disaster could materially adversely affect the Borrower's ability to pay principal of and interest on the Series 2018 Bonds.

Information Not Verified

Information with regard to the Series 2018 Project has been obtained from the Developer. Much of that information involves predictions with regard to future events, such as the time required to complete construction of the Series 2018 Project and the initial operating expenses of the Series 2018 Project; such information is, by its nature, not subject to verification. None of the Issuer, The Regents or the Borrower has independently verified the information provided by the Developer regarding the Series 2018 Project. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular set of facts or circumstances, and prospective purchasers of the Series 2018 Bonds are cautioned not to place undue reliance upon the results projected. If actual results are less favorable than the results projected, the ability of the Borrower to make timely payment of debt service on the Series 2018 Bonds may be materially adversely affected.

No Requirement to Provide Credit Facility or Bond Insurance

The Indenture does not require payment of the principal of, redemption premium, if any, and interest on the Series 2018 Bonds to be supported by a credit facility or a municipal bond insurance policy. The Loan Agreement contains no covenants requiring the Borrower to maintain any specified level of liquidity or credit rating. See "Enforceability of Remedies; Effect of Bankruptcy" below. Moreover, the Borrower's obligations with respect to the Series 2018 Bonds are non-recourse. See "NO RECOURSE AGAINST BORROWER'S MEMBER AND OFFICERS" herein.

Notwithstanding the foregoing, concurrently with the issuance of the Series 2018 Bonds, BAM will issue the Policy for the Insured Bonds, which Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix J to this Official Statement. See "BOND INSURANCE" herein. See also "Certain Rights of the Insurer" below.

Certain Rights of the Insurer

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Insured Series 2018 Bonds Security Documents (as defined in the Indenture). For example, the prior written consent of the Insurer is required, subject to certain exceptions, in connection with any amendment or supplement to the Insured Series 2018 Bonds Security Documents. In addition, upon the occurrence and continuation of a default or an event of default, subject to the terms of the Indenture, the Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Bonds or the Bond Trustee or the paying agent (as defined in the Indenture) for the benefit of the holders of the Insured Bonds under the Insured Series 2018 Bonds Security Documents, and no default or event of default may be waived without the Insurer's written consent. For additional information with respect to the Insurer's rights in connection with the Policy under the Insured Series 2018 Bonds Security Documents, see APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS—THE INDENTURE—Provisions Relating to the Insured Series 2018 Bonds."

Enforceability of Remedies; Effect of Bankruptcy

The remedies available to the Bond Trustee, the Issuer and the Bondholders upon an event of default under the Indenture, the Loan Agreement, the Debt Service Payment Agreement or the Leasehold Deed of Trust are dependent upon judicial actions which are, in turn, often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including specifically, Title 11 of the United States Code, the Federal Bankruptcy Code, a particular remedy specified by the Bond Documents may not be enforceable or available, or its enforceability or availability may be limited or subject to substantial delay. The various legal opinions to be delivered concurrently with the issuance and delivery of the Series 2018 Bonds will be qualified as to the enforceability of the various legal instruments and the rights and remedies thereunder by limitations imposed by the valid exercise of constitutional powers of the State and the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by principles of equity and by bankruptcy, reorganization, insolvency, moratorium and similar laws affecting the rights of creditors generally.

Limits on Remedies Under the Deed of Trust (Anti-Deficiency Laws)

Several statutes applicable in the State limit the remedies of a beneficiary under a deed of trust such as the Leasehold Deed of Trust. Under one statute, if the beneficiary exercises its power of sale (i.e., accomplishes the foreclosure by means of a nonjudicial trustee's sale), the beneficiary may not obtain a deficiency judgment for the difference between the amount of the debt and the amount realized at the sale. Another statute commonly known as the "one-form-of-action" rule, requires the beneficiary to exhaust the security under the deed of trust by foreclosure and prohibits any personal action against the trustor on the debt other than a deficiency judgment following a judicial foreclosure. A third statutory provision limits any deficiency judgment obtained by the beneficiary following judicial sale to the excess of the outstanding debt over the fair market value of the property at the time of sale as determined by the court, thereby preventing a beneficiary from obtaining a large deficiency judgment against the debtor as a result of low bids at the judicial sale. Thus the choice of method of foreclosure (nonjudicial trustee's sale versus judicial foreclosure) could affect the amount that may be realized from the sale of the Series 2018 Project and the Borrower following a default. Additionally, if the Bond Trustee were to take direct action on the debt or exercise other rights against the Borrower rather than foreclosing the deed of trust, the benefit of the real property security would be lost under the "one-form-of-action" rule.

Tax-Exempt Status

THE SERIES 2018 BONDS ARE NOT SUBJECT TO MANDATORY REDEMPTION, AND THE RESPECTIVE RATES OF INTEREST ON THE BONDS ARE NOT SUBJECT TO ADJUSTMENT, IF THE INTEREST ON THE SERIES 2018 BONDS, OR ANY PORTION THEREOF, IS DETERMINED TO BE INCLUDED IN GROSS INCOME FOR THE PURPOSES OF FEDERAL INCOME TAXATION. See "TAX MATTERS" herein and APPENDIX E—"PROPOSED FORM OF BOND COUNSEL OPINION."

Tax-Exempt Status of Interest on the Series 2018 Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2018 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of the Series 2018 Bond proceeds, limitations on the investment earnings of the Series 2018 Bond proceeds prior to expenditure, a requirement that certain investment earnings on the Series 2018 Bond proceeds be paid periodically to the United States and a requirement that issuers file an information return with the Internal Revenue Service (the "IRS"). The Issuer, The Regents, the Borrower and the Foundation have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by The Regents, the Borrower or the Foundation to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Series 2018 Bonds as taxable, retroactively to the date of original issuance of the Series 2018 Bonds.

The IRS Tax Exempt and Government Entities Division (the "TE/GE Division") has a subdivision that is specifically devoted to tax-exempt bond compliance and that has been active in auditing tax-exempt bond transactions such as the Series 2018 Bonds. The Borrower has not sought to obtain a private letter ruling from the IRS with respect to the Series 2018 Bonds, and the opinion of Bond Counsel is not binding on the IRS. There is no assurance that an IRS examination of the Series 2018 Bonds will not adversely affect the market value of all or any portion of the Series 2018 Bonds. See "TAX MATTERS" herein.

Tax-Exempt Status of the Foundation. The Borrower, as a limited liability company with the Foundation as its sole member, and organized for the purpose of assisting UC Davis to provide housing for its students, is disregarded for federal income tax purposes. The tax-exempt status of interest on the Series 2018 Bonds presently depends upon the maintenance by the Foundation of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of the Foundation's status as such an organization is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable purposes and their avoidance of transactions which may cause their earnings or assets to inure to the benefit of private individuals.

As a result of on-going IRS audit programs, tax-exempt organizations are increasingly subjected to a high level of scrutiny. One penalty available to the IRS under the Code with respect to a tax-exempt charity engaged in unlawful, private benefit or political activity is the revocation of tax-exempt status. Loss of tax-exempt status of the Foundation would most likely result in loss of tax exemption of interest on the Series 2018 Bonds and of the Foundation's other tax-exempt debt. Loss of tax-exempt status of the Foundation would also have material adverse consequences on the financial condition of the Foundation.

In December 2000, the Foundation received a letter from the IRS stating that its Form 990 for the tax years ended June 30, 1998 and June 30, 1999 had been selected for examination. The examination was subsequently expanded to cover the tax year ended June 30, 2000. Upon conclusion of the examination, the examining agent issued a Technical Advice Request that concluded that the audit disclosed that the Foundation's activities were substantially as described in its application for tax-exempt status, but questioning whether the IRS had incorrectly applied the law when it granted the Foundation its exemption under Section 501(c)(3). In response, the Foundation amended its Articles of Incorporation and Bylaws to address the concerns of the IRS. The Foundation received a letter from a Manager, Exempt Organizations Technical of the IRS in December 2002 concluding that such amendments were sufficient to correct any organizational defects previously identified and that, as a result, the Foundation's tax-exempt status would continue to be recognized retroactively to the date of incorporation of the Foundation. The Foundation's case was then returned to the Examination Division of the IRS to permit completion of the audit, with a recommendation that the examination be closed without any change to the Foundation's tax-exempt status. In December 2002, a Director, Exempt Organization Examination of the IRS notified the Foundation that, as a result of its examination for the subject periods, the IRS would continue to recognize the Foundation as exempt. The examination was subsequently closed without any adverse determination regarding the Foundation's tax-exempt status.

Unrelated Business Income. In recent years, the IRS, the State, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). Borrower and the Foundation do not expect to participate in activities that will generate UBTI. However, if the Borrower or the Foundation were to participate in activities that generated UBTI, an investigation or audit could lead to a challenge that could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the tax-exempt status of the Borrower or the Foundation as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2018 Bonds and other present and future tax-exempt debt of the Borrower or the Foundation, if any.

The Foundation believes it has properly complied with the above-described tax laws. Nevertheless, because of the complexity of such tax laws and the presence of issues about which reasonable persons can differ, further audits could result in additional taxes, interest and penalties being incurred by the Foundation. Such an audit ultimately could affect the tax-exempt status of the Foundation as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Series 2018 Bonds and other present and future tax-exempt debt of the Foundation, if any. See "TAX MATTERS" herein.

PROSPECTIVE EVALUATION OF STUDENT HOUSING MARKET

Commencing in February 2018, Brailsford & Dunlavey ("B&D") examined the market for student housing in the area of the Series 2018 Project, in order to evaluate the market potential for development of the Series 2018 Project and "Orchard Park", another phase of additional housing planned by UC Davis that is referenced herein under "THE UNIVERSITY OF CALIFORNIA, DAVIS" (together with the Series 2018 Project, the "New On-Campus Housing Projects"). B&D prepared a final report with respect to its student housing demand analysis in May 2018 and a memorandum in June 2018 regarding its re-examination of such report at the request of the Developer and UC Davis to address events subsequent to the May 2018 report (collectively, the "Market Analysis Study") of its findings and conclusions. B&D's projections and evaluations in the Market Analysis Study are based on various factors, including analysis of the existing and anticipated rental housing market, demographics, the economy and housing demand. The Market Analysis Study considered past, present and future student enrollment trends in the area of the New On-Campus Housing Projects, including the Series 2018 Project, the impact of such trends on student housing alternatives, current rental housing alternatives, the need and market support for additional student housing and proposed additions to the area's housing rental base. The Market Analysis Study also evaluated potential rental rates for the Series 2018 Project.

The Market Analysis Study is attached as Appendix H hereto and should be read in its entirety.

The Market Analysis Study is based on certain assumptions significant to the operation of the New On-Campus Projects, including the Series 2018 Project, as described therein and sets forth information as of its date. The forecasts, projections and evaluations contained in the Market Analysis Study are subject to uncertainties. Inevitably, some underlying assumed events, circumstances (such as the evaluated rental rates) and other assumptions used to develop the forecasts, projections and evaluations will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved in the marketing, operation and occupancy of the Series 2018 Project will vary from such forecasts, projections and evaluations,

and the variations may be material. These variations must be considered in evaluating the findings of the Market Analysis Study.

None of the Issuer, the Borrower, the Underwriters, the Bond Trustee, the University, The Regents, the State, the County of Yolo, the Developer or the Manager or any counsel rendering approving or other opinions with respect to the transactions described herein, makes or will make any representations or warranties based on the information, assumptions, forecasts, projections or evaluations contained in the Market Analysis Study. None of the aforementioned parties has undertaken an independent investigation of the assumptions, conclusions or other matters stated in the Market Analysis Study. The Borrower and other parties have relied on B&D's expertise in the matters covered in the Market Analysis Study. Further, potential investors should review the entire Official Statement in order to make an informed investment decision.

THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH ASSUMPTIONS MADE AND NO REPRESENTATION CAN BE MADE THAT THE FORECASTS IN THE MARKET ANALYSIS STUDY WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED GROSS REVENUES, EMPLOYEE RELATIONS, TAXES, DEMOGRAPHIC AND ENROLLMENT TRENDS AND GENERAL ECONOMIC CONDITIONS. SEE "FORWARD-LOOKING STATEMENTS" HEREIN.

LITIGATION

The Issuer

To the knowledge of the Issuer, there is no material litigation pending or threatened against the Issuer concerning the validity of the Series 2018 Bonds or any proceedings of the Issuer taken with respect to the issuance thereof.

The Borrower

There is no litigation now pending or threatened against the Borrower, of which the Borrower has knowledge, that in any manner questions the right of the Borrower to enter into or perform its obligations under the Loan Agreement, the Leasehold Deed of Trust, the Financing Trust Agreement or the Borrower Collateral Assignment Agreement or that individually or in the aggregate would adversely affect the operations of the Borrower, financial or otherwise, other than the litigation described under "INVESTMENT CONSIDERATIONS—CEQA Lawsuit Challenging the Series 2018 Project."

The Regents

There is no litigation of any nature pending or, to the knowledge of the Office of General Counsel, threatened, against The Regents to restrain or enjoin issuance, sale, execution or delivery of the Series 2018 Bonds or in any way contesting or affecting the validity of the Series 2018 Bonds or the security thereof, other than the litigation described under "INVESTMENT CONSIDERATIONS—CEQA Lawsuit Challenging the Series 2018 Project."

At all times, including the date of this Official Statement, there are certain other claims and disputes, including those currently in litigation, that arise in the normal course of The Regents' activities. Such matters could, if determined adversely to The Regents, affect expenditures by The Regents, and in some cases, its revenues. University management and the Office of General Counsel are of the opinion that no pending actions, including the litigation described under "INVESTMENT CONSIDERATIONS—CEQA Lawsuit Challenging the Series 2018 Project," are likely to have a material adverse effect on the Series 2018 Project or The Regents' ability to pay any amounts due by it under the Debt Service Payment Agreement.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E attached hereto.

To the extent the issue price of any maturity of the Series 2018 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2018 Bonds which is excluded from gross income for federal income tax purposes and State personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2018 Bonds is the first price at which a substantial amount of such maturity of the Series 2018 Bonds is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2018 Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Series 2018 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Series 2018 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2018 Bonds. The Issuer, the Borrower and The Regents have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2018 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2018 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2018 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or other matters coming to Bond Counsel's attention after the date of issuance of the Series 2018 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2018 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Hand Arendall Harrison Sale LLC, Counsel to the Borrower and the Foundation, regarding the status of the Foundation as an organization described in Section 501(c)(3) of the Code and the intended operation of the facilities to be financed by the Series 2018 Bonds as substantially related to the Foundation's charitable purpose under Section 513(a) of the Code. Such opinion is subject to a number of qualifications and limitations. Furthermore, Counsel to the Borrower cannot give and has not given any opinion or assurance about the future activities of the Borrower or the Foundation, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or changes in enforcement thereof by the Internal Revenue Service. Failure of the Foundation to be organized and operated in accordance with the Internal

Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or of the Borrower to operate the facilities financed by the Series 2018 Bonds in a manner that is substantially related to the Foundation's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series 2018 Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2018 Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes and is exempt from State personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2018 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2018 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2018 Bonds. Prospective purchasers of the Series 2018 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2018 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, the Borrower, the Foundation or The Regents, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer, The Regents and the Borrower have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2018 Bonds ends with the issuance of the Series 2018 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Borrower or the Beneficial Owners regarding the tax-exempt status of the Series 2018 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the Borrower and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the Borrower legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2018 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2018 Bonds, and may cause the Issuer, the Borrower or the Beneficial Owners to incur significant expense.

UNDERWRITING

The Issuer is offering the Series 2018 Bonds through J.P. Morgan Securities LLC, as representative (the "Representative") of the underwriters listed on the cover page of this Official Statement (collectively, the "Underwriters"), pursuant to a bond purchase agreement (the "Bond Purchase Agreement") among the Issuer, the Borrower and the Representative, on behalf of the Underwriters, relating to the Series 2018 Bonds. The Underwriters have agreed to purchase the Series 2018 Bonds at a purchase price of $558,573,413.33 (representing the aggregate principal amount of the Series 2018 Bonds, plus a net original issue premium of $43,627,615.55, less the Underwriters' discount of $1,669,202.22). The Underwriters are purchasing the Series 2018 Bonds and intend to offer the Series 2018 Bonds to the original purchasers thereof at the offering prices set forth on the inside cover page of this Official Statement, which offering price may subsequently be changed without any requirement of prior notice. The Underwriters may offer and sell the Series 2018 Bonds to certain dealers and others at a price lower than the initial offering price. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2018 Bonds if any are purchased and that the obligation to make such purchases is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including a requirement (as a condition precedent to the effectiveness of the Bond Purchase Agreement) that Yolo County, California approve the Series 2018 Bonds. Yolo County gave such approval on October 23, 2018.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer, Borrower and/or The Regents. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer, Borrower and/or The Regents.

J.P. Morgan Securities LLC ("JPMS"), the Representative, one of the Underwriters of the Series 2018 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase Series 2018 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2018 Bonds that such firm sells.

Jefferies LLC, one of the Underwriters, has entered into an agreement (the “Agreement”) with E*TRADE Securities LLC (“E*TRADE”) for the retail distribution of municipal securities. Pursuant to the Agreement, Jefferies LLC will sell the Series 2018 Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A—“THE SERIES 2018 PROJECT” and APPENDIX H—“MARKET ANALYSIS STUDY.”

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

MUNICIPAL ADVISOR

Swap Financial Group, LLC (“SFG”) is serving as municipal advisor to the University with respect to the pricing and sale of the Series 2018 Bonds. In its role as municipal advisor, SFG has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement and the appendices hereto. SFG is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing tax-exempt securities or other public securities.

RATINGS

The Insured Bonds are expected to be assigned a rating of "AA" by S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), at or prior to the issuance of the Series 2018 Bonds with the understanding that, upon delivery of the Insured Bonds, the Policy will be issued by BAM.

The Series 2018 Bonds have been assigned a long-term rating of "Baa3" by Moody's Investors Service ("Moody's").

These ratings express only the views of the rating agencies providing such ratings. An explanation of the significance of such ratings may be obtained from Moody's or S&P, respectively. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Borrower has furnished to Moody's information, including information not included in this Official Statement, about the Borrower, the Series 2018 Project and the Series 2018 Bonds. There is no assurance that such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. Those circumstances may include, among other things, changes in or unavailability of information relating to the Borrower, the Series 2018 Project, the Series 2018 Bonds or, with respect to the Insured Bonds, the Insurer. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Series 2018 Bonds.

LEGAL MATTERS

Legal matters incidental to the authorization and issuance of the Series 2018 Bonds are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, the form of which is included as Appendix E attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The legal fees to be paid Bond Counsel at the time the Series 2018 Bonds are delivered, for services rendered in connection with the issuance of the Series 2018 Bonds, are contingent upon the sale and delivery of the Series 2018 Bonds.

Certain legal matters will be passed upon by Jones Hall, counsel to the Issuer; Orrick, Herrington & Sutcliffe LLP, special counsel to The Regents; the Office of General Counsel, counsel to The Regents; Hand Arendall Harrison Sale LLC, counsel to the Borrower; Hunton Andrews Kurth LLP, counsel to the Developer and the Manager; and O'Melveny & Myers LLP, counsel to the Underwriters.

CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Series 2018 Bonds or to any decision to purchase, hold or sell Series 2018 Bonds and the Issuer will not provide any such information. The Issuer shall have no liability to the holders of the Series 2018 Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

The Borrower will agree in a continuing disclosure agreement (the "Borrower Continuing Disclosure Agreement"), for the benefit of the Owners and Beneficial Owners of the Series 2018 Bonds, to provide certain Periodic Reports and Annual Reports (each as defined in the Borrower Continuing Disclosure Agreement) and to provide notice of the occurrence of enumerated events to enable the Underwriters to comply with the continuing disclosure requirements of the Rule. Each Periodic Report, Annual Report and notices of such enumerated events will be filed with the Municipal Securities Rule Making Board through the Electronic Municipal Market Access ("EMMA") System. The Master Trustee will covenant in the Financing Trust Agreement to cooperate with the Borrower, The Regents and the Bond Trustee, as the Borrower's dissemination agent, with respect to the Series 2018 Bonds to provide such information as they may reasonably request in order to meet the Borrower's continuing disclosure obligations under the Continuing Disclosure Agreement. The specific nature of the information to be contained in each Periodic Report, each Annual Report and in any notice of an enumerated event is summarized in APPENDIX F—"FORMS OF CONTINUING DISCLOSURE AGREEMENTS—The Borrower."

In addition, in connection with its obligations under the Debt Service Payment Agreement, The Regents will agree in a continuing disclosure agreement ("The Regents Continuing Disclosure Agreement"), for the benefit of the Owners and Beneficial Owners of the Series 2018 Bonds, to provide Annual Reports (as defined in The Regents Continuing Disclosure Agreement) to enable the Underwriters to comply with the continuing disclosure requirements of the Rule. Each Annual Report will be filed with the Municipal Securities Rule Making Board through the EMMA System. The specific nature of the information to be contained in each Annual Report is summarized in APPENDIX F—"FORMS OF CONTINUING DISCLOSURE AGREEMENTS—The Regents."

SOURCES OF INFORMATION

Information about the Issuer in this Official Statement under the headings "SUMMARY STATEMENT – The Issuer," "THE ISSUER" and "LITIGATION—The Issuer" has been obtained from the Issuer. None of the other information in this Official Statement has been supplied or verified by the Issuer and the Issuer makes no representation or warranty regarding such information. See "THE ISSUER" herein.

Information about the Developer, the Manager and the Series 2018 Project in this Official Statement has been obtained from University Student Living LLC, in its capacity as the Developer, and University Student Living Management, LLC, in its capacity as the Manager.

Information about The Regents, the University and UC Davis (including information regarding existing student housing at UC Davis) in this Official Statement has been obtained from The Regents and the University.

The information referred to in this section has been provided by the identified sources and neither the Borrower nor any other parties have independently verified such information. No warranty that such information is accurate or complete should be inferred.

MISCELLANEOUS

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the Owners or the beneficial owners of the Series 2018 Bonds.

The Borrower has duly authorized the execution, delivery and distribution of this Official Statement in connection with the offering of the Series 2018 Bonds.

CHF–DAVIS I, L.L.C.,
an Alabama limited liability company

By: **COLLEGIATE HOUSING FOUNDATION**,
an Alabama non-profit corporation,
its sole member

By: /s/ William B. Givhan
William B. Givhan
President

APPENDIX A

THE SERIES 2018 PROJECT

Description of the Series 2018 Project

The Series 2018 Project, to be known as the "West Village Student Housing Project," will include approximately 1,250 student housing units, with a total of approximately 3,290 beds, along with related and appurtenant facilities, including but not limited to a community center and photovoltaic systems to provide power to the facility. The site for the construction of the Series 2018 Project (the "Series 2018 Project Site") is on approximately 34 acres on the campus of UC Davis. The Series 2018 Project is intended primarily for undergraduate students. Construction of the Series 2018 Project is scheduled to begin in December 2018. The Developer and UC Davis anticipate the Series 2018 Project will have approximately 1,000 beds completed in time for occupancy in Fall 2020 and that the remaining beds will be completed in time for occupancy in Fall 2021.

The Series 2018 Project will consist of nine four-story apartment buildings and one one-story community center, totaling approximately 1,270,000 gross-square-feet, including community space and support facilities. The approximately 10,000 gross-square-foot community center will include study and meeting rooms, a fitness center, leasing offices and a mail center. Outdoor recreation spaces will include seating and outdoor dining areas and approximately two acres of athletic fields and general use green space for student use. The Series 2018 Project will also include dedicated surface lots, which, when taken together with street parking to be constructed as part of the Series 2018 Offsite Elements, will accommodate parking for up to 1,440 vehicles, approximately half of which are expected to be covered by a shade structure that will accommodate solar panels to generate energy in addition to providing shade (see "Design of the Series 2018 Project" below), as well as approximately 3,340 spaces for bicycle parking.

The project will provide a mix of studio- to four-bedroom units. Specifically, the approximately 1,250-unit undergraduate residential community is expected to consist of the following (in each case, such unit and square footage information being approximate): 270 suite units (350-440 net rentable square feet), 230 double-occupancy one-bedroom/one-bath units (540-600 net rentable square feet), 215 single occupancy two-bedroom/one-bath units (580-670 net rentable square feet), 190 double-occupancy two-bedroom/two-bath units (885-1,010 net rentable square feet), 10 three-bedroom/one-bath units (830 net rentable square feet) and 335 four-bedroom/two-bath units (1,015-1,120 net rentable square feet), totaling approximately 863,000 net rentable square feet.

All Series 2018 Project units will include individual air conditioning, will be fully furnished and will have connections for high-speed Internet access and television. Each student will have his or her own closet, full sized bed, desk, desk chair, bookcase and stackable dresser. Students will also have high speed wireless internet connection with basic television channels broadcasted through the WIFI. Units will have living space and kitchens and contain the following: refrigerator, oven/stove, dishwasher, microwave, cabinets, sink, dining table and chairs or barstools, entertainment center, coffee table and soft seating to accommodate the number of beds.

Rental rates for the Series 2018 Project are intended to be at or below comparable rent rates in the area. The anticipated rents range from approximately $10,260 to $19,236 per year per student (i.e., $855 to $1,603 per bed per month) for Academic Year 2020-21 leases. All leases will be subject to 12-month lease terms. Rental rates for particular units will differ based on factors including number of bedrooms, number of bathrooms and whether any shared occupancy is required. These rental rates may increase for various reasons, including if property taxes are assessed with respect to the Series 2018 Project. See "INVESTMENT CONSIDERATIONS—Property and Possessory Interest Tax Risk" in this Official Statement.

Design of the Series 2018 Project

The Series 2018 Project is designed to be compatible in architectural style and color to surrounding on- and off- campus residential neighborhoods. The buildings will have double-loaded corridors with air-conditioned hallways. The landscaping is intended to be appropriate for the region and plantings and placement will be selected for low water use and longevity. The overall layout will be bike and pedestrian focused, with dedicated bike paths designed to separate pedestrian, bike and vehicular traffic. Building elevations will include a variation of texture and color in order to provide a cohesive brand to the neighborhood while providing distinction to each building for way finding. The 2018 Project Site lies on the transition of low-rise residential buildings and agricultural land, and the Series 2018 Project is expected to step down from four stories to agricultural fields.

The Series 2018 Project will be designed to be Net Zero Energy, meaning the site will produce an equivalent amount of energy to the amount of energy it consumes (on an annual basis). Energy is expected to be produced by an approximately 5.527 Megawatt solar farm, with solar panels distributed throughout the property. Such panels may be included on carports.

Existing On-Campus Student Housing

Included below is an overview of the University-owned student housing that existed on the campus of UC Davis for Academic Year 2017-18:

Table 1

UNDERGRADUATE RESIDENTIAL COMMUNITIES

Facility	No. of Beds	2017 Occupancy[(1)]	Cost/Academic Year[(2)]	Students Housed	Year Built
Cuarto	676	99%	$14,701	Undergraduate	1965, 1989
Segundo	1,758	99%	$14,701	Undergraduate	1960;1963;1965;2003
Tercero	3,313	99%	$14,701	Undergraduate	2005;2010;2014;2017
Total	5,747				

[(1)] Academic Year 2017-18; rounded to nearest percentage.
[(2)] Rates are for Academic Year 2017-18, per student, assuming double occupancy and include a basic meal plan.

Webster Hall (an undergraduate residence hall that is part of the Cuarto community but is not reflected in Table 1 above due to closure) closed for renovation after Spring 2017 and is scheduled to re-open in Fall 2019, with approximately 400 residence hall beds for freshman with additional capacity for tripling. At that time, Emerson Hall (an undergraduate residence that is part of the Cuarto community and is reflected in Table 1) will be demolished and is expected to re-open in Fall 2022 with approximately 800 residence hall beds for freshman.

Table 2

APARTMENT COMMUNITIES FOR STUDENTS WITH FAMILIES AND GRADUATE STUDENTS

Facility	No. of Beds	2017 Occupancy[(1)]	Cost/Month[(2)]	Students Housed	Year Built
Solano Park	662[(3)]	99%	$766 or $906	Graduate	1962

[(1)] Academic Year 2017-18; rounded to nearest percentage.
[(2)] Rates are for Academic Year 2017-18, per month per unit.
[(3)] Of the 662 beds at Solano Park, approximately 300 are occupied by students and the remainder are occupied by dependents, spouses or partners

In addition to the University-owned housing described above, there are seven privately-owned and privately managed (non-UC Davis) apartment complexes and two cooperative communities located on the UC Davis campus. Each complex or community operates in partnership with UC Davis, while maintaining its own staff, programs and buildings. Each of these nine communities operates under a ground lease between the individual project owner and UC Davis.

Table 3

NON-UNIVERSITY-OWNED ON CAMPUS HOUSING

Facility	No. of Beds	2017 Occupancy[1]	Cost/Month[2]	Students Housed	Year Built
8th and Wake	236	N/A	$688	Graduate	2014
The Atriums at La Rue	112	N/A	$679-$1,005	Graduate	1989
The Baggins End Domes	26	100%	$420	Graduate	1972
Colleges at La Rue	573	N/A	$813-$1,320	Undergraduate/Graduate	2000
Primero Grove	360	N/A		Graduate	1998
Living Groups at La Rue	142	N/A	$642-$900	Undergraduate/Graduate	1989
Russell Park	200	N/A	$631-$1,256	Undergraduate/Graduate	1985
Tri-Cooperatives	37	100%	$440-$470	Undergraduate/Graduate	1964
West Village	2,579	N/A	$655-$1,970	Undergraduate/Graduate	2011-2013
Total	4,265				

(1) UC Davis does not track occupancy for public-private partnership apartment complexes.
(2) Rates are per month, per bed for June 2017 – June 2018, September 2017 – September 2018 or August 2017 – August 2018, as applicable.

As of Fall 2017, there were a total of approximately 10,180 beds on campus for students, and UC Davis housed approximately 29% of its student population on campus. The University-owned residential communities have had an average occupancy rate over 99% for Academic Years 2016-17 and 2017-18.

Series 2018 Project Pro Forma

Set forth below is pro-forma, projected financial information with respect to the Series 2018 Project for the first five fiscal years ending June 30 after commencement of rental operations, with Fiscal Year 2020-21 information reflecting partial operation of approximately 1,000 beds as described above.

The Series 2018 Project pro-forma provided below has been prepared by, and is the responsibility of, the Developer's management. PricewaterhouseCoopers LLP has not audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the Series 2018 Project pro-forma and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this document relates to the University's previously issued financial statements. It does not extend to the Series 2018 Project pro-forma and should not be read to do so.

Table 4

SERIES 2018 PROJECT PRO-FORMA[1]

	FISCAL YEAR ENDING				
	06/30/21	**06/30/22**	**06/30/23**	**06/30/24**	**06/30/25**
Revenue	$12,875,645	$41,351,919	$42,568,685	$43,821,954	$45,112,821
Less: Expenses	(3,000,025)	(5,328,111)	(5,481,437)	(5,639,363)	(5,802,026)
Revenues Less Expenses	9,875,620	36,023,807	37,087,247	38,182,591	39,310,795
Less: Deposits for Repairs and Replacements	(150,750)	(1,993,500)	(508,305)	(523,554)	(539,261)
Revenue Available for Fixed Charges plus Coverage Reserve[2]	11,439,945	35,745,382	38,294,017	39,374,112	40,486,609
Fixed Charges[3]	$1,574,352	$11,246,464	$29,661,500	$30,484,000	$31,439,000
Fixed Charges Coverage Ratio	7.27	3.18	1.29	1.29	1.29

[1] Operating assumptions (Revenues and Expenses) based upon Developer pro-forma assumptions for the Series 2018 Project.
[2] Includes balance in the Coverage Reserve Fund.
[3] Debt Service on the Series 2018 Bonds, adjusted for capitalized interest.

APPENDIX B

THE UNIVERSITY OF CALIFORNIA

GENERAL

Payments of any Debt Service Shortfall under the Debt Service Payment Agreement will constitute additional security for the payment of the principal of and interest on the Bonds through the final construction completion date of the project funded by the Bonds. Payment of such amounts will be dependent upon the financial condition of The Regents. The Regents' financial information should be reviewed and carefully considered by prospective purchasers of the Series 2018 Bonds as an additional source for repayment of the Series 2018 Bonds. No assurance can be given that payment in full of the debt service on the Series 2018 Bonds will be made if The Regents fails to make a required payment under the Debt Service Payment Agreement. If there is a Debt Service Shortfall and The Regents fails to make the required payments, such failure may have a material adverse effect on payment of principal and interest on the Series 2018 Bonds.

The University of California (the "University") is the public institution of higher education designated by the State of California (the "State") in its Master Plan for Higher Education for the training of individuals for the professions, for the awarding of doctoral degrees in all fields of human knowledge, and for the conduct of research. Since it was chartered in 1868, the University has conferred approximately 2,460,000 higher education degrees, as of June 30, 2017. The University's administrative offices are located in Oakland, California.

The University is governed by a 26-member Board of Regents, 18 of whom are appointed by the Governor and approved by a majority vote of the State Senate (currently for a 12-year term), one student Regent, who is appointed by the board to a one-year term, and seven ex officio Regents who are members of the board by virtue of their elective or appointed positions. The ex officio Regents are the Governor of the State, Lieutenant Governor of the State, Speaker of the Assembly, State Superintendent of Public Instruction, President of the Alumni Associations of the University, Vice President of the Alumni Associations of the University, and the President of the University.

Classes began at Berkeley in 1873 and the University currently operates general campuses located in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, Santa Barbara and Santa Cruz; a health science campus located in San Francisco; and laboratories, research stations and institutes, affiliated schools, activity locations, and a statewide Division of Agriculture and Natural Resources. The University operates a cooperative extension program reaching into nearly every area of the State and numerous public service programs. The Education Abroad Program of the University is offered at many different host institutions around the world.

The University is engaged in numerous sponsored research projects, in addition to operating one major national laboratory and being a member in two joint ventures that manage two other national laboratories for the United States Department of Energy, which conduct broad and diverse basic and applied research in nuclear science, energy production, national defense, and in environmental and health areas. The University has six medical schools. In connection with five of the University's medical schools and other health science disciplines, the University operates five academic medical centers (and UCSF Benioff Children's Hospital Oakland, which is affiliated with the University of California, San Francisco Medical Center) with a total of 3,910 licensed beds and 3,618 available beds as of June 30, 2018.

The University has a pre-eminent ladder-rank and equivalent faculty[1] of approximately 11,000 members as of April 2018. Sixty-four researchers affiliated with the University have been awarded 65 Nobel Prizes, the pinnacle of achievement for groundbreaking research. The University's faculty and affiliated researchers also include MacArthur "Genius" grant winners, Pulitzer Prize winners, Fulbright award recipients, National Medal of Science winners, and Guggenheim fellowship recipients.

As of April 2018, in addition to the teaching faculty, the University employed, on a full-time and part-time basis, approximately 58,000 other academic personnel and approximately 160,000 staff and management personnel.

During the year ended June 30, 2018, the University provided instruction to approximately 272,000 full time equivalent undergraduate and graduate students. The following table shows full year (including summer) full-time equivalent enrollments by campus for general campus and health sciences students for Fiscal Years 2014 to 2018. Further information on University enrollment can be found at http://www.ucop.edu/operating-budget/fees-and-enrollments/fte-student-enrollments/index.html. The information contained in such website is not incorporated by reference herein.

UNIVERSITY OF CALIFORNIA
FULL-TIME EQUIVALENT ENROLLMENTS[1] FOR FISCAL YEARS 2014 TO 2018

	2013-14	2014-15	2015-16	2016-17	2017-18
Berkeley	36,755	38,151	37,926	38,596	40,073
Davis	33,005	34,183	34,549	35,683	36,718
Irvine	30,432	31,549	31,714	33,836	36,009
Los Angeles	40,967	41,352	41,483	42,730	43,100
Merced	5,931	6,413	6,850	7,440	8,016
Riverside	20,501	20,930	21,122	22,376	22,488
San Diego	30,560	31,602	33,768	35,652	36,390
San Francisco	4,259	4,309	4,514	4,516	4,598
Santa Barbara	22,635	23,332	23,549	24,305	25,091
Santa Cruz	17,201	17,966	18,014	18,823	19,621
Total University	**242,246**	**249,787**	**253,489**	**263,957**	**272,104**

(1) Does not include students in self-supporting programs. Includes undergraduate, graduate and health sciences students, and summer enrollment (summer enrollment in 2017-18 was 16,020).
Source: University of California Office of the President ("UCOP"), Budget Analysis and Planning

(1) Does not include lecturers and other faculty who are counted here as "other academic personnel." These "other academic personnel" include clinical faculty, in-residence faculty, adjunct faculty, lecturers, other academic employees, postdoctoral scholars, medical interns/residents, and student teaching/research assistants.

INDEBTEDNESS OF THE REGENTS

The Regents of the University of California ("The Regents") has outstanding various revenue bonds, as listed in the following table, maturing from 2018 through 2058 (excluding the final maturity of 2112 for the General Revenue Bonds, 2012 Series AD and the final maturity of 2115 for the General Revenue Bonds, 2015 Series AQ). These revenue bonds are secured by and payable from revenues of the facilities financed, investment income, student fees, rental payments, a portion of the annual General Fund support appropriation the University receives from the State and other revenues. The following table lists the public indebtedness issued by The Regents outstanding as of October 31, 2018.

REVENUE BONDS ISSUED AND OUTSTANDING[1]
As of October 31, 2018 (dollars in thousands)

General Revenue Bonds	Amount Issued	Amount Outstanding
2008 Series N	$ 3,990	$ 395
2009 Series O	732,630	9,140
2009 Series Q	300,620	5,570
2009 Series R	1,022,275	758,320
2010 Series S	75,395	28,865
2010 Series T	10,100	8,565
2010 Series U	144,025	81,240
2011 Series W	3,725	2,115
2010 Series X	48,700	48,700
2011 Series Z[2]	150,000	150,000
2011 Series AB	354,875	193,555
2011 Series AC	44,840	31,530
2012 Series AD	860,000	860,000
2012 Series AE	2,385	990
2013 Series AF	805,905	507,115
2013 Series AG	501,170	399,485
2013 Series AH	286,515	286,515
2013 Series AI	546,235	546,235
2013 Series AJ	712,315	561,930
2013 Series AK[3]	600,000	600,000
2013 Series AL[2]	600,000	600,000
2014 Series AM	559,150	558,145
2014 Series AN	411,210	349,320
2015 Series AO	797,020	708,195
2015 Series AP	381,785	372,360
2015 Series AQ	500,000	500,000
2016 Series AR	410,255	409,370
2016 Series AS	182,330	163,535
2016 Series AT[3]	132,300	132,300
2016 Series AU	88,200	88,200
2017 Series AV	449,685	449,195
2017 Series AW	185,915	178,440
2017 Series AX	500,000	500,000
2017 Series AY	625,500	625,500
2018 Series AZ	945,810	945,810
2018 Series BA	281,895	281,895
SUBTOTAL	**$ 14,256,755**	**$ 11,942,530**

Limited Project Revenue Bonds		
2010 Series E	$ 195,675	$ 99,685
2010 Series F	486,130	486,130
2012 Series G	899,275	567,300
2012 Series H	100,420	100,420
2015 Series I	1,235,030	1,141,165
2015 Series J	436,455	432,845
2016 Series K	434,165	420,365
2016 Series L	97,905	83,425
2017 Series M	733,450	732,935
2017 Series N	126,935	124,220
2018 Series O	736,215	736,215
2018 Series P	95,080	95,080
SUBTOTAL	**$ 5,576,555**	**$ 5,019,785**
Medical Center Pooled Revenue Bonds		
2007 Series B(4)	$ 96,155	$ 64,075
2007 Series C-2(4)	189,775	149,025
2009 Series F	429,150	429,150
2010 Series G	48,140	12,200
2010 Series H	700,000	700,000
2010 Series I	9,175	5,115
2013 Series J	618,630	372,295
2013 Series K(4)	31,300	31,300
2016 Series L	872,795	824,885
2016 Series M	173,360	158,175
SUBTOTAL	**$ 3,168,480**	**$ 2,746,220**
Total	**$23,001,790**	**$19,708,535**

(1) Does not include commercial paper notes, capital leases, bank loans and indebtedness issued by conduit public entities.

(2) The 2011 Series Z Bonds bear interest at a Weekly Rate and mature on July 1, 2041. The 2013 Series AL Bonds bear interest at a Daily Rate and mature on May 15, 2048. In connection with the issuance of the 2013 Series AL Bonds, The Regents entered into several interest rate swaps in a total notional amount equal to the outstanding principal amount of the 2013 Series AL Bonds with a scheduled termination date of October 1, 2023.

(3) The 2013 Series AK Bonds bear interest at a Term Rate and the initial Term Rate Period for the 2013 Series AK Bonds ends on May 14, 2023. The 2016 Series AT Bonds bear interest at a Term Rate and the initial Term Rate Period for the 2016 Series AT Bonds ends on May 14, 2021.

(4) The 2007 Series B Bonds bear interest at a Daily Rate and mature on May 15, 2032. The 2007 Series C-2 Bonds bear interest at a floating rate and mature on May 15, 2047. The 2013 Series K Bonds bear interest at a Daily Rate and mature on May 15, 2047. In connection with the issuance of the 2007 Series B Bonds, the 2007 Series C-2 Bonds and the 2013 Series K Bonds, The Regents entered into interest rate swaps in notional amounts equal to all of the outstanding principal amount of the 2007 Series B Bonds and the 2007 Series C-2 Bonds and a portion of the outstanding principal amount of the 2013 Series K Bonds. For additional information concerning interest rate swaps, see “APPENDIX C - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018—Note 4.”

Source: UCOP, Capital Markets Finance

In addition to revenue bonds, there are also outstanding commercial paper notes, capital leases, bank loans, and indebtedness issued by conduit public entities. These other obligations are described below.

Commercial Paper. The Regents has established a commercial paper program in an authorized amount of up to $2 billion. As of October 31, 2018, approximately $480,750,000 of commercial paper was outstanding.

Bank Loans and Credit Agreements. The Regents has entered into loan agreements, including revolving credit agreements, with various financial institutions. As of October 31, 2018, commitments under the agreements totaled $1,100,000,000 (all of which is secured by a pledge of General Revenues on a parity with the pledge securing The Regents' General Revenue Bonds, including $700,000,000 providing hybrid liquidity for obligations of The Regents) and outstanding principal amounts, including advances under the revolving credit agreements, totaled $150,000,000. From time to time, The Regents may enter into additional loan and revolving credit agreements.

Conduit Issuer Bonds. The California Infrastructure and Economic Development Bank (the "Infrastructure Bank") has issued bonds to finance capital improvements for the University. These bonds include revenue bonds issued in the aggregate principal amount of $207,670,000 (all of which is outstanding as of October 31, 2018) to finance the costs of Neurosciences Building 19A and revenue bonds issued in the aggregate principal amount of $170,980,000 (all of which is outstanding as of October 31, 2018) to finance the costs of a facility for psychiatry services at 2130 Third Street, for the San Francisco campus. Through a capital lease, The Regents is required to make base rent payments that equal the debt service on those bonds. In addition, the Infrastructure Bank issued revenue bonds in the aggregate principal amount of $62,000,000 to finance the costs of a stem cell research facility for a consortium of institutions conducting stem cell research. The San Diego campus is one of the three institutions in the consortium. These bonds were subsequently refunded in their entirety by revenue bonds, and $52,020,000 is outstanding as of October 31, 2018. Through a debt service payment agreement, The Regents is required to pay any debt service shortfall on these bonds.

The California Statewide Communities Development Authority ("CSCDA") has issued bonds to finance and refinance the costs of certain student housing projects for the Irvine campus, such bonds which are outstanding in the aggregate principal amount of $501,325,000 as of October 31, 2018. The Regents leased the site on which the student housing projects are situated to a special purpose, limited liability company that owns the projects and applies project revenues to repay these revenue bonds.

In addition, it is expected that the California Municipal Finance Authority will issue bonds in the approximate aggregate principal amount of $150,000,000 to finance the costs of certain student housing and dining facility projects for the Riverside campus in December 2018. It is expected that The Regents will lease the site on which the student housing and dining facility projects are situated to a special purpose, limited liability company that owns the projects and applies project revenues to repay a portion (approximately 62%) of the principal of and interest on these revenue bonds. The Regents is required to pay a facility usage fee under a dining facility agreement that will constitute the security for the payment of a portion (approximately 38%) of the principal of and interest on these revenue bonds.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

The Constitution of the State of California provides that the University shall be a public trust administered by the corporation, "The Regents of the University of California," which is vested with full powers of organization and government subject only to such legislative control as may be necessary to ensure compliance with the terms of the endowments of the University and the security of its funds and such competitive bidding procedures as may be applicable to the University by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods and services. The Regents has a board composed of both seven ex officio members and 18 members appointed by the Governor and confirmed by the Senate, and one student Regent, who is appointed by the board, each of whom is a voting member of the board.

The members of the Board of Regents and the Officers of The Regents as of April 30, 2018 are listed below. Under the Bylaws of The Regents, nine Regents constitute a quorum for transaction of business at regular meetings of the Board, twelve Regents constitute a quorum for the transaction of business at special meetings of the Board, and a majority of such quorums are sufficient to approve most actions. As of October 31, 2018, there was one vacancy on the Board. Vacancies with respect to such appointed members must be filled by appointment by the Governor and approved by a majority vote of the State Senate, but such appointed members may serve for up to 365 days prior to Senate confirmation. Additional information and a current list of Regents can be obtained at http://regents.universityofcalifornia.edu/index.html. The foregoing website is not incorporated by reference herein.

Appointed Regents:

Maria Anguiano	Richard Leib
Richard C. Blum	Hadi Makarechian
Laphonza Butler	Eloy Ortiz Oakley
Michael Cohen	Lark Park
Gareth Elliott	John A. Pérez
Cecilia Estolano	Richard Sherman
Howard "Peter" Guber	Ellen Tauscher
George Kieffer	Charlene Zettel
Sherry L. Lansing	Devon Graves[(1)]

[(1)] Student Regent appointed by the Board of Regents.

Ex Officio Regents: [(1)]

Jerry Brown
Governor of California

Gavin Newsom
Lieutenant Governor

Anthony Rendon
Speaker of the Assembly

Tom Torlakson
State Superintendent of
Public Instruction

Janet Napolitano
President of the
University of California

Darin Anderson
Alumni Regent
(President of the
Alumni Associations of the
University of California)

Jason Morimoto
Alumni Regent
(Vice President of the
Alumni Associations of the
University of California)

Board Leadership:

President
Jerry Brown
Governor of California

Chair
George Kieffer

Vice Chair
John A. Pérez

Officers of The Regents:

Chief Investment Officer
Jagdeep Bachher

General Counsel
Charles F. Robinson

Secretary and Chief of Staff
Anne L. Shaw

Chief Compliance and Audit Officer
Alexander Bustamente

[(1)] On November 6, 2018, Gavin Newsom, Eleni Kounalakis and Marshall Tuck were elected Governor, Lieutenant Governor and State Superintendent of Public Instruction, respectively.

FINANCIAL INFORMATION

Financial information for the University is set forth in the University's Annual Financial Report for the fiscal year ended June 30, 2018. See "APPENDIX C - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018."

INVESTMENTS

As of June 30, 2018, the market values and investment returns for the University's investment pools for the fiscal year were as follows:

	Market Value (in 000's)	Investment Return
Short Term Investment Pool(1)	$13,999,891	1.63%
Total Return Investment Pool(2)	9,221,872	4.48%
General Endowment Pool(3)	12,012,891	8.89%
University of California Retirement Plan(4)	66,405,599	7.77%

(1) Includes: (a) approximately $3.0 billion internal receivable from campuses and medical centers for funds transferred to the Retirement Plan, (b) approximately $2.6 billion held on behalf of the Retirement Plan, (c) approximately $606.5 million held on behalf of the General Endowment Pool, (d) approximately $515.7 million held on behalf of the UC Retirement Savings Program, (e) approximately $510.8 million receivable from certain eligible University employees who have received loans under the University's Mortgage Origination Program, and (f) approximately $343.8 million held on behalf of the Total Return Investment Pool.
(2) Includes approximately $343.8 million invested in the Short Term Investment Pool.
(3) Includes approximately $606.5 million invested in the Short Term Investment Pool.
(4) Includes approximately $2.6 billion invested in the Short Term Investment Pool.
Source: UCOP.

For additional information concerning the investments of the University, see "APPENDIX C - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018—Note 2."

AUDITS AND COMPLIANCE REVIEWS

At all times, there are audits and compliance reviews that arise in the normal course of the University's activities. Such audits and compliance reviews may relate to any activity at the University, and may be conducted by persons within or outside the University, including but not limited to the Senior Vice President—Chief Compliance and Audit Officer of the University, the California State Auditor and a variety of other federal and State governmental agencies. Such reviews could identify improper actions by University personnel or others affecting expenditures by The Regents, and in some cases, its revenues. University management is not aware of any pending audit or review concerning matters that are likely to have a material adverse effect on The Regents' ability to make any Debt Service Shortfall payments under the Debt Service Payment Agreement when due.

BUDGETARY PROCESS

The following is a description of the budgetary process for the University. Because the process for developing, negotiating and allocating the capital budget differs from the operating budget, the capital budget is described below under "—Capital Budget."

Budget Consultation: Administrators from the Office of the President meet regularly with faculty and student groups to keep them informed of budget developments and seek their input on budget issues. Further, there are budget discussions at meetings of the Council of Chancellors, meetings of the Council of Executive Vice Chancellors, meetings of campus Vice Chancellors for Planning and Budget, and with various other groups within the University.

The Regents' Budget: The Regents' Budget is the annual budget statement for the ten-campus system. It provides a description of the existing budget, including income and expenditures from all fund sources, and serves as the budget request to the State for the next fiscal year, describing in some detail the need for additional funds from State appropriations. The budget is presented to the Board of Regents each year for approval.

State Budget: The Governor's proposed budget is released each year around the 10th of January and then revised in early May. Each February, the Legislative Analyst's Office publishes an analysis of, and recommendations for legislative actions on, the Governor's proposed budget. The Governor's proposed budget is debated during legislative hearings and subsequently the Legislature sends its own recommended budget back to the Governor. Following the Governor's approval of the Legislature's recommended budget, it becomes final as the "State Budget Act."

For the most part, the State Budget Act appropriates funds for the operating budget of the University in a lump sum. Operating funds received from the State are allocated by the President of the University to the campuses according to a formula intended to achieve equitable State dollars provided per weighted student.

Capital Budget: Annually, the University prepares a multi-year State and non-State funded capital plan titled, "Capital Financial Plan." After compilation and review of campus submittals by the Office of the President, discussions are held with campus representatives regarding project need, justification, priority, and likelihood of funding. With regard to non-State funds, the University uses external financing, gift funds, certain fees and reserves, and other funds available to The Regents for capital projects. State funds for capital projects may take the form of (1) proceeds of State-issued general obligation bonds, (2) the pledge or use of a portion of the University's annual State general fund support appropriation to (A) secure or make debt service payments for capital expenditures funded by the University's General Revenue Bonds or commercial paper associated with the University's General Revenue Bond program or (B) secure or make availability payments, lease payments, installment payments, and other similar or related payments for capital expenditures, and (3) the use of a portion of the University's annual State general fund support appropriation to fund pay-as-you-go capital outlay projects. With respect to State funds for capital projects that take the form of proceeds of State-issued general obligation bonds, a line-item capital budget request is submitted annually to the State for approval, along with the Capital Financial Plan for context. Major capital projects that are State funded are approved by the State on a line-item basis; any funds requested for minor capital projects are approved on a lump-sum basis.

The process with respect to the use of a portion of the University's annual State general fund support appropriation to (1) make debt service payments for capital expenditures funded by the University's General Revenue Bonds or commercial paper associated with the University's General Revenue Bond program, (2) make availability payments, lease payments, installment payments, and other similar or related payments for capital expenditures, and (3) fund pay-as-you-go capital outlay projects is as follows. The University may apply a portion of its annual State general fund support appropriation so long as it, among other things, receives approval under the following process: 1) the University submits on or before the September 1 prior to such subsequent fiscal year, a report detailing the scope and funding plan for the proposed capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the annual State budget, the budget subcommittees in each house of the Legislature that consider appropriations for the University, and the Department of Finance, 2) the Department of Finance reviews the report and submits, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the annual State budget and the budget subcommittees in each house of the Legislature that consider appropriations for the University, and 3) the Department of Finance submits a final list of approved projects to the University no earlier than the following April 1.

Recent State Support for the University: The following table sets forth State appropriations for Fiscal Year 2014-15 through Fiscal Year 2018-19.

STATE APPROPRIATIONS

Fiscal Year	State Appropriations To University[1]
2014-15	2.991 billion[2]
2015-16	3.163 billion[3]
2016-17	3.370 billion[4]
2017-18	3.374 billion[5]
2018-19	3.724 billion[6]

(1) Includes appropriations for lease purchase payments, general obligation debt service, State grants and direct payments to the Retirement Plan for pledges from 1990.
(2) Includes budget augmentations of $142.2 million for a 5% base budget adjustment and $4 million in one-time funds for various programs across the University. Of the amount shown, $193.2 million was used for general obligation bond debt service.
(3) Includes budget augmentations of $148.5 million comprised of $119.5 million for a 4% base budget adjustment, $25 million for the enrollment of 5,000 additional undergraduate resident students above 2014-15 levels by 2016-17, and $4 million for certain labor centers. Also includes $25 million in one-time funds for deferred maintenance and $2.855 million in one-time funds for various programs across the University. Of the amount shown, $203.7 million was used for general obligation bond debt service.
(4) Includes budget augmentations of $143.9 million comprised of $125.4 million for a 4% base budget adjustment and $18.5 million associated with the enrollment of 2,500 additional undergraduate resident students above 2016-17 levels by 2017-18. Also includes $35 million in one-time funds for deferred maintenance, as well as other one-time funds totaling approximately $55.6 million for various programs across the University. Of the amount shown, $217.1 million was used for general obligation bond debt service.
(5) Includes a 4% base budget adjustment of $131.2 million and one-time funds of $6.6 million for various programs across the University. The updated figure includes a $50 million reduction in State General Fund support, which was offset by an equivalent increase in Proposition 56 funding, $5 million for graduate enrollment, $1.9 million for SJV PRIME and $0.3 million for Summer Institute of emerging leaders. Of the amount shown, $296.4 million and $52.4 million was used to fund the University of California Office of the President and UCPath, respectively, and $175.2 million was used for general obligation debt service.
(6) Includes a 3% base budget adjustment of $92.1 million and $16 million in additional permanent funding. Also includes one-time funds of $248.8 million for various programs across the University, including $70 million for the buy-out of tuition and student services fee, $40 million to restore funding related to the replacement of $50 million permanent State General Fund support with Proposition 56 funds for graduate medical education in 2017-18, and $35 million for deferred maintenance. Of the amount shown, $215.2 million, $72.6 million and $52.4 million will be used to fund the University of California Office of the President, the University of California Division of Agriculture and Natural Resources and UCPath, respectively, and $174.9 million will be used for general obligation debt service.

State Budget for the University for 2016-17. The Governor signed the 2016-17 State Budget Act and Assembly Bill 1602 on June 27, 2016. State funds allocated to the University totaled $3.370 billion, which included a 4% base budget adjustment of $125.4 million, with the understanding that the University would again agree to keep tuition and fees flat in 2016-17. However, beginning with 2017-18, the University may increase tuition at a rate pegged generally to the rate of inflation. In addition, the State proposed an $18.5 million augmentation to the University's base budget for enrollment growth, to be funded on an ongoing basis starting in 2016-17, if the University met two conditions by May 1, 2017. First, the University had to have demonstrated that it would enroll 2,500 more resident undergraduates in academic year 2017-18 than it enrolled in 2016-17. Second, the University had to have demonstrated that it would adopt a policy that specifies a limit on the number of nonresident students enrolled. Both conditions were met.

The $3.370 billion State General Fund allocation provided one-time support in the amount of $35 million for funding for deferred maintenance for campus buildings and infrastructure, as well as other one-time State General Fund support totaling approximately $55.6 million for various programs across the University. Of the total State funds allocated to the University, $217.7 million was used for general obligation debt service. In addition to the State General Fund support appropriation of $3.370 billion, the 2016-17 State Budget Act also included a second allocation of Proposition 2 funds in the amount of $171 million toward the unfunded liability associated with the University of California Retirement Plan as discussed below under "Retirement Plan Funds."

State Budget for the University for 2017-18. The Governor signed the 2017-18 State Budget Act on June 27, 2017. State funds allocated to the University totaled $3.374 billion, which included a 4% base budget increase of approximately $131.2 million. Included in the base budget was $18.5 million in permanent funding for enrollment growth as discussed above under "State Budget for the University for 2016-17." In addition to the base budget increase, the $3.374 billion included $5 million in permanent funding to support enrollment growth of 500 graduate students in 2017-18 and $2.2 million in permanent funding for other programs across the University. The 2017-18 State Budget Act also replaced $50 million of permanent State General Fund support with $50 million of revenue from the Tobacco Tax Act of 2016 (Proposition 56) to be used for graduate medical education on a one-time basis.

The 2017-18 State Budget Act included an expectation that the University would enroll at least 1,500 more resident undergraduate students in 2018-19 compared to 2017-18. The 2017-18 State Budget Act acknowledged that the State and University should share the cost of enrollment growth. As part of that cost-sharing, the 2017-18 State Budget Act requested that the University, the Legislature, and the Department of Finance identify funds to support enrollment growth from funds that the University currently expends on systemwide programs or at the University of California Office of the President.

The State General Fund allocation included $6.6 million in one-time support for various programs across the University. Of the total State funds allocated to the University, $175.2 million was used for general obligation debt service. In addition, the 2017-18 State Budget Act included the third and final increment of Proposition 2 funds in the amount of $169 million toward the unfunded liability associated with the University of California Retirement Plan, as discussed below under "Retirement Plan Funds."

The 2017-18 State Budget Act conditioned $50 million of the University's State General Fund appropriation upon the University demonstrating to the Department of Finance that it had made a good faith effort to satisfy several conditions, which generally relate to certain academic and budgeting programs and policies. The conditions included the University implementing the recommendations identified by the California State Auditor to be completed by April 2018 in its report on the University of California Office of the President's budget and administrative expenditures, which was released in April 2017. The University accepted and believed that it had implemented the recommendations, which were largely about transparency and best practices. The Department of Finance released the $50 million to the University late in the 2017-18 fiscal year.

Finally, the 2017-18 State Budget Act created two separate line-item appropriations from the $3.374 billion of $296.4 million and $52.4 million to fund the University of California Office of the President and UCPath, a systemwide human resources and payroll system, respectively, which otherwise would have been funded through campus assessments.

State Budget for the University for 2018-19. The Governor signed the 2018-19 State Budget Act on June 26, 2018. State funds allocated to the University total $3.724 billion, which includes a 3% base budget adjustment for the University totaling $92.1 million. In addition to the base budget increase, the $3.724 billion includes the following in permanent funding: $10 million to partially restore permanent funding related to the replacement of $50 million of permanent State General Fund support with Proposition 56 funds in 2017-18, which is offset by a $10 million decrease in Proposition 56 funds for graduate medical education; $5 million to support the enrollment of 500 new California undergraduates above 2017-18 levels in 2018-19; and $1 million for the Institute of Global Conflict and Cooperation. The 2018-19 State Budget Act redirects $8.55 million from University of California Office of the President to campuses to support a portion of 2018-19 enrollment growth, consistent with the University's proposal in response to provisions of the 2017-18 Budget Act.

The State General Fund allocation includes $248.8 million in one-time funding for various programs across the University, including $70 million for the buy-out of tuition and student services fees, $40 million to restore funding related to the replacement of $50 million permanent State General Funds with Proposition 56 funds in 2017-18, and $35 million for deferred maintenance. Of the total State funds allocated to the University, a projected $174.9 million will be used for general obligation debt service.

Finally, the 2018-19 State Budget Act continues to fund the University of California Office of the President and UCPath as separate line item appropriations and adds a third line item for the University of California Division of Agriculture and Natural Resources. Of the total $3.724 billion State General Fund allocation, $215.2 million, $72.6 million and $52.4 million will be used to fund the University of California Office of the President, University of California Division of Agriculture and Natural Resources, and UCPath, respectively. The 2018-19 State Budget Act also allows UCPath to assess campuses for up to $15.3 million in additional expenditures, consistent with projected operating cost increases as UCPath is deployed to more campuses in 2018-19.

EMPLOYER–EMPLOYEE RELATIONS

The Higher Education Employee Relations Act (HEERA), the law that provides for collective bargaining in higher education, became effective July 1, 1979. Currently, the University negotiates with eight unions representing thirteen systemwide bargaining units and with nine unions representing fourteen local bargaining units over terms and conditions of employment for approximately 77,500 of the University's employees, excluding student academic employees who are primarily employed during the academic year.

The following table shows the membership of each systemwide employee bargaining unit as of October 2017 and the expiration dates of the applicable current labor contracts as of November 7, 2018:

University of California
Systemwide Employee Organizations[1]

Union	Bargaining Unit	Head Count	Contract Expiration
International Brotherhood of Teamsters 2010	CX - Clerical & Allied Services	11,363	3/31/22
UAPD Union of American Physicians & Dentists	DX –Student Health Center Physicians and Dentists	136	6/30/19
AFSCME American Federation of State, County and Municipal Employees, AFL-CIO Local 3299	EX - Patient Care Technical	15,404	12/31/17[2]
UPTE University Professional & Technical Employees, CWA, Local 9119	HX - Residual Health Care Professionals	4,482	10/31/17[2]
UC-AFT American Federation of Teachers	IX – Non Senate Instructional	3,509	1/31/20
UC – AFT American Federation of Teachers	LX – Professional Librarians	353	9/30/18[2]
CNA California Nurses Association	NX – Registered Nurses	14,599	10/31/22[3]
FUPOA Federated University Police Officers Association	PA – Police Officers	267	12/31/20
UAW Local 5810 International Union, United Automobile, Aerospace and Agricultural Implement Workers of America	PX – Post Doctoral Scholars	5,963	9/30/20
UPTE University Professional & Technical Employees, CWA, Local 9119	RX – Research Support Professionals	4,961	9/30/17[2]
AFSCME American Federation of State, County and Municipal Employees, AFL-CIO Local 3299	SX – Service	9,575	6/30/17[2]
UPTE University Professional & Technical Employees, CWA, Local 9119	TX – Technical	3,418	9/30/17[2]

(1) Excludes the collective bargaining unit for student employees. The number of student employees varies greatly during the academic calendar year.

(2) Contract negotiations are currently in progress. When a contract has expired, the no strikes provision in such contract is no longer in effect, which raises the possibility of a systemwide strike when the collective bargaining process breaks down. Following a breakdown in negotiations, AFSCME conducted a three day strike between May 7, 2018 and May 9, 2018 by Service unit employees and employees in the following units struck in sympathy: Patient Care Technical; Research Support Professionals; Registered Nurses; Technical; and Residual Health Care Professionals. Following a breakdown in negotiations, AFSCME conducted another three day strike between October 23, 2018 and October 25, 2018 by Patient Care Technical unit employees and employees in the following units struck in sympathy: Research Support Professionals, Service, and Technical. Until the University enters into contracts for each of these bargaining units, the possibility of strikes will persist.

(3) Either the University or the union can reopen the contract on the issues of retirement benefits or wages in spring 2020. If the contract is reopened and the parties exhaust the bargaining process, the no strikes provision will no longer be in effect for the duration of the bargaining process.

Source: University of California Office of Labor Relations

It is always difficult to determine with assurance the future course of employer–employee relations. Nevertheless, at the present time, The Regents does not anticipate that the future labor relations climate within the University will have a material adverse impact upon the ability of The Regents' ability to make any Debt Service Shortfall payments under the Debt Service Payment Agreement when due.

RETIREMENT PLAN FUNDS

Administration: The Regents maintains the University of California Retirement Plan (the "Retirement Plan"), a governmental defined benefit pension plan, which provides lifetime retirement income, disability protection, death benefits, and pre-retirement survivor benefits to eligible employees of the University. The Retirement Plan includes four distinct member classes ("Member Classes"). The first and largest Member Class is for members whose benefits are coordinated with Social Security. It was created in 1976 for existing employees who elected to be covered by Social Security and includes almost all new hires. The second Member Class is for members with benefits not coordinated with Social Security, including those members who did not opt-in in 1976 and certain members not eligible for Social Security coverage for other reasons, such as immigration status. The third Member Class, referred to as Tier Two, was established for a group with an alternative member contribution program. It was closed to new members in 1990. The fourth Member Class is for safety members (police and firefighters) whose benefits are not coordinated with Social Security. The first two Member Classes currently have four benefit tiers within each class: the 1976 Tier, the 2013 Tier, the Modified 2013 Tier and the 2016 Tier. Each tier bases benefits on the same components: age factor, service credit and highest average plan compensation, although the formulas relating to benefits are different.

The Regents is the trustee of the Retirement Plan, and the President of the University is the Administrator of the Retirement Plan. The University of California Human Resources and Benefits Department is responsible for the day-to-day management and operation of the Retirement Plan.

Membership: The following table shows the membership in the Retirement Plan for each Fiscal Year from July 1, 2014 through July 1, 2018:

RETIREMENT PLAN MEMBERSHIP

July 1	Active Vested Members	Active Nonvested Members	Terminated Vested Members[1]	Retired Members	Ratio of Retirees to Actives
2014	75,948	44,620	78,229	64,191	0.53
2015	75,158	48,610	75,165	67,321	0.54
2016	75,298	53,215	81,595	70,077	0.55
2017	76,064	53,318	87,052	72,995	0.56
2018	76,933	52,946	92,617	75,924	0.58

[1] Inactive members entitled to, but not yet receiving, benefits.

The 2013 Tier of pension benefits applies to employees hired on or after July 1, 2013, which increased the early retirement age from 50 to 55 along with shifting the corresponding age factors by five years, but retained many of the prior features of the Retirement Plan. The 2013 Tier does not offer lump sum cash outs, inactive member Cost of Living Adjustments or subsidized survivor annuities for spouses and domestic partners. These changes were subject to collective bargaining for union-represented employees and the University agreed to some variations of the 2013 Tier (the Modified 2013 Tier) while keeping the University's costs fixed.(1)

Effective July 1, 2016, the Retirement Plan was amended to provide a new tier of pension benefits under the Retirement Choice Program. The new program tier provides eligible University employees hired (or becoming eligible) on or after July 1, 2016 (and certain eligible rehires who return to work after a tier break in service) a choice between two primary retirement benefits options: (1) "Pension Choice," which is the UCRP pension benefit with covered compensation for new hires capped at the California Public Employees' Pension Reform Act (PEPRA) covered compensation limit, referred to below as the ("PEPRA Cap") ($121,388 for calendar year 2018). In addition, the University contributes 5.0% to a supplemental defined contribution plan for eligible faculty on all pension eligible earnings up to the Internal Revenue Service ("IRS") annual compensation limit ($275,000 for calendar year 2018). For staff subject to the PEPRA Cap, the University contributes an additional 3.0% to the supplemental defined contribution plan for pension eligible earnings between the PEPRA Cap up to the above referenced IRS limit; or (2) "Savings Choice," which is a defined contribution plan-only option for any pension eligible earnings up to such IRS limit, with the University contribution rate set at 8.0% for all employees (whether they are faculty or staff). Retirement benefit changes for union-represented employees will be effective upon completion of the collective bargaining process.

Funding Policy: The Retirement Plan's independent actuary annually prepares an actuarial valuation of the Retirement Plan. The purpose of the annual actuarial valuation is to disclose the Retirement Plan's funded position as of the beginning of the current fiscal year, analyze the preceding fiscal year's experience and determine the total funding policy contribution rates for the following fiscal year. The actuarial valuation includes economic assumptions based on the experience of the Retirement Plan. As of July 1, 2018, these economic assumptions include a long-term investment earnings assumption of 7.25% per year, projected salary increases ranging from 3.75-6.15% per year, cost-of-living adjustments of 2% per year and inflation of 3% per year.

The independent actuary annually determines the total funding policy contribution rate based upon methods selected by the University as follows:

First, the normal cost (the "Normal Cost") is established for the Retirement Plan. The Normal Cost represents the portion of the actuarial present value of the benefits that the Retirement Plan will be expected to fund that is attributable to the current year's employment. The Retirement Plan uses the entry age actuarial cost method, which is an actuarial method of

(1) Generally, these pension benefit tiers use the same age factors as the current 1976 Tier and allow lump sum cash outs, but have higher member contribution rates for all active members.

calculating the anticipated cost of pension liabilities, designed to fund benefits as a level percentage of compensation over the working lifetime of the Retirement Plan's active members.

Second, the contribution calculation takes into account the amortization of a portion of the amount by which the actuarial value of the Retirement Plan liabilities exceeds the actuarial value of the Retirement Plan assets (the "UAAL").

There are a number of assumptions and calculation methods that impact the UAAL. The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in UAAL due to actuarial experience gains or losses after July 1, 2010 are separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or plan provisions will be separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to actuarial experience gains or losses or a change in actuarial assumptions after July 1, 2014 are separately amortized over a fixed (closed) 20-year period. The market value of assets less unrecognized returns in each of the last five years is used to calculate the actuarial value of the retirement plan assets. Unrecognized return is equal to the difference between the actual and the expected returns on a market value basis and is recognized over a five-year period.

While the independent actuary annually determines total funding policy contributions, the University is not required to contribute an amount equal to its total funding policy contribution. The actual contributions and the contribution rates of the University and employees are based on numerous factors, including the availability of funds to the University, the impact of employee contributions on the competitiveness of the University's total remuneration package, and collective bargaining agreements.

Funding Status: The unfunded liability for the campuses and medical centers as of the July 1, 2018 and 2017 actuarial valuation was $10.0 and $10.4 billion, respectively, or 85.2% and 83.6% funded, respectively, on an actuarial value of assets basis. This increase in funded ratio is mainly a result of the contributions funding the total funding policy contribution as well as the investment gain on the actuarial value of assets.

The total funding policy contributions related to campuses and medical centers in the July 1, 2016 actuarial valuation (effective for Fiscal Year 2017-18) and the July 1, 2015 actuarial valuation (effective for Fiscal Year 2016-17) was $3.0 billion and $2.8 billion, respectively. In Fiscal Year 2017-18, University contributions were approximately $2.2 billion and member contributions were approximately $0.9 billion for the campuses and medical centers. In Fiscal Year 2016-17, University contributions were approximately $2.2 billion and member contributions were approximately $0.9 billion. The total funding policy contributions in the July 1, 2017 and July 1, 2016 actuarial valuations represent 27.0% and 28.0% of covered compensation, respectively.

Effective July 1, 2014, member and employer contributions increased to 8.0% (for most members) and 14.0%, respectively. Member contributions for the employees in the new benefit tiers (2013 Tier, Modified 2013 Tier and 2016 Tier) described above are 7.0%-9.0%, and the employer rate is uniform at 14.0%[(1)] across all members in the campus and medical center segment.[(2)] These contribution rates are below the Retirement Plan's total funding policy requirements. The 2015-16 State Budget provided $436 million in one-time Proposition 2 funds for pension funding, and the Retirement Plan received $96 million in 2015-16, $171 million in 2016-17, and $169 million in 2017-18.

The Regents has delegated to the President of the University the authority and discretion to fully fund the unfunded portion of the Normal Cost and interest on the UAAL (the "modified ARC") through a combination of transfers from the Short Term Investment Pool, sale of long-term debt and restructuring of existing debt. In March 2011, The Regents approved a $2.1 billion funding plan for the Retirement Plan and in April 2011, $1.1 billion from the Short Term Investment Pool was transferred to the Retirement Plan. On July 27, 2011, The Regents issued $1.2 billion of General Revenue Bonds, 2011 Series Y, 2011 Series Z and 2011 Series AA and approximately $935 million of the proceeds of those bonds were applied to fund a portion of the annual required contribution (the "ARC"). In July 2014, The Regents authorized additional contributions of $700 million to the Retirement Plan to improve the Plan's funded status, and the contributions were made to the Retirement Plan from the University's Short Term Investment Pool on August 1, 2014. In November 2015, The Regents authorized additional contributions up to $563.6 million in Fiscal Year 2015-16, $481 million in Fiscal Year 2016-17, and $391.8 million in Fiscal Year 2017-18, to bring the total annual contribution up to the total ARC for each of those years based on certain conditions, including, but not limited to, maintaining a minimum balance in the Short Term Investment Pool of $5 billion and the receipt of Proposition 2 funds from the State as described in the paragraph above. Contributions of $563.5 million were transferred to the Retirement Plan from the University's Short Term Investment Pool on December 1, 2015. Contributions of $481 million were transferred to the Retirement Plan from the University's Short Term Investment Pool between July 1, 2016 and December 1, 2016. Contributions of $391.8 million were transferred to the Retirement Plan from the University's Short Term Investment Pool between July 1, 2017 and January 1, 2018. In July 2017, The Regents authorized additional contributions up to $500 million in Fiscal Year 2018-19, $500 million in Fiscal Year 2019-20, $600 million in Fiscal Year 2020-21, and $700 million in Fiscal Year 2021-22 to bring the total annual contribution up to the total ARC for each of those years, based on certain conditions, including, but not limited to, maintaining a minimum balance of liquid fixed income investments in the Short Term Investment Pool and Total Return Investment Pool of $5 billion.

The national laboratory "segments" of the Retirement Plan are accounted for and evaluated separately from those of the campus and medical center segment.[(3)] Recognizing that the Lawrence Berkeley National Laboratory ("LBNL") segment is significantly higher funded than the campus and medical center segment, effective October 2015, the contribution rate for

---

(1) In March 2018, The Regents rescinded a previously approved increase in the employer contribution rate to 15.0% across all members which would have been effective July 1, 2018.

(2) To continue to pay down the unfunded liability for the Retirement Plan, the University maintains a 6.0% contribution rate on pension eligible earnings up to the IRS annual compensation limit with respect to employees who elect Savings Choice (employees who elect Savings Choice are not Retirement Plan participants).

(3) There are four separate and distinct "segments" that comprise the Retirement Plan as a whole: the campus/medical center segment, the Lawrence Berkeley National Laboratory segment, the Lawrence Livermore National Laboratory segment, and the Los Alamos National Laboratory segment.

the LBNL was set at a rate based on the funded ratio of the LBNL segment, determined on an actuarial value of assets basis as of the previous valuation date (July 1, 2014 for the October 1, 2015 rate). Prior to October 2015, the LBNL employer contribution rate was set at the same rate as the campus and medical center segment.

The U.S. Department of Energy is contractually required to make contributions to the Retirement Plan on behalf of Los Alamos National Laboratory ("LANL") and Lawrence Livermore National Laboratory ("LLNL") retirees as determined by the annual actuarial valuation of each national laboratory segment.

The table below shows the fair market value of assets held in trust for payment of pension benefits; the actuarial value of assets held in trust adjusted according to the Retirement Plan's actuarial methods as summarized above; the actuarial accrued liability of the Retirement Plan; the actuarial (deficit) surplus, the funded ratio on an actuarial and market value basis; the annual covered member payroll and the unfunded actuarial accrued liability or surplus as a percentage of covered payroll as of July 1, 2014 through July 1, 2018.

Retirement Plan Funding(1)
(dollars in millions)

Actuarial Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Actuarial (Deficit) Surplus	Funded Ratio (Actuarial Basis)	Funded Ratio (Market Basis)	Annual Covered Payroll	Actuarial (Deficit) Surplus of Annual Covered Payroll
July 1, 2014	$52,783.9	$48,328.0	$60,417.2	$(12,089.2)	80.0%	87.4%	$9,299.8	(130.0%)
July 1, 2015	55,055.4	53,762.3	65,841.3	(12,079.0)	81.7%	83.6%	9,927.8	(121.7%)
July 1, 2016	54,164.5	57,228.5	69,305.4	(12,076.9)	82.6%	78.2%	10,607.6	(113.9%)
July 1, 2017	62,114.3	61,884.5	72,965.3	(11,080.7)	84.8%	85.1%	11,095.9	(99.9%)
July 1, 2018	66,773.6	66,577.4	76,881.1	(10,303.7)	86.6%	86.9%	11,596.2	(88.9%)

(1) Includes campuses, medical centers and laboratories.

Source: UCOP, University of California Retirement Plan Annual Financial Report and the University of California Retirement Plan Actuarial Valuation Report

Asset Management Plan: The Regents, as the governing board and as trustee, is responsible for the oversight of the Retirement Plan's investments and establishes investment policy, which is carried out by the Office of the Chief Investment Officer of The Regents. The Office of the Chief Investment Officer has primary responsibility for investing the Retirement Plan's assets consistent with the policies established by The Regents.

Over the past ten years, the Retirement Plan's asset allocation targets have been adjusted periodically to diversify the assets over multiple asset classes, investment styles and strategies. The result has been a movement away from a single, concentrated source of risk (primarily U.S. equities) toward a balanced and diversified portfolio across global assets and risk factors that are less correlated with markets. Currently, the assets of the Retirement Plan are invested across the institutional global capital markets. In addition to U.S. equities and fixed income securities, the Retirement Plan also holds international equities, global sovereign and corporate debt, global public and private real estate, and an array of alternative investments including private equity, venture capital, real estate, and real assets.

Net Pension Liability: The University follows GASB Statement No. 68, which requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. As of June 30, 2018, the University reported a net pension liability to the Retirement Plan of $9.8 billion. As of June 30, 2017, the University reported a net pension liability to the Retirement Plan of $10.7 billion. The decrease in net pension liability for Fiscal Year 2017-18 was primarily due to the 7.8% return on the market value of assets which was more than the assumed return of 7.25%. For a further description of the University's pension accounting practices, see "APPENDIX C - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018", including – "Management's Discussion and Analysis – The University of California Retirement System (UCRS)" and – "Required Supplementary Information."

For more information on the University's pension plan funds, see "APPENDIX C - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018", including – "Management's Discussion and Analysis – The University of California Retirement System (UCRS)" and – "Required Supplementary Information."

RETIREE HEALTH PLAN FUNDS

Description**:** The University administers the Retiree Health Benefit Program (the "Retiree Health Plan"). The Retiree Health Plan is a single-employer health and welfare plan to provide health and welfare benefits (primarily medical, dental and vision) to eligible retirees and their families and survivors of the University and its affiliates. Membership in the Retirement Plan or participation in the defined contribution plan (Savings Choice described above) is required to become eligible for retiree health benefits. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least five years of service. Retirees employed by the University after 1989 and prior to July 1, 2013 are subject to graduated eligibility provisions that generally require 10 years of service before becoming eligible for 50 percent of the maximum University contribution, increasing to 100 percent after 20 years of service. Retirees employed by the University on or after July 1, 2013 are subject to graduated eligibility provisions based on both a member's age and years of Retirement Plan service credit upon retirement[1]. Active employees do not make any contributions toward the retiree health benefit plans. Retirees pay the excess, if any, of the premium over the applicable portion of the University's maximum contribution.

Funding Policy: The contribution requirements of the University and eligible retirees are established and may be amended by the University. The contribution requirements are based

---

[1] In addition, members of the HX, NX, RX, EX, SX and TX bargaining units negotiated the effective date of revised eligibility rules for Retiree Health Plan benefits as part of contract negotiations. Generally, new employees hired after the negotiated effective date of revised eligibility rules must retire at 65 and have worked at least 20 years in order to receive the maximum employer contribution to the retiree health premium.

upon projected pay-as-you-go financing. Contributions toward medical and dental benefits are shared between the University and the retiree. The University does not contribute toward the cost of other benefits available to retirees.

On July 1, 2007, The Regents established the University of California Retiree Health Benefit Trust (the "Trust"). While the University does not currently pre-fund retiree health benefits, if pre-funding occurs in the future, the Trust will be used as the funding vehicle. As of June 30, 2018, the balance in the Trust was $133.6 million.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which the University implemented in Fiscal Year 2016-17. This Statement revised existing standards for measuring and reporting retiree health benefits provided by the University to its employees. This Statement required recognition of a liability equal to the net retiree health benefit liability, which is measured as the total retiree health benefit liability, less the amount of the Trust's fiduciary net position. The total retiree health benefit liability is determined based upon discounting projected benefit payments based on claims costs, the benefit terms and legal agreements existing at the Trust's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. The Statement required that most changes in the net retiree health benefit liability be included in retiree health benefit expense in the period of change.

The actuarial methods and assumptions used in determining the total retiree health benefit liability as of July 1, 2018 include the entry age normal level percentage of pay actuarial cost method; a 3.87% discount rate (index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher); health care cost trend rate ranging from 5.8% to 9.3% for non-Medicare and 5.0% to 7.3% for Medicare initially, depending on the type of plan, reduced by increments to an ultimate rate of 5.0% over 15 years.

Net Other Post-Employment Benefit (OPEB) Liability: The table below shows the OPEB net position held in trust for payment of pension benefits; the total OPEB liability; the net OPEB liability; the ratio of the OPEB net position to total OPEB liability; the annual covered member payroll and the unfunded actuarial accrued liability or surplus as a percentage of covered payroll as of June 30, 2015 through June 30, 2018.

Net Other Post-Employment Benefit (OPEB) Liability

Actuarial Valuation Date	OPEB Net Position	Total OPEB Liability	Net OPEB Liability	Funded Ratio (Actuarial Basis)	Annual Covered Payroll	Actuarial (Deficit) Surplus of Annual Covered Payroll
June30, 2015	$50.6	$18,095.6	$18,044.9	0.3%	$9,758.8	184.9%
June 30, 2016	72.5	21,168.7	21,096.2	0.3%	10,396.8	202.9%
June 30, 2017	106.7	18,786.1	18,679.4	0.6%	11,196.5	166.8%
June30, 2018	133.6	18,388.0	18,254.4	0.7%	12,087.0	151.0%

For more information on the Retiree Health Plan and Trust, see "APPENDIX C - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-18 – Management's Discussion and Analysis – The University of California Retiree Health Benefit Trust (UCRHBT)."

APPENDIX C

THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2017-2018

[THIS PAGE INTENTIONALLY LEFT BLANK]

UNIVERSITY OF CALIFORNIA

Annual Financial Report

17/18

For 150 years, the University of California has educated the brightest minds and helped California become a beacon of innovation. UC is a national leader in developing new knowledge and moving our discoveries into the market so they can benefit our society, our economy and our planet.

UNIVERSITY OF CALIFORNIA

17/18 Annual Financial Report

TABLE OF CONTENTS

3 Letter from the President
4 Letter from the Executive Vice President, CFO
6 Facts in Brief
8 Campus Facts in Brief
12 Management's Discussion and Analysis

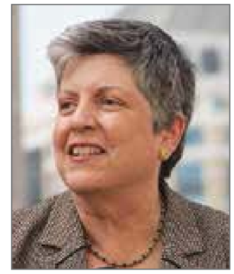
Financial Statements, University of California and Campus Foundations:
32 Report of Independent Auditors
34 Statements of Net Position
35 Statements of Revenues, Expenses and Changes in Net Position
36 Statements of Cash Flows

Financial Statements, Retirement System and Retiree Health Benefit Trust:
38 Statements of Plans' and Trust's Fiduciary Net Position
39 Statements of Changes in Plans' and Trust's Fiduciary Net Position

40 Notes to Financial Statements

104 Required Supplementary Information
114 Regents and Officers of the University of California

Letter from the President



Over the past year, the University of California reaffirmed its commitment to working with state leaders to boost educational opportunity for students across California. Our campuses have added more than 15,000 California resident undergraduate students since 2014 and, in the fall of 2018, a record number of California resident transfer students enrolled at our campuses. UC's groundbreaking research also continues to make a great impact on the nation, state, and world.

As UC increased enrollment, we maintained our commitment to accessibility and affordability: 56 percent of our undergraduates had their tuition and fees covered thanks to financial aid. We also continued to enroll and graduate large numbers of first-generation and low-income students. Approximately 42 percent of our undergraduates are first-generation students, and 38 percent are Pell Grant recipients, which means they come from low-income families. UC campuses were named in the top five spots in an annual New York Times survey that ranks U.S. colleges that did the most for low-income students. Indeed, UC's role in promoting social mobility impacts not only our students and their families, but the entire State of California.

This year's State budget included an increase of $346.9 million in funding for the University. In addition to a three-percent increase in our base budget, the State provided one-time funds in lieu of a tuition increase, supporting our efforts to keep a UC education affordable for California residents. The budget increase also included one-time funds to support the record-high numbers of California students currently enrolled at the University, as well as to fund some enrollment growth in 2018-19. While we are grateful for the enhanced support from the State for 2019, we must continue to pursue ongoing funding to maintain access, affordability, and academic quality.

Meanwhile, the University was awarded more funding from the National Institutes of Health and the National Science Foundation than any other institution in the country. UC receives close to $5 billion in research awards annually, and the University's research has contributed to California's emergence as the intellectual and economic powerhouse it is today. Many of California's leading industries — including biotechnology, telecommunications, digital media, computers and semiconductors, and new environmental technologies — grew out of UC-based research. Since 1976, more than 1,000 startup companies have been founded around UC inventions, with 85 percent of the companies based in California. By sustaining the quality, access, and affordability of a UC education, we strive to further our mission of teaching, research, and public service, and to ensure that California remains at the forefront of innovation.

JANET NAPOLITANO
PRESIDENT, UNIVERSITY OF CALIFORNIA

Letter from the Executive Vice President, CFO

This has been another record-breaking year for the University of California. Demand from students grew across all our campuses, which continue to rank among the best in the world. We successfully went live at two of our campuses (Riverside and Merced) with UC Path, our priority program to implement a single payroll, benefits, human resources, and academic personnel solution for all University employees. Our aim to further diversify our revenues was aided by strong returns across our investment portfolio. We also made significant progress in expanding the number of new, affordable, student housing beds and by opening the first buildings in the Merced 2020 Project.

In the 13th straight year of record-breaking highs for applications, more than 221,000 students applied for undergraduate admission to the University for fall 2018, an overall jump of 5.7 percent. In this year's application cycle, over 181,000 freshmen students and over 40,000 transfer students applied to at least one campus. All nine undergraduate campuses saw gains in total applications, ranging from a 4.6 percent increase at Berkeley to a 12.4 percent increase at Riverside. Our rankings also continued to be strong, as Los Angeles and Berkeley were ranked as the top two public universities in the nation, and a total of six of our campuses were among the top 12 public universities in the nation, according to *U.S. News and World Report's 2019 Top Public Schools* rankings.

One of our overarching initiatives is to diversify our revenue sources so that the University is more resilient and less dependent on any one source. The strong performance of the Office of the CIO in the past year, with an 8.9 percent return on the endowment and a 7.8 percent return on the pension, strengthens our financial position and reduces burdens on the operating budget.

The cost of housing continues to be a major driver in a student's overall cost of attendance, so we have a multi-year initiative to add new beds at all of our campuses. To date we have delivered over 5,000 beds since the initiative launched in January 2016, and we are on track to deliver over 15,000 beds by fall of 2020. I am also proud to report that we opened our first buildings under the Merced 2020 Project, an ambitious $1.3 billion public-private partnership that will add approximately 1.2 million gross square feet of teaching, research, residential, and student-support facilities to our newest campus by 2020.

Tuition is another major driver in the overall cost of attendance, and this year we developed and passed a budget plan that provided a modest ($60) reduction in tuition for the first time in almost 20 years. While this was greeted with great enthusiasm by many of our students, we must continue to work with the State to create a long-term funding framework to ensure stable tuition for current and future students. While the last fiscal year was positive in many ways, we must continue to be diligent in managing our liabilities and addressing our capital needs with a focus on UC's long-term financial stability.

NATHAN BROSTROM
EXECUTIVE VICE PRESIDENT, CFO
UNIVERSITY OF CALIFORNIA

Facts in Brief *(Unaudited)*

	2018	2017	2016	2015	2014*
STUDENTS					
Undergraduate fall enrollment	216,904	210,369	199,127	195,078	191,369
Graduate fall enrollment	62,092	59,743	58,311	57,185	52,757
Total fall enrollment	**278,996**	**270,112**	**257,438**	**252,263**	**244,126**
University Extension course enrollments	348,645	346,365	371,240	374,442	367,355
FACULTY AND STAFF *(full-time equivalents)*	**158,877**	**154,522**	**149,312**	**144,765**	**139,208**
SUMMARY FINANCIAL INFORMATION *(in thousands of dollars, except for retirement plan information)*					
UNIVERSITY OF CALIFORNIA					
PRIMARY REVENUE SOURCES					
Student tuition and fees, net[1]	$4,838,764	$4,477,213	$4,132,352	$3,784,046	$3,585,859
Grants and contracts, net	5,709,180	5,440,977	5,272,595	5,204,761	5,117,736
Medical centers, educational activities and auxiliary enterprises, net	17,419,902	16,153,092	14,638,715	13,611,153	12,108,409
State educational, financing and capital appropriations	3,386,151	3,279,520	3,067,677	2,812,634	2,683,315
Federal Pell Grants	421,693	381,650	376,264	376,186	316,064
Private gifts, net	1,315,092	1,161,658	1,088,076	971,245	890,614
Capital gifts and grants, net	420,658	255,559	248,705	186,836	473,464
Department of Energy laboratories	1,062,428	1,147,233	1,278,186	1,234,509	1,250,820
OPERATING EXPENSES BY FUNCTION					
Instruction	6,939,892	6,966,479	6,814,684	6,200,694	5,477,857
Research	4,744,416	4,579,067	4,618,459	4,366,909	3,837,361
Public service	712,062	670,757	639,022	580,693	581,069
Academic support	2,742,160	2,416,824	2,460,694	2,022,401	1,835,476
Student services	1,206,080	1,168,883	1,099,934	1,012,422	923,284
Institutional support	1,437,887	1,443,208	1,583,783	1,597,486	1,463,248
Operation and maintenance of plant	657,883	677,034	656,635	590,602	618,030
Student financial aid[2]	752,261	721,538	649,258	553,340	580,807
Medical centers	10,749,409	10,451,455	10,004,181	8,513,134	7,965,944
Auxiliary enterprises	1,324,309	1,300,590	1,265,535	1,187,777	1,104,050
Depreciation and amortization	2,027,341	1,909,870	1,804,046	1,661,033	1,709,672
Impairment of capital assets	10,360	7,354	10,127	11,219	11,201
Department of Energy laboratories	1,054,475	1,139,232	1,271,260	1,234,958	1,244,335
Other	88,326	66,936	71,573	72,200	81,061
INCREASE (DECREASE) IN NET POSITION	1,812,445	1,061,191	(2,699,804)	(233,459)	1,381,385
FINANCIAL POSITION					
Investments, at fair value	27,368,997	24,478,362	22,208,767	22,492,804	21,748,774
Capital assets, at net book value	32,325,107	30,669,753	29,688,815	28,642,779	27,645,157
Other assets and deferred outflows	13,008,104	13,441,465	18,288,878	12,596,994	11,652,661
Outstanding debt, including capital leases	(23,658,777)	(20,502,876)	(19,951,287)	(19,020,755)	(18,030,749)
Obligations for pension and retiree health benefits	(28,637,382)	(30,029,779)	(36,920,138)	(29,331,031)	(16,165,378)
Other liabilities and deferred inflows	(16,239,128)	(15,702,449)	(12,021,750)	(11,359,071)	(15,137,452)
Net position	4,166,921	2,354,476	1,293,285	4,021,720	11,713,013

[1] Scholarship allowances, including both financial aid and fee waivers that are not paid directly to students, are recorded primarily as a reduction of student tuition and fees in the statement of revenues, expenses and changes in net position.

[2] Includes only financial aid paid directly to students. The state-administered California grant awards are not included as expenses since the government determines grantees. College work study expenses are shown in the programs in which the student worked.

**Amounts have not been restated to report the entire net retiree health benefits liability.*

	2018	2017	2016	2015	2014
SUMMARY FINANCIAL INFORMATION *(in thousands of dollars, except for retirement plan information)*					
UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS					
PRIMARY REVENUE SOURCES					
Private gifts	$1,340,158	$864,411	$789,267	$765,445	$789,573
PRIMARY EXPENSES					
Grants to campuses	1,100,287	939,784	889,163	827,467	958,873
INCREASE (DECREASE) IN NET POSITION	1,337,620	1,050,233	(3,498)	455,416	849,091
FINANCIAL POSITION					
Investments, at fair value	9,239,580	8,206,990	7,115,278	7,084,587	6,496,649
Pledges receivable, net	1,006,183	865,979	842,423	822,530	861,005
Net position	9,803,392	8,465,772	7,415,540	7,550,329	7,094,913
UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM					
PLAN PARTICIPATION					
Plan membership	298,420	289,429	280,185	266,254	262,988
Retirees and beneficiaries currently receiving payments	75,924	72,995	70,077	67,321	64,191
PRIMARY REVENUE SOURCES					
Contributions[1]	4,759,740	4,779,464	4,551,152	4,458,802	3,215,712
Interest, dividends and other investment income, net	1,555,260	1,435,299	1,316,116	1,323,449	1,344,731
Net appreciation (depreciation) in the fair value of investments	5,098,540	8,616,400	(2,300,033)	1,320,388	9,137,618
PRIMARY EXPENSES					
Benefit payments	3,438,840	3,185,062	2,974,331	2,803,627	2,583,223
Participant and member withdrawals	1,373,405	1,514,990	1,367,528	1,730,362	1,369,641
INCREASE (DECREASE) IN NET POSITION	6,563,074	10,079,633	(831,668)	2,515,920	9,701,107
FINANCIAL POSITION					
Investments, at fair value	90,872,718	82,574,019	73,196,935	71,595,607	68,747,604
Members' defined pension plan benefits	66,838,838	62,179,236	54,225,589	55,122,875	52,853,829
Participants' defined contribution plan benefits	24,386,104	22,482,632	20,356,646	20,291,028	20,044,154
ACTUARIAL INFORMATION *(as of the beginning of the year)*					
Actuarial value of assets	61,884,530	57,228,542	53,762,286	48,327,981	43,572,353
Actuarial accrued liability	72,965,272	69,305,423	65,841,255	60,417,177	57,380,961
UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST					
PLAN PARTICIPATION					
Plan membership	169,655	164,089	161,072	157,221	154,930
Retirees and beneficiaries currently receiving payments	42,325	41,157	39,774	38,488	37,207
PRIMARY REVENUE SOURCES					
Contributions	338,436	328,057	310,320	315,586	343,395
Interest, dividends and other investment income, net	1,634	606	155	41	13
PRIMARY EXPENSES					
Insurance premiums	309,344	290,234	284,836	327,019	318,490
INCREASE (DECREASE) IN NET POSITION	26,867	34,173	21,896	(14,539)	20,884
FINANCIAL POSITION					
Investments, at fair value	128,091	97,801	53,604	24,250	37,125
Net position for retiree health benefits	133,581	106,714	72,541	50,645	65,184
ACTUARIAL INFORMATION *(as of the beginning of the year)*					
Actuarial value of assets	106,714	72,541	50,645	65,184	44,300
Actuarial accrued liability	18,786,201	21,168,812	17,320,301	14,093,786	13,253,215

[1] *Total contributions to the University of California Retirement Plan and the University of California Retirement Savings Plan.*

Campus Facts in Brief *(Unaudited)*

	BERKELEY	DAVIS	IRVINE	LOS ANGELES	MERCED
STUDENTS					
Undergraduate fall enrollment	30,574	30,212	29,307	31,002	7,375
Graduate fall enrollment	11,336	8,157	6,651	14,426	592
Total fall enrollment	**41,910**	**38,369**	**35,958**	**45,428**	**7,967**
University Extension course enrollments[1]	46,415	65,831	25,972	99,226	195
DEGREES CONFERRED[2]					
Bachelor	7,906	7,855	7,148	8,471	1,295
Advanced	3,791	2,020	2,016	4,754	72
Cumulative	649,540	286,788	201,677	577,998	7,641
FACULTY AND STAFF *(full-time equivalents)*	13,950	24,245	14,777	36,587	1,989
LIBRARY COLLECTIONS[3] *(volumes)*	12,816,655	4,767,632	3,792,290	10,539,265	1,658,198
CAMPUS LAND AREA *(in acres)*	8,163	7,331	1,527	467	8,195

CAMPUS FINANCIAL FACTS[4] *(in thousands of dollars)*	BERKELEY	DAVIS	IRVINE	LOS ANGELES	MERCED
OPERATING EXPENSES BY FUNCTION					
Instruction	$801,114	$922,473	$722,946	$2,307,750	$69,261
Research	564,659	575,320	282,903	837,225	28,834
Public service	79,104	92,182	8,628	152,838	6,206
Academic support	119,521	270,105	200,349	731,861	25,553
Student services	232,364	156,546	124,040	185,237	28,966
Institutional support	257,320	167,791	65,266	192,284	61,513
Operation and maintenance of plant	86,722	102,808	56,849	86,976	18,570
Student financial aid	168,802	99,574	93,265	93,838	17,754
Medical centers		1,918,701	947,281	2,128,078	
Auxiliary enterprises	134,438	121,664	139,458	397,896	31,887
Depreciation and amortization	224,036	242,642	206,189	388,870	30,676
Impairment of capital assets	4,863	1,628	651	456	
Other[5]	15,759	3,208	15,275	33,688	6,453
Total	**$2,688,702**	**$4,674,642**	**$2,863,100**	**$7,536,997**	**$325,673**
GRANTS AND CONTRACTS REVENUE					
Federal government	$367,780	$402,968	$210,962	$601,936	$19,183
State government	93,563	145,391	34,857	80,420	3,207
Local government	13,368	14,412	2,964	61,540	198
Private	212,358	147,279	80,216	272,502	3,386
Total	**$687,069**	**$710,050**	**$328,999**	**$1,016,398**	**$25,974**
UNIVERSITY ENDOWMENTS					
Nonspendable endowments	$391,450	$121,600	$9,814	$297,959	$16,840
Other endowments	2,248,095	824,613	477,912	2,138,036	22,513
Annual income distribution	92,235	27,514	14,275	46,282	1,831
CAMPUS FOUNDATIONS' ENDOWMENTS					
Nonspendable endowments and gifts	1,158,752	260,849	316,583	1,191,701	8,412
Other endowments	840,304	181,766	135,658	934,051	3,491
CAPITAL ASSETS					
Capital assets, at net book value	3,957,810	3,354,231	2,900,805	6,237,447	1,209,104
Capital expenditures	356,403	316,455	374,866	455,104	542,510

[1] *Total courses enrolled in by University Extension Students for academic year 2017-18.*
[2] *As of academic year 2016-17.*
[3] *As of June 30, 2017.*
[4] *Excludes DOE laboratories.*
[5] *Includes non-capitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.*

	RIVERSIDE	SAN DIEGO	SAN FRANCISCO	SANTA BARBARA	SANTA CRUZ	SYSTEMWIDE[6]
STUDENTS						
Undergraduate fall enrollment	20,074	28,587		22,196	17,577	
Graduate fall enrollment	3,230	8,034	4,925	2,861	1,880	
Total fall enrollment	**23,304**	**36,621**	**4,925**	**25,057**	**19,457**	
University Extension course enrollments[1]	23,056	69,717		4,081	14,152	
DEGREES CONFERRED[2]						
Bachelor	4,480	7,207		5,373	3,982	
Advanced	988	2,319	926	841	533	
Cumulative	119,150	204,469	54,538	236,682	119,123	
FACULTY AND STAFF *(full-time equivalents)*	5,699	24,288	23,272	6,463	4,646	2,961
LIBRARY COLLECTIONS[3] *(volumes)*	4,153,168	4,484,768	1,195,444	3,267,331	2,514,274	
CAMPUS LAND AREA *(in acres)*	2,050	2,162	196	1,127	6,088	27

CAMPUS FINANCIAL FACTS[4] *(in thousands of dollars)*	RIVERSIDE	SAN DIEGO	SAN FRANCISCO	SANTA BARBARA	SANTA CRUZ	SYSTEMWIDE[6]
OPERATING EXPENSES BY FUNCTION						
Instruction	$329,024	$798,322	$340,431	$303,603	$200,564	$144,404
Research	117,594	819,650	1,112,948	167,369	93,917	143,997
Public service	5,764	18,561	146,746	12,945	49,564	139,524
Academic support	46,573	740,012	340,044	63,088	39,728	165,326
Student services	93,505	141,582	24,919	99,322	97,187	22,412
Institutional support	69,214	137,885	200,076	66,114	42,729	177,695
Operation and maintenance of plant	52,731	85,404	76,405	45,670	38,406	7,342
Student financial aid	59,139	50,408	23,454	98,065	44,913	3,049
Medical centers		1,705,886	3,894,229			155,234
Auxiliary enterprises	72,131	163,218	34,484	106,631	109,793	12,709
Depreciation and amortization	69,392	292,000	349,096	85,064	64,157	75,219
Impairment of capital assets		1,609	799		354	
Other[5]	2,469	3,400	4,140	7,058	1,715	(4,839)
Total	**$917,536**	**$4,957,937**	**$6,547,771**	**$1,054,929**	**$783,027**	**$1,042,072**
GRANTS AND CONTRACTS REVENUE						
Federal government	$85,184	$672,874	$723,667	$118,452	$71,298	$28,142
State government	10,890	37,631	90,538	12,663	7,324	51,048
Local government	2,276	16,977	194,411	2,367	656	6,255
Private	29,391	262,324	430,953	51,118	26,681	7,570
Total	**$127,741**	**$989,806**	**$1,439,569**	**$184,600**	**$105,959**	**$93,015**
UNIVERSITY ENDOWMENTS						
Nonspendable endowments	$9,987	$43,428	$115,413	$29,332	$10,646	$102,230
Other endowments	65,703	809,289	1,664,650	114,550	85,012	1,229,896
Annual income distribution	2,420	27,280	44,404	5,147	3,488	50,245
CAMPUS FOUNDATIONS' ENDOWMENTS						
Nonspendable endowments and gifts	105,007	454,343	720,293	133,919	46,284	
Other endowments	67,103	291,347	712,506	80,087	57,602	
CAPITAL ASSETS						
Capital assets, at net book value	1,198,014	5,070,518	4,865,602	1,537,166	1,223,147	771,263
Capital expenditures	138,020	612,507	666,753	62,586	73,636	107,892

[1] *Total courses enrolled in by University Extension Students for academic year 2017-18.*
[2] *As of academic year 2016-17.*
[3] *As of June 30, 2017.*
[4] *Excludes DOE laboratories.*
[5] *Includes non-capitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.*
[6] *Includes expenses for systemwide and research programs, systemwide support services and administration. Full-time equivalents count, as of fall 2016, includes employees at all campuses involved in systemwide activities, including Agriculture and Natural Resources.*

Management's Discussion and Analysis *(Unaudited)*

The objective of Management's Discussion and Analysis is to help readers of the University of California's financial statements better understand the financial position and operating activities for the year ended June 30, 2018, with selected comparative information for the years ended June 30, 2017 and 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years (2016, 2017 and 2018, etc.) in this discussion refer to the fiscal years ended June 30.

The University of California's financial report communicates financial information for the University of California (the "University"), the University of California campus foundations ("campus foundations"), the University of California Retirement System ("UCRS") and the University of California Retiree Health Benefit Trust ("UCRHBT") through five primary financial statements and notes to the financial statements. Three of the primary statements, the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows, present the financial position, changes in financial position and cash flows for the University and the affiliated campus foundations. The financial statements for the campus foundations are presented discretely from the University. Two of the primary statements, the statements of plans' and trust's fiduciary net position and the statements of changes in plans' and trust's fiduciary net position, present the financial position and operating activities for UCRS and UCRHBT. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

THE UNIVERSITY OF CALIFORNIA

The University of California, one of the largest and most acclaimed institutions of higher learning in the world, is dedicated to excellence in teaching, research, health care and public service. The University has annual resources of nearly $35.7 billion and encompasses ten campuses, five medical centers, four law schools and a statewide Division of Agriculture and Natural Resources. The University is also involved in the operation and management of three national laboratories for the U.S. Department of Energy ("DOE").

Campuses. The ten campuses are located in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara and Santa Cruz. All of the campuses, except San Francisco, offer undergraduate, graduate and professional education; the San Francisco campus is devoted exclusively to graduate and professional education in health sciences.

Health sciences. The University operates one of the nation's largest health science and medical training programs. The instructional program is conducted in 16 health professional schools on six campuses. Our health programs include five medical centers, two dental schools, three nursing schools, two public health schools and two pharmacy schools, in addition to a school of optometry and a school of veterinary medicine. The University's medical schools play a leading role in the development of health services and advancement of medical science and research.

Law schools. The University has law schools at Berkeley, Davis, Irvine and Los Angeles. Also, the Hastings College of the Law in San Francisco is affiliated with the University, although not included in the financial reporting entity.

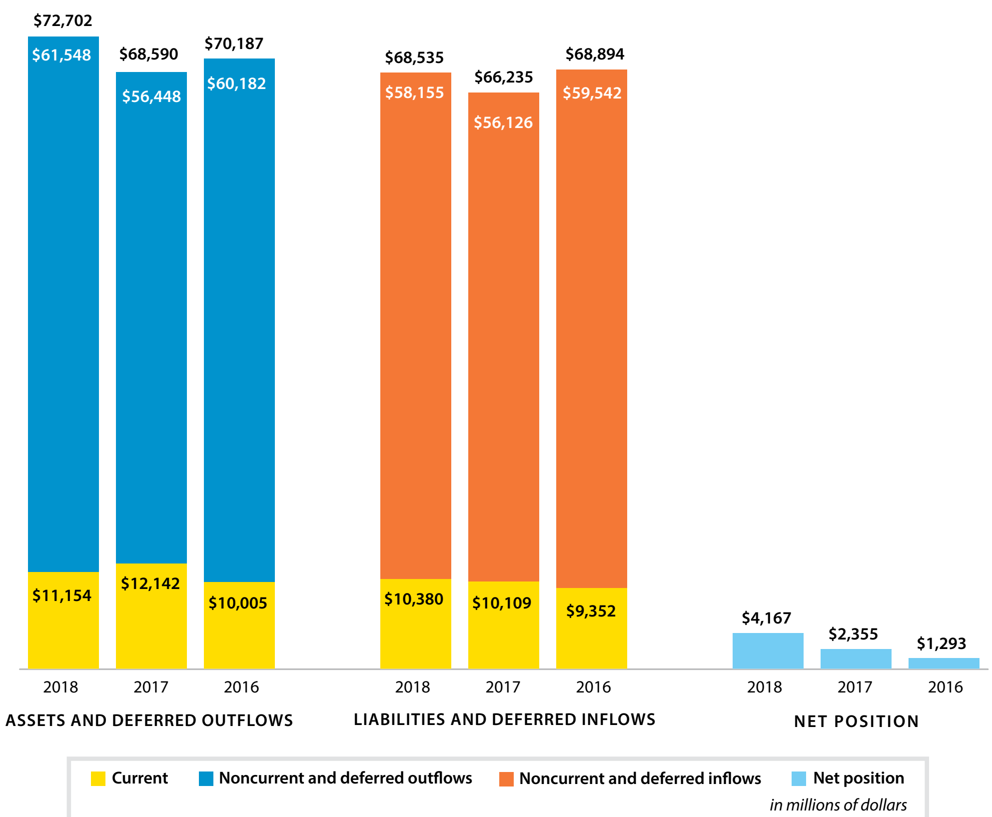
Agriculture and Natural Resources. The Division of Agriculture and Natural Resources is a statewide research and public service organization that serves a large and diverse agricultural community. The division collaborates on research with all campuses, and conducts studies at nine research and extension centers and on private land in cooperation with California producers. In addition, research and educational programs are conducted in each of the state's 58 counties.

University Extension. The foremost continuing education program of its kind in size, scope and quality of instruction, University Extension offers almost 20,000 self-supporting courses statewide and in several foreign countries.

National laboratories. Under contract with the DOE, the University operates and manages the Ernest Orlando Lawrence Berkeley National Laboratory (LBNL) in California. The University is also a member in two separate joint ventures, Los Alamos National Security, LLC (LANS) and Lawrence Livermore National Security, LLC (LLNS) that operate and manage the Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL), respectively, under contracts directly with the DOE. The laboratories conduct broad and diverse basic and applied research in nuclear science, energy production, national defense and environmental and health areas.

THE UNIVERSITY'S FINANCIAL POSITION

The University implemented new accounting policies for irrevocable split-interest agreements. These changes in accounting policies provide recognition and measurement guidance for agreements in which the University is a beneficiary. Financial information for 2017 and 2016 has been restated to retroactively apply these new accounting policies.



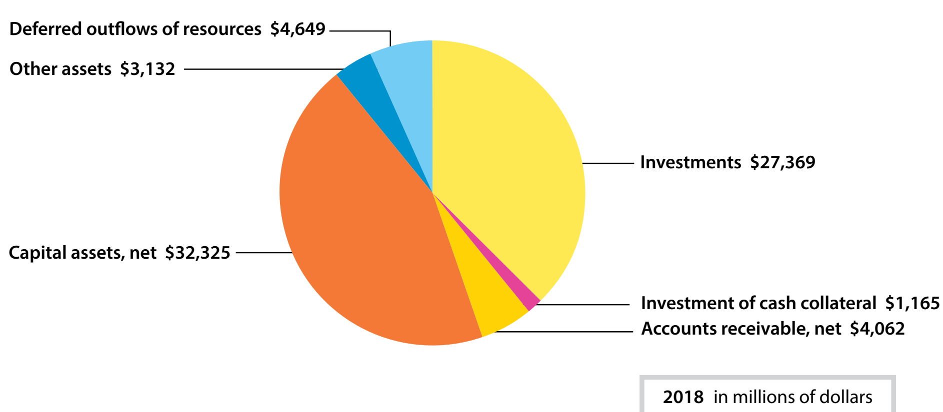
The statement of net position presents the financial position of the University at the end of each year. It displays all of the University's assets, deferred outflows, liabilities and deferred inflows. The difference between assets, deferred outflows, liabilities and deferred inflows is net position.

The major components of the assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2018, 2017 and 2016 are as follows:

(in millions of dollars)

	2018	2017	2016
ASSETS			
Investments	$27,369	$24,478	$22,209
Investment of cash collateral	1,165	1,080	825
Accounts receivable, net	4,062	3,947	3,320
Capital assets, net	32,325	30,670	29,689
Other assets	3,132	2,865	3,974
Total assets	**68,053**	**63,040**	**60,017**
DEFERRED OUTFLOWS OF RESOURCES	**4,649**	**5,550**	**10,170**
LIABILITIES			
Debt, including commercial paper	23,659	20,503	19,951
Securities lending collateral	1,164	1,079	825
Net pension liability	9,775	10,739	15,125
Net retiree health benefits liability	18,862	19,290	21,795
Other liabilities	8,465	8,252	7,648
Total liabilities	**61,925**	**59,863**	**65,344**
DEFERRED INFLOWS OF RESOURCES	**6,610**	**6,372**	**3,550**
NET POSITION			
Net investment in capital assets	13,578	13,343	12,815
Restricted:			
Nonexpendable	1,183	1,156	1,130
Expendable	8,272	7,153	6,538
Unrestricted	(18,866)	(19,297)	(19,190)
Total net position	**$4,167**	**$2,355**	**$1,293**

The University's Assets and Deferred Outflows



The University's total assets and deferred outflows of resources have increased to $72.7 billion in 2018, compared to $68.6 billion in 2017 and $70.2 billion in 2016. Capital assets have increased due to continued investments in facilities in excess of depreciation. Investments increased due to positive financial market returns. Deferred outflows fluctuate primarily due to changes in the University's net pension and retiree health benefits liabilities.

Investments

Investments held by the University are principally carried in three investment pools: the Short Term Investment Pool (STIP), the Total Return Investment Pool (TRIP) and the General Endowment Pool (GEP). Cash for operations and bond proceeds for construction expenditures are invested in STIP. The University uses STIP to meet operational liquidity needs. TRIP provides the opportunity to maximize the return on long-term capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP seeks to maximize to a total return objective and is intended to supplement STIP. The University maximizes its use of TRIP while still maintaining sufficient funds in STIP to meet operational and liquidity needs. The GEP is a balanced portfolio and the primary investment vehicle for individual endowments and funds functioning as endowments.

The Regents of the University of California ("The Regents") utilize asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and at acceptable levels of risk. GEP had a positive return of 8.9 percent in 2018, a positive return of 15.1 percent in 2017 and a negative return of 3.5 percent in 2016. TRIP had positive returns of 4.5 percent, 7.7 percent and 0.3 percent in 2018, 2017 and 2016, respectively. STIP had positive returns of 1.6 percent, 1.3 percent and 1.3 percent in 2018, 2017 and 2016, respectively.

Investment of cash collateral

The University participates in a securities lending program incorporating securities owned by both the University and UCRS as a means to augment income. Cash collateral fluctuates in response to changes in demand from borrowers and the availability of securities based on the University's asset allocation mix.

Accounts receivable, net

Accounts receivable include amounts due from state and federal governments on contracts and grants, patient receivables for medical centers and professional fees, investment income, proceeds from security sales and amounts due for private grants and contracts. Receivables fluctuate based on the timing of collections and investment sales activity.

Capital assets, net

The University's enrollment growth and continuing needs for renewal, modernization and seismic correction of existing facilities are the key drivers of capital investments. Capital spending continues at a brisk pace in order to provide the facilities necessary to support the University's teaching, research and public service mission and for patient care. Capital spending includes constructing and renovating academic buildings, research laboratories, libraries, student services, parking structures and infrastructure projects at all ten campuses and five medical centers. The University has a goal to increase affordable campus housing for more students given escalating living costs in many of the surrounding campus communities. In 2018, the largest portion of the capital asset additions were related to constructing housing facilities at several campuses. Additionally, construction continues to expand the Merced campus by 2020. The largest project in 2017 was the Jacobs Medical Center in San Diego. Total additions of capital assets were $3.7 billion in 2018 as compared to $3.0 billion in 2017 and $3.0 billion in 2016.

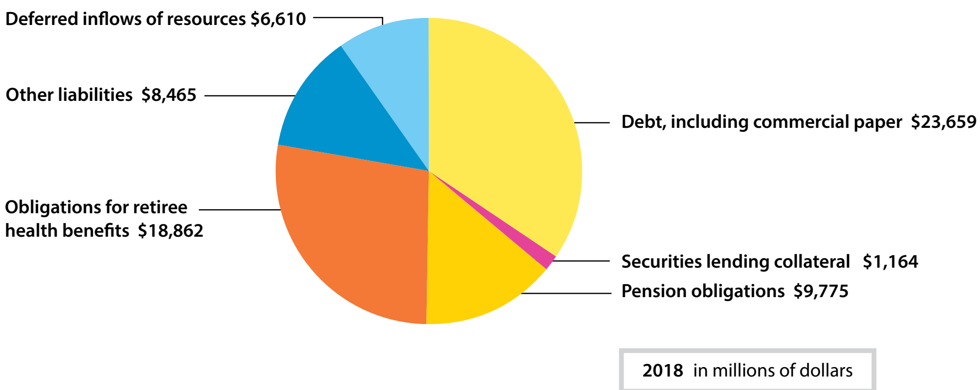
Other assets

Other assets include cash, investments held by trustees, pledge receivables, note and mortgage receivables, inventories and receivables from the DOE. The noncurrent receivable from the DOE, which fluctuates with the net pension and retiree health benefits liabilities due to the DOE's continuing responsibility to contribute for retired and terminated vested members of LLNS and LANL, decreased by $284.3 million in 2018 as compared to 2017 and decreased by $337.8 million in 2017 as compared to 2016. Investments held by trustees decreased by $0.7 billion in 2017 due to the transfer of self-insurance reserves to the University's wholly owned captive insurance company. Since the captive insurance company is blended with the University, the captive's investments are included with the University's investments.

Deferred outflows of resources

Changes in fair values of the University's interest rate swaps that are determined to be hedging derivatives, losses on debt refundings and certain changes in the net pension and net retiree health benefits liabilities are reported as deferred outflows of resources. In 2018 and 2017, deferred outflows decreased due to higher than expected investment returns in the University of California Retirement Plan (UCRP) portfolio and an increase in the discount rate for the retiree health benefit liability.

The University's Liabilities and Deferred Inflows



The University's liabilities and deferred inflows of resources increased to $68.5 billion in 2018 as compared to $66.2 billion in 2017 and $68.9 billion in 2016. The changes in both 2018 and 2017 were primarily related to the issuance of additional debt to finance capital projects offset by decreases in the liabilities for pension and retiree health benefits.

Debt, including commercial paper

Capital assets are financed from a variety of sources, including University equity contributions, state support, gifts, revenue bonds, bank loans and leases or structures that involve separate legal entities. Commercial paper and bank loans provide interim financing for capital assets during the construction period.

Outstanding debt increased by $3.2 billion and $551.6 million in 2018 and 2017, respectively. A summary of the activity follows:

(in millions of dollars)

	2018	2017
ADDITIONS TO OUTSTANDING DEBT		
General Revenue Bonds	$1,853	$1,136
Medical Center Pooled Revenue Bonds		1,046
Limited Project Revenue Bonds	1,692	
Capital leases	47	55
Other borrowings	285	126
Blended Component Unit Revenue Bonds	320	54
Bond premium, net	494	223
Additions to outstanding debt	**4,691**	**2,640**
REDUCTIONS TO OUTSTANDING DEBT		
Refinancing and prepayments	(1,014)	(1,321)
Scheduled principal payments	(392)	(400)
Payments on other borrowings	(7)	(64)
Commercial paper, net	(31)	(225)
Amortization of bond premium	(91)	(78)
Reductions to outstanding debt	**(1,535)**	**(2,088)**
Net increase in outstanding debt	**$3,156**	**$552**

The University's debt, which is used to primarily finance capital assets, includes $781.8 million, $812.7 million and $1.0 billion of commercial paper outstanding at the end of 2018, 2017 and 2016, respectively. Total debt outstanding was $23.7 billion at the end of 2018 compared to $20.5 billion and $20.0 billion at the end of 2017 and 2016, respectively.

To take advantage of favorable interest rates for tax-exempt bonds, the University financed several projects in 2018 that were approved for construction or had recently started construction. The University also refinanced debt in December 2017 in advance of tax reform changes that were effective as of January 1, 2018. In 2018, $3.5 billion of debt was issued, including General Revenue Bonds totaling $1.9 billion and Limited Project Revenue Bonds totaling $1.7 billion to finance and refinance certain facilities and projects. Reductions to outstanding debt in 2018 were $1.5 billion, including $1.0 billion for one-time principal payments for the refinancing or refunding of previously outstanding debt. The refinancing and refunding of previously outstanding debt resulted in an economic gain of $83.2 million.

In 2017, $2.2 billion of debt was issued, including General Revenue Bonds totaling $1.1 billion and Medical Center Pooled Revenue Bonds totaling $1.0 billion to finance and refinance certain facilities and projects. Reductions to outstanding debt in 2017 were $2.1 billion, including $1.3 billion for one-time principal payments for the refinancing or refunding of previously outstanding debt. The refinancing and refunding of previously outstanding debt resulted in an economic gain of $151.2 million.

In August 2016, the University entered into an agreement with a developer to design, construct, finance, operate and maintain certain auxiliary, administrative, academic and research facilities at the Merced campus by 2020, for which the University will finance $600 million of the total costs. Other borrowings at June 2018 and 2017 include $296.9 million and $43.7 million, respectively, for the present value of the payments expected to be made over the term of the agreement through 2055 for the repayment of the private debt incurred by the developer during construction. In the event the agreement with the developer is terminated, the outstanding portion of the private debt incurred by the developer for construction phase will become an obligation of the University.

The University's General Revenue Bond ratings are currently affirmed at Aa2, AA and AA by Moody's Investors Service, Standard & Poor's and Fitch, respectively, all with stable outlooks. The University's Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds are currently affirmed at Aa3, AA- and AA- by Moody's Investors Service, Standard & Poor's and Fitch, respectively, all with stable outlooks.

Commercial paper borrowings decreased $30.9 million in 2018 as compared to 2017, and decreased by $225.2 million in 2017 compared to 2016. Commercial paper is primarily used as interim financing for construction projects and short-term financing for other needs. Commercial paper fluctuates based upon the timing of refinancing construction projects with the issuance of long-term revenue bonds. The University has various revolving credit agreements totaling $1.1 billion with major financial institutions for the purpose of providing additional liquidity for certain variable-rate demand bonds, commercial paper and for other liquidity needs.

Securities lending collateral

Under the securities lending program, the University records a liability to the borrower for cash collateral received and held by the University for securities on loan at the end of the year. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of the securities lent. The amount of the securities lending collateral liability fluctuates directly with securities lending opportunities and the investment of cash collateral.

Net pension liability and retiree health benefits

The University has a financial responsibility for pension benefits associated with its defined benefit plans and for retiree health benefits. The University's net pension liability was $9.8 billion, $10.7 billion and $15.1 billion in 2018, 2017 and 2016, respectively. The changes in net pension liability for 2018 and 2017 were primarily driven by higher than expected investment returns on the UCRP investment portfolio. UCRP's total investment rate of return was positive 7.8 percent in 2018, positive 14.5 percent in 2017 and negative 2.0 percent in 2016. The discount rate used to estimate the net pension liability was 7.25 percent in 2018, 2017 and 2016.

LBNL participates in the University's defined benefit pension plan, although the DOE has an ongoing financial responsibility to reimburse the University for LBNL's share of the obligation to UCRP. In addition, under certain circumstances, the University makes contributions to UCRP for LANL and LLNL retirees and, based upon contractual arrangements with the DOE, is reimbursed by the DOE. The University recorded receivables from the DOE of $316.7 million, $615.1 million and $974.7 million for 2018, 2017 and 2016, respectively, representing the DOE's share of the net pension liability.

The University's net retiree health benefits liability was $18.9 billion, $19.3 billion and $21.8 billion, in 2018, 2017 and 2016, respectively.

The University funds the retiree health benefits through UCRHBT based on a projection of benefits on a pay-as-you-go basis and the assets in the trust are not sufficient to fund retiree health benefits. Therefore, the Bond Buyer 20-year tax-exempt general obligations municipal-bond index rate is used to discount the retiree health benefits liabilities. The changes in net retiree health benefits liability have been primarily driven by the changes in discount rates used to estimate the retiree health benefits liability. The discount rates as of June 30, 2018, 2017 and 2016 were 3.87 percent, 3.58 percent and 2.85 percent, respectively. Additionally, health care cost increases in 2018 were lower than expected.

LBNL participates in the University's retiree health benefits plans and, based on contractual arrangements with the DOE, the University is reimbursed for retiree health benefits costs associated with retirees who previously worked at LBNL. The University recorded receivables from the DOE of $656.9 million, $642.8 million and $621.1 million for 2018, 2017 and 2016, respectively, representing the DOE's share of the net retiree health benefits liability.

Other liabilities

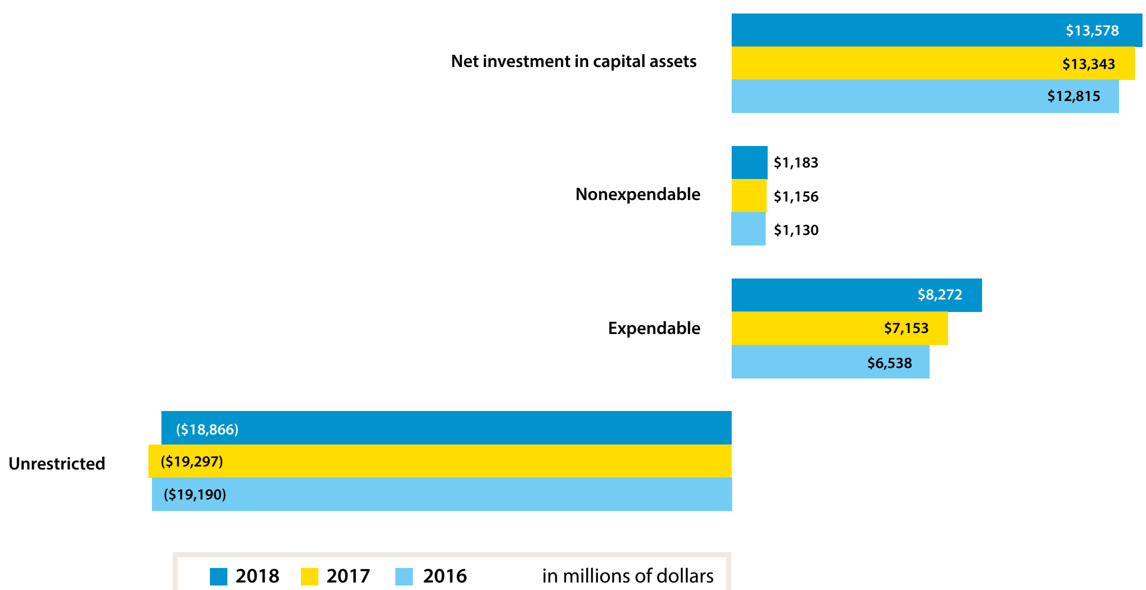
Other liabilities consist of accounts payable, accrued salaries, other employee benefits, unearned revenue, funds held for others, DOE laboratories' liabilities, federal refundable loans, self-insurance liabilities and obligations under split-interest agreements held by the University.

Deferred inflows of resources

Deferred inflows of resources are related to the University's service concession arrangements, gains on debt refundings, sales of certain future patent royalty revenues, changes in the estimated future value of irrevocable split-interest agreements and certain changes in the net pension and net retiree health benefits liabilities. Deferred inflows of resources increased in 2018 and 2017 primarily due to the decrease in the discount rate for estimating the net retiree health benefits liability.

The University's Net Position

Net position represents the residual interest in the University's assets and deferred outflows after all liabilities and deferred inflows are deducted. Net position was restated for 2017 and 2016 as a result of adopting new accounting rules for split-interest agreements. The University's net position was $4.2 billion in 2018 compared to $2.4 billion in 2017 and $1.3 billion in 2016. Net position is reported in the following categories: net investment in capital assets; restricted, nonexpendable; restricted, expendable; and unrestricted.



Net investment in capital assets

The portion of net position invested in capital assets, net of accumulated depreciation and the related outstanding debt used to finance the acquisition, construction or improvement of these capital assets, was $13.6 billion in 2018 compared to $13.3 billion in 2017 and $12.8 billion in 2016. The University continues to invest in its physical facilities, which are, in part, financed by debt, to support growth.

Restricted, nonexpendable

Restricted, nonexpendable net position includes the corpus of the University's permanent endowments. In 2018 and 2017, the increase in restricted nonexpendable net position was principally due to the receipt of new gifts.

Restricted, expendable

Restricted, expendable net position is subject to externally imposed restrictions governing their use. Net position may be spent only in accordance with the restrictions placed upon them and may include endowment income and gains, subject to the University's spending policy; support received from gifts, appropriations or capital projects and trustee-held investments. The increases or decreases in restricted, expendable funds are principally due to the timing of spending restricted gifts and endowment income and gains.

Unrestricted

Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding University assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the University's reserves are allocated for academic and research initiatives or programs, for capital projects or other purposes.

THE UNIVERSITY'S RESULTS OF OPERATIONS

The statement of revenues, expenses and changes in net position is a presentation of the University's operating results and indicates whether the financial condition has improved or deteriorated. In accordance with the Governmental Accounting Standards Board (GASB) requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are required to be recorded as nonoperating revenues, including state educational appropriations, private gifts and investment income. Results of operations for 2017 and 2016 have been restated as a result of adopting new accounting policies for irrevocable split-interest agreements. A summarized comparison of the operating results for 2018, 2017 and 2016, arranged in a format that matches the revenue supporting the core activities of the University with the expenses associated with core activities, is as follows:

(in millions of dollars)

	2018			2017			2016		
	OPERATING	NONOPERATING	TOTAL	OPERATING	NONOPERATING	TOTAL	OPERATING	NONOPERATING	TOTAL
REVENUES									
Student tuition and fees, net	$4,839		$4,839	$4,477		$4,477	$4,132		$4,132
State educational appropriations		$3,386	3,386		$3,278	3,278		$3,048	3,048
Federal Pell Grants		422	422		382	382		376	376
Grants and contracts, net	5,709		5,709	5,441		5,441	5,273		5,273
Medical centers, net	12,065	22	12,087	11,241	13	11,254	10,236	15	10,251
Educational activities, net	3,670		3,670	3,333		3,333	2,973		2,973
Auxiliary enterprises, net	1,685		1,685	1,579		1,579	1,430		1,430
Department of Energy laboratories	1,062		1,062	1,147		1,147	1,278		1,278
Private gifts, net		1,315	1,315		1,162	1,162		1,088	1,088
Investment income, net		413	413		299	299		311	311
Other revenues	971	128	1,099	939	68	1,007	962	51	1,013
Revenues supporting core activities	**30,001**	**5,686**	**35,687**	**28,157**	**5,202**	**33,359**	**26,284**	**4,889**	**31,173**
EXPENSES									
Salaries and wages	15,953		15,953	15,160		15,160	14,021		14,021
Pension benefits	1,339		1,339	1,888		1,888	2,687		2,687
Retiree health benefits	1,295		1,295	1,576		1,576	1,875		1,875
Other employee benefits	3,246		3,246	2,938		2,938	2,838		2,838
Scholarships and fellowships	767		767	729		729	652		652
Utilities	304		304	292		292	283		283
Supplies and materials	3,610		3,610	3,240		3,240	3,109		3,109
Depreciation and amortization	2,027		2,027	1,910		1,910	1,804		1,804
Department of Energy laboratories	1,055		1,055	1,139		1,139	1,271		1,271
Interest expense		746	746		721	721		693	693
Other expenses	4,851		4,851	4,648	60	4,708	4,411	47	4,458
Expenses associated with core activities	**34,447**	**746**	**35,193**	**33,520**	**781**	**34,301**	**32,951**	**740**	**33,691**
Income (loss) from core activities	**($4,446)**	**$4,940**	**$494**	**($5,363)**	**$4,421**	**($942)**	**($6,667)**	**$4,149**	**($2,518)**
OTHER NONOPERATING ACTIVITIES									
Net appreciation (depreciation) in fair value of investments			890			1,722			(472)
Income (loss) before other changes in net position			1,384			780			(2,990)
OTHER CHANGES IN NET POSITION									
State capital appropriations						2			4
Capital gifts and grants, net			403			256			249
Permanent endowments			25			24			34
Increase (decrease) in net position			**1,812**			**1,062**			**(2,703)**
NET POSITION									
Beginning of year, as previously reported			2,355			1,293			4,022
Cumulative effect of accounting changes									(26)
Beginning of year, restated			2,355			1,293			3,996
End of year			**$4,167**			**$2,355**			**$1,293**

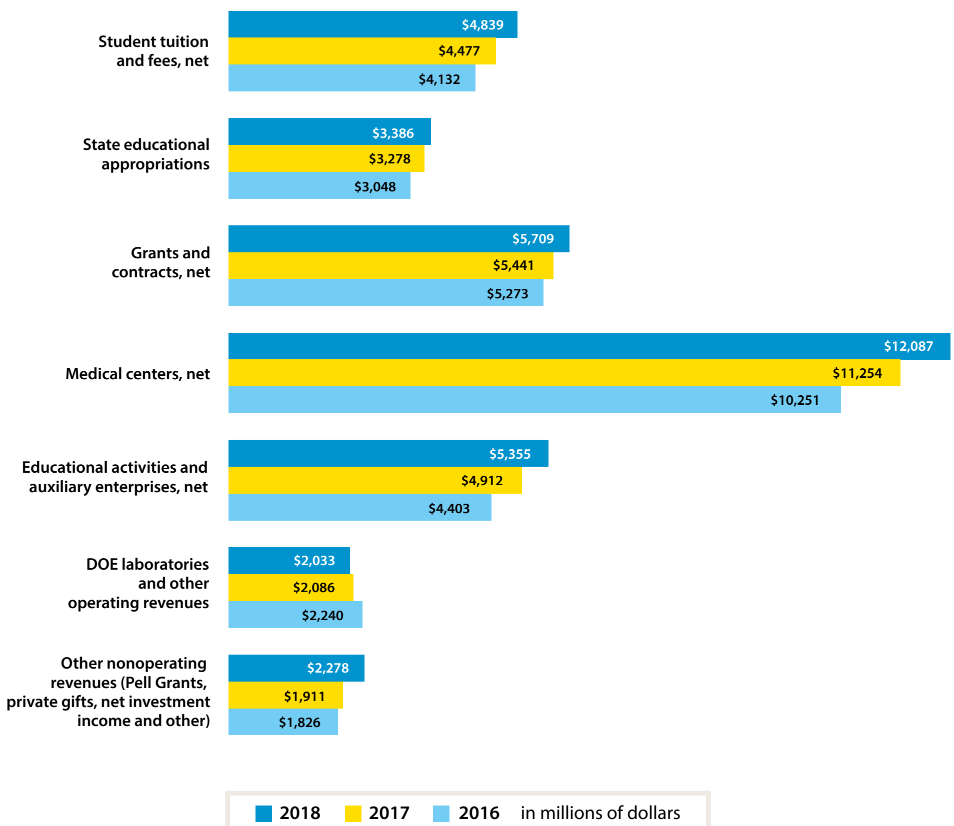
Revenues supporting core activities

Revenues to support the University's core activities, including those classified as nonoperating revenues, were $35.7 billion, $33.4 billion and $31.2 billion in 2018, 2017 and 2016, respectively. These diversified sources of revenue increased by $2.3 billion in 2018 and $2.2 billion in 2017.

The state of California's educational appropriations, in conjunction with student tuition and fees, are the core components that support the instructional mission of the University. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country.

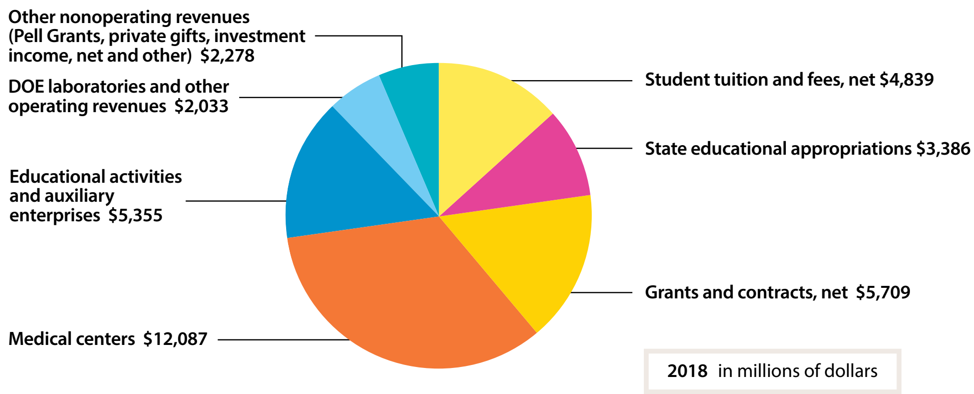
Gifts to the University allow crucial flexibility to faculty for support of their fundamental activities or new academic initiatives. Other significant revenues are from medical centers, educational activities and auxiliary enterprises such as student housing, food service operations and parking.

Revenues in the various categories have changed as follows:



A major financial strength of the University is its diverse source of revenues, including those from student fees, federally sponsored grants and contracts, medical centers, the state of California, private support and self-supporting enterprises. The variety of fund sources has become increasingly important over the past several years.

Categories of both operating and nonoperating revenue that supported the University's core activities in 2018 are as follows:



Student tuition and fees, net

Net student tuition and fees were $4.8 billion, $4.5 billion and $4.1 billion in 2018, 2017 and 2016, respectively. Scholarship allowances, or financial aid, are the difference between the stated charge for tuition and fees and the amount that is paid by the student and third parties on behalf of the student. Scholarship allowances, netted against student tuition and fees, were $1.3 billion, $1.1 billion and $1.1 billion in 2018, 2017 and 2016, respectively. Student tuition and fees, net of scholarship allowances, increased by $361.6 million and $344.9 million in 2018 and 2017, respectively, due to enrollment growth.

In 2018, enrollment grew by 3.3 percent and in 2017 enrollment grew by 4.9 percent. Mandatory tuition for resident undergraduates increased 2.5 percent in 2018 and did not change in 2017. Certain nonresident undergraduates and resident and nonresident graduate students experienced increases in mandatory tuition and fees. Professional degree supplemental tuition varies by discipline; certain increases were approved for 2018 and 2017.

State educational appropriations

Educational appropriations from the state of California were $3.4 billion, $3.3 billion and $3.0 billion in 2018, 2017 and 2016, respectively. State educational appropriations increased in 2018 and 2017 by $108.3 million and $229.4 million, respectively.

The budget framework agreed to with the governor in 2016 provided the University with base budget adjustments of four percent annually for 2016 through 2019. Additionally, the University also received $169.0 million, $171.0 million and $96.0 million in 2018, 2017 and 2016, respectively, in one-time funds for UCRP. The final budget approved for 2019 included a base budget adjustment of three percent and $248.8 million in one-time funds.

Grants and contracts, net

Revenue from federal, state, private and local government grants and contracts — including an overall facilities and administration cost recovery of $1.1 billion, $1.1 billion and $1.0 billion in 2018, 2017 and 2016, respectively — were $5.7 billion, $5.4 billion and $5.3 billion in 2018, 2017 and 2016, respectively.

In 2018, federal grants and contracts revenue increased $43.0 million, or 1.3%, as compared to 2017. In 2017, federal grants and contracts revenue increased $14.0 million, or 0.4%, as compared to 2016. Federal grants and contracts include federal facilities and administrative cost recovery of $782.0 million, $764.0 million and $745.6 million in 2018, 2017 and 2016, respectively. Changes in the federal budget impact the University's growth in federal grants and contracts. Grants and contracts revenue is from a variety of federal agencies as indicated below:

(in millions of dollars)

	2018	2017	2016
Department of Health and Human Services	$2,035	$1,987	$1,917
National Science Foundation	464	465	469
Department of Education	78	57	83
Department of Defense	261	275	258
National Aeronautics and Space Administration	86	95	135
Department of Energy (excluding national laboratories)	108	107	104
Other federal agencies	270	273	279
Federal grants and contracts net revenue	**$3,302**	**$3,259**	**$3,245**

Medical centers, net

Medical center revenues, net of allowances, increased $0.8 billion, or 7.4 percent, in 2018 and increased $1.0 billion, or 9.8 percent, in 2017. Revenues increased in 2018 due to a full year of operations for the new UCSD Jacobs Medical Center which opened in November 2016. Additionally, revenues increased in 2018 due to higher inpatient and outpatient utilization and supplemental revenues. Revenues increased in 2017 due to the opening of the Jacobs Medical Center mid-year, and higher supplemental revenues and utilization.

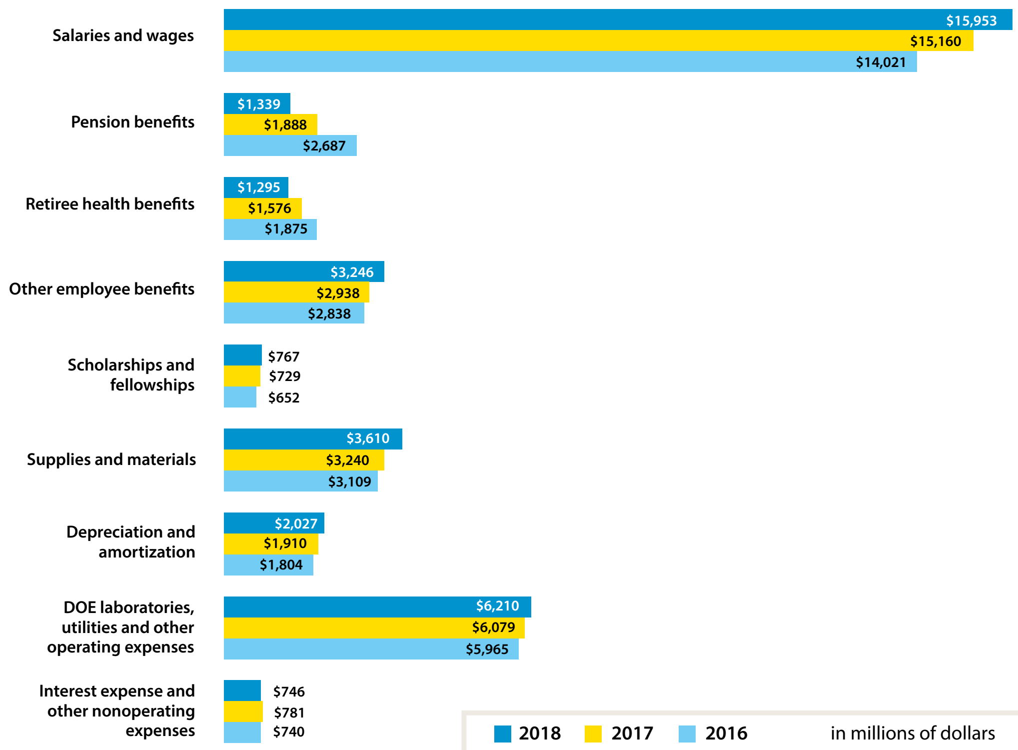
Educational activities and auxiliary enterprises, net

Revenue from educational activities, primarily medical professional fees, net of allowances, grew by $337.9 million, or 10.1 percent, in 2018 and $359.8 million, or 12.1 percent, in 2017. The growth is generally associated with an expanded patient base and improved collections.

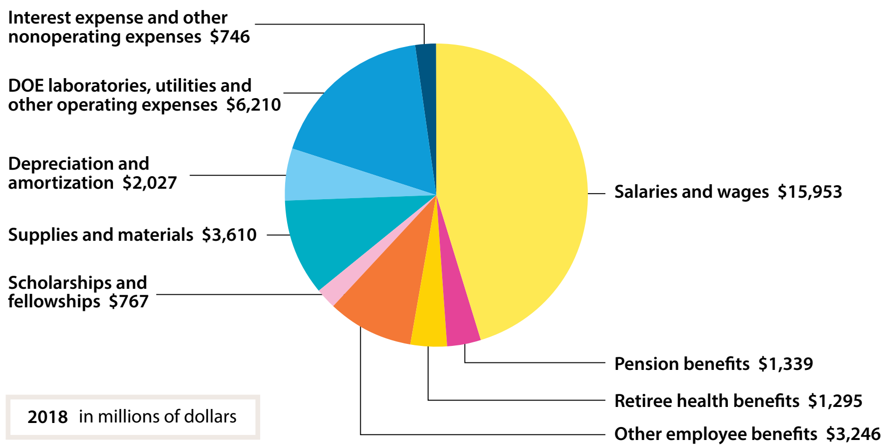
Auxiliary enterprises include housing, food service, parking, bookstores, student centers, unions and child care centers. Revenue from auxiliary enterprises, net of allowances, grew by $105.6 million, or 6.7 percent, in 2018 and $149.2 million, or 10.4 percent in 2017. Auxiliary revenues increased consistent with enrollment and the University's initiative to expand the supply of campus housing for students.

Expenses associated with core activities

Expenses associated with the University's core activities, including those classified as nonoperating expenses, were $35.2 billion, $34.3 billion and $33.7 billion in 2018, 2017 and 2016, respectively. Expenses increased in 2018 by $0.9 billion and in 2017 by $0.6 billion, primarily due to growth in the University's operations, principally at the medical centers. Pension expenses decreased in 2018 and 2017 as a result of higher actual investment returns as compared to expected earnings on the UCRP portfolio. Retiree health benefits expenses also decreased in 2018 and 2017 as a result of increases in the discount rate used to estimate the retiree health liabilities. Expenses in the various categories are as follows:



Categories of both operating and nonoperating expenses related to the University's core activities in 2018 are as follows:



Salaries and benefits

Approximately 62.1 percent of the University's expenses were related to salaries and benefits. There were 158,900 full-time equivalent (FTE) employees in 2018, excluding employees who were associated with LBNL, whose salaries and benefits were included as laboratory expenses, as compared to 154,500 FTEs in 2017.

Salaries and benefits increased by 1.3 percent in 2018. In 2018, salaries increased by 5.2 percent, 2.8 percent due to an increase in the number of FTEs and 2.3 percent due to an increase in the average salary per FTE. Employee benefits, excluding pension and post-retirement health care benefits, increased by $307.8 million, or 10.5 percent, in 2018 due to higher health insurance costs. Pension expense decreased by $548.1 million, or 29.0 percent, due to better than expected investment returns. Retiree health expense decreased by $280.8 million or 17.8 percent due to the higher discount rate in 2018.

Salaries and benefits increased by 0.7 percent in 2017. In 2017, salaries increased by 8.1 percent, 3.5 percent due to an increase in the number of FTEs and 4.5 percent due to an increase in the average salary per FTE. Employee benefits, excluding pension and post-retirement health care benefits, increased by $100.5 million, or 3.5 percent in 2017, due to higher health insurance costs. Pension expense decreased by $0.8 billion or 29.7 percent due to better than expected investment returns. Retiree health expense decreased by $298.8 million or 15.9 percent due to the higher discount rate in 2017.

Scholarships and fellowships

The University places a high priority on student financial aid as part of its commitment to affordability. Scholarship allowances, representing financial aid and fee waivers awarded by the University, were $2.3 billion, $2.1 billion and $2.0 billion in 2018, 2017 and 2016, respectively. Scholarships and fellowships, representing payments of financial aid made directly to students and reported as an operating expense were $766.9 million, $728.6 million and $651.6 million in 2018, 2017 and 2016, respectively. On a combined basis, as the University continues its commitment to provide financial support for needy students, financial aid in all forms increased by $180.8 million, or 8.7 percent, in 2018 as compared to 2017, and by $55.7 million, or 2.8 percent, in 2017 compared to 2016.

Supplies and materials

During 2018 and 2017, supplies and materials costs increased by $370.6 million, or 11.4 percent and $130.7 million, or 4.2 percent, respectively. The largest increases occurred at the medical centers due to higher patient volumes. In recent years, there has been inflationary pressure on the costs for medical supplies and laboratory instruments and higher costs for general supplies necessary to support expanded medical patient volumes. The University continues to find opportunities to manage the costs of supplies and materials.

Other expenses

Other expenses consist of a variety of expense categories, including travel, rent, insurance, legal settlements and repairs and maintenance, plus any gain or loss on disposals of capital assets and other nonoperating expenses.

Operating losses

In accordance with the GASB's reporting standards, operating losses were $4.4 billion, $5.4 billion and $6.7 billion in 2018, 2017 and 2016, respectively. The operating losses in 2018, 2017 and 2016 were offset by $4.9 billion, $4.4 billion and $4.1 billion, respectively, of net nonoperating revenue that supports core operating activities of the University. Revenues exceeded expenses associated with core activities in 2018 by $494.4 million. In 2017 and 2016, expenses exceeded revenue available to support core activities by $0.9 billion and $2.5 billion, respectively.

Other nonoperating activities

The University's other nonoperating activities, consisting of net appreciation or depreciation in the fair value of investments, are noncash transactions and, therefore, are not available to support operating expenses. In 2018, 2017 and 2016, the University recognized net appreciation in the fair value of investments of $0.9 billion, net appreciation of $1.7 billion and net depreciation of $471.7 million, respectively. The University's portfolio experienced positive returns in the equity markets in 2018 and 2017, as compared with negative returns in 2016.

Other changes in net position

Similar to other nonoperating activities discussed above, other changes in net position are also not available to support the University's operating expenses in the current year. State capital appropriations and capital gifts and grants may only be used for the purchase or construction of the specified capital assets. Only income earned from gifts of permanent endowments is available in future years to support the specified program.

THE UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS

Separate foundations at each individual campus provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern each of the foundations, they are affiliated with, and their assets are dedicated for, the benefit of the University of California. The Foundations implemented new accounting policies for irrevocable split-interest agreements. These changes in accounting policies provide recognition and measurement guidance for agreements in which the Foundations are a beneficiary.

The Campus Foundations' Financial Position

The campus foundations' statement of net position presents their combined financial position at the end of the year. It displays all of the campus foundations' assets, liabilities, deferred inflows and net position. The difference between assets, liabilities and deferred inflows is net position, representing a measure of the current financial condition of the campus foundation.

The major components of the combined assets, liabilities and net position of the campus foundations at June 30, 2018, 2017 and 2016 are as follows:

(in millions of dollars)

	2018	2017	2016
ASSETS			
Investments	$9,240	$8,207	$7,115
Investment of cash collateral	45	43	42
Accounts receivable, net	13	40	33
Pledges receivable, net	1,006	866	842
Other assets	567	348	285
Total assets	**10,871**	**9,504**	**8,317**
LIABILITIES			
Accounts payable and other current liabilities	52	113	71
Securities lending collateral	45	43	42
Obligation under life income agreements and funds held for others	467	420	382
Other noncurrent liabilities	272	253	220
Total liabilities	**836**	**829**	**715**
DEFERRED INFLOWS OF RESOURCES	**232**	**209**	**187**
NET POSITION			
Restricted:			
Nonexpendable	4,407	3,968	3,631
Expendable	4,966	4,305	3,689
Unrestricted	430	193	95
Total net position	**$9,803**	**$8,466**	**$7,415**

Investments increased in 2018 and 2017 due to the performance of the financial markets. The Board of Trustees for each campus foundation is responsible for its specific investment policy, although asset allocation guidelines are recommended to campus foundations by the Investments Subcommittee of The Regents. The Boards of Trustees may determine that all or a portion of their investments will be managed by the University's Chief Investment Officer. The Chief Investment Officer managed $2.6 billion, $2.2 billion and $1.6 billion of the campus foundations' investments at the end of 2018, 2017 and 2016, respectively.

Restricted, nonexpendable net position includes the corpus of the campus foundations' permanent endowments. Restricted, expendable net position is subject to externally imposed restrictions governing their use. Net position represents the residual interest in the assets after all liabilities and deferred inflows are deducted. It is only available in accordance with the restrictions placed upon them and may include endowment income and investment gains, subject to each individual campus foundation's spending policy; support received from gifts; trustee-held investments; or other third-party receipts. New gifts, net of gifts transferred to campuses, and changes in the fair value of investments were the primary reasons for the changes in net position in 2018 and 2017.

The Campus Foundations' Results of Operations

The campus foundations' combined statement of revenues, expenses and changes in net position is a presentation of their operating results for the year. It indicates whether their financial condition has improved or deteriorated during the year.

A summarized comparison of the operating results for 2018, 2017 and 2016 is as follows:

(in millions of dollars)

	2018	2017	2016
OPERATING REVENUES			
Private gifts and other revenues	$1,341	$868	$801
Total operating revenues	**1,341**	**868**	**801**
OPERATING EXPENSES			
Grants to campuses and other expenses	1,136	970	915
Total operating expenses	**1,136**	**970**	**915**
Operating income (loss)	**205**	**(102)**	**(114)**
NONOPERATING REVENUES (EXPENSES)			
Investment income	77	74	53
Net appreciation (depreciation) in fair value of investments	646	792	(229)
Other nonoperating revenues			4
Income (loss) before other changes in net position	**928**	**764**	**(286)**
OTHER CHANGES IN NET POSITION			
Permanent endowments	409	287	282
Increase (decrease) in net position	**1,337**	**1,051**	**(4)**
NET POSITION			
Beginning of year, as previously reported	8,466	7,415	7,552
Cumulative effect of accounting change			(133)
Beginning of year, as restated	8,466	7,415	7,419
End of year	**$9,803**	**$8,466**	**$7,415**

Operating expenses generally consist of grants to University campuses. Grants to the campuses include current-use donor gifts, the annual income distributions on endowments and gift fees. Grants to campuses typically follow the pattern indicated by private gift revenue; however, the campuses' programmatic needs are also taken into consideration, subject to abiding by the restricted purposes specified by the donor for the use of gifts and endowment income.

Since gifts are transferred only when the cash is received and investment income is classified as nonoperating income, operating losses can occur when grants distributed to the campuses exceed private gift revenue.

THE UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)

UCRS is a valuable component of the comprehensive benefits package offered to employees of the University. UCRS consists of two defined benefit plans and four defined contribution plans. The defined benefit plans (Defined Benefit Plans) include the University of California Retirement Plan (UCRP) for members and the California Public Employees Retirement System (PERS) Voluntary Early Retirement Incentive Plan (UC-VERIP) for certain University employees that were members of PERS who elected early retirement. The University of California Retirement Savings Program (UCRSP) includes four defined contribution plans (Defined Contribution Plan, Supplemental Defined Contribution Plan, 403(b) Plan and 457(b) Plan), with several investment portfolio options for participants' elective and non-elective contributions.

UCRS' Financial Position and Result of Operations

The statement of plans' fiduciary net position presents the financial position of UCRS at the end of the fiscal year. It displays all of the retirement system's assets, liabilities and net position. The difference between assets and liabilities is the net position held in trust for pension benefits. These represent amounts available to provide pension benefits to members of UCRP and participants in the defined contribution plans and UC-VERIP. At June 30, 2018, UCRS' assets were $99.1 billion, liabilities were $7.9 billion and net position held in trust for pension benefits were $91.2 billion, an increase of $6.6 billion from 2017. At June 30, 2017, UCRS' assets were $94.0 billion, liabilities were $9.3 billion and net position held in trust for pension benefits were $84.7 billion, an increase of $10.1 billion from 2016.

The major components of the assets, liabilities and net position available for pension benefits for 2018, 2017 and 2016 are as follows:

(in millions of dollars)

	2018	2017	2016
ASSETS			
Investments	$90,873	$82,574	$73,197
Participants' interests in mutual funds	1,585	3,351	2,768
Investment of cash collateral	6,158	6,842	6,751
Other assets	465	1,203	571
Total assets	**99,081**	**93,970**	**83,287**
LIABILITIES			
Securities lending collateral	6,157	6,838	6,750
Other liabilities	1,699	2,470	1,955
Total liabilities	**7,856**	**9,308**	**8,705**
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Members' defined benefit plan benefits	66,839	62,179	54,225
Participants' defined contribution plan benefits	24,386	22,483	20,357
Total net position held in trust for pension benefits	**$91,225**	**$84,662**	**$74,582**

The statements of changes in the plans' fiduciary net position are a presentation of UCRS' operating results. The statements indicate whether the financial condition has improved or deteriorated during the year. A summarized comparison of the operating results for 2018, 2017 and 2016 is as follows:

(in millions of dollars)

	2018	2017	2016
ADDITIONS			
Contributions	$4,760	$4,779	$4,551
Net appreciation (depreciation) in fair value of investments	5,099	8,617	(2,300)
Investment and other income, net	1,556	1,437	1,318
Total additions	**11,415**	**14,833**	**3,569**
DEDUCTIONS			
Benefit payments and participant withdrawals	4,812	4,700	4,342
Plan expenses	40	53	59
Total deductions	**4,852**	**4,753**	**4,401**
Increase (decrease) in net position held in trust for pension benefits	**$6,563**	**$10,080**	**($832)**

The Regents' asset allocation strategies are intended to generate investment returns over time in accordance with investment objectives and at acceptable levels of risk. The overall investment return for UCRP was positive 7.8 percent in 2018 as compared to positive 14.5 percent in 2017 and negative 2.0 percent in 2016.

The participants' interests in mutual funds, representing defined contribution plan contributions to certain mutual funds on a custodial plan basis, fluctuate based upon market performance of the mutual funds and participant investment elections.

UCRS participates in the University's securities lending program as a means to augment income. All borrowers are required to provide collateral and the University records a liability to the borrower for cash collateral received and held by the University for securities on loan at the end of the year. Investments in cash collateral and the securities lending collateral liability fluctuate in response to changes in demand from borrowers and the availability of securities based upon the UCRS asset allocation mix.

Contributions to UCRP were $3.4 billion in 2018, 2017 and 2016. In 2018, 2017 and 2016, contributions include $169.0 million, $171.0 million and $96.0 million, respectively, received from the state of California under the budget agreement. Contributions include additional deposits of $391.8 million, $481.0 million and $563.5 million made by the University to UCRP in 2018, 2017 and 2016, respectively. University contribution rates to UCRP were 14.0 percent of covered payroll in 2018, 2017 and 2016. Employee contribution rates ranged between 7.0 percent and 9.0 percent in 2018, 2017 and 2016.

Benefit payments and participant withdrawals were $112.2 million more in 2018 than in 2017 and $358.2 million more in 2017 than in 2016. Payments from UCRP increase each year due to a growing number of retirees receiving payments and cost-of-living adjustments (COLAs). Benefit payments from UCRSP fluctuate based upon member withdrawals. Participant withdrawals decreased by $154.2 million, or 11.2 percent, in 2018 as compared to 2017, and $143.0 million, or 11.6 percent, in 2017 as compared to 2016. As of

June 30, 2018, there were 75,900 retirees and beneficiaries receiving payments from UCRS as compared to 73,000 as of June 30, 2017 and 70,000 as of June 30, 2016.

The net pension liability for UCRP was $9.8 billion in 2018, $10.7 billion in 2017 and $15.1 billion in 2016. The decrease in net pension liability for 2018 of $0.9 billion and in 2017 of $4.4 billion was due to higher than expected investment returns on the UCRP portfolio. The ratio of plan net position to total pension liability was 87.2 percent in 2018, 85.3 percent in 2017 and 78.2 percent in 2016.

Additional information on the retirement plans can be obtained from the 2018 annual reports of the University of California Retirement System by writing to the University of California, Office of the President, Human Resources and Benefits, Post Office Box 24570, Oakland, California 94623.

THE UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST (UCRHBT)

The UCRHBT was established on July 1, 2007 to allow certain University locations — primarily campuses and medical centers — that share the risks, rewards and costs of providing for retiree health benefits the opportunity to fund such benefits on a cost-sharing basis and accumulate funds under an arrangement segregated from University assets. The University contributes toward retiree medical and dental benefits, although it does not contribute toward the cost of other benefits available to retirees. The DOE laboratories do not participate in the UCRHBT, therefore the DOE has no interest in the trust's assets.

UCRHBT's Financial Position and Result of Operations

The statement of trust's fiduciary net position presents the financial position of the UCRHBT at the end of the fiscal year. It displays the UCRHBT's assets, liabilities and net position. The difference between assets and liabilities is the net position held in trust for retiree health benefits. This represents amounts available to provide retiree health benefits to participants.

The major components of the assets, liabilities and net position available for retiree health benefits for 2018, 2017 and 2016 are as follows:

(in millions of dollars)

	2018	2017	2016
ASSETS			
Investments	$128	$98	$54
Other assets	24	26	34
Total assets	**152**	**124**	**88**
LIABILITIES			
Total liabilities	**18**	**17**	**15**
NET POSITION HELD IN TRUST FOR RETIREE HEALTH BENEFITS			
Total net position held in trust for retiree health benefits	**$134**	**$107**	**$73**

The statement of changes in the trust's fiduciary net position is a presentation of the UCRHBT's operating results and indicates whether the financial condition has improved or deteriorated during the year. Summarized operating results for 2018, 2017 and 2016 are as follows:

(in millions of dollars)

	2018	2017	2016
ADDITIONS			
Contributions	$340	$328	$310
Total additions	**340**	**328**	**310**
DEDUCTIONS			
Insurance premiums and payments	309	290	284
Plan expenses	4	4	4
Total deductions	**313**	**294**	**288**
Increase in net position held in trust for retiree health benefits	**$27**	**$34**	**$22**

Contributions for retiree health benefits are made by the campuses and medical centers based upon projected pay-as-you-go financing. The University acts as a third-party administrative agent on behalf of the UCRHBT to pay health care insurers and administrators amounts currently due.

The retiree health benefits provided under the University's plan and any liabilities related to the future funding requirements for the retiree health benefits are reported by the University. The net retiree health liability for UCRHBT was $18.3 billion, $18.7 billion and $21.1 billion in 2018, 2017 and 2016, respectively.

LOOKING FORWARD

The University of California is a world center of learning, known for generating a steady stream of talent, knowledge and social benefits, and has always been at the center of California's capacity to innovate. The excellence of its programs attracts the best students, leverages hundreds of millions of dollars in state, federal and private funding and promotes discovery of new knowledge that fuels economic growth.

The budget framework agreed to with the governor in 2016 provided the University with base budget adjustments of four percent annually from 2016 through 2019. The final budget approved for 2019 included a base budget adjustment of three percent and $248.8 million in one-time funds. The framework also called for no tuition increases in 2016 and 2017, with tuition increases generally pegged to the rate of inflation beginning in 2018. The Student Services Fee increased five percent in 2016 and each year thereafter with the customary one-third of the increase being directed to financial aid. Fifty percent of the remaining revenue generated from the increase will be used to enhance student mental health services and the remaining 50.0 percent will be distributed to support other student services programs. The framework also acknowledged the University's plan for moderate increases in nonresident supplemental tuition. The framework also called for no increases in law school tuition through 2019. In addition to these funding elements, the budget framework included a number of performance-related provisions.

The University remains highly competitive in attracting federal grants and contracts revenue, with fluctuations in the awards received closely paralleling trends in the budgets of federal research granting agencies. Over two-thirds of the University's federal research revenue comes from two agencies, the Department of Health and Human Services, primarily through the National Institutes of Health, and the National Science Foundation. Other agencies that figure prominently in the University's awards are the Department of Education, Department of Defense, the National Aeronautics and Space Administration and the Department of Energy. The University is a unique national resource for helping the nation address competitiveness and economic initiatives.

The University's medical centers have positive operating margins, although they continue to face financial and competitive challenges in their regional markets, along with the added costs and responsibilities related to their function as academic institutions. The demand for health care services and the cost of providing them continue to increase significantly. In addition to the rising costs of salaries, benefits and medical supplies faced by hospitals across the state, along with the costs of maintaining and upgrading facilities, the University's medical centers also face additional costs associated with seismic retrofitting, new technologies, biomedical research, the education and training of health care professionals and the care for a disproportionate share of the medically underserved in California. Other than Medicare and Medi-Cal (California's Medicaid program), health insurance payments do not recognize the added cost of teaching in their payment to academic medical centers. The growth in costs of the publicly funded programs and health care reform will likely continue to reduce rates or limit payment growth, placing downward pressure on operating results for the medical centers.

The University must have a balanced array of many categories of facilities to meet its education, research and public service goals and continues to assess its long-term capital requirements. Support for the University's capital program is expected to be provided from a combination of sources, including the state of California, external financing, gifts and other sources.

Additional budget information can be found at http://universityofcalifornia.edu/news/budget/welcome.html. Additional information concerning state budget matters and the state's financial condition may be found on the website of the California Department of Finance at http://www.dof.ca.gov.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the University, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.


Cell
Cell
Science

Report of Independent Auditors

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

We have audited the accompanying financial statements of the University of California (the "University"), a component unit of the State of California, its aggregate discretely presented component units, the University of California Retirement System and the University of California Retiree Health Benefit Trust, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University, its aggregate discretely presented component units, the University of California Retirement System and the University of California Retiree Health Benefit Trust as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying management's discussion and analysis on pages 12 through 30 and the required supplemental information on pages 104 through 111 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
San Francisco, California
October 12, 2018

STATEMENTS OF NET POSITION

At June 30, 2018 and 2017 (in thousands of dollars)	UNIVERSITY OF CALIFORNIA 2018	UNIVERSITY OF CALIFORNIA 2017	CAMPUS FOUNDATIONS 2018	CAMPUS FOUNDATIONS 2017
ASSETS				
Cash and cash equivalents	$249,523	$203,370	$447,377	$254,100
Short-term investments	4,890,075	6,249,657	857,844	674,868
Investment of cash collateral	1,054,406	947,353	40,999	37,357
Investments held by trustees	26,803	32,516		
Accounts receivable, net	4,061,888	3,946,891	13,102	40,012
Pledges receivable, net	25,049	23,181	234,294	192,484
Current portion of notes and mortgages receivable, net	68,482	50,137	181	6
Inventories	244,706	226,995		
Department of Energy receivable	133,472	123,896		
Other current assets	400,030	338,041	4,622	4,748
Current assets	**11,154,434**	**12,142,037**	**1,598,419**	**1,203,575**
Investments	22,478,922	18,228,705	8,381,736	7,532,122
Investment of cash collateral	110,301	132,476	4,289	5,224
Investments held by trustees	388,361	66,509		
Pledges receivable, net	32,690	33,031	771,889	673,495
Notes and mortgages receivable, net	386,342	314,018	250	427
Department of Energy receivable	973,652	1,257,926		
Capital assets, net	32,325,107	30,669,753		
Other noncurrent assets	202,996	195,481	115,177	89,090
Noncurrent assets	**56,898,371**	**50,897,899**	**9,273,341**	**8,300,358**
Total assets	**68,052,805**	**63,039,936**	**10,871,760**	**9,503,933**
DEFERRED OUTFLOWS OF RESOURCES	**4,649,403**	**5,549,644**		
LIABILITIES				
Accounts payable	2,178,244	2,394,554	22,071	21,501
Accrued salaries	642,753	644,500		
Employee benefits	393,296	394,673		
Unearned revenue	1,423,686	1,200,545	5,535	63,011
Collateral held for securities lending	1,164,481	1,079,318	45,288	42,581
Commercial paper	781,804	812,673		
Current portion of long-term debt	1,371,030	1,519,005		
Funds held for others	409,934	362,621	298,060	265,159
Department of Energy laboratories' liabilities	116,111	107,514		
Other current liabilities	1,898,204	1,593,297	44,180	45,470
Current liabilities	**10,379,543**	**10,108,700**	**415,134**	**437,722**
Federal refundable loans	244,852	246,131		
Self-insurance	584,186	584,232		
Obligations under life income agreements	35,293	34,479	149,391	137,713
Long-term debt	21,505,943	18,171,198		
Net pension liability	9,775,120	10,739,355		
Net retiree health liability	18,862,265	19,290,424		
Other noncurrent liabilities	538,381	688,802	271,825	253,288
Noncurrent liabilities	**51,546,040**	**49,754,621**	**421,216**	**391,001**
Total liabilities	**61,925,583**	**59,863,321**	**836,350**	**828,723**
DEFERRED INFLOWS OF RESOURCES	**6,609,704**	**6,371,783**	**232,018**	**209,438**
NET POSITION				
Net investment in capital assets	13,578,222	13,342,824		
Restricted:				
Nonexpendable: Endowments and gifts	1,148,699	1,121,743	4,408,143	3,967,219
Nonexpendable: Reserved for minority interests	33,754	33,507		
Expendable: Endowments and gifts	7,407,234	6,871,567	4,965,668	4,305,421
Expendable: Other, including debt service, loans, capital projects and appropriations	865,216	281,627		
Unrestricted	(18,866,204)	(19,296,792)	429,581	193,132
Total net position	**$4,166,921**	**$2,354,476**	**$9,803,392**	**$8,465,772**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	UNIVERSITY OF CALIFORNIA		CAMPUS FOUNDATIONS	
Years ended June 30, 2018 and 2017 (in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
OPERATING REVENUES				
Student tuition and fees, net	$4,838,764	$4,477,213		
Grants and contracts, net:				
Federal	3,302,446	3,258,526		
State	567,532	454,207		
Private	1,523,778	1,421,752		
Local	315,424	306,492		
Medical centers, net	12,064,598	11,241,269		
Educational activities, net	3,670,545	3,332,671		
Auxiliary enterprises, net	1,684,759	1,579,152		
Department of Energy laboratories	1,062,428	1,147,233		
Campus foundation private gifts			$1,340,158	$864,411
Other operating revenues, net	970,991	938,678	1,237	3,099
Total operating revenues	**30,001,265**	**28,157,193**	**1,341,395**	**867,510**
OPERATING EXPENSES				
Salaries and wages	15,952,983	15,159,736		
Pension benefits	1,339,462	1,887,570		
Retiree health benefits	1,294,888	1,575,663		
Other employee benefits	3,245,927	2,938,133		
Supplies and materials	3,610,171	3,239,587		
Depreciation and amortization	2,027,343	1,909,870		
Department of Energy laboratories	1,054,475	1,139,232		
Scholarships and fellowships	766,857	728,594		
Utilities	303,773	292,447		
Campus foundation grants			1,100,287	939,784
Other operating expenses	4,850,982	4,648,395	35,917	29,731
Total operating expenses	**34,446,861**	**33,519,227**	**1,136,204**	**969,515**
Operating income (loss)	**(4,445,596)**	**(5,362,034)**	**205,191**	**(102,005)**
NONOPERATING REVENUES (EXPENSES)				
State educational appropriations	3,386,119	3,277,808		
State hospital fee grants	21,670	13,303		
Build America bonds federal interest subsidies	57,179	58,424		
Federal Pell Grants	421,693	381,650		
Private gifts, net	1,315,092	1,161,658		
Investment income:				
Short Term Investment Pool and other, net	307,225	204,840		
Endowment, net	97,134	85,540		
Securities lending, net	8,958	8,504	366	419
Campus foundations			76,988	71,788
Net appreciation in fair value of investments	889,534	1,721,243	646,441	792,155
Interest expense	(746,476)	(721,243)	(50)	(85)
Gain (loss) on disposal of capital assets	7,779	(59,567)		
Other nonoperating revenues (expenses)	63,610	9,837	(23)	1,037
Net nonoperating revenues	**5,829,517**	**6,141,997**	**723,722**	**865,314**
Income before other changes in net position	**1,383,921**	**779,963**	**928,913**	**763,309**
OTHER CHANGES IN NET POSITION				
Capital gifts and grants, net	403,164	255,559		
State capital appropriations	32	1,712		
Permanent endowments	25,328	23,957	408,707	286,924
Increase in net position	**1,812,445**	**1,061,191**	**1,337,620**	**1,050,233**
NET POSITION				
Beginning of year, as previously reported	2,354,476	1,319,958	8,465,772	7,536,850
Cumulative effect of accounting changes		(26,673)		(121,311)
Beginning of year, restated	2,354,476	1,293,285	8,465,772	7,415,539
End of year	**$4,166,921**	**$2,354,476**	**$9,803,392**	**$8,465,772**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

STATEMENTS OF CASH FLOWS

	UNIVERSITY OF CALIFORNIA		CAMPUS FOUNDATIONS	
Years ended June 30, 2018 and 2017 (in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES				
Student tuition and fees	$4,820,829	$4,466,850		
Grants and contracts	5,571,346	4,808,226		
Medical centers	11,831,671	11,173,461		
Educational activities	3,646,918	3,306,961		
Auxiliary enterprises	1,686,540	1,578,093		
Collection of loans from students and employees	85,622	80,393		
Campus foundation private gifts			$997,932	$696,340
Payments to employees	(15,907,816)	(15,492,680)		
Payments to suppliers and utilities	(8,228,056)	(7,691,984)		
Payments for pension benefits	(2,208,680)	(1,881,289)		
Payments for retiree health benefits	(319,927)	(333,928)		
Payments for other employee benefits	(3,318,249)	(2,829,325)		
Payments for scholarships and fellowships	(766,797)	(728,428)		
Loans issued to students and employees	(176,940)	(63,972)		
Payments to campuses and beneficiaries			(1,157,983)	(982,389)
Other receipts (payments)	723,416	1,209,221	29,217	66,557
Net cash used by operating activities	**(2,560,123)**	**(2,398,401)**	**(130,834)**	**(219,492)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State educational appropriations	3,371,735	3,277,402		
Federal Pell Grants	418,735	380,364		
State hospital fee grants	21,670	13,303		
Gifts received for other than capital purposes:				
Private gifts for endowment purposes	59,022	22,789	332,939	226,924
Other private gifts	1,306,915	1,129,424		
Receipt of retiree health contributions from UCRP	65,102	64,386		
Payment of retiree health contributions to UCRHBT	(82,597)	(58,198)		
Receipts from UCRHBT	372,702	348,291		
Payments for retiree health benefits made on behalf of UCRHBT	(385,462)	(360,210)		
Student direct lending receipts	562,158	772,234		
Student direct lending payments	(562,128)	(772,216)		
Proceeds from debt issuance		500,000		
Refinancing or prepayment of outstanding debt		(500,000)		
Commercial paper financing:				
Proceeds from issuance	7,576	23,497		
Payments of principal	(12,936)	(15,323)		
Interest paid on debt	(22,554)	(13,966)		
Other receipts	122,345	48,626	22,593	24,114
Net cash provided by noncapital financing activities	**5,242,283**	**4,860,403**	**355,532**	**251,038**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Commercial paper financing:				
Proceeds from issuance	642,547	711,453		
Payments of principal	(668,056)	(944,811)		(192)
Interest paid	(10,693)	(4,825)		
State capital appropriations	(1,794)	9,602		
Build America bonds federal interest subsidies	57,845	58,421		
Capital gifts and grants	130,358	130,397		
Proceeds from debt issuance	4,645,296	2,088,512		
Proceeds from the sale of capital assets	3,348	17,720		
Purchase of capital assets	(3,557,917)	(2,679,314)		
Refinancing or prepayment of outstanding debt	(1,013,739)	(820,739)		
Scheduled principal paid on debt and capital leases	(394,905)	(461,183)		
Interest paid on debt and capital leases	(878,075)	(787,307)		
Net cash used by capital and related financing activities	**($1,045,785)**	**($2,682,074)**		**($192)**

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS *continued*

Years ended June 30, 2018 and 2017 (in thousands of dollars)	UNIVERSITY OF CALIFORNIA 2018	UNIVERSITY OF CALIFORNIA 2017	CAMPUS FOUNDATIONS 2018	CAMPUS FOUNDATIONS 2017
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	$83,531,008	$86,593,485	$1,642,416	$1,311,371
Purchase of investments	(85,520,749)	(86,745,271)	(1,751,480)	(1,355,524)
Investment income, net of investment expenses	399,519	308,663	77,643	71,985
Net cash provided (used) by investing activities	**(1,590,222)**	**156,877**	**(31,421)**	**27,832**
Net increase (decrease) in cash and cash equivalents	**46,153**	**(63,195)**	**193,277**	**59,186**
Cash and cash equivalents, beginning of year	203,370	266,565	254,100	194,914
Cash and cash equivalents, end of year	**$249,523**	**$203,370**	**$447,377**	**$254,100**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (loss)	($4,445,596)	($5,362,034)	$205,191	($100,971)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation and amortization expense	2,027,343	1,909,870		
Noncash gifts			(141,530)	(143,572)
Allowance for uncollectible accounts	257,198	266,431	3,775	19,653
Loss on impairment of capital assets	10,361	7,354		
Change in assets and liabilities:				
Investments held by trustees	10,254	737,280	(1,186)	10,408
Accounts receivable	(639,229)	(960,355)	6,796	(931)
Pledges receivable			(147,333)	(45,844)
Inventories	(17,712)	(12,315)		
Other assets	(179,961)	(2,584)	(7,095)	2,544
Accounts payable	110,295	121,451	(1,143)	1,022
Accrued salaries	(1,747)	(350,735)		
Employee benefits	15,765	(52,110)		
Unearned revenue	225,169	26,000	(55,807)	64,259
Department of Energy	298,366	337,841		
Self-insurance	116,108	73,802		
Obligations under life income agreements			(5,659)	(10,740)
Net pension liability	(1,200,507)	(730,435)		
Net retiree health benefits liability	874,018	1,509,674		
Other liabilities	(20,248)	82,464	13,157	(15,320)
Net cash used by operating activities	**($2,560,123)**	**($2,398,401)**	**($130,834)**	**($219,492)**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION				
Capital assets acquired through capital leases	$47,225	$55,360		
Capital assets acquired with a liability at year end	76,120	98,916		
Change in fair value of interest rate swaps classified as hedging derivatives	35,393	61,891		
Gifts of capital assets	294,873	122,913		
Other noncash gifts	3,276	33,194	$203,015	$199,500
Interest added to principal			3,232	2,934
Beneficial interests in irrevocable split interest agreements administered by third-parties	1,114	(1,802)	12,818	5,479
Noncash gifts for University-administered irrevocable split-interest agreements			35,119	8,895

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM AND RETIREE HEALTH BENEFIT TRUST

STATEMENTS OF PLANS' AND TRUST'S FIDUCIARY NET POSITION

At June 30, 2018 and 2017 (in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)		UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST (UCRHBT)		TOTAL UCRS AND UCRHBT	
	2018	2017	2018	2017	2018	2017
ASSETS						
Investments	$90,872,718	$82,574,019	$128,091	$97,801	$91,000,809	$82,671,820
Participants' interest in mutual funds	1,585,098	3,351,454			1,585,098	3,351,454
Investment of cash collateral	6,158,290	6,841,530			6,158,290	6,841,530
Participant 403(b) loans	184,388	180,511			184,388	180,511
Accounts receivable:						
Contributions from University and affiliates	113,353	57,552	6,537	9,656	119,890	67,208
Investment income	90,314	80,593			90,314	80,593
Security sales and other	76,615	884,657	200	147	76,815	884,804
Prepaid insurance premiums			17,300	16,125	17,300	16,125
Total assets	**99,080,776**	**93,970,316**	**152,128**	**123,729**	**99,232,904**	**94,094,045**
LIABILITIES						
Payable to University			18,547	17,015	18,547	17,015
Payable for securities purchased	1,612,039	2,380,442			1,612,039	2,380,442
Member withdrawals, refunds and other payables	86,664	89,590			86,664	89,590
Collateral held for securities lending	6,157,131	6,838,416			6,157,131	6,838,416
Total liabilities	**7,855,834**	**9,308,448**	**18,547**	**17,015**	**7,874,381**	**9,325,463**
NET POSITION HELD IN TRUST						
Members' defined benefit plan benefits	66,838,838	62,179,236			66,838,838	62,179,236
Participants' defined contribution plan benefits	24,386,104	22,482,632			24,386,104	22,482,632
Retiree health benefits			133,581	106,714	133,581	106,714
Total net position held in trust	**$91,224,942**	**$84,661,868**	**$133,581**	**$106,714**	**$91,358,523**	**$84,768,582**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM AND RETIREE HEALTH BENEFIT TRUST

STATEMENTS OF CHANGES IN PLANS' AND TRUST'S FIDUCIARY NET POSITION

Years ended June 30, 2018 and 2017 (in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS) 2018	UCRS 2017	UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST (UCRHBT) 2018	UCRHBT 2017	TOTAL UCRS AND UCRHBT 2018	TOTAL UCRS AND UCRHBT 2017
ADDITIONS (REDUCTIONS)						
Contributions:						
Members and employees	$2,216,388	$2,206,455			$2,216,388	$2,206,455
State	169,000	171,000			169,000	171,000
University	2,374,352	2,402,009	$338,436	$328,057	2,712,788	2,730,066
Total contributions	**4,759,740**	**4,779,464**	**338,436**	**328,057**	**5,098,176**	**5,107,521**
Investment income (expense), net:						
Net appreciation (depreciation) in fair value of investments	5,098,540	8,616,400			5,098,540	8,616,400
Interest, dividends and other investment income	1,508,186	1,386,834	1,634	606	1,509,820	1,387,440
Securities lending income	136,099	89,075			136,099	89,075
Securities lending fees and rebates	(89,025)	(40,610)			(89,025)	(40,610)
Total investment income, net	**6,653,800**	**10,051,699**	**1,634**	**606**	**6,655,434**	**10,052,305**
Interest income from contributions receivable	1,148	1,472			1,148	1,472
Total additions	**11,414,688**	**14,832,635**	**340,070**	**328,663**	**11,754,758**	**15,161,298**
DEDUCTIONS						
Benefit payments:						
Retirement payments	2,495,200	2,330,361			2,495,200	2,330,361
Member withdrawals	153,324	140,666			153,324	140,666
Cost-of-living adjustments	517,646	474,815			517,646	474,815
Lump sum cashouts	336,966	292,270			336,966	292,270
Preretirement survivor payments	49,329	47,778			49,329	47,778
Disability payments	30,259	30,470			30,259	30,470
Death payments	9,440	9,368			9,440	9,368
Participant withdrawals	1,220,081	1,374,324			1,220,081	1,374,324
Total benefit payments	**4,812,245**	**4,700,052**			**4,812,245**	**4,700,052**
Insurance premiums:						
Insured plans			167,546	161,142	167,546	161,142
Self-insured plans			131,458	119,667	131,458	119,667
Medicare Part B reimbursements			10,340	9,425	10,340	9,425
Total insurance premiums, net			**309,344**	**290,234**	**309,344**	**290,234**
Other deductions:						
Plan administration	29,981	39,823	3,859	4,256	33,840	44,079
Other	9,388	13,127			9,388	13,127
Total other deductions	**39,369**	**52,950**	**3,859**	**4,256**	**43,228**	**57,206**
Total deductions	**4,851,614**	**4,753,002**	**313,203**	**294,490**	**5,164,817**	**5,047,492**
Increase in net position held in trust	**6,563,074**	**10,079,633**	**26,867**	**34,173**	**6,589,941**	**10,113,806**
NET POSITION HELD IN TRUST						
Beginning of year	84,661,868	74,582,235	106,714	72,541	84,768,582	74,654,776
End of year	**$91,224,942**	**$84,661,868**	**$133,581**	**$106,714**	**$91,358,523**	**$84,768,582**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

Notes to Financial Statements

Years ended June 30, 2018 and 2017

ORGANIZATION

The University of California ("the University") was founded in 1868 as a public, state-supported institution. The California State Constitution provides that the University shall be a public trust administered by the corporation, "The Regents of the University of California," which is vested with full powers of organization and government, subject only to such legislative control necessary to ensure the security of its funds and compliance with certain statutory and administrative requirements. The majority of the 26-member independent governing board ("The Regents") is appointed by the governor and approved by the state Senate. Various University programs and capital outlay projects are funded through appropriations from the state's annual Budget Act. The University's financial statements are discretely presented in the state's basic financial statements as a component unit.

FINANCIAL REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The University's financial statements include the accounts of ten campuses, five medical centers, a statewide agricultural extension program and the operations of most student government or associated student organizations as part of the primary financial reporting entity because The Regents has certain oversight responsibilities for these organizations. In addition, the financial position and operating results of certain other legally separate organizations are included in the University's financial reporting entity on a blended basis if The Regents is determined to be financially accountable for the organization. Organizations that are not significant or for which the University is not financially accountable, such as booster and alumni organizations, are not included in the reporting entity. However, cash invested with the University by these organizations, along with the related liability, is included in the statement of net position. The statement of revenues, expenses and changes in net position excludes the activities associated with these organizations.

Fiat Lux Risk and Insurance Company ("Fiat Lux"), the University's wholly owned captive insurance company, is a blended component unit of the University. The Regents of the University of California are the sole corporate and voting member of Children's Hospital & Research Center Oakland ("CHRCO"), a private, not-for-profit 501(c)(3) corporation. Children's Hospital & Research Center Foundation, a nonprofit public benefit corporation, is organized and operated for the purpose of supporting CHRCO. CHRCO, combined with its foundation, is a blended component unit of the University.

The University has eleven legally separate, tax-exempt, affiliated campus foundations, one for each campus and the Lawrence Berkeley National Laboratory (LBNL). The economic resources received or held by the foundations are entirely for the benefit of the campuses. Because of the nature and significance of their relationship with the University, including their ongoing financial support, the campus foundations are reported under Governmental Accounting Standards Board (GASB) requirements as discretely presented component units of the University.

Specific assets and liabilities and all revenues and expenses associated with the LBNL, a major United States Department of Energy (DOE) national laboratory operated and managed by the University under contract directly with the DOE, are included in the accompanying financial statements.

The Regents has fiduciary responsibility for the University of California Retirement System (UCRS) which includes two defined benefit plans, the University of California Retirement Plan (UCRP) and the University of California Voluntary Early Retirement Incentive Plan (UC–VERIP), and four defined contribution plans in the University of California Retirement Savings Program (UCRSP), consisting of the Defined Contribution Plan (DC Plan), the Supplemental Defined Contribution Plan (SDC Plan), the Tax-Deferred 403(b) Plan (403(b) Plan) and the 457(b) Deferred Compensation Plan (457(b) Plan). As a result, the UCRS statements of plans' fiduciary net position and changes in plans' fiduciary net position are shown as a fiduciary fund in the University's financial statements.

The Regents also has fiduciary responsibility for the University of California Retiree Health Benefit Trust (UCRHBT). As a result, UCRHBT's statements of trust's fiduciary net position and changes in trust's fiduciary net position are shown as a fiduciary fund in the University's financial statements. UCRHBT allows certain University locations and affiliates, primarily campuses and medical centers that share the risks, rewards and costs of providing for retiree health benefits, the opportunity to fund such benefits on a cost-sharing basis and accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. The Regents serves as Trustee of UCRHBT and has the authority to amend or terminate the trust.

Significant Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. The University follows accounting principles issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was implemented by the University as of July 1, 2017. The Statement establishes standards for accounting and financial reporting for irrevocable split-interest agreements. The Statement requires that the University recognize assets, liabilities and deferred inflows for split-interest agreements administered by the University at the inception of the agreement. The Statement also requires the University to recognize assets and deferred inflows representing its beneficial interests in irrevocable split-interest agreements that are administered by third parties. The Statement requires the University to recognize revenue when the resources become available to spend.

The adoption of Statement No. 81 did not result in any adjustments to the financial statements of UCRS or UCRHBT. The effects of reporting Statement No. 81 in the University's financial statements for the year ended June 30, 2017, were as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA AS OF AND FOR THE YEAR ENDED JUNE 30, 2017		
	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF STATEMENT NO. 81	AS RESTATED
STATEMENT OF NET POSITION			
Other noncurrent assets	$138,927	$56,554	$195,481
Noncurrent assets	50,841,345	56,554	50,897,899
Total assets	62,983,382	56,554	63,039,936
Deferred inflows of resources	6,284,371	87,412	6,371,783
Restricted net position - Nonexpendable: Endowments and gifts	1,143,067	(21,324)	1,121,743
Restricted net position - Expendable: Endowments and gifts	6,881,101	(9,534)	6,871,567
Total net position	2,385,334	(30,858)	2,354,476
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Private gifts, net	$1,167,395	($5,737)	$1,161,658
Net appreciation in fair value of investments	1,721,798	(555)	1,721,243
Other nonoperating revenues	10,856	(1,019)	9,837
Net nonoperating revenues	6,149,308	(7,311)	6,141,997
Income before other changes in net position	787,274	(7,311)	779,963
Permanent endowments	20,831	3,126	23,957
Increase in net position	1,065,376	(4,185)	1,061,191

(in thousands of dollars)

	CAMPUS FOUNDATIONS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017		
	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF STATEMENT NO. 81	AS RESTATED
STATEMENT OF NET POSITION			
Other noncurrent assets	$17,760	$71,330	$89,090
Noncurrent assets	8,229,028	71,330	8,300,358
Total assets	9,432,603	71,330	9,503,933
Deferred inflows of resources	1,723	207,715	209,438
Restricted net position - Nonexpendable: Endowments and gifts	4,045,925	(78,706)	3,967,219
Restricted net position - Expendable: Endowments and gifts	4,363,100	(57,679)	4,305,421
Total net position	8,602,157	(136,385)	8,465,772
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Campus foundation private gifts	$866,190	($1,779)	$864,411
Investment income: Campus foundations	72,690	(902)	$71,788
Net appreciation in fair value of investments	799,242	(7,087)	792,155
Other nonoperating revenues	5,082	(4,045)	1,037
Net nonoperating revenues	877,348	(12,034)	865,314
Income before other changes in net position	777,122	(13,813)	763,309
Permanent endowments	288,185	(1,261)	286,924
Increase in net position	1,065,307	(15,074)	1,050,233

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, effective for the University's fiscal year beginning July 1, 2017. The Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application and post-employment benefits. Implementation of Statement No. 85 had no impact on the financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the University's fiscal year beginning July 1, 2017. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with resources other than the proceeds of the refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. In addition, this Statement revises existing standards for prepaid insurance associated with extinguished debt. Implementation of Statement No. 86 had no impact on the financial statements.

The significant accounting policies of the University are as follows:

Cash and cash equivalents. The University and campus foundations consider all balances in demand deposit accounts to be cash. The University classifies all other highly liquid cash equivalents with original maturities less than one year as short-term investments. Certain campus foundations classify their deposits in the University's Short Term Investment Pool as a cash equivalent.

Investments. Investments are measured and recorded at fair value. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Investment in non-exchange traded debt and equity investments are valued using inputs provided by independent pricing services or by broker/dealers who actively trade in these markets. Certain securities may be valued on a basis of a price provided by a single source.

Investments also include private equities, absolute return funds, real estate, real asset and certain corporate asset-backed securities. Private equities include venture capital partnerships, buyout, real assets and international funds. Fair values for interests in private equity, absolute return partnerships and real estate partnerships are based on valuations provided by the general partners of the respective partnerships. The valuations are primarily based on the most recent net asset value (NAV) of the underlying investments. The NAV is reported by the external investment managers, including general partners, in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV is adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio through June 30, 2018 and 2017.

Interests in certain direct investments in real estate are estimated based upon independent appraisals. Because the private equity, real estate, real assets and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investments existed. These investments are generally less liquid than other investments, and the value reported may differ from the values that would have been reported had a ready market for these investments existed.

For other investments, the University considers various factors to estimate fair value, such as the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections as well as discounted cash flow analysis. The selection of an appropriate technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, the University may review the investment's underlying portfolio as well as engage external appraisers, depending on the nature of the investment.

The University exercises due diligence in assessing the external managers' use of and adherence to fair value principles. In conjunction with these procedures, estimated fair value is determined by consideration of a wide range of factors, including market conditions, redemption terms and restrictions and risks inherent to the inputs of the external investment managers' valuation. In situations where the information provided by the external manager is deemed to not be representative of the fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external manager along with any relevant market data to measure the investment's fair value.

Investments in registered investment companies are valued based upon the reported net asset value of those companies. Mortgage loans, held as investments, are valued on the basis of their future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the University's statement of revenues, expenses and changes in net position.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded based on fair value at the date of donation.

Campus foundations may invest all or a portion of their investments in University-managed investment pools. Certain securities in these investment pools are included in the University's security lending program. Accordingly, the campus foundations' investments in University-managed investment pools and their allocated share of the securities lending activities have been excluded from the University's financial statements and included in the Campus Foundations' column.

Derivative financial instruments. Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options and swaptions are valued at the settlement price on the last day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry standard pricing service, when available. Financial institutions or independent advisors have estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

The University has entered into interest rate swap agreements to limit the exposure of its variable-rate debt to changes in market interest rates. Interest rate swap agreements involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The net differential to be paid or received is recognized over the life of the agreements as an adjustment to interest expense. The University's counterparties are major financial institutions.

Derivatives are recorded at estimated fair value as either assets or liabilities in the statement of net position. Certain derivatives are determined to be hedging derivatives and designated as either a fair value or cash flow hedge. Under hedge accounting, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in the fair value of derivatives that are not hedging derivatives are recorded as net appreciation or depreciation of investments in the statement of revenues, expenses and changes in net position.

Participants' interests in mutual funds. Participants in the University's defined contribution retirement plans may invest their account balances in funds managed by the University's Chief Investment Officer or in certain mutual funds.

Accounts receivable, net. Accounts receivable, net of allowance for uncollectible amounts, include reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments and other receivables. Other receivables include local government and private grants and contracts, educational activities and amounts due from students, employees and faculty.

Pledges receivable, net. Unconditional pledges of private gifts to the University or campus foundations, net of allowance for uncollectible amounts, are recorded as pledges receivable and revenue in the year promised at the net present value of expected cash flows. Conditional pledges, including all pledges of endowments and intentions to pledge, are recognized as receivables and revenues when the specified conditions are met.

Beneficial interests in irrevocable split-interest agreements. The beneficial interests in irrevocable split-interest agreements represent the University's and the campus foundations' right to the portion of the benefits from the irrevocable split-interest agreements that are administered by third parties and are recognized as an asset and deferred inflows of resources. These are measured at fair value and are reported as other noncurrent assets in the statements of net position. Changes in the fair value of the beneficial interest asset are recognized as an increase or decrease in the related deferred inflows of resources. At the termination of the agreement, net assets received from the beneficial interests are recognized as revenues.

Notes and mortgages receivable, net. Loans to students, net of allowance for uncollectible amounts, are provided from federal student loan programs and from other University sources. Home mortgage loans, primarily to faculty, are provided from the University's Short Term Investment Pool and from other University sources. Mortgage loans provided by the Short Term Investment Pool are classified as investments and loans provided by other sources are classified as mortgages receivable in the statements of net position.

Inventories. Inventories for the campuses, consisting primarily of supplies and merchandise for resale, are valued at cost, typically determined under the weighted average method, which is not in excess of estimated net realizable value. Inventories for the medical centers consist primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

DOE national laboratories. The University operates and manages LBNL under a contract directly with the DOE. Specific assets and liabilities and all revenues and expenses associated with LBNL are included in the financial statements. Other assets, such as cash, property and equipment and other liabilities of LBNL are owned by the United States government rather than the University and, therefore, are not included in the statement of net position. The statement of cash flows excludes the cash flows associated with LBNL other than reimbursements, primarily related to pension and health benefits, since all other cash transactions are recorded in bank accounts owned by the DOE.

The University is a member in two separate joint ventures, Los Alamos National Security, LLC (LANS), and Lawrence Livermore National Security, LLC (LLNS), that operate and manage two other DOE laboratories, Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL), respectively, under contracts directly with the DOE. The University's investment in LANS and LLNS is accounted for using the equity method. Accordingly, the University's statement of net position includes its equity interest in LANS and LLNS, adjusted for the equity in undistributed earnings or losses and the statement of revenues, expenses and changes in net position includes its equity in the current earnings or losses of LANS and LLNS.

The DOE is financially responsible for substantially all of the current and future costs incurred at any of the national laboratories, including pension and retiree health benefit costs. Accordingly, to the extent there is a liability on the University's statement of net position for pension or retiree health obligations related to these laboratories, the University records a receivable from the DOE.

Capital assets, net. Land, infrastructure, buildings and improvements, intangible assets, equipment, libraries, collections and special collections are recorded at cost at the date of acquisition, or estimated acquisition value at the date of donation in the case of gifts. Estimates of acquisition value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual value. Intangible assets include easements, land rights, trademarks, patents and other similar arrangements. Capital leases are recorded at the estimated present value of future minimum lease payments. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized if the cost exceeds $35,000 and if they have a useful life of more than one year. Minor renovations are charged to operations. Equipment with a cost in excess of $5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development and installation of major software projects are included in the cost of the capital assets. All costs of land, library collections and special collections are capitalized.

Depreciation is calculated using the straight-line method over the estimated economic life of the asset. Equipment under capital leases is amortized over the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the applicable lease or the economic life of the asset.

Estimated economic lives are generally as follows:

	YEARS
Infrastructure	25
Buildings and improvements	15-33
Equipment	2-20
Computer software	3-7
Intangible assets	2-indefinite
Library books and collections	15

Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are also capitalized and depreciated.

Inexhaustible capital assets, such as land or special collections that are protected, preserved and held for public exhibition, education or research, including art, museum, scientific and rare book collections are not depreciated.

Interest on borrowings to finance facilities is capitalized during construction, net of any investment income earned on tax-exempt borrowings during the temporary investment of project-related borrowings.

Service concession arrangements. The University has entered into service concession arrangements with third parties for parking, student housing and certain other faculty and student services. Under these arrangements, the University enters into ground leases with third parties at minimal or no cost, and gives the third party the right to construct, operate and maintain a facility, primarily for the benefit of students and faculty at competitive rates. Rate increases for use of the facilities are subject to certain constraints and ownership of the facilities reverts to the University upon expiration of the ground lease. The facilities are reported as capital assets by the University when placed in service, and a corresponding deferred inflow of resources is reported. The University has not provided guarantees on financing obtained by the third parties under these arrangements.

Unearned revenue. Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

Funds held for others. Funds held for others result from the University or the campus foundations acting as an agent, or fiduciary, on behalf of organizations that are not significant or financially accountable to the University or campus foundations.

Federal refundable loans. Certain loans to students are administered by the University with funding primarily supported by the federal government. The University's statement of net position includes both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

Bond premium. The premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs. The University is self-insured or insured through a wholly owned captive insurance company for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by an independent insurer. Liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments. Settlements did not exceed self-insured or supplementally insured coverage for each program in any of the past three fiscal years.

Obligations under life income agreements. Obligations under life income agreements represent trusts with living income beneficiaries where the University has a residual interest. The investments associated with these agreements are recorded at fair value. The discounted present value of the income beneficiary interest is reported as a liability in the statement of net position. Gifts subject to such agreements administered by the University are recorded as deferred inflows of resources, net of the income beneficiary share, at the date of the gift. Actuarial gains and losses are included in deferred inflows of resources in the statement of net position. At the termination of the agreement, the University's residual interest is recorded as gift revenue in the statement of revenues, expenses and changes in net position.

Pollution remediation obligations. Upon an obligating event, the University estimates the components of any expected pollution remediation costs and recoveries from third parties. The costs, estimated using the expected cash flow technique, are accrued as a liability. Pollution remediation liabilities generally involve groundwater, soil and sediment contamination at certain sites where state and other regulatory agencies have indicated that the University is among the responsible parties. The liabilities are reviewed annually and may increase or decrease the cost of recovery from third parties, if any, as a result of additional information that refines the estimates, or from payments made from revenue sources that support the activity. There were no expected recoveries at June 30, 2018 and 2017 reducing the pollution remediation liability.

Deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that apply to a future period, respectively. The University classifies gains on refunding of debt as deferred inflows of resources and losses as deferred outflows of resources and amortizes such amounts as a component of interest expense over the shorter of the remaining life of the old or new debt.

The University classifies changes in irrevocable split-interest agreements as deferred inflows of resources.

The University classifies an increase in the fair value of the hedging derivatives as deferred inflows of resources, and a decrease as deferred outflows of resources. Payments received or to be received by the University from service concession arrangements are reported as deferred inflows of resources.

Changes in net pension liability and net retiree health benefit liability not included in pension expense and retiree health benefits expense, respectively, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and retiree health liabilities are reported as deferred outflows of resources.

Net position. Net position is required to be classified for accounting and reporting purposes into the following categories:

Net investment in capital assets. This category includes all of the University's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted. The University and campus foundations classify the net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.

Nonexpendable. The net position subject to externally imposed restrictions, which must be retained in perpetuity by the University or campus foundations, is classified as nonexpendable net position. This includes the University and campus foundation permanent endowment funds.

Also included in nonexpendable net position are minority interests, which include the net position of legally separate organizations attributable to other participants.

Expendable. The net position whose use by the University or campus foundations is subject to externally imposed restrictions that can be fulfilled by actions of the University or campus foundations pursuant to those restrictions or that expire by the passage of time is classified as expendable net position.

Unrestricted. The net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted net position. The University's unrestricted net position may be designated for specific purposes by management or The Regents. The campus foundations' unrestricted net position may be designated for specific purposes by their Boards of Trustees. Substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs or for other purposes.

Restricted or unrestricted resources are spent based upon a variety of factors, including funding restrictions, consideration of prior and future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to liabilities for pension and retiree health benefits exceeding University assets available to pay such obligations.

Revenues and expenses. Operating revenues of the University include receipts from student tuition and fees, grants and contracts for specific operating activities and sales and services from medical centers, educational activities and auxiliary enterprises. Operating expenses incurred in conducting the programs and services of the University are presented in the statement of revenues, expenses and changes in net position as operating activities. The University's equity in current earnings or losses of LANS and LLNS is also an operating transaction.

Certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are mandated by the GASB to be recorded as nonoperating revenues, including state educational appropriations, certain federal grants for student financial aid, private gifts and investment income, since the GASB does not consider them to be related to the principal operating activities of the University.

Campus foundations are established to financially support the University. Private gifts to campus foundations are recognized as operating revenues since, in contrast to the University, such contributions are fundamental to the core mission of the campus foundations. Foundation grants to the University are recognized as operating expenses by the foundations. Private gift or capital gift revenues associated with campus foundation grants to the University are recorded by the University as gifts when the foundations transfer the gifts to the University.

Nonoperating revenues and expenses include state educational appropriations, state financing appropriations, state hospital fee grants, Build America Bonds federal interest subsidies, Federal Pell Grants, private gifts for other than capital purposes, investment income, net appreciation (or depreciation) in the fair value of investments, interest expense and the loss on the disposal of capital assets.

State capital appropriations, capital gifts and grants and gifts for endowment purposes are classified as other changes in net position.

Student tuition and fees. Substantially all student tuition and fees provide for the current operations of the University. A small portion of the student fees, reported as capital gifts and grants, is required for debt service associated with student union and recreational centers.

The University recognizes scholarship allowances as the difference between the stated charge for tuition and fees, housing and dining charges, recreational center and other fees, and the amount that is paid by the student and third parties on behalf of the student. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Scholarship allowances are netted against student tuition and fees in the statement of revenues, expenses and changes in net position for the years ended June 30 as follows:

(in thousands of dollars)

	2018	**2017**
Student tuition and fees	$1,250,300	$1,129,720
Auxiliary enterprises	206,012	185,038
Other operating revenues	30,602	29,654
Scholarship allowances	**$1,486,914**	**$1,344,412**

State appropriations. The state of California provides appropriations to the University on an annual basis. State educational appropriations are recognized as nonoperating revenue; however, the related expenses for educational, retirement or other specific operating purposes are reported as operating expenses. State appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred. Special state appropriations for AIDS, tobacco and breast cancer research are reported as grant operating revenue.

Grant and contract revenue. The University receives grant and contract revenue from governmental and private sources. The University recognizes revenue associated with the direct costs of sponsored programs as the related expenditures are incurred. Recovery of facilities and administrative costs of federally sponsored programs is at cost reimbursement rates negotiated with the University's federal cognizant agency, the U.S. Department of Health and Human Services. For the year ended June 30, 2018, the facilities and administrative cost recovery totaled $1.1 billion, which consisted of $782.0 million from federally sponsored programs and $333.8 million from other sponsors. For the year ended June 30, 2017, the facilities and administrative cost recovery totaled $1.1 billion, which consisted of $764.0 million from federally sponsored programs and $312.3 million from other sponsors.

Medical center revenue. Medical center revenue is reported at the estimated net realizable amounts from patients and third-party payors, including Medicare, Medi-Cal and others, for services rendered, as well as estimated retroactive adjustments under reimbursement agreements with third-party payors. Laws and regulations governing Medicare and Medi-Cal are complex and subject to interpretation. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that estimated amounts accrued could change significantly based upon settlement, or as additional information becomes available.

Net pension liability. The University records net pension liability equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plans' fiduciary net positions. The fiduciary net position and changes in net position of the defined benefit plans has been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Both current employees and retirees at LBNL participate in UCRP. The University makes contributions to UCRP for LBNL employees based upon rates authorized by The Regents and is reimbursed by the DOE. The University also makes contributions to UCRP for LANL and LLNL retirees and terminated vested members, whose benefits were retained in UCRP at the time the joint ventures were formed. The University records a receivable for the net pension liability that is expected to be collected from the DOE. The University deposits funds in UCRP when the DOE makes payments for these contributions. The contributions from the DOE and deposits into UCRP on behalf of DOE are included as DOE laboratory revenue in the statement of revenues, expenses and changes in net position.

Retiree health benefits and liability. The University's net retiree health benefits liability is measured as the total retiree health benefits liability, less the amount of the University of California Retiree Health Benefit Trust (UCRHBT) fiduciary net position. The fiduciary net position and changes in net position of UCRHBT has been measured consistent with the accounting policies used by the trust. The total retiree health benefits liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the health benefit trust's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Expense for retiree health benefits is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for retiree health benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

LBNL participates in the University's retiree health plans. The net retiree health benefits liability for LBNL is determined independently from the University's campuses and medical centers. Retiree health benefits expense for LBNL is included with the DOE laboratory expense in the statement of revenues, expenses and changes in net position. The contributions from the DOE are included as DOE laboratory revenue in the statement of revenues, expenses and changes in net position.

The University records a receivable from the DOE for the DOE's portion of the University's net retiree health benefits liability attributable to LBNL. The University does not have any retiree health benefits liability for LANL or LLNL retiree health benefit costs since they do not participate in the University's retiree health plans.

Campus and medical center contributions toward retiree health costs made to UCRHBT, the University's LBNL-related payments made directly to health care insurers and administrators and the corresponding reimbursements from the DOE, are shown as operating activities in the statement of cash flows. Cash flows resulting from retiree health contributions from retirees are shown as noncapital financing activities in the statement of cash flows.

University of California Retiree Health Benefit Trust. UCRHBT receives the University's contributions toward retiree health benefits from campuses, medical centers and University affiliates. The University receives retiree health contributions from University affiliates and campus and medical center retirees that are deducted from their UCRP benefit payments. The University also remits these retiree contributions to UCRHBT.

The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees. UCRHBT reimburses the University for these amounts.

LBNL does not participate in UCRHBT; therefore, the DOE has no interest in the Trust's assets.

Compensated absences. The University accrues annual leave, including employer-related costs, for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked.

Endowment spending. Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of University programs.

Tax exemption. The University is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), except for tax on unrelated business income under IRC Section 511. The University is also exempt from federal income tax under IRC Section 115(a) as a state institution. In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. UCRS plans are qualified under IRC Section 401(a) and the related trusts are tax-exempt under Section 501(c)(3). The campus foundations are also qualified for tax exemption under IRC Section 501(c)(3). CHRCO and its component unit, the Children's Hospital and Research Center Foundation, are qualified for exemption under IRC Section 501(c)(3). Income received by UCRHBT is tax-exempt under IRC Section 115(a).

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

New accounting pronouncements. In December 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the University's fiscal year beginning July 1, 2018. This Statement establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to asset retirement obligations. The Statement requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred. The deferred outflow of resources associated with an asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. Disclosure requirements include a general description of the asset retirement obligation and associated tangible capital assets, the source of the obligation to retire the assets, the methods and assumptions used to measure the liability, and other relevant information. The University is evaluating the effect that Statement No. 83 will have on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for the University's fiscal year beginning July 1, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or an equivalent arrangement that meets specific criteria. The University is evaluating the effect that Statement No. 84 will have on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the University's fiscal year beginning July 1, 2020. This Statement establishes a single approach to accounting for and reporting leases based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single-approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. The University is evaluating the effect Statement No. 87 will have on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the University's fiscal year beginning July 1, 2018. This Statement defines debt for purposes of disclosures in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires additional disclosures related to debt including providing additional information for direct borrowings and direct placements of debt separately from other debt. The University is evaluating the effect that Statement No. 88 will have on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* effective prospectively for the University's fiscal year beginning July 1, 2020. The Statement requires that interest cost incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred. As a result, interest costs would not be capitalized as part of the asset's historical cost. For construction in progress, interest cost incurred after applying this Statement No. 89 will not be capitalized. The University is evaluating the effect that Statement No. 89 will have on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests — An Amendment of GASB Statements No. 14 and No. 61*, effective for the University's fiscal year beginning July 1, 2019. The Statement defines a majority equity interest in a legally separate organization and clarifies the accounting and financial reporting for majority equity interests, classified as either investments or component units, in the financial statements. The University is evaluating the effect that Statement No. 90 will have on its financial statements.

1. CASH AND CASH EQUIVALENTS

The University maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into investment accounts on a daily basis.

Under University policy, deposits are only held at financial institutions that maintain an issuer rating on long-term debt of A3 or higher by Moody's, A- or higher by Standard & Poor's or an Asset Peer Group rating of 65 or higher as defined by Sheshunoff Bank Rating Reports. At June 30, 2018 and 2017, the carrying amount of the University's demand deposits, generally held in five nationally recognized banking institutions, was $249.5 million and $203.4 million, respectively, compared to bank balances of $169.7 million and $159.7 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. The University's deposits are uninsured and uncollateralized.

The University does not have significant exposure to foreign currency risk in demand deposit accounts. Accounts held in foreign countries maintain minimum operating balances with the intent to reduce potential foreign exchange risk while providing an adequate level of liquidity to meet the obligations of the academic programs established abroad. The equivalent U.S. dollar balances required to support research groups and education abroad programs in foreign countries was $4.4 million at June 30, 2018 and $6.7 million at June 30, 2017.

The carrying amount of the campus foundations' cash and cash equivalents at June 30, 2018 and 2017 was $447.4 million and $254.1 million, respectively, compared to bank balances of $58.0 million and $94.3 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. Included in bank balances are deposits in the University's Short Term Investment Pool of $387.6 million at June 30, 2018 and $157.6 million at June 30, 2017, with the remaining uncollateralized bank balances insured by the Federal Deposit Insurance Corporation (FDIC). Uncollateralized bank balances include $8.7 million and $6.5 million in excess of the FDIC limits at June 30, 2018 and 2017, respectively. The campus foundations do not have exposure to foreign currency risk in their cash and cash equivalents.

2. INVESTMENTS

The Regents, as the governing Board, is responsible for the oversight of the University's, UCRS' and UCRHBT's investments and establishes an investment policy, which is carried out by the Chief Investment Officer. These investments are associated with the Short Term Investment Pool (STIP), Total Return Investment Pool (TRIP), General Endowment Pool (GEP), UCRS, UCRHBT and other investment pools managed by the Chief Investment Officer, or are separately invested. Pursuant to The Regents' policies on campus foundations, the Board of Trustees for each campus foundation may determine that all or a portion of their investments will be managed by the Chief Investment Officer. Asset and Risk Allocation Policy guidelines are provided to the campus foundations by the Investments Subcommittee of The Regents.

STIP allows participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a large pool with a broad range of maturities and is managed to maximize current earned income. Cash to provide for payroll, construction expenditures and other operating expenses for campuses and medical centers is invested in STIP. The available cash in UCRS or endowment investment pools awaiting investment, or cash for administrative expenses, is also invested in STIP.

Investments authorized by The Regents for STIP include fixed-income securities with a maximum maturity of five and one-half years. In addition, for STIP, The Regents has also authorized loans, primarily to faculty members residing in California, under the University's Mortgage Origination Program with terms of up to 40 years.

TRIP allows participants the opportunity to maximize the return on their intermediate-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. Investments authorized by The Regents for TRIP include a diversified portfolio of equity, fixed income and alternative investments.

GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio and the primary investment vehicle for endowed gift funds. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

Other investment pools primarily facilitate annuity and life income arrangements. Separate investments are those that cannot be pooled due to investment restrictions or income requirements.

Investments authorized by The Regents for GEP, UCRS, other investment pools and separate investments include equity securities, fixed-income securities and certain other asset classes. The equity portion of the investment portfolios include both domestic and foreign common and preferred stocks which may be included in actively or passively managed strategies, along with exposure to private equities. The University's investment portfolios may include foreign currency-denominated equity securities. The fixed-income portion of the investment portfolios may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Fixed-income investment guidelines permit the use of futures and options on fixed-income instruments in the ongoing management of the portfolios. Real estate investments are authorized for all pools except for STIP. Absolute return strategies, which may incorporate short sales, plus derivative positions to implement or hedge an investment position, are also authorized for all pools except for STIP.

Derivative instruments, including futures, forward contracts, options and swap contracts are authorized for portfolio rebalancing in accordance with The Regents' asset allocation policy and as substitutes for physical securities. Derivatives are not used for speculative purposes.

The Regents has also authorized certain employee account balances in defined contribution plans included as part of UCRS' investments to be invested in mutual funds. The participants' interests in mutual funds are not managed by the Chief Investment Officer and totaled $1.6 billion and $3.4 billion at June 30, 2018 and 2017, respectively.

Investments authorized by The Regents for the UCRHBT are restricted to a portfolio of high-quality money market instruments in a commingled fund that is managed externally. The average credit quality of the portfolio is A-1/P-1 with an average maturity of 17 days and 26 days at June 30, 2018 and 2017, respectively. The fair values of UCRHBT's investment in this portfolio were $128.1 million and $97.8 million at June 30, 2018 and 2017, respectively. These are measured at net asset value as of June 30, 2018 and 2017, respectively.

The composition of investments, by investment type at June 30 is as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Equity securities:						
Domestic	$2,981,893	$2,641,778	$258,339	$224,555	$19,851,801	$19,308,688
Foreign	2,575,283	2,322,774	23,255	26,056	13,473,111	10,124,433
Equity securities	**5,557,176**	**4,964,552**	**281,594**	**250,611**	**33,324,912**	**29,433,121**
Fixed- or variable-income securities:						
U.S. government-guaranteed:						
U.S. Treasury bills, notes and bonds	2,726,553	1,342,026	375,054	380,834	1,896,840	1,819,707
U.S. Treasury strips	538,903	370,436	212	215	1,464,655	900,066
U.S. TIPS	124,756	379,808			2,512,561	2,422,599
U.S. government-backed securities			15	24		
U.S. government-backed - asset-backed securities	9,358	13,695	11,386	991	7,214	10,146
U.S. government-guaranteed	**3,399,570**	**2,105,965**	**386,667**	**382,064**	**5,881,270**	**5,152,518**
Other U.S. dollar-denominated:						
Corporate bonds	3,776,818	7,945,898	28,768	28,301	4,490,273	4,750,525
Commercial paper	4,248,162	63,553			2,012,845	918,088
U.S. agencies	1,917,652	1,408,734			4,035,120	4,155,225
U.S. agencies - asset-backed securities	687,546	671,434	36,588	48,264	2,953,252	3,323,667
Corporate - asset-backed securities	621,817	504,652	59,824	49,518	1,639,967	1,607,426
Supranational/foreign	1,422,310	1,026,235	4,207	5,492	2,804,258	2,544,718
Other	116,497	120,314	805	1,478	175,279	26,996
Other U.S. dollar-denominated	**12,790,802**	**11,740,820**	**130,192**	**133,053**	**18,110,994**	**17,326,645**
Foreign currency-denominated:						
Corporate	113				576	
Foreign currency-denominated	**113**				**576**	
Commingled funds:						
Absolute return funds	3,957,859	3,962,553	2,589,828	2,177,012	4,475,682	4,987,355
Non-U.S. equity funds	2,172,821	2,077,584	1,031,849	991,267	8,958,098	9,264,782
Private equity	1,701,059	1,388,163	954,534	708,680	3,178,252	2,939,524
Money market funds	681,658	814,888	1,060,958	935,429	5,817,621	5,020,007
U.S. equity funds	193,547	145,967	771,075	664,627	4,069,653	2,341,302
Real estate investment trusts	310,119	460,025	162,111	150,846	1,475,420	1,633,123
Real assets	381,533	206,076			1,146,296	866,245
U.S. bond funds	402,336	218,839	146,316	131,541	1,076,196	1,055,611
Non-U.S. bond funds	135,862	132,608	21,697	16,433	14	15
Balanced funds	234,375	212,079	1,330,673	1,222,549		
Commingled funds	**10,171,169**	**9,618,782**	**8,069,041**	**6,998,384**	**30,197,232**	**28,107,964**
Investment derivatives	(5,520)	(241)	(355)	1,995	(19,142)	(3,002)
Publicly traded real estate investment trusts	224,036	152,636			1,711,685	722,541
Mortgage loans	510,765	358,890				
Real estate	428,590	354,597	135,731	119,516	1,665,191	1,834,232
Other investments	27,701	12,390	236,710	321,367		
Campus foundations' investments with the University	(2,611,651)	(2,151,497)				
UCRS investment in the STIP	(3,123,754)	(2,678,532)				
Total investments	**27,368,997**	**24,478,362**	**9,239,580**	**8,206,990**	**$90,872,718**	**$82,574,019**
Less: Current portion	(4,890,075)	(6,249,657)	(857,844)	(674,868)		
Noncurrent portion	**$22,478,922**	**$18,228,705**	**$8,381,736**	**$7,532,122**		

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates. Alternative investment strategies and their underlying assets and rights are subject to an array of economic and market vagaries that can limit or erode value.

Credit Risk

Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or the possibility that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies, for example Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk. Asset-backed securities are debt obligations that represent claims to the cash flows from pools of commercial, mortgage, credit card or student loans. Mortgage-backed securities issued by Ginnie Mae are backed by the full faith and credit of the U.S. government.

The investment guidelines for STIP recognize that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk adjusted return over its benchmark (the benchmark for STIP is a weighted average of the two-year Treasury income note and Citigroup 3-month Treasury bill). No more than 5 percent of the total market value of the STIP portfolio may be invested in securities rated below investment grade (BB, Ba or lower). The average credit quality of STIP must be A or better and commercial paper must be rated at least A-1, P-1 or F-1.

The University recognizes that credit risk is appropriate in balanced investment pools such as TRIP, UCRS and GEP by virtue of the benchmarks chosen for the fixed-income portion of those pools.

The core fixed-income benchmark for UCRS, GEP and TRIP is the Barclays Capital U.S. Aggregate Bond Index, comprised of 25.0 percent corporate bonds and 30.6 percent mortgage/asset-backed bonds, all of which carry some degree of credit risk. The remaining 44.4 percent is government issued bonds.

Credit risk in TRIP, UCRS and GEP is managed primarily by diversifying across issuers. In addition, portfolio guidelines for UCRS and GEP through March 2018 mandate that no more than 15 percent of the market value of fixed-income securities may be invested in issues with credit ratings below investment grade. Further, the weighted average credit rating must be A or higher.

In addition, the asset and risk allocation policies for both UCRP and GEP allow for dedicated allocations to non-investment grade and emerging market bonds, an investment which entails credit, default and/or sovereign risk.

The credit risk profile for fixed- or variable-income securities at June 30 is as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
	2018	2017	2018	2017	2018	2017
Fixed- or variable-income securities:						
U.S. government-guaranteed	$3,399,570	$2,105,965	$386,667	$382,064	$5,881,270	$5,152,518
Other U.S. dollar-denominated:						
AAA	686,606	394,656	20,817	12,538	1,798,100	1,465,322
AA	1,866,014	1,284,954	24,932	37,676	3,115,678	3,390,694
A	1,712,026	1,294,567	7,045	3,781	1,472,752	1,243,993
BBB	2,067,115	2,068,030	23,815	23,963	2,587,735	2,946,777
BB	461,019	450,708	592	2,095	1,176,085	1,242,851
B	302,023	296,788	1,242	3,088	1,069,331	1,057,297
CCC or below	42,513	42,151	19,629	19,898	200,111	192,950
Not rated	5,653,486	5,908,966	32,120	30,014	6,691,202	5,786,761
Foreign currency-denominated:						
B	113				576	
Commingled funds:						
U.S. bond funds: Not rated	402,336	218,839	146,316	131,541	1,076,196	1,055,611
Non-U.S. bond funds: Not rated	135,862	132,608	21,697	16,433	14	15
Money market funds: Not rated	681,658	814,888	1,060,958	935,429	5,817,621	5,020,007
Mortgage loans: Not rated	510,765	358,890				

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned.

Substantially all of the University's, campus foundations' and UCRS' securities are registered in the University's name by the custodial bank as an agent for the University. Other types of investments represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk for such investments is remote.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The U.S. and non-U.S. equity portions of the University and UCRS portfolios may be managed either passively or actively. For the portions managed passively, the concentration of individual securities is similar to their concentration in the benchmark. While some securities have a larger representation in the benchmark than others, the University considers that passive management results in an absence of concentration of credit risk. For the portions managed actively, asset class guidelines do not specifically address concentration risk, but do state that the equity asset class, in the aggregate, will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the asset class benchmark (including concentration of credit risk). Concentration risk for individual portfolios is monitored relative to their individual benchmarks and agreed-upon risk parameters in their guidelines.

Investment guidelines addressing concentration of credit risk related to the core investment grade fixed-income portion of the University and UCRS portfolios include a limit of no more than 3 percent of each portfolio's market value to be invested in any single issuer (except for securities issued by the U.S. government or its agencies). These same guidelines apply to STIP. For high-yield and emerging market debt, the corresponding limit is 5 percent.

Each campus foundation may have its own individual investment policy designed to limit exposure to a concentration of credit risk. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, other investment pools or investments that are invested by the University for the campus foundations are not subject to concentration of credit risk. Most of the campus foundations that hold other types of investments have policies to limit the exposure to an individual issuer.

Investments in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of investments held by the respective foundation at June 30 are as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS	
	2018	**2017**
Bayside Partners, LP		$88,257

Interest Rate Risk

Interest rate risk is the risk that the value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100-basis-point (1-percentage-point) change in the level of interest rates. It is not a measure of time.

Interest rate risk for STIP is managed by constraining the maturity of all individual securities to be less than five and one-half years. There is no restriction on weighted average maturity of the portfolio as it is managed relative to the liquidity demands of the investors. The nature and maturity of individual securities in STIP allow for the use of weighted average maturity as an effective risk management tool, rather than the more complex measure, effective duration.

Portfolio guidelines for the fixed-income portion of TRIP, UCRS and GEP limit weighted average effective duration to the effective duration of the benchmarks (Barclays Capital U.S. Aggregate Index), plus or minus 20 percent. These portfolio guidelines constrain the potential price movement due to interest rate changes of the portfolio being similar to that of the benchmark. There are similar restrictions for the high-yield and emerging market debt portfolios relative to their benchmarks.

The effective durations for fixed- or variable-income securities at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Fixed- or variable-income securities:						
U.S. government-guaranteed:						
U.S. Treasury bills, notes and bonds	2.4	3.1	2.9	2.8	2.7	2.9
U.S. Treasury strips	9.2	11.7	16.5	18.1	10.3	10.6
U.S. TIPS	5.9	2.9			6.1	3.8
U.S. government-backed securities			1.4	1.8		
U.S. government-backed - asset-backed securities	1.6	2.3	2.9	10.1	2.9	3.1
Other U.S. dollar-denominated:						
Corporate bonds	3.5	2.8	2.7	2.4	5.7	6.1
U.S. agencies	2.0	2.6			2.0	2.1
U.S. agencies - asset-backed securities	4.2	3.9	5.0	4.2	3.9	3.7
Corporate - asset-backed securities	3.9	4.2	2.2	2.1	2.6	2.5
Supranational/foreign	3.6	3.2	3.4	3.8	5.2	5.8
Other	8.5	16.9	5.3	1.8	15.6	15.7
Foreign currency-denominated:						
Corporate	0.6				0.6	
Commingled funds:						
U.S. bond funds*	2.4	2.5	4.6	4.8		1.9
Non-U.S. bond funds	3.4	3.2	5.3	6.9		7.0
Money market funds**			2.0	1.5		

**The University considers the modified durations for commingled funds.*
***Foundation and UCRS investment in STIP.*

The University considers the effective durations for commercial paper, mortgage loans, insurance contracts and money market funds to be zero. The terms of the mortgage loans include variable interest rates. Insurance contracts can be liquidated without loss of principal and money market funds consist of underlying securities that are of a short-term, liquid nature.

Investments also include various mortgage-backed securities, collateralized mortgage obligations, structured notes, variable-rate securities and callable bonds that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. The effective durations of these securities, however, may be low.

At June 30, the fair values of such investments are as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Mortgage-backed securities	$669,109	$581,019	$53,471	$62,552	$2,795,428	$3,094,839
Collateralized mortgage obligations	501,265	142,379	22,540	17,079	830,356	308,119
Other asset-backed securities	271,890	147,305	27,612	14,889	1,266,122	928,928
Variable-rate securities	582,299	401,499			2,413,025	1,674,974
Callable bonds	4,067,934	2,773,741			8,466,784	8,281,157
Convertible bonds	455	317			4,618	2,529
Total	**$6,092,952**	**$4,046,260**	**$103,623**	**$94,520**	**$15,776,333**	**$14,290,546**

Mortgage-Backed Securities. These securities are issued primarily by Fannie Mae, Ginnie Mae and Freddie Mac, and various commercial entities and include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying asset reduce the total expected rate of return.

Collateralized Mortgage Obligations. Collateralized mortgage obligations (CMOs) generate a return based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In rising interest rate environments, the opposite is true.

Other Asset-Backed Securities. Other asset-backed securities also generate a return based upon either the payment of interest or principal on obligations in an underlying pool, generally associated with auto loans or credit cards. As with CMOs, the relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates.

Variable-Rate Securities. These securities are investments with terms that provide for the adjustment of their interest rates on set dates and are expected to have fair values that will be relatively unaffected by interest rate changes. Variable-rate securities may have limits on how high or low the interest rate may change. These constraints may affect the market value of the security.

Callable Bonds. Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The University must then replace the called bond with a bond that may have a lower yield than the original. The call feature causes the fair value to be highly sensitive to changes in interest rates.

At June 30, the effective durations for these securities are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Mortgage-backed securities	4.3	4.0	1.5	4.5	4.1	3.8
Collateralized mortgage obligations	4.7	2.7	8.3	12.5	4.1	2.7
Other asset-backed securities	1.1	1.5	0.2	5.1	0.8	1.0
Variable-rate securities	3.2	1.9			1.6	1.1
Callable bonds	3.3	3.4			3.8	4.0
Convertible bonds	1.7	2.6			1.7	2.5

Foreign Currency Risk

The University's strategic asset allocation policy for TRIP, UCRS and GEP includes allocations to non-U.S. equities and non-dollar-denominated bonds. The benchmarks for these investments are not hedged; therefore foreign currency risk is part of the investment strategies. Portfolio guidelines for U.S. investment-grade fixed-income securities also allow exposure to non-U.S. dollar-denominated bonds up to 10 percent of the total portfolio market value. Exposure to foreign currency risk from these securities is permitted and it may be fully or partially hedged using forward foreign currency exchange contracts. Under the University's investment policies, such instruments are not permitted for speculative use or to create leverage. Similar limits on foreign exchange exposure apply to the high-yield debt and emerging market debt portfolios.

At June 30, the foreign currency risk expressed in U.S. dollars, organized by currency denomination and investment type, are as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Equity securities:						
Euro	$960,899	$759,929	$259	$769	$3,895,404	$2,986,605
British Pound	272,005	262,100	1,109	1,474	1,988,754	1,499,151
Japanese Yen	438,014	369,665			2,562,213	1,550,471
Canadian Dollar	127,083	144,272	1,918	6,248	722,719	633,561
Swiss Franc	122,133	124,593	634	531	839,277	663,977
Australian Dollar	91,454	103,068	2,915	569	511,526	430,715
Hong Kong Dollar	150,506	128,176			676,822	307,976
Swedish Krona	69,163	69,605			289,024	263,079
Singapore Dollar	18,752	19,405			106,094	81,366
Danish Krone	23,938	23,677			167,934	142,740
Norwegian Krone	14,399	11,842			98,172	57,344
South Korean Won	74,413	84,359	16,337	16,356	482,103	473,711
Brazilian Real	24,203	25,154			74,405	29,725
Indian Rupee	23,632				275,785	256,239
New Taiwan Dollar	57,938	69,843			234,014	204,806
South African Rand	27,963	31,699			153,225	147,473
Thailand Baht	9,046	10,014			106,332	115,393
Mexican Peso	13,332				54,541	
Other	56,409	85,373	83	109	234,769	280,101
Subtotal	**2,575,282**	**2,322,774**	**23,255**	**26,056**	**13,473,113**	**10,124,433**
Fixed-income securities:						
Euro	113				576	
Subtotal	**113**				**576**	
Commingled funds (various currency denominations):						
Absolute return funds			835,996	706,875		
Non-U.S. equity funds	2,172,821	2,077,584	1,016,679	980,635	8,958,098	9,264,782
Private equity	7,255	1,029	82,228	67,320	98,116	114,400
Real estate investment trusts			16,402	19,710		
Real assets	32,301	14,304	67,946	49,514	149,441	81,055
Non U.S. bond funds	135,861	132,608	21,697	16,434	14	15
Balanced funds			139,769	129,917		
Subtotal	**2,348,238**	**2,225,525**	**2,180,717**	**1,970,405**	**9,205,669**	**9,460,252**
Investment derivatives:						
Australian Dollar	1	5			58	(10)
Canadian Dollar	32	(3)			59	(40)
British Pound	30	(10)			177	(244)
Japanese Yen	(20)	(52)			(666)	(584)
Hong Kong Dollar						(7)
Euro	120				369	
Other		85			27	(103)
Subtotal	**163**	**25**			**24**	**(988)**
Publicly traded real estate investment trusts:						
Australian Dollar	11,568	10,092			64,239	44,367
Euro	14,112	9,243			87,183	42,055
British Pound	15,004	7,163			86,648	30,546
Japanese Yen	9,817	9,295			52,635	29,856
South African Rand	1,499	2,578			7,704	10,100
Singapore Dollar	4,059	4,139			21,148	12,441
Canadian Dollar	1,633	1,724			9,360	6,342
Mexican Peso	595	952			2,944	3,047
Other	2,521	2,386			11,232	5,913
Subtotal	**60,808**	**47,572**			**343,093**	**184,667**
Total exposure to foreign currency risk	**$4,984,604**	**$4,595,896**	**$2,203,972**	**$1,996,461**	**$23,022,475**	**$19,768,364**

The University's Investment Pools

The composition of the University's investments at June 30, 2018, by investment pool, are as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA				
	STIP	TRIP	GEP	OTHER	TOTAL
Equity securities:					
Domestic		$1,747,569	$1,097,837	$136,487	$2,981,893
Foreign		1,422,238	1,109,393	43,652	2,575,283
Fixed- or variable-income securities:					
U.S. government-guaranteed	$2,284,617	694,153	355,374	65,426	3,399,570
Other U.S. dollar-denominated	8,212,850	3,447,620	904,769	225,563	12,790,802
Foreign currency-denominated			113		113
Commingled funds	62,531	1,517,144	7,545,543	1,045,951	10,171,169
Investment derivatives		(572)	(4,912)	(36)	(5,520)
Publicly traded real estate investment trusts		98,739	120,248	5,049	224,036
Mortgage loans	510,765				510,765
Real estate		126,476	276,569	25,545	428,590
Other investments				27,701	27,701
Subtotal	**11,070,763**	**9,053,367**	**11,404,934**	**1,575,338**	**33,104,402**
Campus foundations' investments with the University	(1,395,676)	(26,298)	(981,095)	(208,582)	(2,611,651)
UCRS investment in the STIP	(3,123,754)				(3,123,754)
Total investments	**$6,551,333**	**$9,027,069**	**$10,423,839**	**$1,366,756**	**$27,368,997**

The composition of the University's investments at June 30, 2017, by investment pool, are as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA				
	STIP	TRIP	GEP	OTHER	TOTAL
Equity securities:					
Domestic		$1,650,101	$877,439	$114,238	$2,641,778
Foreign		1,399,551	880,977	42,246	2,322,774
Fixed- or variable-income securities:					
U.S. government-guaranteed	$969,940	637,044	491,287	7,694	2,105,965
Other U.S. dollar-denominated	7,667,967	3,390,550	660,701	21,602	11,740,820
Commingled funds	68,175	1,711,540	6,605,800	1,233,267	9,618,782
Investment derivatives		(162)	(73)	(6)	(241)
Publicly traded real estate investment trusts		103,542	44,677	4,417	152,636
Mortgage loans	358,890				358,890
Real estate		137,615	177,927	39,055	354,597
Other investments				12,390	12,390
Subtotal	**9,064,972**	**9,029,781**	**9,738,735**	**1,474,903**	**29,308,391**
Campus foundations' investments with the University	(1,048,911)	(26,701)	(918,008)	(157,877)	(2,151,497)
UCRS investment in the STIP	(2,678,532)				(2,678,532)
Total investments	**$5,337,529**	**$9,003,080**	**$8,820,727**	**$1,317,026**	**$24,478,362**

The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2018 were 4.5 percent for TRIP, 8.9 percent for GEP and 7.8 percent for UCRP. The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2017, were 7.7 percent for TRIP, 15.1 percent for GEP and 14.5 percent for UCRP. The investment return for STIP distributed to participants, representing combined income and realized gains or losses, during the same periods, was 1.6 percent and 1.3 percent, respectively. Other investments consist of numerous, small portfolios of investment or individual securities, each with its own individual rate of return.

Related Party Relationships with the University

UCRS and campus foundations may invest available cash in STIP. Shares are purchased or redeemed in STIP at a constant value of $1 per share. Actual income earned, including any realized gains or losses on the sale of STIP investments, is allocated to UCRS and campus foundations based upon the number of shares held. Unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP are recorded by the University as the manager of the pool. The net asset value for STIP is held at a constant value of $1 and is not adjusted for unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP.

The campus foundations may also purchase or redeem shares in GEP, TRIP or other investment pools at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to the campus foundations based upon the number of shares held.

Campus Foundations

The campus foundations' cash and cash equivalents and investments that are invested with the University and managed by the Chief Investment Officer are excluded from the University's statement of net position and included in the campus foundations' statement of net position. Under the accounting policies elected by each campus foundation, certain component units classify all or a portion of their investment in STIP and TRIP as cash and cash equivalents, rather than investments. Substantially, all of the campus foundations' investments managed by the Chief Investment Officer are categorized as commingled funds or commingled money market funds by the campus foundations in the composition of investments.

The fair value of the campus foundations' cash and cash equivalents and investments that are invested with the University, by investment pool, at June 30 are as follows:

(in thousands of dollars)	**2018**	**2017**
STIP	$1,398,634	$1,048,910
TRIP	26,298	26,701
GEP	981,095	918,008
Other investment pools	205,624	157,878
Campus foundations' investments with the University	**2,611,651**	**2,151,497**
Classified as cash and cash equivalents by campus foundations	(386,391)	(154,662)
Classified as investments by campus foundations	**$2,225,260**	**$1,996,835**

Investment income in the University's statement of revenues, expenses and changes in net position is net of income earned by, and distributed to, the campus foundations totaling $31.8 million and $21.9 million for the years ended June 30, 2018 and 2017, respectively.

UCRS

UCRS had $3.1 billion and $2.7 billion invested in STIP at June 30, 2018 and 2017, respectively. These investments are excluded from the University's statement of net position and are included in UCRS' statement of plans' fiduciary net position. They are categorized as commingled money market funds in the composition of investments for UCRS. STIP investment income in the University's statement of revenues, expenses and changes in net position is net of income earned by, and distributed to, UCRS totaling $43.4 million and $31.2 million for the years ended June 30, 2018 and 2017, respectively.

Agency Relationships with the University

STIP and GEP are external investment pools and include investments on behalf of external organizations that are associated with the University, although not financially accountable to the University. These organizations are not required to invest in these pools. Participants purchase or redeem shares in STIP at a constant value of $1 per share and purchase or redeem shares in GEP at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to participants based upon the number of shares held.

The fair value of these investments in each investment pool and the related liability associated with these organizations that are included in the University's statement of net position at June 30 are as follows:

(in thousands of dollars)	**2018**	**2017**
STIP	$95,502	$103,291
GEP	309,627	259,330
Other investment pools	4,805	
Total agency assets	**$409,934**	**$362,621**
Funds held for others	**$409,934**	**$362,621**

The composition of the net position at June 30 for STIP and GEP are as follows:

	STIP		GEP	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
Investments	$11,070,763	$9,064,972	$11,404,934	$9,738,735
Investment of cash collateral	126,019	44,176	256,407	342,833
Securities lending collateral	(125,995)	(44,155)	(256,357)	(342,677)
Other assets, net	2,929,104	2,437,063	607,907	850,451
Net position	**$13,999,891**	**$11,502,056**	**$12,012,891**	**$10,589,342**

Other assets include amounts receivable for pension benefits from the campuses and medical centers of $3.0 billion and $2.7 billion at June 30, 2018 and 2017, respectively.

The changes in net position for STIP and GEP for the year ending June 30 are as follows:

	STIP		GEP	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
Net position, beginning of year	$11,502,056	$10,730,675	$10,589,342	$8,929,136
Investment income	227,622	159,038	102,914	92,781
Net appreciation (depreciation) in fair value of investments	(82,872)	(28,695)	887,999	1,309,458
Transfer to TRIP	(416,703)	(60,000)		
Participant contributions, net	2,769,788	701,038	432,636	257,967
Net position, end of year	**$13,999,891**	**$11,502,056**	**$12,012,891**	**$10,589,342**

3. SECURITIES LENDING

The University and UCRS jointly participate in a securities lending program as a means to augment income. The campus foundations' investments that are invested with the University and managed by the Chief Investment Officer are included in the University's investment pools that participate in the securities lending program.

The campus foundations' allocated share of the program's cash collateral received, investment of cash collateral and collateral held for securities lending is determined based upon their equity in the investment pools. The Board of Trustees for each campus foundation may also authorize participation in a direct securities lending program.

Securities are lent to selected brokerage firms for which collateral received equals or exceeds the fair value of such investments lent during the period of the loan. Securities loans immediately terminate upon notice by either the University or the borrower. Collateral may be cash or securities issued by the U.S. government or its agencies, or the sovereign or provincial debt of foreign countries. Securities collateral cannot be pledged or sold by the University unless the borrower defaults.

Loans of domestic equities and all fixed-income securities are initially collateralized at 102 percent of the fair value of securities lent. Loans of foreign equities are initially collateralized at 105 percent. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of securities lent.

Cash collateral received from the borrower is invested by lending agents, as agents for the University, in investment pools in the name of the University, with guidelines approved by the University. These investments are shown as investment of cash collateral in the statement of net position. At June 30, 2018 and 2017, the securities in these pools had a weighted average maturity of 15 days and 20 days, respectively. The University records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net position. Securities collateral received from the borrower is held in investment pools by the University's custodial bank.

At June 30, 2018 and 2017, the University had insignificant exposure to borrowers because the amounts the University owed the borrowers were substantially the same as the amounts the borrowers owed the University. The University is indemnified by its lending agents against any losses incurred as a result of borrower default.

The composition of the securities lending programs at June 30 are as follows:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA 2018	UNIVERSITY OF CALIFORNIA 2017	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS 2018	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS 2017	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM 2018	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM 2017
SECURITIES LENT						
For cash collateral:						
Equity securities:						
Domestic	$468,126	$522,489			$3,186,668	$2,789,711
Foreign	3,975	40,881				129,824
Fixed-income securities:						
U.S. government-guaranteed	171,984	73,204			1,744,379	803,431
Other U.S. dollar-denominated	497,720	449,910			1,138,667	2,856,772
Foreign currency-denominated		11,173				109,797
Foundations' share	(45,288)	(42,581)	$45,288	$42,581		
Lent for cash collateral	**1,096,517**	**1,055,076**	**45,288**	**42,581**	**6,069,714**	**6,689,535**
For securities collateral:						
Equity securities:						
Domestic	358,657	444,681			3,057,625	3,025,219
Foreign	147,358	271,071			1,242,195	826,781
Fixed-income securities:						
U.S. government-guaranteed	376,684	164,400			3,174,988	2,132,793
Other U.S. dollar-denominated	123,429	77,881			710,653	505,610
Foreign currency-denominated		1,959				15,081
Lent for securities collateral	**1,006,128**	**959,992**			**8,185,461**	**6,505,484**
Total securities lent	**$2,102,645**	**$2,015,068**	**$45,288**	**$42,581**	**$14,255,175**	**$13,195,019**
COLLATERAL RECEIVED						
Cash	$1,209,769	$1,121,899			$6,157,131	$6,838,416
Foundations' share	(45,288)	(42,581)	45,288	42,581		
Total cash collateral received	**1,164,481**	**1,079,318**	**45,288**	**42,581**	**6,157,131**	**6,838,416**
Securities	1,095,763	1,032,497			8,914,709	6,992,564
Total collateral received	**$2,260,244**	**$2,111,815**	**$45,288**	**$42,581**	**$15,071,840**	**$13,830,980**
INVESTMENT OF CASH COLLATERAL						
Fixed-income securities:						
Other U.S. dollar-denominated:						
Corporate bonds	$32,858	$105,460			$167,234	$642,818
Commercial paper	146,215	77,753			744,164	473,932
Repurchase agreements	555,710	309,356			2,828,291	1,885,644
Corporate - asset-backed securities	5,803	28,855			29,534	175,884
Certificates of deposit/time deposits	381,408	542,834			1,941,184	3,308,794
Supranational/foreign	88,252	58,751			449,163	358,112
Other assets (liabilities), net*	(251)	(599)			(1,280)	(3,654)
Foundations' share	(45,288)	(42,581)	$45,288	$42,581		
Investment of cash collateral	**1,164,707**	**1,079,829**	**45,288**	**42,581**	**$6,158,290**	**$6,841,530**
Less: Current portion	(1,054,406)	(947,353)	(40,999)	(37,357)		
Noncurrent portion	**$110,301**	**$132,476**	**$4,289**	**$5,224**		

** Other assets (liabilities), net is comprised of pending settlements of cash collateral investments.*

The University earns interest and dividends on the collateral held during the loan period, as well as a fee from the brokerage firm, and is obligated to pay a fee and rebate to the borrower. The University receives the net investment income. The securities lending income and fees and rebates for the year ended June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Securities lending income	$23,743	$15,628	$1,008	$771	$136,099	$89,075
Securities lending fees and rebates	(14,785)	(7,124)	(642)	(352)	(89,025)	(40,610)
Securities lending investment income, net	**$8,958**	**$8,504**	**$366**	**$419**	**$47,074**	**$48,465**

Investment Risk Factors

There are a variety of potential risk factors involved in a securities lending program. Risks associated with the investment of cash collateral may include the credit risk from fixed-income securities, concentration of credit risk, interest rate risk and foreign currency risk. In addition, there may be custodial credit risk associated with both cash and securities received as collateral for securities lent.

The University's and UCRS' investment guidelines and other information related to each of these risks are summarized below. Campus foundations that participate in a securities lending program may have their own individual investment policies designed to limit the same risks.

Credit Risk

The University's and UCRS' investment guidelines for the investment of cash collateral maintained in separately managed collateral pools restrict the credit rating of issuers at the time of purchase to no less than A-1, P-1 or F-1 for short-term securities and no less than A2/A for long-term securities. Asset-backed securities must have a rating of AAA at the time of purchase.

The credit risk profile for fixed- or variable-income securities associated with the investment of cash collateral at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Fixed- or variable-income securities:						
Other U.S. dollar-denominated:						
AAA	$94,055	$84,224			478,695	513,378
AA-	118,258	146,141			601,875	890,788
A+	10,185	130,473			51,834	795,284
A	243,045	123,225			1,236,981	751,104
A-		50,772				309,473
A-1 / A-2 / P-1/ F-1	188,995	278,819			961,888	1,699,513
Other assets (liabilities) net*: Not rated	(251)	(599)			(1,280)	(3,654)
Campus foundations' share	(45,288)	(42,581)	$45,288	$42,581		

** Other assets (liabilities), net is comprised of pending settlements of cash collateral investments.*

Custodial Credit Risk

Cash collateral received for securities lent is invested in pools by the University's lending agents. The University's and UCRS' securities related to the investment of cash collateral are registered in the University's name by the lending agents. Securities collateral received for securities lent are held in investment pools by the University's lending agents. As a result, custodial credit risk is remote.

Concentration of Credit Risk

The University's and UCRS' investment guidelines with respect to the concentration of credit risk associated with the investment of cash collateral in the separately managed collateral pools restricts investments in any single issuer of corporate debt securities, time deposits, certificates of deposit, bankers acceptances and money market funds to no more than 5 percent of the portfolio value at the time of purchase. Campus foundations that directly participate in a securities lending program do not have specific investment policies related to concentration of credit risk, although the lending agreements with the agents establish restrictions for the type of investments and minimum credit ratings.

Investments in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of the total investment of cash collateral at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
Goldman Sachs & Company	$73,898	$63,421	$376,102	$386,579
Morgan Stanley & Co LLC	98,530	84,562	501,471	515,438
Nomura Securities International Inc.	63,716		324,284	
RCap Securities Inc.	102,307		520,693	

Interest Rate Risk

The nature of individual securities in the collateral pools allows for the use of weighted average maturity as an effective risk management measure. The University's and UCRS' investment guidelines with respect to the interest rate risk associated with the investment of cash collateral in the separately managed collateral pools requires the weighted average maturity of the entire collateral pool to be less than 120 days. The maturity of securities issued by the U.S. government and asset-backed securities must be less than five years, corporate debt obligations must be less than two years and time deposits must be less than 190 days. Floating rate debt may be used, but it is limited to 65 percent of the market value of the portfolio.

The weighted average maturity expressed in days for fixed- or variable-income securities associated with the investment of cash collateral at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in days)	**2018**	**2017**	**2018**	**2017**
Fixed- or variable-income securities:				
Other U.S. dollar-denominated:				
Corporate bonds	26	38	26	38
Commercial paper	22	19	22	19
Repurchase agreements	6	9	6	9
Corporate-asset-backed securities	20	97	20	97
Certificates of deposit/time deposits	24	19	24	19
Supranational/foreign	16	17	16	17

Investment of cash collateral may include various asset-backed securities, structured notes and variable-rate securities that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features, although the weighted average maturity may be short.

At June 30, the fair value of investments that are considered to be highly sensitive to changes in interest rates are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Other asset-backed securities	$94,055	$87,606			$478,695	$533,996
Variable-rate investments	865,249	802,491			4,403,692	4,891,500
Campus foundations' share	(35,905)	(33,767)	$35,905	$33,767		
Total	**$923,399**	**$856,330**	**$35,905**	**$33,767**	**$4,882,387**	**$5,425,496**

At June 30, 2018 and 2017, the weighted average maturity expressed in days for asset-backed securities was 16 days and 43 days, respectively and for variable-rate investments was 136 days and 19 days, respectively.

Foreign Currency Risk

The University's and UCRS' investment policy with respect to the foreign currency risk associated with the investment of cash collateral maintained in separate collateral pools restricts investments to U.S. dollar-denominated securities. Therefore, there is no foreign currency risk.

4. DERIVATIVE FINANCIAL INSTRUMENTS

The University may use derivatives including futures, forward contracts, options and interest rate swap contracts as a substitute for investment in equity and fixed-income securities, to reduce the effect of fluctuating foreign currencies on foreign currency-denominated investments, or to limit its exposure of variable-rate bonds to changes in market interest rates. The Board of Trustees for each campus foundation may also authorize derivatives in its investment policy.

The University enters into futures contracts for the purpose of acting as a substitute for investment in equity and fixed-income securities. A futures contract is an agreement between two parties to buy and sell a security or financial index, interest rate or foreign currency at a set price on a future date. They are standardized contracts that can be easily bought and sold and are exchange-traded. Upon entering into such a contract, the University is required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange on which the contract is traded. Pursuant to the contract, the University agrees to receive from, or pay to, the counterparty an amount of cash equal to the daily fluctuation in the value of the contract. These contracts are settled on a daily basis, with the resulting realized gain or loss included in the statement of revenues, expenses and changes in net position. The settlement amount at the end of each day for each of the contracts, or variation margin, is included in investments and represents the fair value of the contracts.

Forward contracts are similar to futures contracts, although they are not exchange-traded. Foreign currency exchange contracts are forward contracts used to hedge against foreign currency exchange rate risks on non-U.S. dollar-denominated investment securities and to increase or decrease exposure to various foreign currencies.

An option contract gives the University the right, but not the obligation, to buy or sell a specified security or index at a fixed price during a specified period for a nonrefundable fee (the "premium"). The maximum loss to the University is limited to the premium originally paid for covered options. The University initially records premiums paid for the purchase of these options in the statement of net position as an investment which is subsequently adjusted to reflect the fair value of the options, with unrealized gains and losses included in the statement of revenues, expenses and changes in net position.

Rights and warrants provide the holder with the right, but not the obligation, to buy a stock at a predetermined price for a finite period of time. Warrants usually have a longer time period to expiration. The holder of a right or warrant is permitted to buy at a price that may be below the actual market price for that stock. Warrants and rights cease to exist and become worthless if not used by their expiration date.

An interest rate swap is a contractual agreement entered into between the University and a counterparty under which each agrees to exchange periodic fixed or variable payments for an agreed period of time based upon a notional amount of principal or value of the underlying contract. The payments correspond to an equity index, an interest rate or to currency. A credit default swap is an agreement whereby the seller will compensate the buyer in the event of a loan default. A swaption is an option granting its owner the right but not the obligation to enter into an underlying swap. The University considers its futures, forward contracts, options, credit default swaps, swaptions, rights, warrants and certain interest rate swaps to be investment derivatives.

As a means to lower the University's borrowing costs, when compared against fixed-rate bonds at the time of issuance, the University entered into interest rate swap agreements in connection with certain of its variable-rate Medical Center Pooled Revenue Bonds and General Revenue Bonds. The University determined that certain of its interest rate swaps are derivative instruments that meet the criteria for an effective hedge. Certain of the interest rate swaps are considered hybrid instruments since, at the time of execution, the fixed rate on each of the swaps was off-market and the University received an up-front payment. As such, these swaps are comprised of a derivative instrument, an at-the-market swap that is an effective hedge, and a companion instrument, a borrowing represented by the up-front payment. The unamortized amount of the borrowing under the companion instruments was $75.2 million and $79.0 million at June 30, 2018 and 2017, respectively.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, categorized by type, and the changes in fair value of such derivatives are as follows:

University of California

(in thousands of dollars)

	NOTIONAL AMOUNT		FAIR VALUE–POSITIVE (NEGATIVE)			CHANGES IN FAIR VALUE		
CATEGORY	2018	2017	CLASSIFICATION	2018	2017	CLASSIFICATION	2018	2017
INVESTMENT DERIVATIVES								
Futures contracts:								
Domestic equity futures:								
Long positions	$211,945	$21	Investments	($5,755)	($360)	Net appreciation (depreciation)	($5,789)	($361)
Short positions			Investments			Net appreciation (depreciation)		
Foreign equity futures:								
Long positions	6,492	78	Investments	15	(47)	Net appreciation (depreciation)	8,090	7,998
Short positions			Investments			Net appreciation (depreciation)		(17,090)
Futures contracts, net				**(5,740)**	**(407)**		**2,301**	**(9,453)**
Foreign currency exchange contracts, net:*								
Long positions	1,636	217,069	Investments	(15)	(46)	Net appreciation (depreciation)	(1)	6,800
Short positions			Investments			Net appreciation (depreciation)	(7)	15,053
Foreign currency exchange contracts, net				**(15)**	**(46)**		**(8)**	**21,853**
Other:								
Stock rights/warrants		680	Investments	235	212	Net appreciation (depreciation)	38	22
Other, net				**235**	**212**		**38**	**22**
Total investment derivatives				**($5,520)**	**($241)**		**$2,331**	**$12,422**
CASH FLOW HEDGES								
Effective interest rate swaps:								
Pay fixed, receive variable	$838,850	$842,315	Other assets (liabilities)	($54,839)	($90,232)	Deferred (inflows) outflows	$35,393	$61,891

**Notional amount reported in local currency.*

University of California Campus Foundations

(in thousands of dollars)

	NOTIONAL AMOUNT		FAIR VALUE–POSITIVE (NEGATIVE)			CHANGES IN FAIR VALUE		
CATEGORY	2018	2017	CLASSIFICATION	2018	2017	CLASSIFICATION	2018	2017
INVESTMENT DERIVATIVES								
Options/swaptions	$54,231	$50,658	Investments	($355)	$7	Net appreciation (depreciation)	$3,168	$692
Swaps	250,603	226,752	Investments		1,988	Net appreciation (depreciation)	16,090	32,340
Total investment derivatives				**($355)**	**$1,995**		**$19,258**	**$33,032**

University of California Retirement System

(in thousands of dollars)

CATEGORY	NOTIONAL AMOUNT 2018	NOTIONAL AMOUNT 2017	FAIR VALUE–POSITIVE (NEGATIVE) CLASSIFICATION	FAIR VALUE 2018	FAIR VALUE 2017	CHANGES IN FAIR VALUE CLASSIFICATION	CHANGES 2018	CHANGES 2017
INVESTMENT DERIVATIVES								
Futures contracts:								
Domestic equity futures:								
Long positions	$926,476	$8,688	Investments	($20,156)	($2,323)	Net appreciation (depreciation)	($19,697)	($2,323)
Short positions	(16,189)	(17,400)	Investments	665	(19)	Net appreciation (depreciation)	947	(19)
Foreign equity futures:								
Long positions	58,219	1,237	Investments	(924)	(1,060)	Net appreciation (depreciation)	61,531	126,127
Short positions	(11,875)		Investments	77		Net appreciation (depreciation)	(1,077)	(10,495)
Futures contracts, net				**(20,338)**	**(3,402)**		**41,704**	**113,290**
Foreign currency exchange contracts, net:*								
Long positions	35,282	2,482,250	Investments	(320)	(528)	Net appreciation (depreciation)	7,332	26,347
Short positions		(1,611)	Investments		(26)	Net appreciation (depreciation)	(10,695)	55,504
Foreign currency exchange contracts, net				**(320)**	**(554)**		**(3,363)**	**81,851**
Other:								
Stock rights/warrants	2	1,583	Investments	1,516	954	Net appreciation (depreciation)	332	(33)
Other, net				**1,516**	**954**		**332**	**(33)**
Total investment derivatives				**($19,142)**	**($3,002)**		**$38,673**	**$195,108**

**Notional amount reported in local currency.*

Objectives and Terms of Hedging Derivative Instruments

The objectives and terms of the hedging derivative instruments outstanding at June 30, along with the credit rating of the associated counterparty, are as follows:

(in thousands of dollars)

TYPE	OBJECTIVE	NOTIONAL AMOUNT 2018	NOTIONAL AMOUNT 2017	EFFECTIVE DATE	MATURITY DATE	CASH PAID OR RECEIVED	TERMS	COUNTERPARTY CREDIT RATING	FAIR VALUE 2018	FAIR VALUE 2017
UNIVERSITY OF CALIFORNIA										
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	$64,075	$67,540	2007	2032	None	Pay fixed 3.5897%; receive 58% of 1-Month LIBOR* plus 0.48%	Aa3/A+	($6,435)	($9,423)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	124,775	124,775	2016	2030 through 2043	None	Pay fixed 4.6359%; receive 67% of 3-Month LIBOR* plus 0.69%**	Aa2/A+	(31,577)	(40,420)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	400,000	400,000	2013	2023	None	Pay fixed 1.8982%; receive 70% of 1-Month LIBOR*	Aa2/AA-	466	(12,552)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	100,000	100,000	2013	2023	None	Pay fixed 1.9057%; receive 70% of 1-Month LIBOR*	Aa2/AA-	80	(3,182)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	100,000	100,000	2013	2023	None	Pay fixed 1.8980%; receive 70% of 1-Month LIBOR*	Aa2/A+	118	(3,137)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	24,250	24,250	2016	2045	None	Pay fixed 4.741%; receive 67% of 3-Month LIBOR* +0.79%	Aa2/A+	(8,307)	(10,252)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	25,750	25,750	2016	2047	None	Pay fixed 4.741%; receive 67% of 3-Month LIBOR* +0.79%	Aa2/A+	(9,184)	(11,266)
Interest rate swaps, net		**$838,850**	**$842,315**						**($54,839)**	**($90,232)**

** London Interbank Offered Rate (LIBOR).*
***Weighted average spread.*

Hedging Derivative Instrument Risk Factors

Credit Risk

The University could be exposed to credit risk if the interest rate swap counterparties to the contracts are unable to meet the terms of the contracts. Contracts with positive fair values are exposed to credit risk. The University faces a maximum possible loss equivalent to the amount of the derivative's fair value, less any collateral held by the University provided by the counterparty. Contracts with negative fair values are not exposed to credit risk.

Although the University has entered into the interest rate swaps with creditworthy financial institutions to hedge its variable-rate debt, there is credit risk for losses in the event of non-performance by counterparties or unfavorable interest rate movements.

There are no collateral requirements related to the interest rate swap with the $64.1 million notional amount. Depending on the fair value and the counterparty credit rating for the swaps related to the Medical Center Pooled Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a combined notional amount of $174.8 million, the University may be entitled to receive collateral to the extent the positive fair value exceeds $20.0 million as of June 30, 2018. At June 30, 2018 and 2017, there was no collateral required.

Depending on the fair value and the counterparty credit rating for the swaps related to the General Revenue Bonds with the counterparty that is currently rated Aa2/AA- with a combined notional amount of $500.0 million, the University may be entitled to receive collateral to the extent the positive fair value with the counterparty exceeds $30.0 million. At June 30, 2018 and 2017, there was no collateral required.

Depending on the fair value and the counterparty credit rating for the swap related to the General Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a notional amount of $100.0 million, the University may be entitled to receive collateral to the extent the positive fair value with the counterparty exceeds $20.0 million. At June 30, 2018 and 2017, there was no collateral required.

Interest Rate Risk

There is a risk that the value of the interest rate swaps will decline because of changing interest rates. The values of the interest rate swaps with longer maturities tend to be more sensitive to changing interest rates and, therefore, more volatile than those with shorter maturities.

Basis Risk

There is a risk that the basis for the variable payment received on interest rate swaps will not match the variable payment on the bonds. This exposes the University to basis risk whenever the interest rates on the bonds are reset. The interest rate on the bonds is a tax-exempt interest rate, while the basis of the variable receipt on the interest rate swaps is taxable. Tax-exempt interest rates can change without a corresponding change in the LIBOR rate due to factors affecting the tax-exempt market which do not have a similar effect on the taxable market. However, there is no basis or tax risk related to the swap with the $149.0 million notional amount since the variable rate the University pays to the bondholders matches the variable-rate payments received from the swap counterparty and the interest rates are reset at the same intervals.

Termination Risk

There is termination risk for interest rate swaps associated with variable-rate bonds in the event of non-performance by counterparties in an adverse market resulting in cancellation of the synthetic interest rate and returning the interest rate payments to the variable interest rates on the bonds. In addition, depending on the agreement, certain interest rate swaps may be terminated if a counterparty's credit quality rating, as issued by Moody's or Standard & Poor's, falls below certain thresholds. For the interest rate swap with the $64.1 million notional amount, the termination threshold is reached when the credit quality rating for either the underlying Medical Center Pooled Revenue Bonds or swap counterparty falls below Baa2 or BBB. For the swaps with the combined $174.8 million notional amount, the termination threshold is reached when the credit quality rating for the underlying Medical Center Pooled Revenue Bonds falls below Baa3/BBB-, or the interest rate swap counterparty's rating falls below Baa2 or BBB.

For the swaps with notional amounts of $400.0 million and $100.0 million with a counterparty that is currently rated Aa2/AA-, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. For the swap with a notional amount of $100.0 million with a counterparty that is currently rated Aa2/A+, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. Upon termination, the University may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

Rollover Risk

The University is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the University will be re-exposed to the risks being hedged by the hedging derivative instruments. The University is exposed to rollover risk on the interest rate swaps that mature in October 2023 because the hedged debt is scheduled to mature in May 2048.

5. FAIR VALUE

Fair value is defined in the accounting standards 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. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities and other publicly traded securities.

Level 2 – Quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include fixed- or variable-income securities, commingled funds, certain derivatives and other assets that are valued using market information.

Level 3 – Investments and other assets classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments and other assets are based upon the best information in the circumstance and may require significant management judgment. Level 3 financial instruments include private equity investments, real estate and beneficial interests in irrevocable split-interest agreements.

Net Asset Value (NAV) – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include hedge funds, private equity investments and commingled funds.

Not Leveled – Cash and cash equivalents are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

The following tables summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2018:

	UNIVERSITY OF CALIFORNIA					
	Total	**Quoted Prices in Active Markets**	**Other Observable Inputs**	**Unobservable Inputs**	**Net Asset Value**	**Not Leveled**
(in thousands of dollars)		(Level 1)	(Level 2)	(Level 3)	(NAV)	
Equity securities	$5,557,176	$5,551,780		$5,396		
Fixed- or variable-income securities:						
U.S. government-guaranteed	3,399,570	57,592	$3,341,978			
Other U.S. dollar-denominated	12,790,802	217,954	12,483,517	89,331		
Foreign currency-denominated	113		113			
Commingled funds	10,171,169	796,878	62,531	72,717	$9,205,816	$33,227
Investment derivatives	(5,520)	234	(5,754)			
Publicly traded real estate investment trusts	224,036	224,036				
Mortgage loans	510,765			510,765		
Real estate	428,590			25,562	403,028	
Other investments	27,701	13,750		13,951		
Campus foundations' investments with the University	(2,611,651)					(2,611,651)
UCRS investment in STIP	(3,123,754)					(3,123,754)
Total investments	**27,368,997**	**6,862,224**	**15,882,385**	**717,722**	**9,608,844**	**(5,702,178)**
Securities lending investments of cash collateral	**$1,164,707**		**$1,164,958**			**($251)**
Investments held by trustees	**$415,164**				**$382,162**	**$33,002**
Beneficial interests included in other noncurrent assets	**$55,440**			**$55,440**		

	CAMPUS FOUNDATIONS					
	Total	**Quoted Prices in Active Markets**	**Other Observable Inputs**	**Unobservable Inputs**	**Net Asset Value**	**Not Leveled**
(in thousands of dollars)		(Level 1)	(Level 2)	(Level 3)	(NAV)	
Equity securities	$281,594	$266,168	$5,147	$10,265	$14	
Fixed- or variable-income securities:						
U.S. government-guaranteed	386,667		386,667			
Other U.S. dollar-denominated	130,192	666	129,472	54		
Commingled funds	8,069,041	692,240	351	1,511	$7,352,650	$22,289
Investment derivatives	(355)		(355)			
Real estate	135,731		3,709	54,224	77,798	
Other investments	236,710	5,161		38,202	191,959	1,388
Total investments	**$9,239,580**	**$964,235**	**$524,991**	**$104,256**	**$7,622,421**	**$23,677**
Securities lending investments of cash collateral	**$45,288**		**$45,297**			**($9)**
Beneficial interests included in other noncurrent assets	**$75,132**			**$75,132**		

	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM					
	Total	**Quoted Prices in Active Markets**	**Other Observable Inputs**	**Unobservable Inputs**	**Net Asset Value**	**Not Leveled**
(in thousands of dollars)		(Level 1)	(Level 2)	(Level 3)	(NAV)	
Equity securities	$33,324,912	$32,764,711		$1,282	$558,919	
Fixed- or variable-income securities:						
U.S. government-guaranteed	5,881,270		$5,881,270			
Other U.S. dollar-denominated	18,110,994	365,653	17,745,294	47		
Foreign currency-denominated	576		576			
Commingled funds	30,197,232	5,064,965	2,115		25,461,548	($331,396)
Investment derivatives	(19,142)	1,516	(20,658)			
Publicly traded real estate investment trusts	1,711,685	1,711,685				
Real estate	1,665,191				1,665,191	
Total investments	**$90,872,718**	**$39,908,530**	**$23,608,597**	**$1,329**	**$27,685,658**	**($331,396)**
Securities lending investments of cash collateral	**$6,158,290**		**$6,159,570**			**($1,280)**

The following tables summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2017:

	UNIVERSITY OF CALIFORNIA					
	Total	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	Net Asset Value	Not Leveled
(in thousands of dollars)		(Level 1)	(Level 2)	(Level 3)	(NAV)	
Equity securities	$4,964,552	$4,875,376		$22,941	$66,235	
Fixed- or variable-income securities:						
U.S. government-guaranteed	2,105,965		$2,105,965			
Other U.S. dollar-denominated	11,740,820		11,617,785	123,035		
Commingled funds	9,618,782	981,669	106	393,441	8,242,947	$619
Investment derivatives	(241)	(195)	(46)			
Publicly traded real estate investment trusts	152,636	152,636				
Mortgage loans	358,890			358,890		
Real estate	354,597			42,817	311,780	
Other investments	12,390			12,390		
Campus foundations' investments with the University	(2,151,497)					(2,151,497)
UCRS investment in STIP	(2,678,532)					(2,678,532)
Total investments	**$24,478,362**	**$6,009,486**	**$13,723,810**	**$953,514**	**$8,620,962**	**($4,829,410)**
Securities lending investments of cash collateral	**$1,079,829**		**$1,080,405**			**($576)**
Investments held by trustees	**$99,025**				**$60,194**	**$38,831**
Beneficial interests included in other noncurrent assets	**$56,554**			**$56,554**		

	CAMPUS FOUNDATIONS					
	Total	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	Net Asset Value	Not Leveled
(in thousands of dollars)		(Level 1)	(Level 2)	(Level 3)	(NAV)	
Equity securities	$250,611	$235,916	$4,103	$10,575	$17	
Fixed- or variable-income securities:						
U.S. government-guaranteed	382,064		382,064			
Other U.S. dollar-denominated	133,053	654	132,344	55		
Commingled funds	6,998,384	650,644	389	1,330	6,322,655	$23,366
Investment derivatives	1,995		1,995			
Real estate	119,516		3,819	49,569	66,128	
Other investments	321,367	7,151		158,326	153,702	2,188
Total investments	**$8,206,990**	**$894,365**	**$524,714**	**$219,855**	**$6,542,502**	**$25,554**
Securities lending investments of cash collateral	**$42,581**		**$39,260**	**$3,321**		
Beneficial interests included in other noncurrent assets	**$71,330**			**$71,330**		

	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM					
	Total	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	Net Asset Value	Not Leveled
(in thousands of dollars)		(Level 1)	(Level 2)	(Level 3)	(NAV)	
Equity securities	$29,433,121	$28,589,132		$1,181	$842,808	
Fixed- or variable-income securities:						
U.S. government-guaranteed	5,152,518		$5,152,518			
Other U.S. dollar-denominated	17,326,645		17,275,601	51,044		
Commingled funds	28,107,964	3,676,570	1,898	275,890	24,153,119	$487
Investment derivatives	(3,002)	(2,448)	(554)			
Publicly traded real estate investment trusts	722,541	722,541				
Real estate	1,834,232			10,096	1,824,136	
Total investments	**$82,574,019**	**$32,985,795**	**$22,429,463**	**$338,211**	**$26,820,063**	**$487**
Securities lending investments of cash collateral	**$6,841,530**		**$6,845,184**			**($3,654)**

The following table presents significant terms of certain investments at June 30, 2018:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA			
Investment Type	**Fair Value**	**Unfunded Commitments**	**Remaining Life (Years)**	**Redemption Terms and Restrictions**
Absolute return	$3,957,859	$543,569	0 to 5	Not eligible for redemption and lock-up provisions ranging from 0 to 3 years. For securities not eligible for redemption the underlying assets are estimated to be liquidated within 3 to 5 years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 5 to 95 days' prior notification.
Private equity	1,701,059	1,568,945	0 to 15	Not eligible for redemption.
Real assets	381,533	551,803	0 to 15	Not eligible for redemption.
Real estate and real estate investment trusts	738,709	455,525	0 to 10	Closed end funds not eligible for redemption. Open end funds are generally redeemable within 0-90 days.
U.S. equity funds	193,547			Redemptions generally require at least 0-90 days written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within 0-120 days.
Balanced funds	234,375			Redemptions require at least twelve months prior written notice of intention to terminate as of a date specified in the notice. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines.

(in thousands of dollars)	CAMPUS FOUNDATIONS			
Investment Type	**Fair Value**	**Unfunded Commitments**	**Remaining Life (Years)**	**Redemption Terms and Restrictions**
Absolute return	$2,589,828	$94,494	0 to 12	Generally, lock-up provisions ranging from 0 to 12 years. After initial lock-up expires, redemptions are available require 0 to 180 days' prior notification.
Private equity	954,534	729,801	0 to 15	Generally, lock-up provisions ranging from 0 to 15 years. After initial lock-up expires, redemptions are available require 30 days' prior notification.
Other investments	236,710	79,436	0 to 10	Generally, lock-up provisions ranging from 0 to 10 years. After initial lock-up expires, redemptions are available require 30 days' prior notification.
Real estate and real estate investment trusts	297,842	87,322	9	Not eligible for redemption.

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM			
Investment Type	**Fair Value**	**Unfunded Commitments**	**Remaining Life (Years)**	**Redemption Terms and Restrictions**
Absolute return	$4,475,682	$750,319	0 to 5	Not eligible for redemption and lock-up provisions ranging from 0 to 3 years. For securities not eligible for redemption the underlying assets are estimated to be liquidated within 3 to 5 years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 5 to 95 days' prior notification.
Private equity	3,178,252	3,721,105	0 to 15	Not eligible for redemption.
Real assets	1,146,296	952,555	0 to 15	Not eligible for redemption.
U.S. equity funds	4,069,653			Redemptions generally require at least 0-90 days written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within 0-120 days.
Real estate and real estate investment trusts	3,140,611	1,061,649	0 to 10	Closed end funds not eligible for redemption. Open end funds are generally redeemable within 0-90 days.

6. INVESTMENTS HELD BY TRUSTEES

The University has entered into agreements with trustees to maintain trusts for the University's self-insurance programs, long-term debt requirements, capital projects and certain other requirements. In addition, the state of California retained on deposit certain proceeds from the sale of lease-revenue bonds to be used for capital projects.

Self-Insurance Programs

Investments held by trustees for self-insurance programs include bank accounts for the workers' compensation, general liability and professional medical and hospital liability programs. Cash held by the trustee in the name of the University totaled $10.9 million and $23.0 million at June 30, 2018 and 2017, respectively.

Long-Term Debt

Investments held by trustees for future payment of principal and interest in accordance with various indenture and other long-term debt requirements totaled $12.9 million and $6.7 million at June 30, 2018 and 2017, respectively. Securities held by trustees are held in the name of the University and these trust agreements permit trustees to invest in U.S. and state government or agency obligations, commercial paper or other corporate obligations meeting certain credit rating requirements.

Capital Projects

Proceeds from the sale of the state of California's lease revenue bonds to be used for financing certain University capital projects were deposited in a commingled U.S. bond fund managed by the state of California Treasurer's Office, as trustee, and distributed to the University as the projects are constructed. The fair value of these deposits was $2.6 million and $5.0 million at June 30, 2018 and 2017, respectively.

In addition, proceeds from the sale of bonds and certain University funds are held by trustees to be used for financing and operating third-party capital projects. The fair value of these investments was $385.7 million and $63.1 million at June 30, 2018 and 2017, respectively. Substantially, all of these investments are of a highly liquid, short-term nature.

7. ACCOUNTS RECEIVABLE

Accounts receivable and the allowance for uncollectible accounts are as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA							UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS
	STATE AND FEDERAL GOVERNMENT	MEDICAL CENTERS	INVESTMENT INCOME	PRIVATE GRANTS AND CONTRACTS	MEDICAL PROFESSIONAL FEES	OTHER	TOTAL	
At June 30, 2018								
Accounts receivable	$730,025	$2,239,409	$66,905	$438,819	$413,682	$640,109	$4,528,949	$13,102
Allowance for uncollectible accounts	(6,382)	(265,029)		(23,359)	(140,118)	(32,173)	(467,061)	
Accounts receivable, net	**$723,643**	**$1,974,380**	**$66,905**	**$415,460**	**$273,564**	**$607,936**	**$4,061,888**	**$13,102**
At June 30, 2017								
Accounts receivable	$693,453	$1,931,470	$47,138	$318,964	$345,098	$990,061	$4,326,184	$40,012
Allowance for uncollectible accounts	(2,658)	(223,461)		(26,219)	(95,163)	(31,792)	(379,293)	
Accounts receivable, net	**$690,795**	**$1,708,009**	**$47,138**	**$292,745**	**$249,935**	**$958,269**	**$3,946,891**	**$40,012**

The University's other accounts receivable are primarily related to investment sales, tuition and fees, auxiliary enterprises, insurance rebates and legal settlements.

The campus foundations' accounts receivable are primarily related to investment income.

Uncollectible accounts have decreased the following revenues for the years ended June 30:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA	
	2018	**2017**
Student tuition and fees	($1,002)	($6,528)
Grants and contracts:		
Federal	(4,656)	(1,509)
State	(778)	25
Private	73	(11,515)
Local	(40)	32
Medical centers	(255,445)	(221,508)
Educational activities	(9,994)	(22,630)
Auxiliary enterprises	101	(1,441)
Other operating revenues	(2,041)	(1,357)
Expense for uncollectible accounts	**($273,782)**	**($266,431)**

Retirement System Contribution

The state of California agreed to make contributions related to certain prior years to the University for UCRP in annual installments over 30 years. During each of the years ended June 30, 2018 and 2017, under the terms of these agreements, the state of California contributed $5.3 million, including interest at 8.5 percent. At June 30, 2018 and 2017, the remaining amount owed to UCRP by the state was $9.4 million and $13.6 million, respectively. These amounts are recorded in the University's statement of net position as a receivable from the state of California and as a liability owed to UCRP.

8. PLEDGES RECEIVABLE

The composition of pledges receivable at June 30 is summarized as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
Total pledges receivable outstanding	$67,676	$72,315	$1,208,349	$1,064,512
Less: Unamortized discount to present value	(632)	(896)	(136,882)	(137,406)
Allowance for uncollectible pledges	(9,305)	(15,207)	(65,284)	(61,127)
Total pledges receivable, net	**57,739**	**56,212**	**1,006,183**	**865,979**
Less: Current portion of pledges receivable	(25,049)	(23,181)	(234,294)	(192,484)
Noncurrent portion of pledges receivable	**$32,690**	**$33,031**	**$771,889**	**$673,495**

Future receipts under pledge agreements for each of the five fiscal years subsequent to June 30, 2018 and thereafter are as follows:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS
Year Ending June 30		
2019	$32,885	$256,919
2020	15,984	183,296
2021	7,473	136,931
2022	8,464	97,523
2023	1,270	84,030
2024-2028	350	212,735
Beyond 2028	1,250	236,915
Total payments on pledges receivable	**$67,676**	**$1,208,349**

Adjustments to the allowance for uncollectible pledges for the University have increased (decreased) the following revenues for the years ended June 30, 2018 and 2017:

(in thousands of dollars)	**2018**	**2017**
Private gifts	($4,096)	($863)
Capital gifts and grants		(25)

9. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable at June 30, 2018 and 2017 along with the allowance for uncollectible amounts, are as follows:

	UNIVERSITY OF CALIFORNIA				UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		
		NONCURRENT					
(in thousands of dollars)	CURRENT	NOTES	MORTGAGES	TOTAL	CURRENT	NONCURRENT	TOTAL
At June 30, 2018							
Notes and mortgages receivable	$77,411	$387,236	$19,105	$406,341	$181	$250	$431
Allowance for uncollectible amounts	(8,929)	(19,885)	(114)	(19,999)			
Notes and mortgages receivable, net	**$68,482**	**$367,351**	**$18,991**	**$386,342**	**$181**	**$250**	**$431**
At June 30, 2017							
Notes and mortgages receivable	$58,338	$309,459	$22,301	$331,760	$6	$427	$433
Allowance for uncollectible amounts	(8,201)	(17,621)	(121)	(17,742)			
Notes and mortgages receivable, net	**$50,137**	**$291,838**	**$22,180**	**$314,018**	**$6**	**$427**	**$433**

10. DOE NATIONAL LABORATORY CONTRACTS

Los Alamos National Security, LLC (LANS)

LANS operates and manages the DOE's LANL. LANS' current earnings or losses are dependent on the percentage of base and incentive fees earned under the terms of the contract, offset by any unallowable or disallowed costs. While the University has a 50-percent membership interest in LANS, its equity in the current earnings or losses is subject to certain limitations and special allocations of both the fees and costs. As a result, the University's equity in the current earnings or losses may range from 17.0 to 50.0 percent. For the years ended June 30, 2018 and 2017, the University recorded $14.4 million and $13.5 million, respectively, as its equity in the current earnings of LANS and received $16.7 million and $17.6 million, respectively, in cash distributions.

Subsequent Event

The University is a member of Triad National Security, LLC (Triad) with two other organizations. Effective November 1, 2018, Triad will assume the management and operations of LANL under a contract with the DOE.

Lawrence Livermore National Security, LLC (LLNS)

LLNS manages and operates the DOE's LLNL. LLNS' current earnings or losses are dependent on the percentage of base and incentive fees earned under the terms of the contract, offset by any unallowable or disallowed costs. While the University has a 50-percent membership interest in LLNS, its equity in the current earnings or losses is 36.3 percent as of June 30, 2018 and 2017, respectively. For the years ended June 30, 2018 and 2017, the University recorded $12.2 million and $11.5 million, respectively, as its equity in the current earnings of LLNS and received $12.2 million and $11.1 million, respectively, in cash distributions.

11. CAPITAL ASSETS

The University's capital asset activity for the years ended June 30 is as follows:

(in thousands of dollars)

	2016	ADDITIONS	DISPOSALS	2017	ADDITIONS	DISPOSALS	2018
ORIGINAL COST							
Land	$1,163,095	$9,551	($9,735)	$1,162,911	$45,985	($17,768)	$1,191,128
Infrastructure	663,873	30,987		694,860	49,827	(6,687)	738,000
Buildings and improvements	35,428,593	2,604,022	(7,292)	38,025,323	1,823,695	(26,959)	39,822,059
Equipment, software and intangibles	7,171,492	696,869	(259,278)	7,609,083	1,157,142	(256,657)	8,509,568
Libraries and collections	4,060,109	154,873	(62,294)	4,152,688	147,676	(24,460)	4,275,904
Special collections	434,738	25,254	(36)	459,956	71,303	(103)	531,156
Construction in progress	3,065,029	(544,879)		2,520,150	411,104		2,931,254
Capital assets, at original cost	**$51,986,929**	**$2,976,677**	**($338,635)**	**$54,624,971**	**$3,706,732**	**($332,634)**	**$57,999,069**

	2016	DEPRECIATION AND AMORTIZATION	DISPOSALS	2017	DEPRECIATION AND AMORTIZATION	DISPOSALS	2018
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Infrastructure	$348,605	$23,093		$371,698	$23,774	($4,431)	$391,041
Buildings and improvements	14,157,451	1,167,408	($5,998)	15,318,861	1,212,499	(26,609)	16,504,751
Equipment, software and intangibles	4,800,503	588,597	(224,314)	5,164,786	658,487	(223,448)	5,599,825
Libraries and collections	2,991,555	130,772	(22,454)	3,099,873	132,583	(54,111)	3,178,345
Accumulated depreciation and amortization	**22,298,114**	**1,909,870**	**(252,766)**	**23,955,218**	**2,027,343**	**(308,599)**	**25,673,962**
Capital assets, net	**$29,688,815**			**$30,669,753**			**$32,325,107**

Service concession arrangements, reported as buildings and improvements, are $202.1 million of original cost and $25.6 million of accumulated depreciation at June 30, 2018. Service concession arrangements, reported as buildings and improvements, are $118.2 million of original cost and $22.5 million of accumulated depreciation at June 30, 2017.

12. SELF-INSURANCE, OBLIGATIONS UNDER LIFE INCOME AGREEMENTS AND OTHER LIABILITIES

The University's self-insurance, obligations under life income agreements and other liabilities at June 30, 2018 and 2017 are as follows:

	UNIVERSITY OF CALIFORNIA				UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS			
	2018		2017		2018		2017	
(in thousands of dollars)	CURRENT	NONCURRENT	CURRENT	NONCURRENT	CURRENT	NONCURRENT	CURRENT	NONCURRENT
Self-insurance programs	$392,634	**$584,186**	$276,480	**$584,232**				
Obligations under life income agreements	1,474	**$35,293**	1,601	**$34,479**	$19,314	**$149,391**	$17,428	**$137,713**
Other liabilities:								
Compensated absences	614,056	315,659	578,012	340,353				
UCRP *	4,509	4,891	4,157	9,400				
Accrued interest	121,812		107,672					
Fair value of interest rate swaps		54,839		90,232				
Third-party payor settlements	497,751		415,988					
Deposits	152,591		148,061					
Other	113,377	162,992	61,326	248,817	24,866	271,825	28,042	253,288
Total	**$1,898,204**	**$538,381**	**$1,593,297**	**$688,802**	**$44,180**	**$271,825**	**$45,470**	**$253,288**

** UCRP has an equivalent amount recorded as a contribution receivable from the University in its statement of fiduciary net position.*

Self-Insurance Programs

Self-insured liabilities changed as follows for the years ended June 30:

(in thousands of dollars)	MEDICAL MALPRACTICE	WORKERS' COMPENSATION	EMPLOYEE & STUDENT HEALTH CARE	GENERAL LIABILITY AND OTHER	TOTAL
Year Ended June 30, 2018					
Liabilities at June 30, 2017	$193,155	$409,007	$90,178	$168,372	$860,712
Claims incurred and changes in estimates	75,112	129,808	973,303	63,290	1,241,513
Claim payments	(52,960)	(82,852)	(948,681)	(40,912)	(1,125,405)
Liabilities at June 30, 2018	**$215,307**	**$455,963**	**$114,800**	**$190,750**	**$976,820**
Discount rate	**3.0%**	**3.0%**	**Undiscounted**	**3.0%**	
Year Ended June 30, 2017					
Liabilities at June 30, 2016	$198,440	$391,440	$88,510	$108,519	$786,909
Claims incurred and changes in estimates	51,074	104,089	811,137	99,538	1,065,838
Claim payments	(56,359)	(86,522)	(809,469)	(39,685)	(992,035)
Liabilities at June 30, 2017	**$193,155**	**$409,007**	**$90,178**	**$168,372**	**$860,712**
Discount rate	**2.6% to 4.7%**	**2.6% to 4.7%**	**Undiscounted**	**2.6% to 4.7%**	
Year Ended June 30, 2016					
Liabilities at June 30, 2015	$187,236	$353,138	$75,433	$94,481	$710,288
Claims incurred and changes in estimates	73,520	119,972	666,442	41,190	901,124
Claim payments	(62,316)	(81,670)	(653,365)	(27,152)	(824,503)
Liabilities at June 30, 2016	**$198,440**	**$391,440**	**$88,510**	**$108,519**	**$786,909**
Discount rate	**5.0%**	**5.0%**	**Undiscounted**	**2.0%**	

Obligations Under Life Income Agreements

Changes in current and noncurrent obligations under life income agreements for the years ended June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS	
(in thousands of dollars)	ANNUITIES	LIFE BENEFICIARIES	ANNUITIES	LIFE BENEFICIARIES
Year Ended June 30, 2018				
Balance at June 30, 2017	$16,735	$19,345	$50,843	$104,298
New obligations to beneficiaries and changes in liability, net	3,577	778	19,971	9,287
Payments to beneficiaries	(2,403)	(1,265)	(5,952)	(9,742)
Obligations under life income agreements at June 30, 2018	**17,909**	**18,858**	**64,862**	**103,843**
Less: Current portion	(825)	(649)	(7,436)	(11,878)
Noncurrent portion at June 30, 2018	**$17,084**	**$18,209**	**$57,426**	**$91,965**
Year Ended June 30, 2017				
Balance at June 30, 2016	$15,588	$17,779	$48,898	$98,134
New obligations to beneficiaries and changes in liability, net	3,353	2,961	7,921	15,733
Payments to beneficiaries	(2,206)	(1,395)	(5,976)	(9,569)
Obligations under life income agreements at June 30, 2017	**16,735**	**19,345**	**50,843**	**104,298**
Less: Current portion	(763)	(838)	(6,166)	(11,262)
Noncurrent portion at June 30, 2017	**$15,972**	**$18,507**	**$44,677**	**$93,036**

13. DEBT

The University directly finances the construction, renovation and acquisition of facilities and equipment, or for such other purposes as are authorized by The Regents through the issuance of debt obligations or indirectly through structures that involve legally separate entities reported as blended component units. Commercial paper and bank loans provide interim financing. Long-term financing includes revenue bonds, capital lease obligations and other borrowings.

The University's outstanding debt at June 30 is as follows:

(in thousands of dollars)	WEIGHTED AVERAGE INTEREST RATE	INTEREST RATE RANGE	MATURITY YEARS	2018	2017
INTERIM FINANCING:					
Commercial paper		1.1 - 2.3%	2018	$781,804	$812,673
LONG-TERM FINANCING:					
University of California General Revenue Bonds					
Fixed Rate	4.7%	1.2 - 7.6%	2019 - 2115	11,192,530	9,959,700
Variable Rate	1.4%	1.3 - 1.9%	2037 - 2048	750,000	750,000
University of California Limited Project Revenue Bonds	4.8%	1.2 - 6.3%	2019 - 2058	5,019,785	3,702,630
University of California Medical Center Pooled Revenue Bonds					
Fixed Rate	5.5%	1.1 - 6.6%	2019 - 2049	2,501,820	2,763,295
Variable Rate	1.9%	1.2 - 2.4%	2019 - 2047	244,400	247,865
Unamortized bond premium				1,368,889	1,020,465
University of California revenue bonds	**4.6%**			**21,077,424**	**18,443,955**
Capital lease obligations		0.5 - 11.8%	2019 - 2042	207,118	195,022
Other University borrowings		Various	2019 - 2053	556,513	378,659
Blended component unit revenue bonds, net	5.6%	4.0 - 6.5%	2019 - 2052	1,035,918	672,567
Total outstanding debt				**23,658,777**	**20,502,876**
Less: Commercial paper				(781,804)	(812,673)
Current portion of outstanding debt				(1,371,030)	(1,519,005)
Noncurrent portion of outstanding debt				**$21,505,943**	**$18,171,198**

Interest expense associated with financing projects during construction, net of any investment income earned on tax-exempt bond proceeds during construction, is capitalized. Total interest expense during the years ended June 30, 2018 and 2017 was $821.2 million and $782.0 million, respectively. Interest expense, net of investment income, totaling $74.6 million and $60.8 million was capitalized during the years ended June 30, 2018 and 2017, respectively. The remaining $746.6 million and $721.2 million in 2018 and 2017 is reported as interest expense in the statement of revenues, expenses and changes in net position.

Outstanding Debt Activity

The activity with respect to the University's current and noncurrent debt, including the revenue bonds associated with blended component units, for the years ended June 30 is as follows:

(in thousands of dollars)	UNIVERSITY REVENUE BONDS	FINANCING OBLIGATIONS	OTHER UNIVERSITY BORROWINGS	BLENDED COMPONENT UNIT REVENUE BONDS	TOTAL
Year Ended June 30, 2018					
Long-term debt and financing obligations at June 30, 2017	$18,443,955	$195,022	$378,659	$672,567	$19,690,203
New obligations	3,544,885	47,225	284,583	319,530	4,196,223
Bond premium, net	430,715			63,217	493,932
Refinancing or prepayment of outstanding debt	(913,690)		(100,049)		(1,013,739)
Scheduled principal payments	(346,150)	(35,129)	(6,680)	(10,750)	(398,709)
Amortization of bond premium	(82,291)			(8,646)	(90,937)
Long-term debt and financing obligations at June 30, 2018	**21,077,424**	**207,118**	**556,513**	**1,035,918**	**22,876,973**
Less: Current portion	(1,308,152)	(38,581)	(6,326)	(17,971)	(1,371,030)
Noncurrent portion at June 30, 2018	**$19,769,272**	**$168,537**	**$550,187**	**$1,017,947**	**$21,505,943**
Year Ended June 30, 2017					
Long-term debt and financing obligations at June 30, 2016	$17,687,259	$176,753	$356,847	$692,571	$18,913,430
New obligations	2,181,755	55,360	126,105	54,280	2,417,500
Bond premium, net	213,621			9,107	222,728
Refinancing or prepayment of outstanding debt	(1,224,530)		(39,999)	(56,210)	(1,320,739)
Scheduled principal payments	(339,180)	(37,091)	(64,294)	(24,026)	(464,591)
Amortization of bond premium	(74,970)			(3,155)	(78,125)
Long-term debt and financing obligations at June 30, 2017	**18,443,955**	**195,022**	**378,659**	**672,567**	**19,690,203**
Less: Current portion	(1,263,157)	(34,351)	(206,567)	(14,930)	(1,519,005)
Noncurrent portion at June 30, 2017	**$17,180,798**	**$160,671**	**$172,092**	**$657,637**	**$18,171,198**

Commercial Paper

The University has available a $2.0 billion commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial paper may be issued for interim financing for capital projects, interim financing of equipment, financing of working capital for the medical centers, standby or interim financing for gift financed projects and working capital for the University.

The program's liquidity is primarily supported by available investments in STIP and TRIP. Commercial paper is collateralized by a pledge of the revenues derived from the ownership or operation of the projects financed and constitute limited obligations of the University. There is no encumbrance, mortgage or other pledge of property securing commercial paper and the paper does not constitute general obligations of the University.

Commercial paper outstanding, including interest rates, at June 30 is as follows:

(in thousands of dollars)

	2018		2017	
	INTEREST RATES	OUTSTANDING	INTEREST RATES	OUTSTANDING
Tax-exempt	1.10 - 1.71%	$457,000		
Taxable	1.88 - 2.30%	324,804	0.93 - 1.26%	$812,673
Total outstanding		**$781,804**		**$812,673**

The expectation is that the University will continue to utilize available investments for liquidity support of the commercial paper program. Alternatively, the University may utilize lines of credit from external banks for the purpose of providing additional liquidity support for the commercial paper program. As of June 30, 2018, the University has two revolving credit agreements totaling $700.0 million. There were no borrowings against the revolving credit lines as of June 30, 2018.

University of California Revenue Bonds

Revenue bonds have financed various auxiliary, administrative, academic, medical center and research facilities of the University. The bonds generally have annual principal and semiannual or monthly interest payments, serial and term maturities, contain sinking fund requirements and may have optional redemption provisions. Revenue bonds are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues, and do not constitute general obligations of The Regents. Revenue Bond Indentures require the University to use the facilities in a way which will not cause the interest on the tax-exempt bonds to be included in the gross income of the bondholders for federal tax purposes. The Indentures permit the University to issue additional bonds as long as certain conditions are met.

General Revenue Bonds are collateralized solely by General Revenues as defined in the General Revenue Bond Indenture. General Revenues are certain operating and nonoperating revenues of the University consisting of gross student tuition and fees; a portion of state appropriations; facilities and administrative cost recovery from contracts and grants; revenues from educational, auxiliary and other activities; and other revenues, including unrestricted investment income. The General Revenue Bond Indenture requires the University to set rates, charges and fees each year sufficient for General Revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of General Revenues for interest rate swap agreements is on a parity basis with the University's General Revenue Bonds. General Revenues for the years ended June 30, 2018 and 2017 were $16.8 billion and $16.2 billion, respectively.

Limited Project Revenue Bonds are issued to finance auxiliary enterprises and are collateralized by a pledge consisting of the sum of the gross revenues of the specific projects. The Limited Project Revenue Bond Indenture requires the University to achieve the sum of gross project revenues equal to 1.1 times debt service and maintain certain other covenants. The pledge of revenues for Limited Project Revenue Bonds is subordinate to the pledge of revenues for General Revenue Bonds, but senior to pledges for commercial paper notes. Pledged revenues for the years ended June 30, 2018 and 2017 were $1.5 billion and $1.4 billion, respectively.

Medical Center Pooled Revenue Bonds are issued to finance the University's medical center facilities and are collateralized by a joint and several pledges of the gross revenues of all five of the University's medical centers. Medical center gross revenues are excluded from General Revenues. The Medical Center Pooled Revenue Bond Indenture requires the medical centers to set rates, charges and fees each year sufficient for the Medical Centers' total operating and nonoperating revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of medical center revenues for interest rate swap agreements may be at parity with, or subordinate to, Medical Center Pooled Revenue Bonds. Pledged revenues of the medical centers for the years ended June 30, 2018 and 2017 were $12.2 billion and $11.4 billion, respectively.

2018 Activity

In September 2017, Limited Project Revenue Bonds totaling $860.4 million, including $733.5 million tax-exempt bonds and $126.9 million taxable bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2052. Proceeds, including a bond premium of $124.2 million, were used to pay for project construction and issuance costs. The taxable bonds have a stated weighted average rate of 2.9 percent. The tax-exempt bonds have a stated weighted average interest rate of 4.9 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

In December 2017, General Revenue Bonds totaling $625.5 million of tax-exempt bonds were issued to advance refund a portion of General Revenue Bonds, Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds. The bonds mature at various dates through 2041. The bonds have a stated weighted average interest rate of 4.7 percent. The bond premium of $113.1 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of $74.6 million and an economic gain of $59.3 million.

In June 2018, General Revenue Bonds totaling $1.2 billion, including $945.8 million in tax-exempt bonds and $281.9 million in taxable bonds, were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2058. Proceeds, including a bond premium of $144.3 million, were used to pay for project construction and issuance costs and to refund $112.7 million of outstanding General Revenue Bonds. The tax-exempt bonds have a stated weighted average interest rate of 4.9 percent. The taxable bonds have a stated weighted average interest rate of 4.3 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of $13.0 million and an economic gain of $10.2 million.

In June 2018, Limited Project Revenue Bonds totaling $831.3 million, including $736.2 million tax-exempt bonds and $95.1 million taxable bonds, were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2058. Proceeds, including a bond premium of $108.5 million, were used to pay for project construction and issuance costs and to refund $151.3 million of outstanding Limited Project Revenue Bonds. The taxable bonds have a stated weighted average rate of 3.9 percent. The tax-exempt bonds have a stated weighted average interest rate of 4.9 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of $17.7 million and an economic gain of $13.7 million.

2017 Activity

In August 2016, Medical Center Pooled Revenue Bonds totaling $1.0 billion, including $872.8 million of tax-exempt bonds and $173.4 million taxable bonds, were issued to finance and refinance certain facilities and projects of the Medical Centers. Proceeds, including a net bond premium of $155.8 million, were used to pay for project construction, issuance costs and refund $724.5 million of outstanding Medical Center Pooled Revenue Bonds and all of the outstanding Medical Center Revenue Bonds. The bonds mature at various dates through 2047. Simultaneously, a bank standby bond purchase agreement for certain of the University's variable-rate demand bonds was terminated. The University will provide its own liquidity in connection with mandatory and optional tenders and remarketing of these bonds and does not plan to provide any third-party liquidity facility to support this obligation. The interest rates on the variable-rate demand bonds reset daily and an interest rate swap is being used to limit exposure to changes in market interest rates. In the event of a failed remarketing, the variable-rate demand bonds can be put back to The Regents for tender. The tax-exempt and taxable bonds have a stated weighted average interest rate of 4.5 percent and 3.0 percent, respectively. The refunding of the outstanding Medical Center Pooled Revenue Bonds and Medical Center Revenue Bonds resulted in a loss of $8.0 million, recorded as a deferred outflow of resources, that will be amortized as interest expense over the term of the refunded bonds. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding Medical Center Revenue Bonds resulted in cash flow savings of $193.5 million and an economic gain of $151.2 million.

In April 2017, General Revenue Bonds totaling $1.1 billion, including $449.7 million in tax-exempt bonds, $185.9 million in taxable bonds and $500.0 million of taxable fixed-rate notes, were issued to finance or refinance certain capital projects and working capital borrowings of the University. The bonds mature at various dates through 2049 and the taxable fixed-rate notes mature in 2025. Proceeds, including a bond premium of $68.0 million, were used to pay for project construction and issuance costs and to refund $500.0 million of outstanding General Revenue Bonds. The tax-exempt bonds have a stated weighted average interest rate of 4.8 percent. The taxable bonds have a stated weighted average interest rate of 3.8 percent. The taxable fixed rate notes have a stated interest rate of 3.1 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

Capital Leases

Capital leases entered into with other lessors, typically for equipment, totaled $47.2 million and $55.4 million for the years ended June 30, 2018 and 2017, respectively.

Other University Borrowings

Other University borrowings consist of contractual obligations resulting from the acquisition of land or buildings and the construction and renovation of certain facilities, along with the borrowing component associated with a hybrid derivative instrument.

The University may use uncollateralized revolving lines of credit with commercial banks for general corporate purposes and to provide interim financing for buildings and equipment. Lines of credit commitments for general corporate purposes, with various expiration dates through May 3, 2021, totaled $400.0 million at June 30, 2018 and $415.0 million at June 30, 2017 . Outstanding borrowings under these bank lines totaled $150.0 million and $250.0 million at June 30, 2018 and 2017, respectively.

Certain of the interest rate swaps are considered hybrid instruments. As such, the interest rate swaps are comprised of a derivative instrument and a companion instrument recorded as a borrowing. The unamortized amount of the borrowing was $75.2 million and $79.0 million at June 30, 2018 and 2017, respectively.

In August 2016, the University entered into an agreement with a developer to design, construct, finance, operate and maintain certain auxiliary, administrative, academic and research facilities of one of its campuses, for which the University will finance $600.0 million of the total costs. Of this amount, $585.0 million will be paid to the developer over a 48-month period through a series of monthly progress payments. The remainder will cover invoiced costs for infrastructure improvements and equipment. Upon completion of the design-build phase of the project, the University will enter into an ongoing Operations and Maintenance Agreement with the developer through 2055. Payments under this agreement will have two components: the first component of the agreement is related to the operations and maintenance of the facilities, the second component is to service the private debt incurred by the developer during the construction phase. The operations and maintenance component of the payment will be expensed as incurred. The payments for the private debt are being treated as capital leases and are recorded as other borrowings by the University. In the event that the operations and maintenance agreement with the developer is terminated, the outstanding portion of the private debt incurred by the developer would become an obligation of the University. The outstanding amount of the borrowing was $296.9 million and $43.7 million at June 30, 2018 and 2017, respectively.

As of June 30, 2018, CHRCO had no amounts outstanding under its revolving credit facility for $25.0 million. The interest rate on the credit facility is 3.2 percent as of June 30, 2018 and the facility expires on August 31, 2020.

Blended Component Unit Revenue Bonds

Student Housing

The University has entered into ground leases with a legally separate, nonprofit corporation that develops and owns student housing projects and related amenities and improvements on a University campus through the use of a single-project limited liability corporation (LLC). The LLC manages the premises. The University's reversionary interest in the land is not subordinated. All costs associated with the ownership, operation and management of the improvements are the obligation of the LLC. Student rental rates are established in order to provide for operating expenses and maintain the required debt service coverage ratios. The University is not responsible for any payments related to the ownership, operation or financing of the student housing. However, under accounting requirements, the financial position and operating results of this legally separate organization are blended into the University's financial reporting entity.

The LLC, through its conduit issuer, has outstanding Student Housing LLC Revenue Bonds to finance the construction of the student housing facilities. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. They are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues of the student housing projects, and do not constitute general obligations of The Regents.

In August 2017, the LLC, through its conduit issuer, issued additional Student Housing LLC Revenue Bonds totaling $148.6 million. The bonds mature at various dates through 2050 and have a stated weighted average interest rate of 5.0 percent. Proceeds, including a bond premium of $24.2 million, were used to pay for project construction and issuance costs. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

At June 30, 2018 and 2017, the LLC, through its conduit issuer, has outstanding Student Housing LLC Revenue Bonds totaling $501.3 million and $362.2 million, respectively. The bonds mature at various dates through 2050 and have a weighted average interest rate of 5.1 percent.

Research Facilities

The University has a public/private partnership, for the purpose of developing, constructing and managing a neuroscience research and laboratory building and a psychiatry youth and family center with a legally separate, nonprofit corporation (the Corporation). In connection with these facilities, the University entered into ground leases with the Corporation. The Corporation has entered into a sub-ground leases with a developer to construct, own and manage the facilities. The University agreed to lease all of the space in the building from the developer. The University's base rent payments are equal to the principal and interest payments on the bonds issued by a conduit issuer and loaned to the nonprofit corporation to finance the construction of the building. As security on the bonds, the developer has assigned all payments received from the University for the space lease to the bond trustee.

All of the board members of the Corporation are appointed by the University and the University has the authority to determine the budget for the nonprofit corporation. Under accounting requirements, the financial position and operating results of this legally separate organization are blended into the University's financial reporting entity.

In December 2017, the Corporation, through its conduit issuer, issued additional revenue bonds totaling $171.0 million. The bonds mature at various dates through 2052 and have a stated weighted average interest rate of 5.0 percent. Proceeds, including a bond premium of $39.0 million, were used to pay for construction and issuance costs of the psychiatry youth and family center. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

At June 30, 2018, the Corporation, through a conduit issuer, has outstanding tax-exempt revenue bonds totaling $190.7 million and taxable revenue bonds totaling $188.0 million. The tax-exempt revenue bonds mature at various dates from 2021 to 2052 and have a weighted average interest rate of 5.0 percent. The tax-exempt revenue bonds generally have annual serial maturities, semi-annual interest payments and optional redemption provisions. The taxable bonds mature in 2049 and have an interest rate of 6.5 percent. The taxable bonds were issued as Build America Bonds, under which the U.S. Treasury is expected to send the conduit issuer 35.0 percent of the semi-annual interest cost on the taxable bonds, making the net interest rate 4.2 percent post-subsidy. The taxable bonds have a term maturity with various certain annual sinking fund requirements, semi-annual interest payments and optional redemption provisions.

In addition, the University entered into a ground lease with another legally separate, nonprofit corporation (the Consortium). The Consortium entered into an agreement with a developer to develop and own a research laboratory facility designed to expand collaborative work in stem cell research and facilitate its translation into tools and techniques to diagnose and treat degenerative diseases and other ailments. The developer constructed the research laboratory facility. All costs associated with the ownership, operation and management of the laboratory research facility are the obligation of the Consortium. The University, along with the other collaborative research partners, will lease space in the building. Under accounting requirements, the financial position and operating results of this legally separate organization are blended into the University's financial reporting entity.

The Consortium, through its conduit issuer, has outstanding revenue bonds totaling $52.0 million and $53.3 million at June 30, 2018 and 2017, respectively. The bonds mature at various dates through 2040 and have a weighted average interest rate of 4.5 percent. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. Lease payments from the occupants of the building are pledged as collateral on the bonds. To the extent the lease payments are not sufficient to pay the debt service, the University is obligated to pay the shortfall.

Future Debt Service and Hedging Derivative Interest Rate Swaps

Future debt service payments for the University's fixed- and variable-rate debt for each of the five fiscal years subsequent to June 30, 2018, and thereafter are as presented below. Although not a prediction by the University of the future interest cost of the variable-rate bonds, these amounts assume that current interest rates on variable-rate bonds will not change. As these rates vary, variable-rate bond interest payments will vary.

(in thousands of dollars)	COMMERCIAL PAPER	MEDICAL CENTER REVENUE BONDS	UNIVERSITY REVENUE BONDS	CAPITAL LEASES	OTHER UNIVERSITY BORROWINGS	BLENDED COMPONENT UNIT REVENUE BONDS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year Ending June 30									
2019	$784,758	$187,204	$1,073,658	$45,471	$16,107	$60,188	$2,167,386	$1,218,885	$948,501
2020		192,920	1,372,540	43,027	159,269	60,184	1,827,940	895,277	932,663
2021		202,776	1,308,195	37,848	12,283	68,067	1,629,169	716,048	913,121
2022		201,737	1,086,149	15,464	12,377	68,271	1,383,998	494,186	889,812
2023		201,111	1,083,396	10,116	12,440	68,276	1,375,339	505,825	869,514
2024 - 2028		956,826	5,929,881	37,293	62,246	341,307	7,327,553	3,382,997	3,944,556
2029 - 2033		890,058	5,140,036	37,334	62,153	339,280	6,468,861	3,253,051	3,215,810
2034 - 2038		883,305	4,717,136	35,138	74,058	335,731	6,045,368	3,644,952	2,400,416
2039 - 2043		951,386	3,717,648	30,184	50,347	211,326	4,960,891	3,462,243	1,498,648
2044 - 2048		785,996	2,459,473		45,884	170,619	3,461,972	2,689,889	772,083
2049 - 2053		22,217	705,514		64,711	75,507	867,949	463,221	404,728
2054 - 2115			5,418,990				5,418,990	1,460,085	3,958,905
Total future debt service	**784,758**	**5,475,536**	**34,012,616**	**291,875**	**571,875**	**1,798,756**	**42,935,416**	**$22,186,659**	**$20,748,757**
Less: Interest component of future payments	(2,954)	(2,729,316)	(17,050,301)	(84,063)	(15,362)	(866,761)	(20,748,757)		
Principal portion of future payments	**781,804**	**2,746,220**	**16,962,315**	**207,812**	**556,513**	**931,995**	**22,186,659**		
Adjusted by:									
Unamortized bond premium		181,348	1,187,541			103,923	1,472,812		
Present value of net minimum leases included in long-term debt				(694)			(694)		
Total debt	**$781,804**	**$2,927,568**	**$18,149,856**	**$207,118**	**$556,513**	**$1,035,918**	**$23,658,777**		

Long-term debt does not include $2.6 billion of defeased liabilities at June 30, 2018. Investments that have maturities and interest rates sufficient to fund retirement of these liabilities are being held in irrevocable trusts for the debt service payments. Neither the assets of the trusts nor the outstanding obligations are included in the University's statement of net position.

General Revenue Bonds of $750.0 million are variable-rate demand bonds which reset weekly and, in the event of a failed remarketing, can be put back to The Regents for tender. The University has classified these bonds as current liabilities as of June 30, 2018.

Medical Center Pooled Revenue Bonds of $95.4 million are variable-rate demand bonds which give the debt holders the ability to tender the bonds back to the University upon demand. The University has classified these bonds as current liabilities as of June 30, 2018.

For the University's cash flow hedges, future debt service payments for the University's variable-rate debt and net receipts or payments on the associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2018, and thereafter are as presented below. Although not a prediction by the University of the future interest cost of the variable-rate bonds or the impact of the interest rate swaps, using rates as of June 30, 2018, combined debt service requirements of the variable-rate debt and net swap payments are as follows:

	VARIABLE-RATE BONDS		INTEREST RATE SWAP, NET	TOTAL PAYMENTS
(in thousands of dollars)	PRINCIPAL	INTEREST		
Year Ending June 30				
2019	$3,590	$12,098	$8,014	$23,702
2020	3,725	12,104	7,948	23,777
2021	3,860	12,079	7,873	23,812
2022	3,995	12,028	7,798	23,821
2023	7,510	11,980	7,721	27,211
2024-2028	42,350	58,016	23,857	124,223
2029-2033	45,745	54,184	18,082	118,011
2034-2038	30,175	50,603	13,903	94,681
2039-2043	55,030	46,237	9,363	110,630
2044-2048	642,870	25,051	2,073	669,994
Total	**$838,850**	**$294,380**	**$106,632**	**$1,239,862**

14. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The University's composition of deferred outflows and inflows of resources at June 30 are summarized as follows:

(in thousands of dollars)	SERVICE CONCESSION ARRANGEMENTS	NET PENSION LIABILITY	NET RETIREE HEALTH BENEFITS LIABILITY	DEBT REFUNDING	INTEREST RATE SWAP AGREEMENTS	ROYALTY SALES	IRREVOCABLE SPLIT-INTEREST AGREEMENTS	TOTAL
At June 30, 2018								
Deferred outflows of resources		$727,344	$3,515,860	$351,360	$54,839			$4,649,403
Deferred inflows of resources	$176,447	275,145	5,645,528	1,388		$421,341	$89,855	6,609,704
At June 30, 2017								
Deferred outflows of resources		$1,001,165	$4,106,941	$351,306	$90,232			$5,549,644
Deferred inflows of resources	$95,725	785,238	4,934,470	1,436		$467,502	$87,412	6,371,783

The campus foundations' deferred inflows of resources are primarily related to irrevocable split-interest agreements.

15. THE UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)

Most University employees participate in UCRS. UCRS consists of UCRP, a defined benefit plan funded with University and employee contributions; UCRSP, which includes defined contribution plans with options to participate in internally or externally managed investment portfolios generally funded with employee non-elective and elective contributions; UC-VERIP, a defined benefit plan for University employees who were members of PERS and who elected early retirement; and the CHRCO Pension Plan, a defined benefit plan fully funded with CHRCO contributions. The Regents has the authority to establish and amend the benefit plans except for the CHRCO Pension Plan. Administration authority with respect to UCRS plans is vested with the President of the University as plan administrator. CHRCO administers the CHRCO Pension Plan as the Sponsor and plan assets are held by US Bank (the Trustee).

Condensed financial information related to each plan in UCRS and the changes in pension liability for UCRP, UC-VERIP and the CHRCO Pension Plan for the year ended June 30, 2018 is as follows:

	UNIVERSITY OF CALIFORNIA					
(in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT PLAN	UNIVERSITY OF CALIFORNIA UC-VERIP	SUBTOTAL	UNIVERSITY OF CALIFORNIA RETIREMENT SAVINGS PROGRAM	TOTAL	CHILDREN'S HOSPITAL & RESEARCH CENTER AT OAKLAND PENSION PLAN
CONDENSED STATEMENT OF PLAN FIDUCIARY NET POSITION						
Investments at fair value	$67,871,988	$66,370	$67,938,358	$22,934,360	$90,872,718	$460,061
Participants' interests in mutual funds				1,585,098	1,585,098	
Investment of cash collateral	3,863,753	3,770	3,867,523	2,290,767	6,158,290	
Other assets	156,883	87	156,970	307,700	464,670	
Total assets	**71,892,624**	**70,227**	**71,962,851**	**27,117,925**	**99,080,776**	**460,061**
Collateral held for securities lending	3,863,026	3,769	3,866,795	2,290,336	6,157,131	
Other liabilities	1,256,008	1,210	1,257,218	441,485	1,698,703	
Total liabilities	**5,119,034**	**4,979**	**5,124,013**	**2,731,821**	**7,855,834**	
Net position held in trust	**$66,773,590**	**$65,248**	**$66,838,838**	**$24,386,104**	**$91,224,942**	**$460,061**
CONDENSED STATEMENT OF CHANGES IN PLANS' FIDUCIARY NET POSITION						
Contributions	$3,446,018		$3,446,018	$1,313,722	$4,759,740	$33,600
Net appreciation (depreciation) in fair value of investments	3,743,725	$3,735	3,747,460	1,351,080	5,098,540	
Investment and other income, net	1,093,828	1,149	1,094,977	461,431	1,556,408	33,269
Total additions	**8,283,571**	**4,884**	**8,288,455**	**3,126,233**	**11,414,688**	**66,869**
Benefit payment and participant withdrawals	3,587,554	4,610	3,592,164	1,220,081	4,812,245	12,802
Other deductions	36,685	4	36,689	2,680	39,369	3,014
Total deductions	**3,624,239**	**4,614**	**3,628,853**	**1,222,761**	**4,851,614**	**15,816**
Increase in net position held in trust	**4,659,332**	**270**	**4,659,602**	**1,903,472**	**6,563,074**	**51,053**
Net position held in trust						
Beginning of year	62,114,258	64,978	62,179,236	22,482,632	84,661,868	409,008
End of year	**$66,773,590**	**$65,248**	**$66,838,838**	**$24,386,104**	**$91,224,942**	**$460,061**
CHANGES IN TOTAL PENSION LIABILITY						
Service cost	$1,873,004		$1,873,004			$11,304
Interest	5,295,733	$2,042	5,297,775			31,854
Difference between expected and actual experience	138,419	(436)	137,983			92
Changes of benefit terms						3,609
Benefits paid, including refunds of employee contributions	(3,587,554)	(4,610)	(3,592,164)			(12,802)
Net change in total pension liability	**3,719,602**	**(3,004)**	**3,716,598**			**34,057**
Total pension liability						
Beginning of year	72,826,846	32,544	72,859,390			450,152
End of year	**$76,546,448**	**$29,540**	**$76,575,988**			**$484,209**
Net pension liability (asset), end of year	**$9,772,858**	**($35,708)**	**$9,737,150**			**$24,148**

Additional information on the retirement plans can be obtained from the 2017-2018 annual reports of the University of California Retirement System which can be obtained at http://reportingtransparency.universityofcalifornia.edu/.

University of California Retirement Plan

UCRP provides lifetime retirement income, disability protection, death benefits, and post-retirement and pre-retirement survivor benefits to eligible employees of the University, and its affiliates. Membership is required in UCRP for all employees appointed to work at least 50 percent time for one year or more or for an indefinite period or for a definite period of a year or more. An employee may also become eligible by completing 1,000 hours within a 12-month period. Generally, five years of service are required for entitlement to plan benefits. The amount of pension benefit is determined under the basic formula of covered compensation times age factor times years of service credit. The maximum monthly benefit cannot exceed 100 percent of the employee's highest average plan compensation over a 36-month period, subject to certain limits imposed under the Internal Revenue Code or plan provisions. Annual cost-of-living adjustments are made to monthly benefits according to a specified formula based on the Consumer Price Index. Ad hoc COLAs may be granted subject to funding availability.

The University's membership in UCRP consisted of the following at June 30, 2018:

	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	UNIVERSITY OF CALIFORNIA
Retirees and beneficiaries receiving benefits	62,704	13,220	75,924
Inactive members entitled to, but not receiving benefits	82,855	9,762	92,617
Active members:			
Vested	75,290	1,643	76,933
Nonvested	52,216	730	52,946
Total active members	**127,506**	**2,373**	**129,879**
Total membership	**273,065**	**25,355**	**298,420**

Contributions

Contributions to UCRP are based upon rates determined by The Regents. The Regents' funding policy provides for contributions at rates to maintain UCRP on an actuarially sound basis. While the University's independent actuary annually determines the total funding policy contributions, the University is not required to contribute an amount equal to the total funding contribution. The actual contributions and the contribution rates of the University and employees are based on numerous factors, including the availability of funds to the University, the impact of employee contributions on the competitiveness of the University's total remuneration package, and collective bargaining agreements.

The Regents determines the portion of the total contribution to be made by the employer and by the employees, and employee contribution rates for represented employees are subject to collective bargaining. Effective July 1, 2014, employee member contributions range from 7.0 percent to 9.0 percent. The University pays a uniform contribution rate of 14.0 percent of covered payroll on behalf of all UCRP members.

Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or possibly a lump sum equal to the present value of their accrued benefits. Both current employees and retirees at LBNL participate in UCRP. The University makes contributions to UCRP for LBNL employees based upon rates authorized by The Regents and is reimbursed by the DOE. The University also makes contributions to UCRP for LANL and LLNL retirees and terminated vested members whose benefits were retained in UCRP at the time the joint ventures were formed. The contributions for the LANL and LLNL are actuarially determined based upon a contractual arrangement with the DOE that incorporates a formula targeted to maintain the LANL and LLNL segments within UCRP at a 100-percent funded level. The University is reimbursed by the DOE for these contributions. To the extent the University has recorded a net pension liability (and related deferred inflows and outflows of resources) that will be reimbursed under DOE contracts, a receivable from the DOE is recorded. As of June 30, 2018 and 2017, the University reported $316.7 million and $615.1 million, respectively, as other noncurrent Department of Energy receivables for pension liabilities. Contributions of $307.9 million and $367.7 million were reported as DOE laboratory revenue and expense in the statement of revenues, expenses and changes in net position, and were deposited into UCRP on behalf of the DOE for the years ended June 30, 2018 and 2017, respectively.

Net Pension Liability

All UCRP assets are available to pay any member's benefit. However, assets and liabilities for the campus and medical center segment of UCRP are internally tracked separately from the DOE national laboratory segments of UCRP. The net pension liability for UCRP was as follows:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	UNIVERSITY OF CALIFORNIA
At June 30, 2018			
UCRP net position	$57,608,162	$9,165,428	$66,773,590
Total pension liability	67,065,682	9,480,766	76,546,448
Net pension liability	**$9,457,520**	**$315,338**	**$9,772,858**
At June 30, 2017			
UCRP net position	$53,251,580	$8,862,678	$62,114,258
Total pension liability	63,355,934	9,470,912	72,826,846
Net pension liability	**$10,104,354**	**$608,234**	**$10,712,588**

The University's net pension liability was measured as of June 30 and was calculated using the plan net position valued as of the measurement date and total pension liability determined based upon rolling forward the total pension liability from the results of the actuarial valuations as of July 1, one year prior to the measurement date. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. The University's net pension liability was calculated using the following methods and assumptions:

	2018	2017
Inflation	3.0 %	3.0 %
Investment rate of return	7.25	7.25
Projected salary increases	3.8 - 6.2	3.8 - 6.2
Cost-of-living adjustments	2.0	2.0

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used as of June 30, 2018 and 2017 were based upon the results of an experience study conducted for the period of July 1, 2010 through June 30, 2014. For active members, inactive members and healthy retirees, the RP-2014 White Collar Mortality Tables are used (separate tables for males and females), projected with the two-dimensional MP-2014 projection scale to 2029, and with ages then set forward one year. For disabled members, rates are based on the RP-2014 Disabled Retiree Mortality Table, projected with the two-dimensional MP-2014 projection scale to 2029, and with ages then set back one year for males and set forward five years for females.

The long-term expected investment rate of return assumption for UCRP was determined in 2015 based on a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2018 and 2017 are summarized in the following table:

	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class		
U.S. Equity	28.5%	6.1%
Developed International Equity	18.5	7.0
Emerging Market Equity	8.0	8.6
Core Fixed Income	12.5	0.8
High-Yield Bonds	2.5	3.0
Emerging Market Debt	2.5	3.9
Treasury Inflation Protected Securities	4.5	0.4
Real Estate	5.5	4.8
Private Equity	8.0	11.2
Absolute Return	6.5	4.2
Real Assets	3.0	4.4
Total	**100.0%**	**5.6%**

Discount Rate

The discount rate used to estimate the net pension liability as of June 30, 2018 and 2017 was 7.25 percent. To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRS has sufficient cash in future periods for projected benefit payments for current members. For this purpose, University, state and member contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected University and member contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2018 and 2017.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the June 30, 2018 net pension liability of the University calculated using the June 30, 2018 discount rate assumption of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (6.25%)	CURRENT DISCOUNT (7.25%)	1% INCREASE (8.25%)
UCRP	$19,331,895	$9,772,858	$1,764,796
UC-VERIP	(34,194)	(35,708)	(37,109)

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	UC-VERIP	TOTAL
At June 30, 2018					
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$244,188	$1,696	$245,884		$245,884
Changes of assumptions or other inputs	458,349		458,349		458,349
Total	**$702,537**	**$1,696**	**$704,233**		**$704,233**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$55,427		$55,427		$55,427
Net difference between projected and actual earnings on pension plan investments	208,589	$4,484	213,073	$14	213,087
Total	**$264,016**	**$4,484**	**$268,500**	**$14**	**$268,514**

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	UC-VERIP	TOTAL
At June 30, 2017					
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$179,399		$179,399		$179,399
Changes of assumptions or other inputs	785,741		785,741		785,741
Net difference between projected and actual earnings on pension plan investments		$7,275	7,275		7,275
Total	**$965,140**	**$7,275**	**$972,415**		**$972,415**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$151,067	$7,410	$158,477		$158,477
Changes of assumptions or other inputs	378,815		378,815		378,815
Net difference between projected and actual earnings on pension plan investments	244,430		244,430		244,430
Total	**$774,312**	**$7,410**	**$781,722**		**$781,722**

The net amount of deferred outflows of resources and deferred inflows of resources as of June 30, 2018 related to pensions that will be recognized in pension expense during the next five years are as follows:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	UC-VERIP	TOTAL
2019	$814,090	$96,351	$910,441	$773	$911,214
2020	323,732	32,666	356,398	272	356,670
2021	(676,822)	(119,396)	(796,218)	(954)	(797,172)
2022	(33,815)	(12,409)	(46,224)	(105)	(46,329)
2023	11,336		11,336		11,336
Total	**$438,521**	**($2,788)**	**$435,733**	**($14)**	**$435,719**

Defined Contribution Plan

Effective July 1, 2016, newly hired (or becoming eligible) employees can elect a defined contribution option instead of participating in UCRP. For employees who elect this option, both the University and the participants make mandatory contributions, on a pretax basis, on eligible pay up to the IRS compensation limit. The participant contributes 7.0 percent and the University contributes 8.0 percent. University contributions are fully vested after one year of service. For certain newly hired (or becoming eligible) employees who elect to participate in UCRP, the University and the participants make mandatory contributions to the DC Plan on eligible pay up to the IRS limit. Participants contribute 7.0 percent on eligible pay and the University contributes 5.0 percent for designated faculty and 3.0 percent for staff. University contributions fully vest after five years service.

The University also makes DC Plan retirement contributions on the summer or equivalent term salaries of eligible academic employees who teach, conduct research or provide administrative service during the summer session or an equivalent term. To be eligible, employees must hold academic year appointments and be active members of UCRP or another defined benefit plan to which the University contributes. The contribution rate is 7.0 percent of eligible salary, of which 3.5 percent is University-paid and 3.5 percent is employee-paid, both on a pretax basis. The University may also contribute on behalf of eligible senior managers. Employer contributions to the DC Plan were $29.8 million and $13.2 million for the years ended June 30, 2018 and 2017, respectively.

The DC Plan Pretax Account also includes mandatory contributions from part-time, seasonal and temporary employees at the University who are not currently participating in UCRP or another defined benefit plan to which the University contributes (Safe Harbor participants). Safe Harbor participation includes certain University student employees and resident aliens with F-1 and J-1 visa status. Safe Harbor participants contribute 7.5 percent of their gross salary (up to the Social Security wage base) to the Plan in lieu of deductions for Social Security taxes.

All University employees, except students who normally work fewer than 20 hours per week, are eligible to make voluntary contributions to the DC Plan After-Tax Account and defer taxation on the earnings until the accumulations are withdrawn. The maximum amount participants may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit. The University may also make DC Plan contributions on behalf of eligible senior managers.

The Supplemental Defined Contribution Plan (SDC Plan) accepts employer contributions in behalf of certain designated employees. Employer contributions are fully vested and there is no provision for employee contributions. There were no assets or employer contributions to the SDC Plan for the years ended June 30, 2018 and 2017.

Tax Deferred 403(b) Plan

The University's Tax-Deferred 403(b) Plan (403(b) Plan) accepts pretax employee contributions. The University may also make contributions in behalf of certain members of management. Employer contributions to the 403(b) Plan were $8.7 million and $3.2 million for the years ended June 30, 2018 and 2017.

457(b) Deferred Compensation Plan

The University's 457(b) Deferred Compensation Plan (457(b) Plan) accepts pretax employee contributions. The University may also make contributions in behalf of certain members of management. There were no employer contributions to the 457(b) Plan for the years ended June 30, 2018 and 2017.

Participants in the DC Plan, the SDC Plan, the 403(b) Plan and the 457(b) Plan may direct their elective and nonelective contributions to investment funds managed by the Chief Investment Officer. They may also invest account balances in certain mutual funds. The participants' interests in mutual funds is shown separately in the statement of plans' fiduciary net position.

University of California Voluntary Early Retirement Incentive Program (UC-PERS)

UC-PERS is a defined benefit pension plan providing lifetime supplemental retirement income and survivor benefits to UC–PERS members who elected early retirement under provisions of the Plan. The University contributed to PERS on behalf of these UC–PERS members. As of July 1, 2018, there are 492 retirees or beneficiaries receiving benefits under this voluntary early retirement program.

The University and the DOE laboratories previously made contributions to the Plan sufficient to maintain the promised benefits. The actuarially determined contributions are zero for the years ended June 30, 2018 and 2017.

Children's Hospital and Research Center at Oakland Pension Plan

CHRCO has a noncontributory defined benefit plan subject to the single employer defined benefit under ERISA rules that covers active and retired employees. The CHRCO Pension Plan was amended effective January 1, 2012 to exclude unrepresented employees hired or rehired on or after January 1, 2012. The CHRCO Pension Plan provides retirement, disability and death benefits to plan participants. Benefits are based on a participant's length of service, age at retirement and average compensation as defined by the CHRCO Pension Plan.

The net pension liability for the Plan was calculated based upon the following assumptions as of June 30, 2018 and 2017: 3.0 percent inflation, 7.0 percent investment rate of return, 5.0 percent salary increases through 2017, 4.0 percent afterward and no cost-of-living adjustments. CHRCO recognized pension expense of $22.3 million and $20.0 million for the years ended June 30, 2018 and 2017, respectively.

Mortality rates were based on the RP-2016 Mortality Table with fully generational projected mortality improvements using modified scale MP-2016. The MP-2016 projection scale was modified for this valuation to utilize the Social Security administration's intermediate cost projection scale and a 15-year convergence period.

Additional information on the CHRCO Pension Plan can be found in the annual reports, which can be obtained by contacting CHRCO.

Membership in the CHRCO Plan consisted of the following at June 30, 2018:

Retirees and beneficiaries receiving benefits	957
Inactive members entitled to, but not yet receiving benefits	1,144
Active members	1,856
Total membership	**3,957**

Contributions

Employer contributions are determined under IRC Section 430. Employees are not required or permitted to contribute to the Plan.

Net Pension Liability

The net pension liability for CHRCO was measured as of June 30, 2018 and 2017, and the total pension liability was determined by an actuarial valuation as of January 1, 2018 and 2017 rolled forward to June 30, 2018 and 2017, respectively. The actuarial assumptions used in the June 30, 2018 and 2017 valuation were based on the results of an experience review conducted during 2015. The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are as follows:

	PORTFOLIO PERCENTAGE	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class		
U.S. Equity	51.5%	4.3%
Developed International Equity	13.5	4.9
Emerging Market Equity	1.9	7.8
Core Fixed Income	33.1	1.4
Total	**100.0%**	

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent for June 30, 2018 and 2017. The projection of cash flows used to determine the discount rate assumes that CHRCO will make contributions to the Plan under IRC Section 430's minimum requirements for a period of eight years, and that all future assumptions are met. Based on these assumptions, the pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the June 30, 2018 net pension liability calculated using the June 30, 2018 discount rate assumption of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (6.0%)	CURRENT DISCOUNT (7.0%)	1% INCREASE (8.0%)
Net pension liability	$91,671	$24,148	($31,644)

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, deferred outflows of resources and deferred inflows of resources were as follows:

(in thousands of dollars)	2018	2017
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience	$5,714	$4,356
Changes of benefit terms	178	195
Changes of assumptions	15,659	21,768
Net difference between projected and actual earnings on pension plan investments		1,355
Total	**$21,551**	**$27,674**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience	$1,709	$2,370
Net difference between projected and actual earnings on pension plan investments	267	
Total	**$1,976**	**$2,370**

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years is as follows:

(in thousands of dollars)	
Year Ending June 30	
2019	$10,597
2020	8,236
2021	152
2022	158
2023	432
Total	**$19,575**

Orange County Employees Retirement System

Orange County Employees Retirement System (OCERS) administers a cost-sharing, multi-employer defined benefit pension plan for the County of Orange, City of San Juan Capistrano and thirteen special districts. Certain employees of one of the University's medical centers were eligible to continue to participate in OCERS at the time the county hospital was acquired by the University.

OCERS provides retirement, disability and death benefits. Plan retirement benefits are tiered based upon date of OCERS membership. Participation in the Plan by the University's employees is closed to new members. The University's share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon its specific actuarial accrued liability and a share of assets allocated in accordance with a formula set forth in OCERS' policy. The fiduciary net position and changes in net position have been measured consistent with the accounting policies used by the OCERS Plan.

Additional information on OCERS can be obtained from the 2017-2018 annual reports of the Orange County Employees Retirement System at http://www.ocers.org.

Membership in the OCERS Plan consisted of the following at December 31, 2017: 16,947 retired members and beneficiaries, 5,803 inactive members, 21,721 active members.

Contributions

Contribution rates are set by the OCERS Board of Trustees.

Net Pension Liability

The University's proportionate share of the net pension liability was $13.8 million and $18.1 million as of June 30, 2018 and 2017, respectively. The net pension liability for OCERS was measured as of June 30, 2018 and 2017, and the total pension liability was determined by an actuarial valuation as of December 31, 2017 and 2016 rolled forward to June 30, 2018 and 2017, respectively. The actuarial assumptions used in 2018 and 2017 were based on the results of an experience study for the period from January 1, 2011 through December 31, 2013.

The net pension liability for the Plan was calculated based upon the following assumptions as of June 30, 2018: 2.8 percent inflation, 7.0 percent investment rate of return, 4.25-12.25 percent projected salary increases and 3.0 percent cost-of-living adjustments. The net pension liability for the Plan was calculated based upon the following assumptions as of June 30, 2017: 3.0 percent inflation, 7.25 percent investment rate of return, 4.25-13.5 percent projected salary increases and 3.0 percent cost-of-living adjustments.

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the OCERS Plan are as follows:

	ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM	
	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class		
Global Equity	35.0%	6.4%
Core Bonds	13.0	1.0
High-Yield Bonds	4.0	3.5
Bank Loan	2.0	2.9
TIPS	4.0	1.0
Emerging Market Debt	4.0	3.8
Real Estate	10.0	4.3
Core Infrastructure	2.0	5.5
Natural Resources	10.0	7.9
Risk Mitigation	5.0	4.7
Mezzanine/Distressed Debts	3.0	6.5
Private Equity	8.0	9.5
Total	**100.0%**	

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent and 7.25 percent for June 30, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rate. For this purpose, only employer contributions will be made at rates equal to the actuarially determined contribution rates.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability calculated using the June 30, 2018 discount rate assumption of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

	ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM		
(in thousands of dollars)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$21,989	$13,822	$7,189

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, deferred outflows of resources and deferred inflows of resources were as follows:

(in thousands of dollars)	2018	2017
DEFERRED OUTFLOWS OF RESOURCES		
Changes of assumptions or other inputs	$1,186	
Difference between expected and actual experience	374	491
Net difference between projected and actual earnings on pension plan investments		586
Total	**$1,560**	**$1,077**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience	$2,286	$443
Changes of assumptions or other inputs	482	703
Net difference between projected and actual earnings on pension plan investments	1,887	
Total	**$4,655**	**$1,146**

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years and thereafter is as follows:

(in thousands of dollars)	
Year Ending June 30	
2019	($848)
2020	(511)
2021	(856)
2022	(720)
2023	(159)
2024	(1)
Total	**($3,095)**

16. RETIREE HEALTH BENEFIT COSTS AND OBLIGATIONS

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University of California and its affiliates through the University of California Retiree Health Benefit Trust (UCRHBT). The Regents has the authority to establish and amend the plan.

Campus and medical center contributions toward retiree health benefits, at rates determined by the University, are made to UCRHBT. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments. The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees. UCRHBT reimburses the University for these amounts.

LBNL participates in the University's retiree health plans. LBNL does not participate in UCRHBT; therefore, the DOE has no interest in the Trust's assets. The University directly pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at LBNL, and is reimbursed by the DOE.

Condensed financial information for the changes in retiree health benefits liability for the year ended June 30, 2018 is as follows:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
Contributions	$512,571	$21,266	$533,837
Investment income, net	1,634		1,634
Total additions	**514,205**	**21,266**	**535,471**
Insurance premiums, net	(483,479)	(21,266)	(504,745)
Other deductions	(3,859)		(3,859)
Total deductions	**(487,338)**	**($21,266)**	**(508,604)**
Increase in net position held in UCRHBT	26,867		26,867
Net position held in UCRHBT, beginning of year	106,714		106,714
Net position held in UCRHBT, end of year	**$133,581**		**$133,581**

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
CHANGES IN TOTAL RETIREE HEALTH BENEFITS LIABILITY			
Service cost	$816,483	$18,671	$835,154
Interest	694,562	22,215	716,777
Difference between expected and actual experience	(1,149,032)	(24,710)	(1,173,742)
Changes of assumptions and other inputs	(353,516)	(1,069)	(354,585)
Benefits paid	(483,479)	(21,266)	(504,745)
Retiree contributions	76,873	2,976	79,849
Net change in total retiree health benefits liability	**(398,109)**	**(3,183)**	**(401,292)**
Total retiree health benefits liability			
Beginning of year	18,786,201	610,937	19,397,138
End of year	**$18,388,092**	**$607,754**	**$18,995,846**
Net retiree health benefit liability, end of year	**$18,254,511**	**$607,754**	**$18,862,265**

Benefits

Retirees are eligible for medical and dental benefits. The costs of the medical and dental benefits are shared between the University and the retiree. The University does not contribute toward the cost of other benefits available to retirees. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University's contribution based on age and years of service. Retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least 5 years of service. Retirees employed by the University after 1989 are subject to graduated eligibility provisions that generally require 10 years of service before becoming eligible for 50 percent of the maximum University contribution, increasing to 100 percent after 20 years of service. Retirees pay the excess, if any, of the premium over the applicable portion of the University's contribution.

Membership in UCRP is required to become eligible for retiree health benefits. Participation in the retiree health benefit plans consisted of the following at June 30, 2018:

	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
Retirees and beneficiaries receiving benefits	42,325	1,841	44,166
Active members entitled to, but not yet receiving benefits	127,330	2,534	129,864
Total membership	**169,655**	**4,375**	**174,030**

Contributions

The University does not pre-fund retiree health benefits and instead provides for benefits based upon projected pay-as-you-go financing. University and retiree contributions toward premiums made under purchased plan arrangements are determined by applying the health plan contract rates across the number of participants in the respective plans. Premium rates for the self-insured plan contributions are set by the University based upon a trend analysis of the historic cost, utilization, demographics and administrative expenses to provide for the claims incurred and the actuarially determined level of incurred but not reported liability. The assessment rates were $2.80 and $2.93 per $100 of UCRP covered payroll effective July 1, 2017 and 2016, respectively.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

Net Retiree Health Benefits Liability

The University's net retiree health benefits liability was measured as of June 30 based on rolling forward the results of the actuarial valuations as of July 1, one year prior to the measurement date. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the University's net retiree health benefits liability were:

(shown as percentage)	**2018**	**2017**
Discount rate	3.9%	3.6%
Inflation	3.0	3.0
Investment rate of return	3.0	3.0
Health care cost trend rates	Initially ranges from 5.0 to 9.3 decreasing to an ultimate rate of 5.0 for 2033 and later years.	Initially ranges from 5.0 to 9.5 decreasing to an ultimate rate of 5.0 for 2032 and later years.

The actuarial assumptions are based upon the results of an experience study conducted for the period of July 1, 2010 through June 30, 2014. For active members and healthy retirees, the RP-2014 White Collar Mortality Tables are used (separate tables for males and females), projected with the two-dimensional MP-2014 projection scale to 2029, and with ages then set forward one year. For disabled members, rates are based on the RP-2014 Disabled Retiree Mortality Table, projected with the two-dimensional MP-2014 projection scale to 2029 and with ages then set back one year for males and set forward five years for females.

Sensitivity of Net Retiree Health Benefits Liability to the Health Care Cost Trend Rate

The following presents the June 30, 2018 net retiree health benefits liability of the University calculated using the June 30, 2018 health care cost trend rate assumption with initial trend ranging from 5.0 percent to 9.3 percent grading down to an ultimate trend of 5.0 percent over 15 years, as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate different than the current assumption:

(in thousands of dollars)	**1% DECREASE** (4.0% TO 8.3% DECREASING TO 4.0%)	**CURRENT DISCOUNT** (5.0% TO 9.3% DECREASING TO 5.0%)	**1% INCREASE** (6.0% - 10.3% INCREASING TO 6.0%)
Net retiree health benefits liability	$16,021,231	$18,862,265	$22,517,469

Discount Rate

The discount rate used to estimate the net retiree health benefits liability as of June 30, 2018 and 2017 was 3.87 percent and 3.58 percent, respectively. The discount rate was based on the Bond Buyer 20-year tax-exempt general obligations municipal bond index rate since UCHRBT plan assets are not sufficient to make benefit payments.

Sensitivity of Net Retiree Health Benefits Liability to the Discount Rate Assumption

The following presents the June 30, 2018 net retiree health benefits liability of the University calculated using the June 30, 2018 discount rate assumption of 3.87 percent, as well as what the net retiree health benefits liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (2.87%)	CURRENT TREND (3.87%)	1% INCREASE (4.87%)
Net retiree health benefits liability	$22,371,868	$18,862,265	$16,069,882

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources for retiree health benefits were related to the following sources:

(in thousands of dollars)

2018	**CAMPUSES AND MEDICAL CENTERS**	**LBNL**	**UNIVERSITY OF CALIFORNIA**
DEFERRED OUTFLOWS OF RESOURCES			
Difference between expected and actual experience	$74,770	$4,142	$78,912
Changes of assumptions or other inputs	3,340,913	92,220	3,433,133
Net difference between projected and actual earnings on plan investments	3,815		3,815
Total	**$3,419,498**	**$96,362**	**$3,515,860**
DEFERRED INFLOWS OF RESOURCES			
Difference between expected and actual experience	$2,279,073	$62,148	$2,341,221
Changes of assumptions or other inputs	3,220,923	83,384	3,304,307
Total	**$5,499,996**	**$145,532**	**$5,645,528**

(in thousands of dollars)

2017	**CAMPUSES AND MEDICAL CENTERS**	**LBNL**	**UNIVERSITY OF CALIFORNIA**
DEFERRED OUTFLOWS OF RESOURCES			
Difference between expected and actual experience	$85,012	$5,084	$90,096
Changes of assumptions or other inputs	3,897,003	116,490	4,013,493
Net difference between projected and actual earnings on plan investments	3,352		3,352
Total	**$3,985,367**	**$121,574**	**$4,106,941**
DEFERRED INFLOWS OF RESOURCES			
Difference between expected and actual experience	$1,471,781	$52,216	$1,523,997
Changes of assumptions or other inputs	3,309,220	101,253	3,410,473
Total	**$4,781,001**	**$153,469**	**$4,934,470**

The net amount of deferred outflows of resources and deferred inflows of resources as of June 30, 2018 related to retiree health benefits that will be recognized in retiree health benefit expense during the next five years and thereafter are as follows:

(in thousands of dollars)	**CAMPUSES AND MEDICAL CENTERS**	**LBNL**	**UNIVERSITY OF CALIFORNIA**
2019	($215,739)	($8,504)	($224,243)
2020	(216,078)	(8,504)	(224,582)
2021	(216,418)	(8,504)	(224,922)
2022	(216,831)	(13,365)	(230,196)
2023	(217,224)	(10,293)	(227,517)
Thereafter	(998,208)		(998,208)
Total	**($2,080,498)**	**($49,170)**	**($2,129,668)**

17. ENDOWMENTS AND GIFTS

Endowments and gifts are held and administered either by the University or by the campus foundations.

University of California

The value of endowments and gifts held and administered by the University, exclusive of income distributed to be used for operating purposes, at June 30, 2018 and 2017 are as follows:

	UNIVERSITY OF CALIFORNIA			
(in thousands of dollars)	RESTRICTED NONEXPENDABLE	RESTRICTED EXPENDABLE	UNRESTRICTED	TOTAL
At June 30, 2018				
Endowments	$1,148,699	$3,123,815	$5,861	$4,278,375
Funds functioning as endowments		2,653,219	4,439,270	7,092,489
Gifts		1,630,200		1,630,200
University endowments and gifts	**$1,148,699**	**$7,407,234**	**$4,445,131**	**$13,001,064**
At June 30, 2017				
Endowments	$1,121,743	$2,921,277	$5,414	$4,048,434
Funds functioning as endowments		2,526,811	3,742,764	6,269,575
Gifts		1,423,479		1,423,479
University endowments and gifts	**$1,121,743**	**$6,871,567**	**$3,748,178**	**$11,741,488**

The University's endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve the maximum long-term total return. As a result of this emphasis on total return, the proportion of the annual income distribution provided by dividend and interest income and by capital gains may vary significantly from year to year. The University's policy is to retain the realized and unrealized appreciation with the endowment after the annual income distribution has been made. The net appreciation available to meet future spending needs is subject to the approval of The Regents and amounted to $2.6 billion and $2.4 billion at June 30, 2018 and 2017, respectively.

The portion of investment returns earned on endowments held by the University and distributed at the end of each year to support current operations for the following year is based upon a rate that is approved by The Regents. The annual income distribution transferred to the campuses from endowments held by the University was $315.1 million and $277.2 million for the years ended June 30, 2018 and 2017, respectively. The portion of this annual income distribution from accumulated capital gains, in addition to the dividend and interest income earned during the year, was $283.4 million and $253.8 million for the years ended June 30, 2018 and 2017, respectively. Accumulated endowment income available for spending in the future, including the annual income distribution, was $689.4 million and $629.8 million at June 30, 2018 and 2017, respectively.

Campus Foundations

The value of endowments and gifts held by the campus foundations and administered by each of their independent Board of Trustees at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS			
(in thousands of dollars)	RESTRICTED NONEXPENDABLE	RESTRICTED EXPENDABLE	UNRESTRICTED	TOTAL
At June 30, 2018				
Endowments	$4,408,143	$1,465,623		$5,873,766
Funds functioning as endowments		1,839,813		1,839,813
Gifts		1,660,232	$429,581	2,089,813
Campus foundations' endowments and gifts	**$4,408,143**	**$4,965,668**	**$429,581**	**$9,803,392**
At June 30, 2017				
Endowments	$3,967,219	$1,246,890		$5,214,109
Funds functioning as endowments		1,515,774		1,515,774
Gifts		1,542,757	$193,132	1,735,889
Campus foundations' endowments and gifts	**$3,967,219**	**$4,305,421**	**$193,132**	**$8,465,772**

18. SEGMENT INFORMATION

The University's medical centers' and CHRCO's revenues are pledged in support of the outstanding University of California Medical Center Pooled Revenue Bonds. The medical centers' operating revenues and expenses consist primarily of revenues associated with patient care and the related costs of providing that care.

Condensed financial statement information related to each of the University's medical centers for the year ended June 30, 2018 is as follows:

	UNIVERSITY OF CALIFORNIA MEDICAL CENTERS				
(in thousands of dollars)	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO
Year Ended June 30, 2018					
Revenue bonds outstanding	$319,685	$316,560	$717,840	$700,975	$910,600
Related debt service payments	31,566	18,199	41,504	42,372	56,315
Bonds due serially through	2048	2049	2049	2049	2049
CONDENSED STATEMENT OF NET POSITION					
Current assets	$1,139,430	$588,986	$1,666,222	$754,844	$1,648,154
Capital assets, net	1,080,332	759,413	1,717,689	1,661,760	2,375,485
Other assets	151,231	41,547	105,689	24,352	293,397
Total assets	**2,370,993**	**1,389,946**	**3,489,600**	**2,440,956**	**4,317,036**
Total deferred outflows of resources	**330,997**	**128,954**	**454,015**	**401,567**	**775,863**
Current liabilities	408,938	230,244	471,304	246,776	655,904
Long-term debt	342,030	335,335	908,811	792,429	922,666
Other noncurrent liabilities	2,126,078	979,793	2,454,479	1,619,329	3,105,237
Total liabilities	**2,877,046**	**1,545,372**	**3,834,594**	**2,658,534**	**4,683,807**
Total deferred inflows of resources	**388,442**	**234,578**	**447,245**	**274,761**	**583,859**
Net investment in capital assets	698,049	421,341	780,373	847,607	1,447,759
Restricted	45,783	41,547	10,884		77,245
Unrestricted	(1,307,330)	(723,938)	(1,129,481)	(938,379)	(1,699,771)
Total net position	**($563,498)**	**($261,050)**	**($338,224)**	**($90,772)**	**($174,767)**

	UNIVERSITY OF CALIFORNIA MEDICAL CENTERS				
(in thousands of dollars)	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating revenues	$2,221,761	$1,177,504	$2,514,065	$1,938,229	$4,370,406
Operating expenses	(1,969,238)	(963,940)	(2,246,262)	(1,720,386)	(4,025,824)
Depreciation expense	(76,331)	(78,723)	(147,785)	(93,379)	(216,292)
Operating income	**176,192**	**134,841**	**120,018**	**124,464**	**128,290**
Nonoperating revenues (expenses), net	15,612	(12,761)	9,872	(24,959)	46,189
Income before other changes in net position	**191,804**	**122,080**	**129,890**	**99,505**	**174,479**
Health systems support	(30,285)	(48,173)	(212,827)	(124,055)	(116,286)
Transfers (to) from University, net	(19,570)	6,198	12,629	(3,034)	15,850
Changes in allocation for pension payable to University	2,032	9,523	(1,148)	(10,528)	(3,175)
Other, including donated assets	1,066	1,566	(466)	(17,984)	122,071
Increase (decrease) in net position	**145,047**	**91,194**	**(71,922)**	**(56,096)**	**192,939**
Net position - beginning of year	(708,545)	(352,244)	(266,302)	(34,676)	(367,706)
Net position - June 30, 2018	**($563,498)**	**($261,050)**	**($338,224)**	**($90,772)**	**($174,767)**
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	$237,543	$126,943	$353,639	$170,516	$380,406
Noncapital financing activities	(42,810)	(49,646)	(268,614)	(129,729)	(78,010)
Capital and related financing activities	(137,245)	(109,604)	(171,333)	(154,010)	(134,092)
Investing activities	55,262	21,289	22,477	11,949	28,383
Net increase (decrease) in cash and cash equivalents	**112,750**	**(11,018)**	**(63,831)**	**(101,274)**	**196,687**
Cash and cash equivalents* – June 30, 2017	628,409	342,862	1,007,761	394,822	626,724
Cash and cash equivalents* – June 30, 2018	**$741,159**	**$331,844**	**$943,930**	**$293,548**	**$823,411**

**Cash and cash equivalents on the medical centers' financial statements are included in the University's Short Term Investment Pool.*

Condensed financial statement information related to each of the University's medical centers for the year ended June 30, 2017 is as follows:

	UNIVERSITY OF CALIFORNIA MEDICAL CENTERS				
(in thousands of dollars)	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO
Year Ended June 30, 2017					
Revenue bonds outstanding	$337,570	$317,870	$729,825	$711,085	$914,810
Related debt service payments	32,491	18,190	46,008	42,662	57,013
Bonds due serially through	2047	2049	2049	2049	2049
CONDENSED STATEMENT OF NET POSITION					
Current assets	$999,025	$527,151	$1,471,268	$740,767	$1,335,527
Capital assets, net	1,030,246	734,509	1,749,540	1,620,948	2,349,538
Other assets	104,942	69,703	322,112	31,380	285,796
Total assets	**2,134,213**	**1,331,363**	**3,542,920**	**2,393,095**	**3,970,861**
Total deferred outflows of resources	**362,917**	**160,399**	**516,101**	**345,110**	**836,506**
Current liabilities	328,609	270,520	404,441	231,802	592,470
Long-term debt	362,743	338,340	934,794	754,170	928,264
Other noncurrent liabilities	2,145,257	1,030,129	2,564,310	1,535,743	3,106,945
Total liabilities	**2,836,609**	**1,638,989**	**3,903,545**	**2,521,715**	**4,627,679**
Total deferred inflows of resources	**369,066**	**205,017**	**421,778**	**251,166**	**547,394**
Net investment in capital assets	640,415	393,404	790,467	857,221	1,396,747
Restricted	86,748	69,703	11,138		89,739
Unrestricted	(1,435,708)	(815,351)	(1,067,907)	(891,897)	(1,854,192)
Total net position	**($708,545)**	**($352,244)**	**($266,302)**	**($34,676)**	**($367,706)**

	UNIVERSITY OF CALIFORNIA MEDICAL CENTERS				
(in thousands of dollars)	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating revenues	$2,147,374	$1,116,327	$2,502,552	$1,688,162	$3,951,754
Operating expenses	(1,904,823)	(981,506)	(2,241,931)	(1,591,807)	(3,792,538)
Depreciation expense	(78,839)	(69,271)	(142,841)	(76,779)	(210,913)
Operating income	**163,712**	**65,550**	**117,780**	**19,576**	**(51,697)**
Nonoperating revenues (expenses), net	9,467	(17,961)	(36,579)	(10,470)	24,134
Income before other changes in net position	**173,179**	**47,589**	**81,201**	**9,106**	**(27,563)**
Health systems support	(28,088)	(59,727)	(175,341)	(109,586)	(84,898)
Transfers (to) from University, net	(4,349)			(404)	89
Changes in allocation for pension payable to University	1,892	7,266	5,834	(9,130)	6,506
Other, including donated assets	983	1,756	3,500	30,218	30,715
Increase (decrease) in net position	**143,617**	**(3,116)**	**(84,806)**	**(79,796)**	**(75,151)**
Net position - beginning of year:					
Beginning of year, as previously reported	(852,162)	(349,128)	(181,496)	45,120	(291,416)
Cumulative effect of accounting change					(1,139)
Beginning of year, as restated	(852,162)	(349,128)	(181,496)	45,120	(292,555)
Net position - June 30, 2017	**($708,545)**	**($352,244)**	**($266,302)**	**($34,676)**	**($367,706)**
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	$289,030	$257,072	$304,081	$166,061	$390,971
Noncapital financing activities	(29,396)	(59,134)	(173,112)	(112,361)	(62,856)
Capital and related financing activities	(25,665)	(30,292)	(43,206)	(135,525)	(136,759)
Investing activities	(70,468)	(78,116)	16,381	11,058	(15,333)
Net increase (decrease) in cash and cash equivalents	**163,501**	**89,530**	**104,144**	**(70,767)**	**176,023**
Cash and cash equivalents* – June 30, 2016	464,908	253,332	903,617	465,589	450,701
Cash and cash equivalents* – June 30, 2017	**$628,409**	**$342,862**	**$1,007,761**	**$394,822**	**$626,724**

**Cash and cash equivalents on the medical centers' financial statements are included in the University's Short Term Investment Pool.*

Summarized financial information for each medical center is from the medical centers' audited financial statements. Certain revenue, such as financial support from the state for clinical teaching programs, is classified as state educational appropriations rather than medical center revenue in the University's statement of revenues, expenses and changes in net position. However, in the medical centers' audited financial statements and for segment reporting purposes, these revenues are classified as operating revenue. Additional information on the individual University of California medical centers can be obtained from their audited financial statements which are available at http://reportingtransparency.universityofcalifornia.edu.

Certain revenue generating projects (including student and faculty housing, parking facilities, student centers, recreation and events facilities, student health facilities and athletics facilities) are also financed by Limited Project Revenue Bonds; however, assets and liabilities are not required to be accounted for separately.

19. BLENDED COMPONENT UNIT INFORMATION

Condensed financial statement information related to certain of the University's blended component units for the years ended June 30, are as follows:

	FIAT LUX		CHRCO	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
CONDENSED STATEMENTS OF NET POSITION				
Current assets	$314,210	$543,817	$311,603	$249,445
Capital assets, net			325,396	295,766
Other assets	775,010	393,049	269,174	266,607
Total assets	**1,089,220**	**936,866**	**906,173**	**811,818**
Total deferred outflows of resources			**21,551**	**27,674**
Current liabilities	282,264	205,073	193,228	104,878
Other noncurrent liabilities	685,574	583,779	156,024	174,519
Total liabilities	**967,838**	**788,852**	**349,252**	**279,397**
Total deferred inflows of resources			**15,942**	**16,714**
Net investment in capital assets			222,341	191,683
Restricted			66,759	79,945
Unrestricted	121,382	148,014	273,430	271,753
Total net position	**$121,382**	**$148,014**	**$562,530**	**$543,381**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Operating revenues	$239,201	$216,407	$591,608	$597,564
Operating expenses	(283,309)	(242,706)	(582,955)	(558,460)
Depreciation expense			(35,946)	(33,842)
Operating income (loss)	**(44,108)**	**(26,299)**	**(27,293)**	**5,262**
Nonoperating revenues (expenses), net	17,473	12,767	44,428	42,218
Income (loss) before other changes in net position	**(26,635)**	**(13,532)**	**17,135**	**47,480**
Transfers from University		157,129		
Other, including donated assets	3		2,014	17,450
Increase (decrease) in net position	**(26,632)**	**143,597**	**19,149**	**64,930**
Net position – beginning of year:				
Beginning of year, as previously reported	148,014	4,417	543,381	479,590
Cumulative effect of accounting change				(1,139)
Beginning of year, as restated	148,014	4,417	543,381	478,451
Net position – end of year	**$121,382**	**$148,014**	**$562,530**	**$543,381**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	$67,426	$49,463	$37,520	$37,041
Noncapital financing activities	3		23,462	19,523
Capital and related financing activities		786,167	(56,953)	5,336
Investing activities	(11,810)	(850,563)	18,657	(14,452)
Net increase (decrease) in cash and cash equivalents	**55,619**	**(14,933)**	**22,686**	**47,448**
Cash and cash equivalents – beginning of year	702	15,635	118,862	71,414
Cash and cash equivalents – end of year	**$56,321**	**$702**	**$141,548**	**$118,862**

CHRCO's other assets include investments in the UCSF Foundation's Endowed Investment Pool of $234.4 million and $212.7 million at June 30, 2018 and 2017.

Additional information for Fiat Lux is available in their audited financial statements, which can be obtained by contacting Fiat Lux.

20. CAMPUS FOUNDATIONS INFORMATION

Under University policies approved by The Regents, each individual campus may establish a separate foundation to provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern these foundations, their assets are dedicated for the benefit of the University of California.

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2018 is as follows:

	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS				
(in thousands of dollars)	BERKELEY	SAN FRANCISCO	LOS ANGELES	ALL OTHER	TOTAL
CONDENSED STATEMENT OF NET POSITION					
Current assets	$107,922	$474,253	$686,801	$329,443	$1,598,419
Noncurrent assets	2,192,958	1,715,100	2,875,851	2,489,432	9,273,341
Total assets	**2,300,880**	**2,189,353**	**3,562,652**	**2,818,875**	**10,871,760**
Current liabilities	16,540	37,777	301,390	59,427	415,134
Noncurrent liabilities	79,454	272,184	32,680	36,898	421,216
Total liabilities	**95,994**	**309,961**	**334,070**	**96,325**	**836,350**
Total deferred inflows of resources	69,523	28,909	50,826	82,760	232,018
Restricted	2,132,259	1,850,079	2,785,000	2,606,473	9,373,811
Unrestricted	3,104	404	392,756	33,317	429,581
Total net position	**$2,135,363**	**$1,850,483**	**$3,177,756**	**$2,639,790**	**$9,803,392**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating revenues	$181,523	$356,891	$526,446	$276,535	$1,341,395
Operating expenses	(237,177)	(293,986)	(354,556)	(250,485)	(1,136,204)
Operating income (loss)	**(55,654)**	**62,905**	**171,890**	**26,050**	**205,191**
Nonoperating revenues	156,996	198,747	202,766	165,213	723,722
Income before other changes in net position	**101,342**	**261,652**	**374,656**	**191,263**	**928,913**
Permanent endowments	79,970	104,342	79,895	144,500	408,707
Increase in net position	**181,312**	**365,994**	**454,551**	**335,763**	**1,337,620**
Net position - June 30, 2017					
Beginning of year	1,954,051	1,484,489	2,723,205	2,304,027	8,465,772
Net position - June 30, 2018	**$2,135,363**	**$1,850,483**	**$3,177,756**	**$2,639,790**	**$9,803,392**
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	($82,042)	($81,653)	$116,294	($83,433)	($130,834)
Noncapital financing activities	61,846	105,665	67,843	120,178	355,532
Investing activities	21,888	161,997	(184,816)	(30,490)	(31,421)
Net increase (decrease) in cash and cash equivalents	**1,692**	**186,009**	**(679)**	**6,255**	**193,277**
Cash and cash equivalents – June 30, 2017	4,587	210,860	5,278	33,375	254,100
Cash and cash equivalents – June 30, 2018	**$6,279**	**$396,869**	**$4,599**	**$39,630**	**$447,377**

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2017 is as follows:

	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS				
(in thousands of dollars)	BERKELEY	SAN FRANCISCO	LOS ANGELES	ALL OTHER	TOTAL
CONDENSED STATEMENT OF NET POSITION					
Current assets	$76,070	$286,739	$490,034	$350,732	$1,203,575
Noncurrent assets	2,040,520	1,513,089	2,575,961	2,170,788	8,300,358
Total assets	**2,116,590**	**1,799,828**	**3,065,995**	**2,521,520**	**9,503,933**
Current liabilities	16,379	39,032	263,015	119,296	437,722
Noncurrent liabilities	78,392	254,620	32,449	25,540	391,001
Total liabilities	**94,771**	**293,652**	**295,464**	**144,836**	**828,723**
Total deferred inflows of resources	**67,768**	**21,687**	**47,326**	**72,657**	**209,438**
Restricted	1,949,666	1,484,076	2,565,752	2,273,146	8,272,640
Unrestricted	4,385	413	157,453	30,881	193,132
Total net position	**$1,954,051**	**$1,484,489**	**$2,723,205**	**$2,304,027**	**$8,465,772**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating revenues	$115,579	$155,086	$302,778	$294,067	$867,510
Operating expenses	(208,956)	(231,647)	(292,156)	(236,756)	(969,515)
Operating income (loss)	**(93,377)**	**(76,561)**	**10,622**	**57,311**	**(102,005)**
Nonoperating revenues	211,334	154,270	260,271	239,439	865,314
Income before other changes in net position	**117,957**	**77,709**	**270,893**	**296,750**	**763,309**
Permanent endowments	67,632	41,513	69,673	108,106	286,924
Increase in net position	**185,589**	**119,222**	**340,566**	**404,856**	**1,050,233**
Net Position – June 30, 2016					
Beginning of year, as previously reported	1,828,044	1,381,590	2,411,412	1,915,804	7,536,850
Cumulative effect of accounting change	(59,582)	(16,323)	(28,773)	(16,633)	(121,311)
Beginning of year, as restated	1,768,462	1,365,267	2,382,639	1,899,171	7,415,539
Net position – June 30, 2017	**$1,954,051**	**$1,484,489**	**$2,723,205**	**$2,304,027**	**$8,465,772**
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	($97,936)	($101,825)	($39,570)	$19,839	($219,492)
Noncapital financing activities	49,682	55,862	51,395	94,099	251,038
Capital and related financing activities				(192)	(192)
Investing activities	49,184	104,796	(12,123)	(114,025)	27,832
Net increase (decrease) in cash and cash equivalents	**930**	**58,833**	**(298)**	**(279)**	**59,186**
Cash and cash equivalents – June 30, 2016	3,657	152,027	5,576	33,654	194,914
Cash and cash equivalents – June 30, 2017	**$4,587**	**$210,860**	**$5,278**	**$33,375**	**$254,100**

Additional information on the foundations can be found in the foundations' separately issued annual reports, which can be obtained by contacting the individual foundation.

21. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

Amounts committed but unexpended for construction projects totaled $2.8 billion at June 30, 2018. Amounts committed to the developer for the design, construction and financing of the facilities at one of its campuses is $1.3 billion at June 30, 2018. The University has made a commitment to contribute $49.8 million for an investment in a joint venture to fund construction projects.

Under an agreement with a private, non-profit hospital, the University paid $20.0 million of contributions in September 2018, and committed to provide $90.0 million in aggregate capital investments through a series of newly formed joint ventures with one of its medical centers over the course of the initial 10 years of the agreement. An additional service agreement was signed for the medical center to operate certain outpatient clinics whose sole corporate member is the same non-profit hospital.

The University leases land, buildings and equipment under agreements recorded as operating leases. Operating lease expenses for the years ended June 30, 2018 and 2017 were $335.5 million and $271.4 million, respectively. The terms of operating leases extend through March 2042.

Future minimum payments on operating leases with an initial or remaining non-cancelable term in excess of one year are as follows:

(in thousands of dollars)

	UNIVERSITY OF CALIFORNIA
Year Ending June 30	
2019	$260,836
2020	224,417
2021	177,867
2022	139,792
2023	105,760
2024 - 2028	255,274
2029 - 2033	114,608
2034 - 2038	42,047
2039 - 2043	14,982
Total	**$1,335,583**

Contingencies

Substantial amounts are received and expended by the University, including its medical centers, under federal and state programs, and are subject to audit by cognizant governmental agencies. This funding relates to research, student aid, medical center operations and other programs. University management believes that any liabilities arising from such audits will not have a material effect on the University's financial position.

The University and the campus foundations are contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, University management and general counsel are of the opinion that the outcome of such matters will not have a material effect on the University's financial position.

Required Supplementary Information *(Unaudited)*

UCRP

The schedule of changes in net pension liability includes multi-year trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. The University's schedule of changes in the net pension liability for UCRP as of June 30 is:

(in thousands of dollars)	**2018**	**2017**	**2016**	**2015**
TOTAL PENSION LIABILITY				
Service cost	$1,873,004	$1,807,143	$1,710,241	$1,589,267
Interest on the total pension liability	5,295,733	5,035,267	4,784,904	4,538,846
Difference between expected and actual experience	138,419	74,664	136,167	(112,155)
Changes of assumptions or other inputs				2,136,793
Benefits paid, including refunds of employee contributions	(3,587,554)	(3,320,990)	(3,105,641)	(2,976,992)
Net change in total pension liability	**3,719,602**	**3,596,084**	**3,525,671**	**5,175,759**
Total pension liability - beginning of year	72,826,846	69,230,762	65,705,091	60,529,332
Total pension liability - end of year	**76,546,448**	**72,826,846**	**69,230,762**	**65,705,091**
PLAN NET POSITION				
Contributions - employer	2,335,874	2,385,576	2,426,683	2,510,046
Contributions - member	941,144	891,987	845,036	793,012
Contributions - state	169,000	171,000	96,000	
Net investment income	4,837,552	7,866,281	(1,104,655)	1,993,801
Benefits paid, including refunds of employee contributions	(3,587,554)	(3,320,990)	(3,105,642)	(2,976,993)
Administrative expense	(36,684)	(44,128)	(48,340)	(48,283)
Net change in plan net position	**4,659,332**	**7,949,726**	**(890,918)**	**2,271,583**
Plan net position - beginning of year	62,114,258	54,164,532	55,055,450	52,783,867
Plan net position - end of year	**66,773,590**	**62,114,258**	**54,164,532**	**55,055,450**
Net pension liability - end of year	**$9,772,858**	**$10,712,588**	**$15,066,230**	**$10,649,641**

(in thousands of dollars)	**2014**	**2013**	**2012**
TOTAL PENSION LIABILITY			
Service cost	$1,519,183	$1,456,761	$1,531,094
Interest on the total pension liability	4,316,728	4,112,461	3,871,146
Difference between expected and actual experience	(320,624)	(183,253)	(212,758)
Changes of assumptions or other inputs		(3,312,815)	4,923,778
Benefits paid, including refunds of employee contributions	(2,687,540)	(2,487,369)	(2,273,071)
Net change in total pension liability	**2,827,747**	**(414,215)**	**7,840,189**
Total pension liability - beginning of year	57,701,585	58,115,800	50,275,611
Total pension liability - end of year	**60,529,332**	**57,701,585**	**58,115,800**
PLAN NET POSITION			
Contributions - employer	1,580,876	810,056	1,851,460
Contributions - member	577,466	415,641	272,420
Net investment income	8,009,980	4,833,339	115,863
Benefits paid, including refunds of employee contributions	(2,687,540)	(2,487,369)	(2,273,071)
Administrative expense	(37,641)	(37,426)	(32,839)
Net change in plan net position	**7,443,141**	**3,534,241**	**(66,167)**
Plan net position - beginning of year	45,340,726	41,806,485	41,872,652
Plan net position - end of year	**52,783,867**	**45,340,726**	**41,806,485**
Net pension liability - end of year	**$7,745,465**	**$12,360,859**	**$16,309,315**

The University's schedule of net pension liability for UCRP as of June 30 is:

(in thousands of dollars)	**2018**	**2017**	**2016**	**2015**
Total pension liability	$76,546,448	$72,826,846	$69,230,762	$65,705,091
Plan net position	66,773,590	62,114,258	54,164,532	55,055,450
Net pension liability	**$9,772,858**	**$10,712,588**	**$15,066,230**	**$10,649,641**
Ratio of plan net position to total pension liability	87.2%	85.3%	78.2%	83.8%
Covered payroll	$11,923,489	$11,301,506	$10,689,424	$10,047,570
Net pension liability as a percentage of covered payroll	82.0%	94.8%	140.9%	106.0%

(in thousands of dollars)	**2014**	**2013**	**2012**
Total pension liability	$60,529,332	$57,701,585	$58,115,800
Plan net position	52,783,867	45,340,726	41,806,485
Net pension liability	**$7,745,465**	**$12,360,859**	**$16,309,315**
Ratio of plan net position to total pension liability	87.2%	78.6%	71.9%
Covered payroll	$9,372,583	$8,921,077	$8,594,147
Net pension liability as a percentage of covered payroll	82.6%	138.6%	189.8%

The University's schedule of employer contributions for UCRP as of June 30 is:

(in thousands of dollars)

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to Actuarial Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$2,669,169	$2,504,874	$164,295	$11,923,489	21%
2017	2,654,710	2,556,576	98,134	11,301,506	23
2016	2,610,953	2,522,683	88,270	10,689,424	24
2015	2,664,384	2,510,046	154,338	10,047,570	25
2014	2,472,697	1,580,876	891,821	9,372,583	17
2013	2,062,022	810,056	1,251,966	8,921,077	9
2012	1,806,205	1,851,459	(45,254)	8,594,147	22
2011	1,695,137	1,677,921	17,216	8,140,629	21
2010	454	148,445	(147,991)	7,973,921	2
2009	2,657	454	2,203	7,468,809	0

Notes to Schedule

Methods and assumptions used to establish "actuarially determined contribution" rates for the campus and medical center segment of UCRP:

Valuation date	Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age actuarial cost method.
Amortization method	Level dollar, closed periods.
Remaining amortization period	19.85 years as of July 1, 2017. The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in Unfunded Actuarial Accrued Liability (UAAL) due to actuarial experience gains or losses after July 1, 2010, are separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or plan provisions are separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to actuarial experience gains or losses or a change in actuarial assumptions after July 1, 2014, are separately amortized over a fixed (closed) 20-year period.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. An unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a five-year period.
Investment rate of return	7.25%, net of pension plan investment expense, including inflation.
Inflation	3.00%.
Projected salary increases	3.75% - 6.15%, includes inflation.
Cost-of-living adjustments	2.00%.
Mortality	Post-retirement Healthy: RP-2014 White Collar Healthy Annuitant Mortality Table projected with the two-dimensional MP-2014 projection scale to 2029, set forward one year.
Other assumptions	Same as those used in the July 1, 2018 funding actuarial valuation.

UC-VERIP

The University's schedule of changes in net pension liability for UC-VERIP as of June 30 is:

(in thousands of dollars)	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Interest on the total pension liability	$2,042	$2,463	$2,533	$2,704
Difference between expected and actual experience	(436)	(189)	(650)	242
Changes of assumptions or other inputs				1,837
Benefits paid, including refunds of employee contributions	(4,610)	(4,738)	(4,937)	(5,081)
Net change in total pension liability	**(3,004)**	**(2,464)**	**(3,054)**	**(298)**
Total pension liability - beginning of year	32,544	35,008	38,062	38,360
Total pension liability - end of year	**29,540**	**32,544**	**35,008**	**38,062**
PLAN NET POSITION				
Net investment income	4,885	8,666	(1,425)	2,550
Benefits paid, including refunds of employee contributions	(4,610)	(4,738)	(4,937)	(5,081)
Administrative expense	(5)	(6)	(7)	(6)
Net change in plan net position	**270**	**3,922**	**(6,369)**	**(2,537)**
Plan net position - beginning of year	64,978	61,056	67,425	69,962
Plan net position - end of year	**65,248**	**64,978**	**61,056**	**67,425**
Net pension liability (asset) - end of year	**($35,708)**	**($32,434)**	**($26,048)**	**($29,363)**

(in thousands of dollars)	2014	2013	2012
TOTAL PENSION LIABILITY			
Interest on the total pension liability	$2,857	$3,052	$3,227
Changes of benefit terms			11,186
Difference between expected and actual experience	(436)	(241)	172
Changes of assumptions or other inputs			1,268
Benefits paid, including refunds of employee contributions	(5,169)	(5,278)	(5,369)
Net change in total pension liability	**(2,748)**	**(2,467)**	**10,484**
Total pension liability - beginning of year	41,108	43,575	33,091
Total pension liability - end of year	**38,360**	**41,108**	**43,575**
PLAN NET POSITION			
Net investment income	11,035	7,144	90
Benefits paid, including refunds of employee contributions	(5,169)	(5,278)	(5,369)
Administrative expense	(6)	(7)	(7)
Net change in plan net position	**5,860**	**1,859**	**(5,286)**
Plan net position - beginning of year	64,102	62,243	67,529
Plan net position - end of year	**69,962**	**64,102**	**62,243**
Net pension liability (asset) - end of year	**($31,602)**	**($22,994)**	**($18,668)**

The University's schedule of net pension asset for UC-VERIP as of June 30 is:

(in thousands of dollars)	2018	2017	2016	2015
Total pension liability	$29,540	$32,544	$35,008	$38,062
Plan net position	65,248	64,978	61,056	67,425
Net pension asset	**($35,708)**	**($32,434)**	**($26,048)**	**($29,363)**
Ratio of plan net position to total pension liability (asset)	220.9%	199.7%	174.4%	177.1%

(in thousands of dollars)	2014	2013	2012
Total pension liability	$38,360	$41,108	$43,575
Plan net position	69,962	64,102	62,243
Net pension asset	**($31,602)**	**($22,994)**	**($18,668)**
Ratio of plan net position to total pension liability (asset)	182.4%	155.9%	142.8%

The University is not required to make contributions to the UC-VERIP due to its fully funded status.

CHRCO PENSION PLAN

The schedule of changes in the net pension liability for the CHRCO Pension Plan as of June 30:

(in thousands of dollars)	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	$11,304	$9,910	$10,410	$9,448	$9,274
Interest on the total pension liability	31,854	29,672	27,782	24,683	22,453
Changes of benefit terms	92	33	24	40	142
Difference between expected and actual experience	3,609	2,442	(3,690)	762	2,487
Changes of assumptions or other inputs			3,613	33,105	
Benefits paid, including refunds of employee contributions	(12,802)	(11,767)	(9,509)	(8,082)	(6,994)
Net change in total pension liability	**34,057**	**30,290**	**28,630**	**59,956**	**27,362**
Total pension liability - beginning of year	450,152	419,862	391,232	331,276	303,914
Total pension liability - end of year	**484,209**	**450,152**	**419,862**	**391,232**	**331,276**
PLAN NET POSITION					
Contributions - employer	33,600	28,800	24,000	18,000	14,500
Net investment income	33,269	41,256	214	11,797	48,704
Benefits paid, including refunds of employee contributions	(12,802)	(11,767)	(9,509)	(8,082)	(6,994)
Administrative expense	(3,014)	(2,727)	(1,816)	(1,222)	(718)
Net change in plan net position	**51,053**	**55,562**	**12,889**	**20,493**	**55,492**
Plan net position - beginning of year	409,008	353,446	340,557	320,064	264,572
Plan net position - end of year	**460,061**	**409,008**	**353,446**	**340,557**	**320,064**
Net pension liability - end of year	**$24,148**	**$41,144**	**$66,416**	**$50,675**	**$11,212**

The schedule of net pension liability for the CHRCO Pension Plan as of June 30 is:

(in thousands of dollars)	2018	2017	2016	2015	2014
Total pension liability	$484,209	$450,152	$419,862	$391,232	$331,276
Plan net position	460,061	409,008	353,446	340,557	320,064
Net pension liability	$24,148	$41,144	$66,416	$50,675	$11,212
Ratio of plan net position to total pension liability	95.0%	90.9%	84.2%	87.0%	96.6%
Covered payroll	$187,639	$184,083	$165,672	$177,986	$175,189
Net pension liability as a percentage of covered payroll	12.9%	22.4%	40.1%	28.5%	6.4%

The schedule of employer contributions for the CHRCO Pension Plan as of June 30 is:

(in thousands of dollars)	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially calculated employer contributions	$7,710	$5,642	$7,823	$12,239	$21,282
Contributions in relation to the actuarially calculated employer contribution	33,600	28,800	24,000	18,000	14,500
Annual contribution deficiency (excess)	**($25,890)**	**($23,158)**	**($16,177)**	**($5,761)**	**$6,782**
Covered payroll	$187,639	$184,083	$165,672	$177,986	$175,189
Actual contributions as a percentage of covered payroll	17.9%	15.6%	14.5%	10.1%	8.3%

Notes to schedule

Methods and assumptions used to determine contribution rates

Valuation date	Actuarially calculated contributions are calculated as of January 1 of the end of the fiscal year in which contributions are reported.
Actuarially determined contribution	The Plan is subject to funding requirements under ERISA. The contribution shown is the IRC Section 430 minimum contribution prior to offset by credit balances prorated for the number of months in the fiscal year. For the period January 1, 2014 to June 30, 2014, the amount shown does not reflect changes in the Highway and Transportation Funding Act of 2014 (HATFA). The contribution for July 1, 2014 and thereafter includes HATFA.
Contributions in relation to the actuarially determined contribution	The amount shown is equal to the contributions contributed to the Plan during the fiscal year shown.
Actuarial cost method	Unit Credit Actuarial Cost Method.
Amortization method	Level dollar, closed amortization.
Remaining amortization period	7 years for changes in unfunded liabilities that occur each valuation date.
Asset valuation method	The actuarial value of assets is equal to the two-year average of Plan asset values as of the valuation date. The two-year average is the average of the two prior years' adjusted market value of assets and the current year's market value of assets. For this purpose, the prior years' market value of assets is adjusted to reflect benefit payments, administrative expenses, contributions and expected returns for the prior years. The resulting actuarial value of assets is adjusted to be within 10% of the market value of assets at the valuation date, as required by IRC Section 430.
Inflation	3.0%.
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation.
Projected salary increases	5.0%, including inflation through 2017, 4.0% afterward.
Cost-of-living adjustments	N/A.
Mortality	Adjusted RP-2014 Mortality Table for males or females with back up base table to 2006, as appropriate, with generational adjustments for mortality improvements based on Scale MP-2016.

OCERS

The schedule of the University's proportionate share of OCERS' net pension liability is presented below:

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF NET PENSION LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY
2018	0.3%	$13,822	$15	92,146.7%	37.6%
2017	0.3%	18,057	44	41,038.6%	34.5%
2016	0.3%	18,092	285	6,348.1%	34.8%

University Retiree Health Benefits Plan

The schedule of changes in the net retiree health benefits liability includes multi-year trend information about whether the net retiree health benefits liability is increasing or decreasing over time. The University's net retiree health benefits liability includes liabilities for campuses, medical centers and LBNL. The University's schedule of changes in the net retiree health benefits liability as of, and for, the year ending June 30 is:

(in thousands of dollars)	2018	2017	2016	2015
TOTAL RETIREE HEALTH BENEFIT LIABILITY				
Service cost	$835,154	$1,004,644	$830,041	$702,935
Interest on the total retiree health benefits liability	716,777	646,279	735,294	719,853
Difference between expected and actual experience	(1,173,742)	101,280	(1,948,111)	
Changes of assumptions or other inputs	(354,585)	(3,827,924)	3,925,503	1,402,476
Retiree contributions	79,849	72,716	65,705	56,340
Benefits paid	(504,745)	(467,846)	(451,166)	(435,189)
Net change in total retiree health benefits liability	**(401,292)**	**(2,470,851)**	**3,157,266**	**2,446,415**
Total retiree health benefits liability - beginning of year	19,397,138	21,867,989	18,710,723	16,264,308
Total retiree health benefits liability - end of year	**18,995,846**	**19,397,138**	**21,867,989**	**18,710,723**
PLAN NET POSITION				
University contributions	453,988	432,953	410,945	367,416
Retiree contributions	79,849	72,716	65,705	56,340
Net investment income	1,634	606	155	41
Insurance premiums	(504,745)	(467,846)	(451,166)	(435,189)
Other deductions	(3,859)	(4,256)	(3,743)	(3,147)
Net change in UCRHBT net position	**26,867**	**34,173**	**21,896**	**(14,539)**
UCRHBT net position - beginning of year	106,714	72,541	50,645	65,184
UCRHBT net position - end of year	**133,581**	**106,714**	**72,541**	**50,645**
Net retiree health benefits liability - end of year	**$18,862,265**	**$19,290,424**	**$21,795,448**	**$18,660,078**

The University's schedule of net retiree health benefits liability as of June 30 is:

(in thousands of dollars)	2018	2017	2016	2015
Total retiree health benefits liability	$18,995,846	$18,995,846	$21,867,989	$18,710,723
UCRHBT net position	133,581	133,581	72,541	50,645
Net retiree health benefits liability	**$18,862,265**	**$18,862,265**	**$21,795,448**	**$18,660,078**
Ratio of UCRHBT net position to total retiree health benefits liability	0.7%	0.7%	0.3%	0.3%
Covered payroll	$12,381,616	$11,495,997	$10,689,424	$10,047,570
Net retiree health benefits liability as a percentage of covered payroll	152.3%	164.1%	203.9%	185.7%

University of California Retiree Health Benefit Trust

The schedule of changes in the net retiree health benefits liability includes multi-year trend information about whether the trust assets are increasing or decreasing over time relative to the total retiree health benefits liability for the campuses and medical centers. UCRHBT's schedule of changes in net retiree health benefit liability as of, and for, the year ending June 30 is:

(in thousands of dollars)	2018	2017	2016	2015
TOTAL RETIREE HEALTH BENEFIT LIABILITY				
Service cost	$816,483	$981,745	$806,817	$683,220
Interest on the total retiree health benefits liability	694,562	625,947	711,365	695,999
Difference between expected and actual experience	(1,149,032)	95,254	(1,875,009)	
Changes of assumptions or other inputs	(353,516)	(3,707,921)	3,798,113	1,358,761
Retiree contributions	76,873	69,968	65,705	56,340
Benefits paid	(483,479)	(447,604)	(433,849)	(418,244)
Net change in total retiree health benefits liability	**(398,109)**	**(2,382,611)**	**3,073,142**	**2,376,076**
Total retiree health benefits liability - beginning of year	18,786,101	21,168,712	18,095,570	15,719,494
Total retiree health benefits liability - end of year	**18,387,992**	**18,786,101**	**21,168,712**	**18,095,570**
PLAN NET POSITION				
University contributions	435,698	415,459	393,628	350,471
Retiree contributions	76,873	69,968	65,705	56,340
Net investment income	1,634	606	155	41
Insurance premiums	(483,479)	(447,604)	(433,849)	(418,244)
Other deductions	(3,859)	(4,256)	(3,743)	(3,147)
Net change in UCRHBT net position	**26,867**	**34,173**	**21,896**	**(14,539)**
UCRHBT net position - beginning of year	106,714	72,541	50,645	65,184
UCRHBT net position - end of year	**133,581**	**106,714**	**72,541**	**50,645**
Net retiree health benefits liability - end of year	**$18,254,411**	**$18,679,387**	**$21,096,171**	**$18,044,925**

UCRHBT's schedule of net retiree health benefits liability as of June 30 is:

(in thousands of dollars)	2018	2017	2016	2015
Total retiree health benefits liability	$18,387,992	$18,786,101	$21,168,712	$18,095,570
UCRHBT net position	133,581	106,714	72,541	50,645
Net retiree health benefits liability	**$18,254,411**	**$18,679,387**	**$21,096,171**	**$18,044,925**
Ratio of UCRHBT net position to total retiree health benefits liability	0.7%	0.6%	0.3%	0.3%
Covered payroll	$12,087,000	$11,196,485	$10,396,827	$9,758,795
Net retiree health benefits liability as a percentage of covered payroll	151.0%	166.8%	202.9%	184.9%

UNIVERSITY OF CALIFORNIA

Regents and Officers

APPOINTED REGENTS

(In alphabetical order of last name)

Maria Anguiano
Richard C. Blum
Laphonza Butler
Michael Cohen
Gareth Elliott
Cecilia Estolano
Howard "Peter" Guber
George D. Kieffer
Sherry L. Lansing
Richard Leib
Hadi Makarechian
Eloy Ortiz Oakley
Lark Park
John A. Perez
Richard Sherman
Ellen Tauscher
Charlene R. Zettel

EX OFFICIO REGENTS

Jerry Brown, *Governor of California*
Gavin Newsom, *Lieutenant Governor*
Anthony Rendon, *Speaker of the Assembly*
Tom Torlakson, *State Superintendent of Public Instruction*
Janet Napolitano, *President of the University*

ALUMNI REGENTS

Darin Anderson, *President, Alumni Associations of the University of California*
Jason Morimoto, *Vice President, Alumni Associations of the University of California*

REGENTS-DESIGNATE

Christine Simmons, *Treasurer, Alumni Associations of the University of California*
William Um, *Secretary, Alumni Associations of the University of California*
Hayley Weddle, *Student Regent Designate*

FACULTY REPRESENTATIVES *(non-voting)*

Robert May, *Chair, Assembly of the Academic Senate*
Kum-Kum Bhavnani, *Vice Chair, Assembly of the Academic Senate*

OFFICERS OF THE REGENTS

Alexander Bustamante, *Senior Vice President-Chief Compliance and Audit Officer*
Charles F. Robinson, *General Counsel and Vice President-Legal Affairs*
Jagdeep Singh Bachher, *Chief Investment Officer and Vice President-Investments*
Anne Shaw, *Secretary and Chief of Staff*

OFFICE OF THE PRESIDENT

Janet Napolitano, *President of University*
Michael Brown, *Provost and Executive Vice President-Academic Affairs*
Nathan Brostrom, *Executive Vice President-Chief Financial Officer*
Rachael Nava, *Executive Vice President-Chief Operating Officer*
John D. "Jack" Stobo, *Executive Vice President-UC Health*
Claire Holmes, *Senior Vice President-External Relations & Communications*
Christine Gulbranson, *Senior Vice President-Innovation and Entrepreneurship*
Charles F. Robinson, *General Counsel and Vice President-Legal Affairs*
Alexander Bustamante, *Senior Vice President-Chief Compliance and Audit Officer*
Jagdeep Singh Bachher, *Chief Investment Officer and Vice President-Investments*

CHANCELLORS

Carol T. Christ*, Berkeley*
Gary May, *Davis*
Howard Gillman, *Irvine*
Gene D. Block*, Los Angeles*
Dorothy Leland*, Merced*
Kim Wilcox*, Riverside*
Pradeep K. Khosla*, San Diego*
Sam Hawgood*, San Francisco*
Henry T. Y. Yang*, Santa Barbara*
George R. Blumenthal*, Santa Cruz*

DIRECTOR OF DOE LABORATORY

Michael Witherell, *Director, Lawrence Berkeley National Laboratory*

UNIVERSITY
OF
CALIFORNIA

University of California
Office of the President
1111 Franklin Street
Oakland, CA 94607

ucop.edu

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF RELEVANT DOCUMENTS

The following is a brief summary of certain provisions of the Indenture, the Loan Agreement, the Financing Trust Agreement, the Debt Service Payment Agreement and the Ground Lease not described elsewhere in the Official Statement. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Indenture, the Loan Agreement, the Financing Trust Agreement, the Debt Service Payment Agreement and the Ground Lease in their entirety to which reference is made for the detailed provisions thereof. Capitalized terms not otherwise defined in this Appendix will have the meanings set forth in the relevant document, as applicable.

Definitions Used in the Indenture and Loan Agreement

"*Act*" means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

"*Additional Bonds*" means any additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of the Indenture.

"*Affiliate*" means any Person (i) directly or indirectly controlling, controlled by, or under common control with the Borrower; or (ii) a majority of the members of the Directing Body of which are members of the Directing Body of the Borrower. For purposes of this definition, control means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more 50% of the securities (as defined in § 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a non-profit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, "***Directing Body***" means with respect to: (x) a corporation having stock, such corporation's board of directors and owners, directly or indirectly, of more than 50% of the securities (as defined in § 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation (both of which groups will be considered a Directing Body); (y) a non-profit corporation not having stock, such corporation's members if the members have complete discretion to elect the corporation's directors, or the corporation's directors if the corporation's members do not have such discretion; or (z) any other entity, its governing body or board. For the purposes of this definition, all references to directors and members will be deemed to include all entities performing the function of directors or members however denominated. It will not mean the directors, officers, employees and/or agents of the Borrower in their private or individual capacities.

"*Annual Budget*" means the line item operation and capital budget for the Project for each Fiscal Year developed by the Manager for the Borrower in accordance with the Loan Agreement and each of the Ground Leases.

"*Annual Debt Service*" means the amount required to pay all principal of and interest on a series of Bonds in any Fiscal Year. For purposes of calculating the Annual Debt Service on a series of Bonds the interest rate borne by which is not fixed to the maturity thereof on any date, such series Bonds will be treated as if it bears interest at the 25-year Revenue Bond Index as published by The Bond Buyer on the date of determination plus fifty-hundredths percent (0.50%) per annum.

"Annual Repair and Replacement Fund Requirement" means, with respect to the Series 2018 Project, commencing in the first Fiscal Year after the Series 2018 Completion Date, an amount each year as set forth in the Indenture.

"***Assignments of Agreements and Documents***" means, with respect to the Series 2018 Project, the Borrower Collateral Assignment Agreement and the Developer Collateral Assignment Agreement.

"BAM" means Build America Mutual Assurance Company, or any successor thereto.

"***Base Management Fee***" means any management fee paid pursuant to a Management Agreement that is not a Distributed Management Fee.

"***Basic Loan Payments***" means the Loan Payments payable by the Borrower to the Issuer pursuant to the Loan Agreement that are described under the subheading "Basic Loan Payments" therein.

"***Bond Documents***" means, collectively, the Financing Trust Agreement, the Indenture, the Loan Agreement, the Tax Certificate, the Leasehold Deed of Trust, the Assignments of Agreements and Documents, the Bond Purchase Agreement, the Indemnity Letters, the Ground Leases, the Development Agreement and the Financing Statement(s).

"Bond Indenture" will have the meaning set forth in the Financing Trust Agreement.

"***Borrower Collateral Assignment Agreement***" means, with respect to the Series 2018 Bonds, the Borrower Collateral Assignment Agreement, dated as of December 1, 2018, by the Borrower in favor of the Trustee, as the same may be amended and/or supplemented from time to time as permitted thereby.

"***Borrower Documents***" means the Loan Agreement, the Financing Trust Agreement, the Tax Certificate, the Leasehold Deed of Trust, the Assignments of Agreements and Documents, the Borrower Collateral Assignment Agreement, the Bond Purchase Agreement, the Borrower Indemnity Letter, the Ground Leases, and the Development Agreement.

"***Borrower Fee***" means the fee paid to the Borrower pursuant to the Ground Leases.

"Campus Fee" means a fee to be paid to the University for police and fire services for the Series 2018 Project.

"Campus Janitorial Fee" means a fee to be paid to the University for janitorial services for the Series 2018.

"Campus Landscaping Fee" means a fee to be paid to the University for landscaping services for the Series 2018 Project.

"Campus Leasing & Marketing Charge" means a charge to be paid to the University for leasing and marketing services provided for the Series 2018 Project in the event the University enters into a Marketing and Licensing Agreement with the Manager.

"Campus Water/Sewer Service Expenses" means amounts to be paid to the University for water and sewer service provided to the Series 2018 Project by the University.

"Campus Trash Service Expenses" means amounts paid to the University for trash collection service provided to the Series 2018 Project by the University.

"***Code***" means the Internal Revenue Code of 1986, as amended. Reference in the Indenture to any specific provision of the Code will be deemed to include a reference to any successor provision or provisions to such provision and to any Regulations issued or proposed under or with respect to such provision or under or with respect to any predecessor provision of the Internal Revenue Code of 1954, as amended, to the extent any of the foregoing is applicable to the Bonds.

"Construction Period," with respect to the Series 2018 Project, means the period between the beginning of construction thereof or the date on which the Series 2018 Bonds are first delivered to the Underwriters (whichever is earlier) and the Series 2018 Completion Date.

"Costs," with respect to a Project and the Offsite Elements, means those costs and expenses in connection with the acquisition, construction, furnishing, and equipping thereof permitted by the Act to be paid or reimbursed from the Bond proceeds including, but not limited to, the following:

(i) (a) the cost of the preparation of Plans and Specifications (including any preliminary study or planning thereof or any aspect thereof), (b) the cost of land, acquisition and construction thereof and all construction, acquisition, and installation expenses required to provide utility services or other facilities and all real or personal properties deemed necessary in connection therewith (including development, architectural, engineering, and supervisory services with respect to any of the foregoing), (c) interest on the Bonds during the Construction Period and for such additional period as the Issuer will reasonably determine to be necessary for placing the Project and the Offsite Elements in operation but not to exceed one year, and (d) any other costs and expenses relating to the acquisition, construction, and placing in service thereof;

(ii) the purchase price of the Equipment in connection therewith, including all costs incident thereto, payment for labor, services, materials, and supplies used or furnished in site improvement and in the construction thereof, including all costs incident thereto, payment for the cost of the construction, acquisition, and installation of utility services or other facilities in connection therewith, payment for all real and personal property deemed necessary in connection therewith, payment of consulting and development fees in connection therewith, and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond;

(iii) the fees and/or out-of-pocket expenses, if any, of those providing services with respect thereto, including, but not limited to, architectural, engineering, and supervisory services;

(iv) any other costs and expenses relating thereto that are permitted by the Act, other than Issuance Costs of the related Bonds; and

(v) reimbursement to the Borrower for any costs described above paid by it, whether before or after the execution of the Loan Agreement; provided, however, that reimbursement for any expenditures made prior to the execution of the Loan Agreement from the Construction Fund will only be permitted for expenditures meeting the requirements of the Regulations, including but not limited to, §1.150-2 of the Regulations.

"Coverage Reserve Required Balance" means, as of any date, an amount equal to 0.05 multiplied by Maximum Annual Debt Service.

"Debt Service Payment Agreement" means the Debt Service Payment Agreement, dated as of December 1, 2018 by and between The Regents and the Trustee.

"*Developer Collateral Assignment Agreement*" means the Developer Collateral Assignment Agreement, dated as of December 1, 2018, by the Developer in favor of the Trustee, as the same may be amended and/or supplemented from time to time as permitted thereby.

"*Development Agreement*," with respect to the Series 2018 Bonds, means the Development Agreement dated December 13, 2018, between the Borrower and the Developer.

"*Distributed Management Fee*" means any management fee designated as such in a Management Agreement.

"Expenses," with respect to the Project, means, for any period, the aggregate of all expenses relating thereto calculated under GAAP, including any Base Management Fee due and payable to the Manager pursuant to the Management Agreement, the Lessee's Fee, the Borrower's Fee, any necessary expenses incurred by the Borrower in connection with the inspection of the Project, collection and payment of arbitrage rebate relating to the Bonds as required by federal law, enforcement of the obligations of other parties to documents executed in connection therewith, and the performance of any other obligations of the Borrower, Insurance Consultant or Independent Engineer under the Bond Documents directly related thereto, but excluding (i) any extraordinary expenses (including without limitation losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans), (ii) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate that do not constitute extraordinary expense, (iii) losses resulting from any reappraisal, revaluation, or write-down of assets, and (iv) Subordinated Expenses and any expenses payable from proceeds of the Bonds.

"***Financial Consultant***" means a firm of Accountants and/or professional management, marketing, housing or financial consultants reasonably acceptable to the Borrower having the skill and experience necessary to render the particular report required. Such firm(s) will not be, and no member, stockholder, director, officer, or employee of which will be, an officer or employee of the Borrower or The Regents. The reports of the Financial Consultant showing forecast financial performances may be in the form of a forecast of the management of the Borrower that is accompanied by a statement of a Financial Consultant to the effect that such Financial Consultant has reviewed the underlying assumptions and procedures used by management and that such assumptions provide a reasonable basis for the forecast of management.

"Financing Trust Agreement" means the Financing Trust Agreement, dated as of December 1, 2018, between the Master Trustee and the Borrower, as the same may be amended and/or further supplemented from time to time in accordance with the provisions of such agreement.

"Fitch" means Fitch Ratings, its successors and assigns, and if such corporation will for any reason no longer perform the functions of a securities rating agency, "Fitch" will be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower and The Regents. Whenever rating categories of Fitch are specified in the Indenture, such categories will be irrespective of gradations within a category.

"Fixed Charges" means, for any period, the sum of all cash outflows related to the Project that the Borrower cannot avoid without violating long-term contractual or legal obligations (those obligations which extend for a period greater than one year), including, but not limited to, (i) interest on Indebtedness other than Short-Term Indebtedness, and (ii) scheduled payments of principal on Indebtedness other than Short-Term Indebtedness. "Fixed Charges" do not include payments made to the Ground Lessor under either the Ground Leases or principal and interest payable on any Indebtedness to the extent that such principal and interest are payable from the proceeds of such Indebtedness.

"***Fixed Charges Coverage Ratio***" means, for any period, the ratio of (a) Revenue Available for Fixed Charges plus the then current balance in the Coverage Reserve Fund to (b) Fixed Charges. During any Interim Period with respect to Additional Bonds, the Fixed Charges Coverage Ratio is calculated without regard to Revenues or Expenses of the Project financed with Additional Bonds.

"Foundation" means Collegiate Housing Foundation, a non-profit corporation organized and existing under the laws of the state of Alabama, and its successors and assigns.

"***GAAP***" means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting that have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented and amended.

"***Ground Lease***" means the Series 2018 Ground Lease.

"***Ground Lessor***" means The Regents, its successors and assigns.

"Group 1 Units", with respect to the Series 2018 Project, has the meaning set forth in the Series 2018 Ground Lease.

"Group 1 Offsite Elements", with respect to the Series 2018 Offsite Elements, means that portion of Series 2018 Offsite Elements described in Section 1.6.1(b) of the "Early Termination" provision of the Ground Lease, described below.

"***Indebtedness***" means (i) all indebtedness, whether or not represented by bonds, debentures, notes, or other securities, for the repayment of money borrowed by the Borrower in connection with the Project, (ii) all deferred indebtedness for the payment of the purchase price of the Premises and the Equipment, (iii) all guaranties, endorsements (other than endorsements in the ordinary course of business), assumptions, and other contingent obligations in respect of, or to purchase or to otherwise acquire, indebtedness of others in connection with the Project, (iv) all indebtedness secured by mortgage, pledge, security interest, or lien existing on the Premises that is subject to such mortgage, pledge, security interest, or lien, whether or not the indebtedness secured thereby will have been assumed, (v) all derivatives, including but not limited to credit default and total-rate-of-return swaps, and (vi) all capitalized lease obligations of the Borrower in connection with the Project; provided, however, that for the purpose of computing Indebtedness, there will be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there will have been irrevocably deposited with the proper depository in trust the necessary funds (or direct obligations of the United States of America not redeemable by the issuer thereof) for the payment, redemption, or satisfaction of such Indebtedness, and thereafter such funds and such direct obligations of the United States of America so deposited will not be included in any computation of the assets of the Borrower and the income derived from such funds and such direct obligations of the United States of America so deposited will not be included in any computation of the income of the Borrower.

"Indenture" means the Indenture, dated as of December 1, 2018, each between the Issuer and the Trustee, as the same may be amended and/or further supplemented from time to time in accordance with the provisions of such agreement.

"***Initial Liquidity Account Requirement"*** with respect to a series of Bonds, has the meaning set forth in the related Supplemental Financing Trust Agreement.

"Insured Series 2018 Bonds" means the Series 2018 Bonds maturing May 15, 2048 and bearing interest at a rate of 4.00%.

"Insured Series 2018 Bonds Security Documents" means, collectively, the Financing Trust Agreement, this Indenture, the Loan Agreement, the Leasehold Deed of Trust, the Borrower Collateral Assignment Agreement, the Management Agreement, the Marketing and Licensing Agreement, the Developer Collateral Assignment Agreement, the Ground Lease and the Debt Service Payment Agreement.

"Interim Period" means, with respect to a Project financed with Additional Bonds, the period beginning on the date of delivery of such Additional Bonds and ending on the Completion Date of such Project financed with Additional Bonds as set forth in the Supplemental Indenture.

"***Issuance Costs***" with respect to the Bonds, means:

(i) the initial or acceptance fee of the Trustee (which includes the administration fee for the first year), the fees and taxes for recording and filing the Leasehold Deed of Trust, the Assignments of Agreements and Documents, the Financing Statement(s), and any title curative documents that either the Trustee or Independent Counsel may reasonably deem desirable to file for record in order to perfect or protect the title of the Borrower to the Project or the lien or security interest created or granted by the Leasehold Deed of Trust or the Assignments of Agreements and Documents and the reasonable fees and expenses in connection with any actions or proceedings that either the Trustee or Independent Counsel may reasonably deem desirable to bring in order to perfect or protect the lien or security interest created or granted by the Leasehold Deed of Trust or the Assignments of Agreements and Documents in connection with the issuance thereof;

(ii) the costs of legal fees and expenses, Underwriters' spread, underwriting fees, rating agency fees and other financing costs, Issuer's fees and expenses, financial advisor's fees, accounting fees and expenses, consulting fees, Trustee's fees, paying agent and certifying and authenticating agent fees, reasonable fees and expenses of counsel to the Trustee, reasonable fees and expenses of the Borrower, including publication costs, title insurance premiums, and printing and engraving costs incurred in connection with the authorization, sale, issuance and carrying of the Bonds and the preparation of the applicable Bond Documents and all other documents in connection therewith; and

(iii) other costs in connection with the issuance of the Bonds permitted by the Act to be paid or reimbursed from Bond proceeds.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2018 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"*Leasehold Deed of Trust*" means the Series 2018 Leasehold Deed of Trust and any other leasehold deed of trust with assignment of rents and fixture filing encumbering the Premises and all improvements thereon executed by the Borrower in favor of the deed of trust trustee named therein for the benefit of the Trustee, in each case as the same may be amended and/or supplemented from time to time as permitted by the Indenture and the Loan Agreement.

"Liquidity Subaccount Loan Payments" means the Loan Payments payable by the Borrower to the Issuer pursuant to the Loan Agreement that are described under the subheading "Liquidity Subaccount Loan Payments" in the Loan Agreement.

"*Loan*" means the Series 2018 Loan, and any subsequent loan by the Issuer to the Borrower of the proceeds of Additional Bonds pursuant to a supplemental Loan Agreement.

"*Loan Agreement*" means the Original Loan Agreement, as originally executed and delivered and as the same may be amended and supplemented from time to time in accordance with its terms, which pursuant to its terms is stated to be a Loan Agreement under the Indenture and which satisfies all of the requirements for a Loan Agreement set forth in the Financing Trust Agreement.

"*Management Agreement*" means (i) the Management Agreement dated the Closing Date, between the Borrower and the Manager, as the same has been and may be replaced, amended and/or supplemented from time to time, and (ii) any management or similar agreement between the Borrower and any successor Manager relating to the management of the Series 2018 Project or any additional extension of the Project, as the same may be amended and/or supplemented from time to time; in each case the Management Agreement will specify the character of any fee to the Manager payable thereunder as a Base Management Fee payable as an Expense or Distributed Management Fee payable as a Subordinated Expense.

"Manager" means, with respect to the Series 2018 Project, University Student Living Management, LLC, a New Jersey limited liability company, or any management company or entity employed by the Borrower to manage the Project.

"Master Trustee" means the master trustee at the time serving as such under the Financing Trust Agreement. Wilmington Trust, National Association, a national banking association, is the initial Master Trustee.

"Maximum Annual Debt Service," with respect to a series of Bonds, means the maximum Annual Debt Service thereon in the then current Fiscal Year or in any future Fiscal Year, whether at maturity or subject to mandatory sinking fund redemption.

"Minimum Repair and Replacement Fund Balance" means, with respect to the Series 2018 Project, commencing with the Fiscal Year in which the Series 2018 Completion Date occurs until June 30, 2027, $1,500,000, during the period from July 1, 2027 to June 30, 2032, $2,500,000, and during the period from July 1, 2032 and thereafter, $3,500,000.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation will for any reason no longer perform the functions of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower and The Regents. Whenever rating categories of Moody's are specified in the Indenture, such categories will be irrespective of gradations within a category.

"*Net Proceeds*," when used with respect to any insurance or condemnation award or with respect to any other recovery on a contractual claim or claim for damage to or for taking of property, means the gross proceeds from the insurance or condemnation award or recovery remaining after payment of all expenses (including reasonable attorneys' fees and any Extraordinary Expenses of the Trustee) incurred in the collection of such gross proceeds.

"*Operating Account Surplus*" means the amount, if any, by which the amounts paid to the Borrower by the Trustee for deposit into the Operating Account in a Fiscal Year pursuant to the Indenture exceed the amounts paid, incurred, or accrued in respect of Operating Expenses of the Project during such Fiscal Year, such amount to be determined with reference to, and simultaneously with the delivery of, the audited financial statements delivered to the Trustee in accordance with the provisions of the Loan Agreement, as such amount may be adjusted in accordance with the provisions of the Indenture.

"*Operating Expenses*" means Expenses excluding (i) depreciation, amortization and other noncash expenses, (ii) fees of the Insurance Consultant and Independent Engineer and (iii) fees paid to the Issuer and the Trustee.

"*Original Loan Agreement*" means the Loan Agreement, dated as of December 1, 2018, by and between the Borrower and the Authority.

"*Permitted Encumbrances*" means, as of any particular time:

(1) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance filed of record which are being contested in good faith and have not proceeded to final judgment (and for which all applicable periods for appeal or review have not expired), provided (a) that the Borrower will have set aside reserves with respect thereto which, in the opinion of an Authorized Borrower Representative, are adequate, and (b) that no written objection has been filed by the Trustee with the Borrower not later than 30 days after a notice describing such proposed Permitted Encumbrance is given to the Trustee by the Borrower;

(2) notices of lis pendens or other notices of or liens with respect to pending actions which are being contested in good faith and have not proceeded to final judgment (and for which all applicable periods for appeal or review have not expired), provided (a) that the Borrower will have set aside reserves with respect thereto which, in the opinion of an Authorized Borrower Representative, are adequate, and (b) that no written objection has been filed by the Trustee with the Borrower not later than 30 days after a notice describing such proposed Permitted Encumbrance is given to the Trustee by the Borrower;

(3) the lien of taxes and assessments which are not delinquent, or which are being contested in good faith, provided (a) that the Borrower will have set aside reserves with respect thereto which, in the opinion of an Authorized Borrower Representative, are adequate, and (b) that non-payment of such taxes and assessments will not result in any loss of property;

(4) minor defects and irregularities in title which in the aggregate do not materially adversely affect the value or operation of the property to which such encumbrance relates for the purposes for which it is or may reasonably be expected to be used;

(5) easements, exceptions or reservations for the purpose of ingress and egress, parking, pipelines, telephone lines, telegraph lines, cable television lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities

and equipment, which, in the reasonable judgment of the Ground Lessor, in the aggregate do not materially interfere with or impair the operation of the property to which such encumbrance relates for the purposes for which it is or may reasonably be expected to be used;

(6) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project which do not materially impair the operation of the Project to which such encumbrance relates for the purposes for which it is or may reasonably be expected to be used;

(7) present or future valid zoning laws and ordinances;

(8) the rights of the Borrower and the Trustee (for the benefit of the holders of the Bonds) under the Bond Documents and the rights of The Regents under the Ground Lease;

(9) liens securing indebtedness for the payment, prepayment or satisfaction of which money (or evidences of indebtedness) in the necessary amount will have been deposited in trust with a trustee or other holder of such indebtedness;

(10) purchase money security interests and security interests existing on the Project prior to the time of its acquisition through purchase, merger, consolidation or otherwise, whether or not assumed by the purchaser thereof, or placed upon property being acquired to secure a portion of the purchase price thereof, or upon equipment acquired through a capital lease or installment purchase arrangement, or lessor's interests in leases required to be capitalized in accordance with generally accepted accounting principles, and security interests in property granted to secure indebtedness ("Refinancing Indebtedness") incurred to refinance indebtedness initially secured by a purchase money security interest in the Project to the extent that the initial principal amount of such Refinancing Indebtedness does not exceed the principal amount of the refinanced indebtedness that is outstanding immediately prior to such refinancing;

(11) statutory liens arising in the ordinary course of business which are not delinquent or are being contested in good faith;

(12) mortgages of or security interests in property permitted under the Bond Documents;

(13) leases, licenses and occupancy agreements permitted under the Bond Documents;

(14) other liens or encumbrances existing as of the date of initial issuance of the Bonds; and

(15) any other liens or encumbrances to which the Borrower, The Regents and the Trustee consent in writing.

"*Permitted Investments*" means any of the following securities to the extent permitted under State law:

(i) Defeasance Obligations;

(ii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly the Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association (GNMA), U.S. Department of Housing & Urban Development (PHA's), Federal Housing Administration, and Federal Financing Bank;

(iii) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

(A) senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), and

(B) senior debt obligations of the Federal Home Loan Bank System.

(iv) dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks that: (1) have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P; (2) are insured at all times by the Federal Deposit Insurance Corporation; (3) are collateralized with direct obligations of the United States of America at one hundred percent (100%) valued daily; and (4) mature no more than three hundred sixty (360) calendar days after the date of purchase, it being understood that ratings on holding companies are not considered as the rating of the bank;

(v) commercial paper that is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and that matures not more than two hundred seventy (270) calendar days after the date of purchase;

(vi) investments in (a) money market funds subject to SEC Rule 2a-7 and rated at the highest applicable rating by S&P or Moody's and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Issuer's deposit of funds under the Indenture will not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies;

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

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), "Aaa" by Moody's and "AAA" by S&P; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(viii) general obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies (and in the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually);

(ix) investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds; and

(x) repurchase agreements with any financial institution which is rated by each Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds.

"Policy" means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Series 2018 Bonds when due.

"Premises" means, with respect to the Series 2018 Project, the land described in Exhibit A attached to the Indenture which is incorporated in the Indenture.

"Project" means the Series 2018 Project (including the Series 2018 Solar Project) and any additional project acquired, constructed, expanded, remodeled, renovated, improved, furnished, and/or equipped with the proceeds of Additional Bonds, excluding Offsite Elements.

"Project Gross Revenues" means (i) the gross receipts and operating and non-operating revenues of the Borrower, and interest earnings thereon, derived from the ground leasing or operation of the Project, all as determined in accordance with GAAP, and interest earned on all Funds, but excluding, in any event, (ii) the sum of (a) earnings on amounts that are irrevocably deposited in escrow to achieve defeasance or similar arrangement for the payment of the principal of or interest on Indebtedness, and (b) security deposits received from student residents of the Project and held by the Borrower until such time, if any, as the Borrower will be permitted to apply such deposits to the payment of rent or to the repair and maintenance of the Project in accordance with the terms of a lease or residency agreement.

"Rating Agency" means, each and collectively, Fitch, Moody's and S&P.

"Regular Record Date" means the first (1st) day of the month (whether or not such day is a Business Day) immediately preceding each Interest Payment Date.

"Requisite Number of Bondholders" means the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then Outstanding.

"Revenue Available for Fixed Charges" means, for any period, the excess of Revenues over Expenses (including for purposes of this calculation payments in the Repair and Replacement Fund as an Expense), plus amounts deducted in arriving at such excess of Revenues for (i) interest on Indebtedness other than Short-Term Indebtedness, (ii) depreciation, (iii) amortization and (iv) rent payable to the Ground Lessor under the Ground Leases.

"Revenues," for any period, means (i) the gross receipts and operating and non-operating revenues of the Borrower derived from the ownership or operation of the Project, all as determined in accordance with GAAP, but excluding in any event (ii) the sum of (a) any gains on the sale or other disposition of investments or fixed or capital assets not in the ordinary course of business, and (b) earnings or gains resulting from any reappraisal, revaluation, or write-up of assets, and (c) contributions from any Affiliate, and (d) earnings that constitute Capitalized Interest, and (e) security deposits received from student residents of the Project and held by the Borrower until such time, if any, as the Borrower will be permitted to apply such deposits to the payment of rent or to the repair and maintenance of the Project in accordance with the terms of a lease or residency agreement and (f) Net Proceeds of insurance (other than business interruption insurance) and condemnation awards, and (g) earnings on amounts irrevocably deposited in escrow to pay the principal and interest on Indebtedness.

"S&P" means S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation will for any reason no longer perform the functions of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower and The Regents. Whenever rating categories of S&P are specified in the Indenture, such categories will be irrespective of gradations within a category.

"Security" means any of the property subject to the operation of the granting clauses contained in the Leasehold Deed of Trust, the Assignments of Agreements and Documents, the Loan Agreement, the Financing Trust Agreement and the Indenture that is part of the Trust Estate and that serves as collateral for the Bonds.

"Series 2018 Bonds" means California Municipal Finance Authority Student Housing Refunding Revenue Bonds (CHF-Davis I, L.L.C. – West Village Student Housing Project), Series 2018, issued pursuant to the Indenture.

"Series 2018 Building" means those certain buildings and all other facilities and improvements constituting part of the Series 2018 Project and not constituting part of the Series 2018 Equipment that are or will be located on the Premises.

"Series 2018 Closing Date" means the date upon which the Series 2018 Bonds are issued in exchange for payment by the Underwriters.

"Series 2018 Completion Date" means the date of completion of the Series 2018 Project and the Series 2018 Offsite Elements, as certified by the Borrower and approved by the Developer and Independent Engineer as provided in the Loan Agreement.

"Series 2018 Equipment" means the equipment, machinery, furnishings, and other personal property acquired with the proceeds of the Series 2018 Bonds and described in Exhibit A attached to the Original Loan Agreement, and all replacements, substitutions, and additions thereto.

"*Series 2018 Ground Lease*" means the Ground Lease Agreement, dated as of December 1, 2018, between the Ground Lessor and the Borrower, as the same has been and may be amended from time to time in accordance with the provisions thereof and of the Indenture.

"*Series 2018 Group 1 Completion Date*" means the date of completion of the Group 1 Units portion of the Series 2018 Project and the Group 1 Offsite Elements, as certified by the Borrower and approved by the Developer and Independent Engineer as provided in the Loan Agreement.

"*Series 2018 Leasehold Deed of Trust*" means the Leasehold Deed of Trust with Assignment of Rents and Fixture Filing dated as of December 1, 2018, relating to the Series 2018 Bonds, encumbering the Premises and all improvements thereon including the Series 2018 Building executed by the Borrower in favor of the deed of trust trustee named therein for the benefit of the Trustee.

"Series 2018 Loan" means the loan by the Issuer to the Borrower of the proceeds of the Series 2018 Bonds pursuant to the Loan Agreement.

"Series 2018 Offsite Elements" has the meaning set forth in the Indenture.

"Series 2018 Project" has the meaning set forth in the Indenture that includes the Series 2018 Solar Project, but excludes the Series 2018 Offsite Elements.

"Series 2018 Solar Contract" means that certain agreement dated as of December 13, 2018, between Developer and the Solar Contractor, pursuant to which the Solar Contractor has agreed to design and construct the solar energy system for the Series 2018 Project and any amendments thereof and/or supplements thereto.

"Series 2018 Solar Project" means the project contemplated by the Series

"Series 2018 Tax Certificate," means the Tax Certificate and Agreement relating to the Series 2018 Bonds, dated as of December 13, 2018, among the Issuer, the Borrower and the Foundation.

"*Short-Term Indebtedness*" means any Indebtedness maturing not more than three hundred sixty-five (365) days after it is incurred or that is payable on demand, except for any such Indebtedness that is renewable or extendable at the sole option of the debtor to a date more than three hundred sixty-five (365) days after it is incurred, or any such Indebtedness that, although payable within three hundred sixty-five (365) days, constitutes payments required to be made on account of Indebtedness expressed to mature more than three hundred sixty-five (365) days after it was incurred.

"Subordinated Expenses" means the Distributed Management Fee, the Campus Fee, the Campus Leasing & Marketing Charge, Campus Water/Sewer Service Expenses, Campus Trash Service Expenses, Campus Janitorial Fee and Campus Landscaping Fee.

"*Tax Certificate*" means the Series 2018 Tax Certificate.

"*Trust Estate*" means any and all property subject to the operation of the granting clauses of the Indenture.

"*UCD Bonds Pooling Subaccount*" means the subaccount by that name created under the Financing Trust Agreement.

"*UCD Bonds Redemption Subaccount*" means the subaccount by that name created under the Financing Trust Agreement.

"Unassigned Rights" means all of the rights of the Issuer to receive reimbursements and payments pursuant to the Loan Agreement, to be held harmless and indemnified pursuant thereof, to execute and deliver supplements to and amendments of the Loan Agreement pursuant thereof, to enforce venue provisions pursuant to Section 12.06 thereof, and to receive notices pursuant to Section 12.01 thereof.

THE INDENTURE

Limited Obligation

None of the Issuer, any Issuer member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Issuer payable solely from the Security, including the revenues and receipts derived from or in connection with the Series 2018 Project, including all moneys received under the Loan Agreement, which are required to be set apart and transferred to the Bond Fund and the Redemption Fund, which revenues and receipts (except for the Unassigned Rights) are specifically pledged and assigned to the Trustee for the equal and ratable payment of the Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Indenture.

Tax Covenants

(a) The Issuer will not use or permit the use of any proceeds of Series 2018 Bonds or any funds of the Issuer, directly or indirectly, to acquire any securities or obligations, nor take or permit to be taken any other action or actions, which would cause any Series 2018 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, "private activity bond" within the meaning of Section 141(a) of the Code, or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder. The Issuer will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Issuer will comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds. In the event that at any time the Issuer is of the opinion that for purposes of this section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Issuer will so instruct the Trustee under the Indenture in writing, and the Trustee will take such action as may be necessary in accordance with such instructions.

(b) The Issuer and the Trustee (as directed by the Issuer) specifically covenant to comply with the provisions and procedures of the Series 2018 Tax Certificate.

(c) The Issuer will not use or permit the use of any proceeds of the Series 2018 Bonds or any funds of the Issuer, directly or indirectly, in any manner, nor take or omit to take any action, that would cause any of the Series 2018 Bonds to be treated as an obligation not described in Section 103(a) of the Code.

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

(e) The covenants of the Issuer in this section are made solely in reliance on the representations and covenants of the Borrower set forth in the Loan Agreement and the Series 2018 Tax Certificate, and representations of The Regents set forth in the Ground Lease and the Series 2018 Tax Certificate, and a default by the Borrower or The Regents with respect thereto will not be considered a default of the Issuer thereunder. The covenants of the Issuer in this section are limited to those actions within its control, and further limited to the extent that the costs and expenses of taking such actions are borne by the Borrower or a third party.

Terms Relating to the Debt Service Payment Agreement

Unless otherwise agreed to in writing by The Regents, and subject to the provisions "Payment of Debt Service Shortfall" and "Term" of the Debt Service Payment Agreement, the terms and conditions set forth below will be in effect so long as any of the Series 2018 Bonds are Outstanding.

(a) *Notice of Redemption or Defeasance*. The Trustee will promptly provide notice to The Regents of any redemption or defeasance of the Series 2018 Bonds.

(b) *Claims Under the Debt Service Payment Agreement*.

(i) In the event that, on the fifth Business Day prior to the payment date on the Bonds, the Trustee has not received sufficient moneys to pay Applicable Debt Service on such day, the Trustee will immediately notify The Regents on the same Business Day in accordance with the Debt Service Payment Agreement of the amount of the deficiency.

(ii) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee will so notify The Regents.

(iii) The Trustee is irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Series 2018 Bonds as follows:

(A) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2018 Bonds, the Trustee will (i) execute and deliver to The Regents an instrument prepared by or on behalf of The Regents, in form satisfactory to The Regents, appointing The Regents as agent for such Owners in any legal proceeding related to the payment of such interest and an assignment to The Regents of the claims for interest to which such deficiency relates and which are paid by The Regents, (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Debt Service Payment Agreement with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and

(B) If and to the extent of a deficiency in amounts required to pay principal of the Series 2018 Bonds, the Trustee will (i) execute and deliver to The Regents an instrument prepared by or on behalf of The Regents, in form satisfactory to The Regents, appointing The Regents as agent for such Owner in any legal proceeding related to the payment of such principal and an assignment to The Regents of any of the Series 2018 Bonds surrendered to the Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment will be delivered only if payment from the Trustee is received), (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Debt Service Payment Agreement payment therefor from the Trustee, and (ii) disburse the same to such Owners.

(c) *Rights of The Regents Following Certain Payments of the Series 2018 Bonds*. Payments with respect to claims for interest on and principal of the Series 2018 Bonds disbursed by the Trustee from proceeds of the Debt Service Payment Agreement will not be considered to discharge the limited obligation of the Issuer as set forth in the Indenture with respect to such Series 2018 Bonds, and The Regents will become the owner of such unpaid Series 2018 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(d) *Other Rights of The Regents*. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Trustee agree for the benefit of The Regents that:

(i) They recognize that to the extent The Regents makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Series 2018 Bonds, The Regents will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in the Indenture and the Series 2018 Bonds; and

(ii) They will accordingly pay to The Regents the amount of such principal and interest, with interest thereon as provided in the Indenture and the Bond, but only from the sources and in the manner provided in the Indenture for the payment of principal of and interest on the Series 2018 Bonds to Owners, and will otherwise treat The Regents as the owner of such rights to the amount of such principal and interest.

(iii) Notwithstanding anything in this section "Terms Relating to the Debt Service Payment Agreement" to the contrary, The Regents will have no right to any benefits of, or payments under, the Policy.

(e) *Additional Bonds—Disclosure Document*. In connection with the issuance of Additional Bonds, the Borrower will deliver to The Regents a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

(f) *Amendments of the Series 2018 Bonds or Amendments or Supplements to the Indenture*. Any amendments of the Series 2018 Bonds or amendments or supplements to the Indenture will also require the prior written consent of The Regents.

(g) *Change in Trustee*. Any appointment of a successor Trustee under the Indenture will require the prior written consent of The Regents.

(h) *Notices to be Sent to The Regents*. The Regents will receive notice of the resignation or removal of the Trustee and the appointment of a successor thereto. The Regents will receive copies of all notices required to be delivered to Owners of the Series 2018 Bonds. Any notice that is required to be given to an Owner of a Bond or to the Trustee pursuant to the Indenture will also be provided to The Regents.

(i) *Limitations on Arrangements to Tender or Purchase the Series 2018 Bonds*. The Trustee will not enter into any agreement nor will it consent to or participate in any arrangement pursuant to which the Series 2018 Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Series 2018 Bonds.

(j) *No Acceleration*. During the term of the Debt Service Payment Agreement, there will be no acceleration of the Series 2018 Bonds upon the occurrence of an Event of Default without the prior written consent of The Regents.

(k) *The Regents as a Third Party Beneficiary*. The Regents is a third party beneficiary under the Indenture.

Rights Under Certain Documents

The Bond Documents, duly executed counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the Issuer and the Borrower, including provisions that subsequent to the initial issuance of the Series 2018 Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions of the Indenture, the Bond Documents may not be effectively amended, changed, modified, altered, or terminated (other than as provided in the Indenture) without the written consent of the Trustee, and reference is made to the Bond Documents for a detailed statement of said covenants and obligations of the Borrower thereunder, and the Trustee may enforce all rights of the Issuer, except the Unassigned Rights, and all obligations of the Borrower under and pursuant to the Bond Documents, and may enforce all rights of the Issuer, except the Unassigned Rights, for and on behalf of the Bondholders, whether or not the Issuer is in default under the Indenture.

Notwithstanding anything to the contrary set forth in the Indenture or any of the other Bond Documents (other than the Financing Trust Agreement), the Financing Trust Agreement may be amended from time to time in accordance with its terms.

So long as any of the Bonds remains Outstanding, and for such longer period when required by the Loan Agreement, the Issuer will faithfully and punctually perform and observe all obligations and undertakings on its part to be performed and observed under the Issuer Documents. The Issuer covenants to maintain, at all times, the validity and effectiveness of the Borrower Documents to which it is a party or in respect of which it is a beneficiary, and (except as expressly permitted by the Loan Agreement) will take no action, will permit no action to be taken by others, and will not omit to take any action or permit others to omit to take any action, which action or omission might release the Borrower from its liabilities or obligations thereunder, or result in the surrender, termination, amendment, or modification of, or impair the validity thereof.

The Issuer covenants to enforce diligently all covenants, undertakings, and obligations of the Borrower under the Borrower Documents to which it is a party or in respect of which it is a beneficiary, and the Issuer authorizes and directs the Trustee to enforce any and all of the Issuer's rights thereunder on behalf of the Issuer and the Owners of the Bonds.

Funds and Accounts

Revenue Fund. There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Revenue Fund" into which the Borrower has agreed to deposit or cause to be deposited the Project Gross Revenues on a weekly basis including any amounts required to be deposited therein pursuant to the Development Agreement. The amounts so transferred and deposited into the Revenue Fund maintained by the Trustee will be disbursed by the Trustee each month or at such other times described below in the following order:

(a) there will be transferred to the Bond Fund:

(i) on or before January 20, 2019, a sum equal to one-fourth (1/4th) of the amount payable as interest on the Series 2018 Bonds on May 15, 2019, and thereafter on or before the twentieth day of each month, a sum equal to one-sixth (1/6th) of the amount payable on the immediately succeeding Interest Payment Date as interest on the Series 2018 Bonds, or in each case, such lesser amount that, together with amounts already on deposit in the Bond Fund and amounts to be transferred from the Capitalized Interest Account pursuant to the Indenture on such Interest Payment Date, will be sufficient to cause the amount in the Bond Fund to be sufficient to pay interest on the Series 2018 Bonds to become due on such immediately succeeding Interest Payment Date;

(ii) on the dates set forth in any amendment or amendments to the Loan Agreement executed in connection with the issuance of Additional Bonds, the amount(s) set forth therein to be paid by the Borrower in respect of interest on such Additional Bonds;

(iii) on or before May 20, 2022, and on or before the twentieth day of each month thereafter, a sum equal to (A) one-twelfth (1/12th) of the principal due on the immediately succeeding May 15 that is a maturity date of the Series 2018 Bonds; and (B) one-twelfth (1/12th) of the amount required to retire Series 2018 Bonds under the mandatory sinking fund redemption requirements of Section 303 hereof on the immediately succeeding May 15, to cause the amount in the Bond Fund to be sufficient to pay such amounts as provided herein, as the case may be;

(iv) on the dates set forth in any amendment or amendments to the Loan Agreement executed in connection with the issuance of Additional Bonds, the amount(s) set forth therein to be paid by the Borrower in respect of the principal of such Additional Bonds (whether at maturity or under any mandatory sinking fund or other similar redemption requirements of any supplemental indenture or indentures executed in connection with the issuance of Additional Bonds);

(v) on the Business Day prior to any date on which the Series 2018 Bonds are to be redeemed pursuant to the mandatory redemption provisions of the Indenture (other than mandatory sinking fund redemption pursuant to Section 304 of the Indenture), an amount equal to the principal of, and premium, if any, and interest on, the Series 2018 Bonds to be redeemed (taking into account amounts then on deposit in the Bond Fund to be used for the payment of such Series 2018 Bonds to be redeemed);

(vi) on the Business Day prior to any date on which any Additional Bonds are to be redeemed pursuant to any mandatory redemption provisions of any supplemental indenture or indentures executed in connection with the issuance of Additional Bonds (other than mandatory sinking fund or other similar redemption pursuant to such supplemental indenture or indentures), an amount equal to the principal of, and premium, if any, and interest on, such Additional Bonds to be redeemed (taking into account amounts then on deposit in the Bond Fund to be used for the payment of such Additional Bonds to be redeemed).

(b) there will be transferred to the Rebate Fund the amount the Borrower is obligated to pay pursuant to Indenture in accordance with the Tax Certificate;

(c) there will be paid to the Trustee:

(i) commencing on December 20, 2020 and on each December 20 thereafter, the annual fee of the Trustee for the Ordinary Services of the Trustee payable each year, plus the Ordinary Expenses of the Trustee incurred hereunder and under the other Bond Documents, as and when the same shall become due;

(ii) except as included in clause (i) above, the reasonable fees and charges of any paying agents on the Bonds for acting as paying agents as provided herein, payable as and when the same shall become due;

(iii) the reasonable fees and charges of the Trustee for the Extraordinary Services of the Trustee rendered by it and the Extraordinary Expenses of the Trustee incurred by it hereunder and under the other Bond Documents, as and when the same shall become due; provided, that the Borrower may, without creating an Event of Default hereunder, contest in good faith the reasonableness of any such Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee and the reasonableness of any such fees, charges, or expenses;

(d) there will be paid to the Issuer (as certified in writing to the Trustee by the Issuer) on the twentieth day of each month (or the immediately succeeding Business Day if the twentieth day of a month is not a Business Day), commencing January 20, 2021, an amount sufficient to reimburse the Issuer for all unpaid fees and expenses reasonably incurred by the Issuer under the Loan Agreement in connection with the Project, including, but not limited to, the reasonable fees and expenses of counsel for the Issuer and Bond Counsel;

(e) [Reserved]

(f) there shall be paid to the Manager on the twentieth day of each month (or the immediately succeeding Business Day if the twentieth day of a month is not a Business Day) for deposit into the Operating Account an amount equal to the lesser of (i) the greater of (A) the amount budgeted in the Annual Budget for Operating Expenses of the Project for the immediately succeeding month and (B) any amount necessary to meet the minimum balance requirement, which for purposes of this Indenture shall be an amount equal to ten percent (10%) of the Operating Expenses shown in the then current Annual Budget or (ii) the excess, if any, of (A) the amount budgeted in the Annual Budget for Expenses for the then current Fiscal Year over (B) the amount theretofore deposited into the Operating Account pursuant to this subsection (f) for the then current Fiscal Year; provided, however, if, during any Fiscal Year, it shall be determined that an Operating Account Surplus shall have been created with respect to the immediately preceding Fiscal Year, such payment to the Borrower shall be reduced by the amount of such Operating Account Surplus, if any, and the amount of the Operating Account Surplus, if any, shall then be adjusted by the amount of such reduction;

(g) on and after the Series 2018 Completion Date, on the twentieth day of each month (or the immediately succeeding Business Day if the twentieth day of the month is not a Business Day), there will be transferred to the UCD Series 2018 Bonds Pooling Subaccount the amount required pursuant to the Financing Trust Agreement in order to cause the amount on deposit in the Liquidity Pooling Subaccount to increase from the Initial Liquidity Account Requirement to the Liquidity Subaccount Requirement;

(h) on the dates set forth in any Supplemental Financing Trust Agreement executed in connection with the issuance of Additional Bonds, there will be transferred to the applicable Series Pooling Subaccount the amount required pursuant to the Supplemental Financing Trust Agreement in order to cause the amount on deposit in the Liquidity Pooling Subaccount to increase from the Initial Liquidity Account Requirement to the Liquidity Subaccount Requirement;

(i) there will be transferred to the Repair and Replacement Fund commencing on the twentieth day of the first month of the Fiscal Year immediately following the Series 2018 Completion Date, an amount equal to one-twelfth (1/12) of the Annual Repair and Replacement Fund Requirement, set forth in the schedule attached to the Indenture as Exhibit G;

(i) there will be transferred to the applicable UCD Bonds Pooling Subaccount any amount required pursuant to the provision of the Loan Agreement described below under "Loan Payments and Other Amounts Payable – *Liquidity Subaccount Loan Payments*," and to any other applicable UCD Bonds Pooling Subaccount any amount required to be paid by the Borrower pursuant to a corresponding provision in any amendment or amendments to the Loan Agreement executed in connection with the issuance of Additional Bonds;

(j) there will be paid to the Independent Engineer and the Insurance Consultant their fees for services rendered as Additional Loan Payments pursuant to the Loan Agreement as will be set forth in a written direction of an Authorized Borrower Representative filed with the Trustee; and

(k) on the last Business Day of each month, any remaining amounts will be transferred to the Operations Contingency Fund.

Bond Fund. (a) There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Bond Fund." In connection with the issuance of the Series 2018 Bonds, there is also created by the Issuer and ordered established with the Trustee a subaccount designated the "2018 Account." There will be deposited into the Bond Fund from the Revenue Fund amounts described above and all other moneys received by the Trustee under and pursuant to any of the provisions of the Loan Agreement and the Indenture when accompanied by written directions from the Borrower that such moneys are to be paid into the Bond Fund. Except as otherwise provided in the Indenture, moneys in the Bond Fund will be used solely to pay the principal of, and premium, if any, and interest on the Bonds. Not later than 1:00 p.m., New York time, on any date principal of, or premium or interest on any Bond is due (other than principal of Bonds to be paid from moneys in the Redemption Fund pursuant to the Indenture), the Trustee will withdraw moneys from the Bond Fund sufficient to make such payment and will make such payment to the Owner of such Bond entitled thereto.

(b) There is created by the Issuer and ordered established with the Trustee an account within the Bond Fund, to be designated the "Capitalized Interest Account." The Trustee may establish separate subaccounts within the Capitalized Interest Account with respect to each series of Additional Bonds.

(c) There will be deposited into the Capitalized Interest Account the amounts set forth in the Indenture.

(d) After the Series 2018 Completion Date, the Borrower may direct in writing that amounts remaining in the 2018 Subaccount of the Capitalized Interest Account of the Bond Fund will be transferred and deposited as directed by the Borrower and approved by The Regents with an Approving Opinion of Bond Counsel.

(d) Upon the occurrence of an Event of Default, the Trustee may use moneys in the Bond Fund to pay the fees and expenses of the Trustee and to deposit amounts to the Rebate Fund pursuant to the Indenture prior to the making of any payments to the Bondholders. Except as provided in Article III of the Indenture or any corresponding article in an indenture supplemental to the Indenture, no part of Basic Loan Payments in the Bond Fund will be used to redeem, prior to maturity, a part of the Bonds Outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds Outstanding under the Indenture, to pay interest to accrue thereon to such redemption date and to pay all costs and expenses accrued and to accrue to such redemption date, if so directed by the Borrower pursuant to the Loan Agreement, the Issuer covenants and agrees to take and cause to be taken the necessary steps to redeem all of said Bonds on the immediately succeeding redemption date for which the required redemption notice may be given.

(e) The Issuer authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of, interest, and premium, if any, on the Bonds as the same become due and payable and to make said funds so withdrawn available to the paying agent or agents, if any, for the purpose of paying said principal, interest, and premium, if any, which authorization and direction the Trustee accepts.

(f) If on any Interest Payment Date there are insufficient funds in the Bond Fund with which to pay interest on, premium (if any) for and principal of the Bonds, the Trustee will transfer money to the Bond Fund from the following funds in the following order of priority (and in each case only to the extent necessary to pay such amounts on such date): first, the Surplus Fund, second, the Operations Contingency Fund, third, the Repair and Replacement Fund, fourth, the Coverage Reserve Fund, fifth, the funds available to the Trustee under the Debt Service Payment Agreement, and sixth, the funds available to the Trustee under the Financing Trust Agreement.

Redemption Fund. There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Redemption Fund." Within the Redemption Fund, there is created by the Issuer and ordered established a separate account designated as the "2018 Account." There will be deposited into the Redemption Fund all moneys required to be transferred thereto or deposited therein pursuant to the Indenture, Loan Agreement. Moneys in the Redemption Fund will be used only to pay the principal of Bonds or that portion of the purchase price of Bonds corresponding to principal in the manner specified in the Indenture.

When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Bond Fund, the balance of the Redemption Fund, the balance of the Repair and Replacement Fund, and the amount, if any, available to be paid to the Trustee for the Bonds under the Financing Trust Agreement, and (ii) all other amounts owed under the Loan Agreement and the Indenture will have been paid, moneys held in the Redemption Fund may be deposited into the Bond Fund and credited against payments of Loan Payments required under the Loan Agreement.

Issuance Cost Fund. There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Issuance Cost Fund," which will be used as a fund to pay Issuance Costs. Within the Issuance Cost Fund, there is created by the Issuer and ordered established a separate account designated as the "2018 Account." There will be deposited into the Issuance Cost Fund, the amounts specified in the Indenture. If any funds remain in the Issuance Cost Fund after payment of all Issuance Costs, upon the earlier of: receipt of a certificate of the Borrower stating that all Issuance Costs have been paid or 180 days from the Series 2018 Closing Date, the Trustee will transfer any funds remaining to the 2018 Account of the Construction Fund (as referred to in the Indenture).

Construction Fund. The Trustee will deposit into the Construction Fund as and when received by the Trustee any moneys paid to the Trustee under the Loan Agreement or the Indenture for credit or transfer to the Construction Fund. Moneys in the Construction Fund will be expended for Costs of the Project and Offsite Elements in accordance with the provisions of the Loan Agreement. Subject to the last sentence of this paragraph, moneys in the Construction Fund will be disbursed upon receipt of a requisition for payment. The Trustee is authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Loan Agreement. In the event that funds in the Construction Fund are not sufficient for the payment of Costs of the Project and Offsite Elements in full, the Trustee may transfer the amount of such deficiency from the Operations Contingency Fund, the Repair and Replacement Fund and/or the Surplus Fund.

Liquidity Account under the Financing Trust Agreement. There has been created pursuant to the Financing Trust Agreement a Liquidity Account to serve as a debt service reserve account securing on a parity basis the Bonds. Within the Liquidity Account, the Financing Trust Agreement establishes a UCD Bonds Pooling Subaccount and a UCD Bonds Redemption Subaccount therein, which will be used for the purposes set forth in the Financing Trust

Agreement, including making payments of principal and interest and redemption premiums, if any, on the Bonds to the extent that insufficient funds are on deposit in the Bond Fund or other Funds described in paragraph (f) under the subheading "Bond Fund" above for such purposes and insufficient funds are available under the Debt Service Payment Agreement. There will be transferred to the Master Trustee for deposit into the applicable UCD Bonds Pooling Subaccount any funds paid to the Trustee under the Loan Agreement or the Indenture for credit or transfer to the UCD Bonds Pooling Subaccount. If the Borrower has exercised its option or is obligated to prepay the Loan in whole and not in part pursuant to the terms of the Loan Agreement, and has paid the sums as provided therein, the funds then in the respective UCD Bonds Pooling Subaccount and the UCD Bonds Redemption Subaccount within the Liquidity Account, subject to the provisions of the Financing Trust Agreement, may be transferred from the Master Trustee to the Trustee for deposit into the Bond Fund or otherwise returned to the Borrower, provided the Borrower delivers to the Trustee a Favorable Opinion of Bond Counsel. If the Trustee will receive written notice from the Master Trustee of any diminution in Value on the last day of each month or net losses from the investment of funds in the UCD Bonds Pooling Subaccount that reduce the amount deposited therein or credited thereto to less than the respective Liquidity Subaccount Requirement as determined in accordance with the Financing Trust Agreement, the Trustee will send notice of such deficit to the Borrower. If the Trustee sends notice to the Borrower pursuant to the preceding sentence, the Borrower will make payments sufficient to restore the respective UCD Bonds Pooling Subaccount to an amount equal to the Liquidity Subaccount Requirement in accordance with the Loan Agreement.

The Issuer authorizes and directs the Trustee to request the Master Trustee to withdraw funds from the respective UCD Bonds Pooling Subaccount pursuant to Section 3.3 of the Financing Trust Agreement to pay the principal of, and interest and premium, if any, on the Bonds to the extent that there are insufficient funds in the Bond Fund and the other Funds described in paragraph (f) under the subheading "Bond Fund" above therefor on the date such interest, principal, and premium, if any, is due, which authorization and direction the Trustee accepts.

If, as a result of the valuation of the investments held in the UCD Bonds Pooling Subaccount the balance therein is greater than the amount required to be on deposit therein pursuant to the Financing Trust Agreement, any such amounts that are released from such subaccount will be applied in accordance with the Financing Trust Agreement.

The Liquidity Subaccount Requirement may be satisfied by a AA-rated surety bond.

Insurance and Condemnation Funds. There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Insurance Fund," a trust fund to be designated the "Condemnation Fund," and, within each of such Funds, a Series 2018 Account, all of which will be opened only if funds are required to be deposited therein as provided in the Loan Agreement. Notwithstanding anything to the contrary in the Indenture, any amounts required to be deposited in the Insurance Fund or in the Condemnation Fund in accordance with the Loan Agreement will be deposited in the applicable Account thereof, and, prior to the occurrence of an Event of Default, any amounts in an Account of the Insurance Fund or the Condemnation Fund may be used only to restore that portion of the Project in respect of which such Account was established, to acquire land and/or improvements in substitution for that portion of the Project in respect of which such Account was established, or to make payments on the series of Bonds in respect of which such Account was established.

Operations Contingency Fund. There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Operations Contingency Fund" into which will be transferred moneys remaining in the Revenue Fund after the disbursements described in the section of the Indenture titled "Revenue Fund".

Moneys on deposit in the Operations Contingency Fund may be used at any time to make deposits required to be made pursuant to subsections (a) to (j) under the subheading "Revenue Fund" above.

Subject to the immediately preceding paragraph, all amounts remaining in the Operations Contingency Fund on the last day of each Fiscal Year will be transferred to the Surplus Fund.

Surplus Fund. There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Surplus Fund." There will be deposited therein amounts from the Operations Contingency Fund as set forth in the Indenture.

Pursuant to the Indenture, with respect to the Series 2018 Project, for the Fiscal Year during which the Series 2018 Group 1 Completion Date occurs, provided the Series 2018 Completion Date does not occur in such Fiscal Year, amounts held in the Surplus Fund may be applied in accordance with a written requisition of the Borrower, subject to the reasonable approval by the Ground Lessor and filed with the Trustee in the following order: (i) to restore the Coverage Reserve Fund to the Coverage Reserve Required Balance; (ii) to the UCD Series 2018 Bonds Pooling Subaccount the amount of $1,000,000 or any lesser amount available therefor; and (iii) to pay Subordinated Expenses as provided in the Indenture.

Pursuant to the Indenture, commencing with the Fiscal Year during which the Series 2018 Completion Date occurs, amounts held in the Surplus Fund may be applied in accordance with a written requisition of the Borrower, subject to the reasonable approval by the Ground Lessor and filed with the Trustee for various purposes, including the following: (i) to restore the Coverage Reserve Fund to the Coverage Reserve Required Balance; (ii) to establish and maintain a balance in the Repair and Replacement Reserve Fund in an amount not greater than the Minimum Repair and Replacement Fund Balance; (iii) to pay Deferred Distributed Management Fees as provided in the Indenture; (iv) to pay Subordinated Expenses as provided in the Indenture; (v) to pay Ground Rent to the Ground Lessor pursuant to the Ground Lease; and (v) to the Ground Lessor for any lawful purpose, in all cases subject to the terms and conditions of, and only to the extent required by, the Ground Lease and the Indenture.

Subordinated Expenses will be paid pari passu to the extent of the funds remaining available in the Surplus Fund following the satisfaction of the conditions in the paragraphs above. If insufficient funds remain in the Surplus Fund following the satisfaction of the conditions in the paragraphs above to fully pay all Subordinated Expenses, then the unpaid portion of such Subordinated Expenses will accrue interest thereon at the Prime Rate until paid in the next Fiscal Year in which sufficient funds are available. Unpaid Subordinated Expenses and interest thereon deferred for multiple Fiscal Years will be paid in the order of their deferral, oldest unpaid Subordinated Expenses together with interest thereon first, prior to payment of the current Fiscal Year's Subordinated Expenses. Notwithstanding the foregoing, any Distributed Management Fee that remains deferred as of the third anniversary of it becoming due and payable, together with interest thereon at the Prime Rate (the "Deferred Distributed Management Fee") will be paid in full, prior to any payment of any other deferred Subordinated Expenses or any payment of the current Fiscal Year's Subordinated Expenses.

During any period in which the requirements for the application of the Surplus Fund set forth above are not satisfied, then the Issuer authorizes and directs the Trustee (i) to transfer funds from the Surplus Fund to the Revenue Fund for all purposes set forth in the paragraph titled "Revenue Fund" above. The Trustee will give written notice to the Borrower, the Issuer and the Ground Lessor of any transfer pursuant to this paragraph.

Repair and Replacement Fund. There is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Repair and Replacement Fund," which will be used solely for the purposes set forth in this section. The Trustee will deposit into the Repair and Replacement Fund as and when received by the Trustee any moneys paid to the Issuer under the Loan Agreement and the Indenture for credit or transfer to the Repair and Replacement Fund in order to establish or maintain the Repair and Replacement Fund in an amount equal to the Minimum Repair and Replacement Fund Requirement.

The Issuer authorizes and directs the Trustee to withdraw funds from the Repair and Replacement Fund to pay (i) the maintenance and repair costs related to the Project set forth in the then-approved Annual Budget and those in excess of budgeted amounts as permitted under the Ground Lease, or (ii) the principal of, premium, if any, and interest on the Bonds pursuant to the Indenture.

When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Bond Fund, the balance of the Redemption Fund, the balance of the Repair and Replacement Fund and the balance, if any, available to the Trustee pursuant to the Financing Trust Agreement, and (ii) all other amounts owed under the Loan Agreement and the Indenture will have been paid, moneys held in the Repair and Replacement Fund may be deposited into the Bond Fund and credited against payments of Loan Payments required under the Loan Agreement.

Rebate Fund and Rebate Requirements. A special Rebate Fund is established by the Issuer. Such fund will be for the sole benefit of the United States of America and will not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the purpose of complying with Section 148 of the Code and the Treasury Regulations promulgated pursuant thereto.

Moneys to be Held in Trust

All moneys required to be deposited with or paid to the Trustee for the account of the Revenue Fund, the Bond Fund, the Redemption Fund, the Issuance Cost Fund, the Construction Fund, the Repair and Replacement Fund, the Insurance Fund, the Condemnation Fund, the Coverage Reserve Fund, the Operations Contingency Fund, the Working Capital and Marketing Fund, the Surplus Fund, or any other trust fund or reserve under any provision of the Indenture will be held by the Trustee in trust and will, while held by the Trustee, constitute part of the Trust Estate and be subject to the trust created by the Indenture and any lien or security interest granted with respect to the Trust Estate and will be and remain entitled to the benefit and will be subject to the security of the Indenture for the benefit of the Owners of the Bonds. The Trustee covenants that all moneys held in any fund under the Indenture and any collateral securing such funds are a part of the Trust Estate, and that the rights and interests of the Bondholders in and to such moneys and collateral are and, subject to the provisions of the Indenture with respect to the payment of the fees and expenses of the Trustee, will be superior to the claims of the creditors and depositors of the Trustee.

Investment of Funds and Accounts

Subject to the article of the Indenture concerning discharge of liens, any moneys held as part of the Revenue Fund, the Bond Fund, the Redemption Fund, the Issuance Cost Fund, the Construction Fund, the Repair and Replacement Fund, the Insurance Fund, the Condemnation Fund, the Working Capital and Marketing Fund, the Coverage Reserve Fund, the Operations Contingency Fund, the Surplus Fund, reserves in connection with contested liens, or other special trust funds created under the Indenture, or other accounts or funds held by the Trustee, to the extent permitted by law will be invested and reinvested by the Trustee, at the written direction of and as specified by the Authorized Borrower Representative in accordance with the investment provisions of the Loan Agreement. In the absence of written investment instructions from the Authorized Borrower Representative, any moneys in such funds will be invested in investments of the type described in clause (vi) of the definition of Permitted Investments. Any such investments will be held by or under the control of the Trustee and will be deemed at all times a part of the Revenue Fund, the Bond Fund, the Redemption Fund, the Issuance Cost Fund, the Construction Fund, the Repair and Replacement Fund, the Insurance Fund, the Condemnation Fund, the Coverage Reserve Fund, the Operations Contingency Fund, the Surplus Fund, reserve, other special trust fund, or other account or fund, as the case may be, and the interest accruing thereon and any profit realized from such investments will be credited as set forth in the Indenture, and any loss resulting from such investments will be charged to such fund. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient for the uses prescribed for moneys held in such fund or account.

Release of Indenture

When (i) if the Bonds or a series of Bonds will have become due and payable in accordance with the terms thereof or otherwise as provided in the Indenture, the whole amount of the principal and the interest and premium, if any, so due and payable on all such Bonds is paid, and (ii) if the Bonds or a series of Bonds will not have become due and payable in accordance with the terms thereof, the Trustee holds sufficient Government Obligations, cash, or a combination of both, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on all such Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof and the Issuer causes to be delivered to the Trustee a verification or other appropriate report to such effect issued by a nationally recognized firm of certified public accountants, and (iii) if such Bonds are to be called for redemption, irrevocable instructions to call such Bonds for redemption have been given by the Issuer to the Trustee and (iv) sufficient funds have also been provided or provision made for paying all other obligations payable under the Indenture with respect thereto by the Issuer, then and in that case the right, title, and interest of the Trustee in the Funds and Accounts, if any, established with respect to such Bonds or series of Bonds will then cease, determine, and become void and, on demand of the Issuer and on being furnished with an opinion, in form and substance satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of the Indenture or that portion of the Trust Estate relating to such series of Bonds will have been satisfied, the Trustee will release the Indenture or that portion of the Trust Estate relating to such series of Bonds and will execute such documents to evidence such release as may be reasonably required by the Issuer and will transfer to the Borrower any surplus in, and all balances remaining in, all such Funds and Accounts.

In addition, whenever Bonds are to be defeased pursuant to the Indenture, the Trustee will have received the following:

(i) in the event that the Bonds are issued in connection with a refunding, an escrow agreement that will provide the following:

(A) any substitution of securities will require a verification report prepared and furnished by a certified public accountant;

(B) the Borrower will not exercise any optional redemption of Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition of any such redemption there will be provided to the Trustee a verification report prepared and furnished by a certified public accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption;

(ii) in the event that the Bonds are issued in connection with a refunding, an opinion of counsel regarding the validity and enforceability of the escrow agreement;

(iii) in the event that the Bonds are issued in connection with a refunding, a verification report prepared and furnished by a certified public accountant; and

(iv) in the event that the Bonds are issued in connection with a refunding, an opinion of counsel that (A) the escrow deposit will not constitute a voidable preference or transfer under the Federal Bankruptcy Code or any other similar state or federal statute in the event the Borrower becomes a debtor within the meaning of the Federal Bankruptcy Code or comes within the protection of such similar state or federal statute ("Insolvency Event"), and (B) in such Insolvency Event, the escrow deposit will not be treated as part of the estate of the Borrower.

Events of Default

Each of the following events is declared an Event of Default under the Indenture:

(a) payment of any installment of interest on any Bond will not be made by or on behalf of the Issuer when the same becomes due and payable; or

(b) payment of the principal of or the redemption premium, if any, on any Bond will not made by or on behalf of the Issuer when the same becomes due and payable, whether at maturity or by proceedings for redemption or pursuant to a Sinking Fund Requirement or otherwise; or

(c) the failure to perform in a punctual manner any other of the covenants, conditions, agreements, or provisions contained in the Indenture or any agreement supplemental to the Indenture or thereto and the continuation of such failure for 30 days after receipt by the Issuer 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, that by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30 day period or other period, no Event of Default will be deemed to have occurred or to exist if, and so long as, the Issuer (or the Borrower, The Regents or the Manager on behalf of the Issuer) will begin such performance within such period and will diligently and continuously prosecute the same to completion; or

(d) subject to the terms of the final paragraph under the heading “Events of Default Defined” in the summary of the Loan Agreement below, an “Event of Default” will have occurred and be continuing after expiration of any notice and cure period under any of the Borrower Documents other than the Financing Trust Agreement or the Continuing Disclosure Agreement.

Acceleration of Maturities

Subject to the limitations set forth under the paragraph "Terms Relating to the Debt Service Payment Agreement" above, on the happening and continuance of any Event of Default, the Trustee may, and at the written request of the Requisite Number of Bondholders will, by notice in writing to the Issuer, the Borrower, and the Trustee, declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and on such declaration the same will become and be immediately due and payable. Upon such declaration, interest on the Bonds will cease to accrue, and the Trustee will promptly notify the Owners of the Bonds of such declaration and that interest on the Bonds will have ceased to accrue on and as of the date of such declaration. If at any time after the principal of Bonds will have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action, or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under the Indenture, money will have accumulated in the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, on all Bonds then Outstanding (except the principal of any Bonds not then due and payable by their terms and the interest accrued on such Bonds since the last interest payment date), and the charges, compensations, expenses, disbursements, advances, and liabilities of the Trustee and all other amounts then payable by the Issuer under the Indenture will have been paid or a sum sufficient to pay the same will have been deposited with the Trustee, and every other failure known to the Trustee in the observance or performance of any covenant, condition, or agreement contained in the Bonds or in the Indenture (other than a failure to pay the principal of such Bonds then due only because of a declaration under the Indenture) will have been remedied to the reasonable satisfaction of the Trustee, then and in every such case the Trustee may, and at the written request of the Owners of not less than 25% in aggregate principal amount of the Outstanding Bonds not then due and payable by their terms (Bonds then due and payable only because of a declaration under the Indenture will not be deemed to be due and payable by their terms) will, by written notice to the Issuer, the Borrower, the Owners of the Bonds, and the Dissemination Agent, rescind and annul such declaration and its consequences, but no such rescission or annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon. Upon any declaration of acceleration under the Indenture, the Trustee will immediately proceed to exercise such rights as it may have under the Loan Agreement to declare all payments thereunder to be immediately due and payable and, to the extent it has not already done so.

Any amounts due and payable under the Loan Agreement may be separately and independently accelerated pursuant to the terms of the Loan Agreement, with or without the acceleration of the Bonds under the Indenture.

Remedies Upon the Occurrence of an Event of Default

Whenever any Event of Default will have occurred and be continuing, the Trustee may, and at the written request of the Owners of not less than 25% in principal amount of Bonds then Outstanding, will proceed, subject in all cases to the provisions of the Indenture, to protect and enforce its rights and the rights of the Owners under the laws of the State or under the Indenture by such suits, actions, or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power granted in the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel chosen by the Trustee, will deem most effectual to protect and enforce such rights.

Trustee May Bring Suit

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and at the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Indenture, will, proceed, subject in all cases to the provisions of the Indenture, to protect and enforce its rights and the rights of the Owners under the laws of the State under the Loan Agreement and the Indenture by such suits, actions, or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant, condition, or agreement contained in the Indenture or in aid or execution of any power granted in the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights.

Pro Rata Application of Funds

All money received by the Trustee pursuant to any right given or action taken under the Indenture will, after payment of the costs and expenses of the proceedings resulting in the collection of such money and the fees and expenses of the Trustee, be deposited in the Bond Fund and applied to the payment of the principal of, redemption premium (if any) and interest then due and unpaid on the Bonds in accordance with the provisions of the Indenture. Anything in the Indenture to the contrary notwithstanding, if at any time the money in the Bond Fund is not sufficient to pay the interest on or the principal of Bonds as the same becomes due and payable (either by their terms or by acceleration of maturities under the provisions of the Indenture), such money, together with any money then available or thereafter becoming available for such purpose will be applied as follows:

(i) if the principal of all Bonds will not have become or will not have been declared due and payable, all such money will be applied as follows:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable in the order in which such installments became due and payable and, if the amount available will not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that have become due and payable (other than Bonds deemed to have been paid under the "Discharge of Liens" section of the Indenture), in the order of their due dates, and, if the amount available will not be sufficient to pay in full the principal of Bonds due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the Indenture;

(ii) if the principal of all Bonds will have become or have been declared due and payable, all such money will be applied to the payment of principal and interest then due on the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

(iii) if the principal of all Bonds has been declared due and payable and if such declaration thereafter will have been rescinded and annulled under the Indenture, then, subject to clause (ii) above, if the principal of all Bonds later becomes due and payable or is declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund will be applied in accordance with clause (i) above.

Acceptance of the Trusts

The Trustee accepts the trusts imposed upon it by the Indenture, represents and covenants that it is fully empowered under applicable laws and regulations to accept said trusts, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations will be read into the Indenture against the Trustee:

The Trustee, prior to the occurrence of an Event of Default and after the waiving or curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use under the circumstances.

The Trustee will not be responsible for any recital contained in the Indenture or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds) or for insuring the property conveyed by the Indenture or for collecting any insurance moneys or for the validity of the execution by the Issuer of the Indenture or any supplemental indentures to the Indenture or instruments of further assurance or for the sufficiency of the Security for the Bonds issued under the Indenture or intended to be secured by the Indenture or for the value or title of the property conveyed by the Indenture or otherwise as to the maintenance of the security of the Indenture; except that in the event the Trustee enters into possession of a part or all of the property conveyed by the Indenture pursuant to any provision of the Indenture, it will use the same degree of care and skill in the performance of its duties as a prudent person would exercise under the circumstances in the conduct of his or her own affairs in preserving such property. The Trustee will not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the Issuer or on the part of the Borrower under the Indenture or the Loan Agreement except as expressly set forth in the Indenture. The Trustee will perform all of the duties or obligations set forth for it under the Loan Agreement, but will not be answerable for the performance of any such duty or obligation for other than its negligence, bad faith or willful misconduct.

The Trustee will not be required to take notice or be deemed to have notice of any failure on the part of the Issuer to comply with the terms of the Indenture or the Borrower to comply with the terms of the Loan Agreement except as may be specified in the Indenture.

The Trustee will not be liable and will be fully protected 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 25% in aggregate principal amount of the Outstanding Bonds relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Indenture.

Notice to Bondholders if Payment Default Occurs

If the Borrower or the Issuer fails to comply with the Loan Agreement or the Indenture, respectively, the occurrence of which the Trustee is by the Indenture required to take notice or if notice of a failure to comply is given by the Issuer or the Borrower, the Trustee will give such notice to the Borrower and the Issuer as is specified in the Indenture and such notice to the Borrower as is specified in the Loan Agreement and will give written notice thereof by first-class mail, within 15 days (unless such failure to comply is cured or waived), to the Owners of all Bonds then Outstanding shown by the Bond Register, provided that, except in the case of a failure to make due and punctual payment of the principal of, or premium, if any, or interest on any Bond, the Trustee may withhold such notice to the Bondholders if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Bondholders.

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, lease, 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, ipso facto, will, upon prior written notice to the Issuer, be and become successor trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments (other than such prior written notice to the Issuer) or any further act, deed, or conveyance on the part of any of the parties to the Indenture.

Resignation by the Trustee

The Trustee and any successor trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice to the Issuer, to the Borrower, to each Rating Agency, if any, then rating any series of Bonds, and, by first-class (postage prepaid) mail, to each Bondholder shown on the Bond Register, and such resignation will take effect at the appointment of a successor trustee pursuant to the Indenture and acceptance by the successor trustee of such trusts. Such notice to the Issuer, to the Borrower, and to each Rating Agency, if any, then rating any series of Bonds may be served personally or sent by registered or certified mail.

Removal of the Trustee

The Trustee may be removed at any time (i) by the Issuer, (ii) by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer and signed by a Majority of the Bondholders, or (iii) by an instrument in writing delivered to the Trustee and to the Issuer signed by the Borrower, provided no Event of Default under the Indenture or the Loan Agreement will have occurred and be continuing. Removal of the Trustee pursuant to (i) or (ii) above will not be effective until a successor or temporary Trustee will have been appointed pursuant to the Indenture and the Trustee will have paid for all Ordinary Services and Extraordinary Services of the Trustee rendered under the Indenture and for all Ordinary Expenses and Extraordinary Expenses of the Trustee incurred under the Indenture.

Appointment of Successor Trustee

(a) Subject to the paragraph "Terms Relating to the Debt Service Payment Agreement above, in case the Trustee under the Indenture will (i) resign or be removed or (ii) be dissolved or will be in the course of dissolution or liquidation, or in case it will be taken under the control of any public officer or officers or of a receiver appointed by a court or otherwise become incapable of acting under the Indenture, a successor may be appointed by an instrument executed and signed by the an Authorized Issuer Representative under seal and executed by an officer of the Borrower; provided, that if a successor trustee is not so appointed within 10 days after notice of resignation is mailed or an instrument of removal is delivered in connection with resignation by the Trustee or removal of the Trustee, respectively, or within 10 days of the Issuer's knowledge of any of the events specified in (ii) hereinabove, then a Majority of the Bondholders, by an instrument or concurrent instruments in writing signed by or on behalf of such Owners, delivered personally or sent by registered or certified mail to the Issuer and the Borrower, may designate a successor trustee. Every such successor trustee appointed pursuant to the provisions of this section will be a trust company or bank organized under the laws of the United States of America or any state thereof that is in good standing within or outside the State, will be eligible to serve as trustee, bond registrar, and paying agent under applicable law, will be duly authorized to exercise trust powers and subject to examination by federal or state authority, will have a reported combined capital, surplus, and undivided profits of not less than $75,000,000, will be an institution willing, qualified, and able to accept the trusteeship upon the terms and conditions of the Indenture.

(b) In case at any time the Trustee will resign and no appointment of a successor trustee will be made pursuant to the foregoing provisions of this section prior to the date specified in the notice of resignation as the date when such resignation will take effect, the Owner of any Bond or the resigning Trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

Amendments to Indenture and Supplemental Indentures Not Requiring Consent of Bondholders

Subject to the limitations set forth in the paragraph "Terms Relating to the Debt Service Payment Agreement" above, the Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an amendment to the Indenture or an indenture supplemental to the Indenture for any one or more of the following purposes: (i) to cure any error, ambiguity, or formal defect or omission in, or to correct or supplement any defective provision of, the Indenture, (ii) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in the Indenture other covenants, agreements, limitations, and restrictions to be observed by the Issuer for the protection of the Bondholders, (iii) to evidence the appointment of a separate trustee or a co-trustee, or the succession of a new trustee or the appointment of a new or additional paying agent or bond registrar, (iv) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, benefits, security, liabilities, duties, or authority that may lawfully be granted to or conferred or imposed upon the Bondholders or the Trustee or either of them, (v) to subject to the lien and security interest of the Indenture additional revenues, properties, or collateral, (vi) to modify, amend, or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under the securities laws of any state, and, if they so determine, to add to the Indenture or any indenture supplemental to the Indenture such other terms, conditions, and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or any similar federal statute, (vii) to modify, amend, or supplement the Indenture in such manner to assure the continued exclusion of the interest on any Tax-Exempt Bonds from the gross income of the Owners thereof for federal income tax purposes, (viii) to comply with any provisions of the Securities Act of 1933, as amended or the

Securities Exchange Act of 1934, as amended, or any rules or regulations promulgated thereunder, (ix) to reflect a change in applicable law provided that the Trustee will determine that such amendment or supplemental indenture does not prejudice the rights of Bondholders, (x) to make any other change in the Indenture that, in the judgment of the Trustee (which may be in reliance upon an opinion of counsel), will not prejudice or materially adversely affect the Bondholders or impair the Security, or (xi) to make any other change in the Indenture other than as described in items (i) through (vii) in the following section.

Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders

Subject to the paragraph "Terms Relating to the Debt Service Payment Agreement" above, exclusive of amendments and indentures supplemental to the Indenture not requiring Bondholder consent and subject to the terms and provisions contained in the Indenture and not otherwise, the Requisite Number of Bondholders will have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of an amendment to the Indenture or such indenture supplemental to the Indenture as will be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture, in any amendment to the Indenture, or in any supplemental indenture; provided, however, that nothing contained in the Indenture will permit, or be construed as permitting: (i) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every Owner of such Bonds, or (ii) the creation of any lien or security interest (other than any Permitted Encumbrances exclusive of that described in clause (vi) of the definition thereof) prior to or on a parity with the lien and security interest of the Indenture, without the consent of the Owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (iii) a reduction in the amount, or an extension of the time of any payment, required by the mandatory sinking fund redemption provisions of the Indenture, without the consent of the Owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (iv) a reduction in the aforesaid aggregate principal amount of Bonds the Owners of which are required to consent to any such amendment or supplemental indenture, without the consent of the Owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (v) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee, without the written consent of the Trustee, or (vi) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (vii) the release of or requirements for the release of the Indenture, without the consent of the Owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

If the Borrower is not in default under the Loan Agreement at such time, an amendment to the Indenture or supplemental indenture under the Indenture that affects any rights or obligations of the Borrower or that changes the priority or use of moneys under the Indenture will not become effective unless and until the Borrower will have consented to the execution and delivery of such amendment or supplemental indenture.

Provisions Relating to the Insured Series 2018 Bonds.

Notwithstanding anything to the contrary contained in the Indenture, the following provisions apply to the Insured Series 2018 Bonds.

<u>Notice and Other Information to be given to BAM</u>. The Issuer will provide BAM with all notices and other information it is obligated to provide to the holders of Insured Series 2018 Bonds or the Trustee under the Indenture.

<u>Defeasance</u>. The investments in the defeasance escrow relating to Insured Series 2018 Bonds will be limited to non-callable, direct 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, or as otherwise maybe authorized under State law and approved by BAM.

At least (three) 3 Business Days prior to any defeasance with respect to the Insured Series 2018 Bonds, the Trustee will deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the defeasance of the Insured Series 2018 Bonds, a verification report (a ***"Verification Report"***) prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report will be addressed to BAM and will be in form and substance satisfactory to BAM. In addition, the escrow agreement will provide that:

(i) The Borrower will not exercise any prior optional redemption of Insured Series 2018 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there will be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(ii) The Borrower will not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

Trustee and Paying Agent.

(i) BAM will receive prior written notice of any name change of the trustee (the ***"Trustee"***) or, if applicable, the paying agent (the ***"Paying Agent"***) for the Insured Series 2018 Bonds or the resignation or removal of the Trustee or, if applicable, the Paying Agent. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by BAM in writing.

(ii) No removal, resignation or termination of the Trustee or, if applicable, the Paying Agent will take effect until a successor, meeting the requirements above or acceptable to BAM, will be qualified and appointed.

Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to the Indenture, with the exceptions noted below. The Trustee will send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured Series 2018 Bonds. Any amendments or supplements to the Indenture will require the prior written consent of BAM with the exception of amendments or supplements:

(i) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the Insured Series 2018 Bonds Security Documents or in any supplement thereto, or

(ii) To grant or confer upon the holders of the Insured Series 2018 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Series 2018 Bonds, or

(iii) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Insured Series 2018 Bonds Security Documents, or other conditions, limitations and restrictions thereafter to be observed, or

(iv) To add to the covenants and agreements of the Issuer or the Borrower in the Insured Series 2018 Bonds Security Documents other covenants and agreements thereafter to be observed by the Issuer or the Borrower or to surrender any right or power therein reserved to or conferred upon the Issuer or the Borrower, or

(v) To issue Additional Bonds under the Indenture and Series of Bonds under the Financing Trust Agreement in accordance with the requirements set forth in the Indenture and the Financing Trust Agreement, respectively.

Consent of BAM in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, any of the Insured Series 2018 Bonds Security Documents that requires the consent of holders of the Insured Series 2018 Bonds or adversely affects the rights or interests of BAM will be subject to the prior written consent of BAM.

Insolvency. Any reorganization or liquidation plan with respect to the Borrower must be acceptable to BAM. The Trustee and each owner of the Insured Series 2018 Bonds hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured Series 2018 Bonds and agree that BAM may at any time during the continuation of any proceeding by or against the Issuer or Borrower under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an ***"Insolvency Proceeding"***) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a ***"Claim"***), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured Series 2018 Bonds delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured Series 2018 Bonds with respect to the Insured Series 2018 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

Control by BAM Upon Default. Anything in the Insured Series 2018 Bonds Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, subject to the limitations set forth under the paragraph "Terms Relating to the Debt Service Payment Agreement" above, BAM will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Series 2018 Bonds or the Trustee or Paying Agent for the benefit of the holders of the Insured Series 2018 Bonds under any Insured Series 2018 Bonds Security Document. No default or event of default may be waived without BAM's written consent.

BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM will be deemed to be the sole owner of the Insured Series 2018 Bonds for all purposes under the Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.

Grace Period for Payment Defaults. No grace period will be permitted for payment defaults on the Insured Series 2018 Bonds. No grace period for a covenant default will exceed 30 days without the prior written consent of BAM.

Special Provisions for Insurer Default. If an Insurer Default will occur and be continuing, then, notwithstanding anything in the preceding paragraphs to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM will be treated like any other holder of the Insured Series 2018 Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM will have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) will control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM will (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality will order the suspension of payments on the Policy or will obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

BAM As Third Party Beneficiary. BAM is recognized as and will be deemed to be a third party beneficiary of the Insured Series 2018 Bond Security Documents and may enforce the provisions of the Insured Series 2018 Bond Security Documents as if it were a party thereto.

Payment Procedure Under the Policy.

(i) In the event that principal and/or interest due on the Insured Series 2018 Bonds will be paid by BAM pursuant to the Policy, the Insured Series 2018 Bonds will remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Issuer to the registered owners will continue to exist and will run to the benefit of BAM, and BAM will be subrogated to the rights of such registered owners.

(ii) In the event that on the second (2nd) Business Day prior to any payment date on the Insured Series 2018 Bonds, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Series 2018 Bonds due on such payment date, the Paying Agent or Trustee will immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee will so notify BAM or its designee.

(iii) In addition, if the Paying Agent or Trustee has notice that any holder of the Insured Series 2018 Bonds has been required to disgorge payments of principal of or interest on the Insured Series 2018 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee will notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

(iv) The Paying Agent or Trustee will irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Series 2018 Bonds as follows:

(A) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Series 2018 Bonds, the Paying Agent or Trustee will (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Insured Series 2018 Bonds in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Series 2018 Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the ***"BAM Policy Payment Account"***) to only be used to make scheduled payments of principal of and interest on the Insured Series 2018 Bond, and (iv) disburse the same to such respective holders; and

(B) If there is a deficiency in amounts required to pay principal of the Insured Series 2018 Bonds, the Paying Agent or Trustee will (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Insured Series 2018 Bonds in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Series 2018 Bonds surrendered to BAM, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Series 2018 Bond, and (iv) disburse the same to such holders.

(v) The Trustee will designate any portion of payment of principal on Insured Series 2018 Bonds paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2018 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and will issue a replacement Insured Series 2018 Bond to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2018 Bond will have no effect on the amount of principal or interest payable by the Issuer on any Insured Series 2018 Bond or the subrogation or assignment rights of BAM.

(vi) Payments with respect to claims for interest on and principal of Insured Series 2018 Bonds disbursed by the Paying Agent or Trustee from proceeds of the Policy will not be considered to discharge the obligation of the Issuer with respect to such Insured Series 2018 Bonds, and BAM will become the owner of such unpaid Insured Series 2018 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Insured Series 2018 Bonds Security Documents will not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

(vii) Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent and Trustee agree for the benefit of BAM that:

(A) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Paying Agent or Trustee), on account of principal of or interest on the Insured Series 2018 Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the Indenture and the Insured Series 2018 Bonds; and

(B) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Series 2018 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Series 2018 Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

Liquidity Account. The prior written consent of BAM will be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Liquidity Account, if any.

Exercise of Rights by BAM. The rights granted to BAM under the Insured Series 2018 Bonds Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of BAM's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Series 2018 Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Series 2018 Bonds or any other person is required in addition to the consent of BAM.

Other Provisions.

(i) BAM will be entitled to pay principal or interest on the Insured Series 2018 Bonds that will become due for payment but will be unpaid by reason of nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Insured Series 2018 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not BAM has received a claim upon the Policy.

(ii) No contract will be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured Series 2018 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

(iii) If an event of default occurs under any agreement pursuant to which any Obligation of the Borrower has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured Series 2018 Bonds or BAM, as BAM may determine in its sole discretion, then an event of default will be deemed to have occurred under the Indenture. For purposes of the foregoing "Obligation" means any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Series 2018 Bonds.

THE LOAN AGREEMENT

Borrower Constraints

(a) The Borrower covenants to comply with the various constraints throughout the term of the Loan Agreement.

(b) The Borrower covenants and agrees that until all of its indebtedness and obligations under the Loan Agreement have been fully paid and discharged, the Borrower will not directly or indirectly, incur, assume or guarantee any Indebtedness (secured or unsecured) except:

(i) Additional non-recourse indebtedness secured by a lien, which indebtedness is not a general obligation of the Borrower, and the liability for which indebtedness is limited to the property subject to such lien with no recourse, directly or indirectly, to Project Gross Revenues or any other property of the Borrower. Notwithstanding anything to the contrary herein, the Borrower is authorized to incur additional Indebtedness in the form of capital leases for acquisition of equipment, provided such amount is included in the Annual Budget;

(ii) Indebtedness with respect to which there will be furnished to the Trustee a certificate of the chief financial officer of the Borrower confirming that (A) for the Fiscal Year immediately preceding the issuance of such Indebtedness, the Fixed Charges Coverage Ratio was at least 1.2:1.0, and (B) based on a written report of a Financial Consultant accompanying such certificate, the Fixed Charges Coverage Ratio for the first full Fiscal Year following completion of improvements to the Project financed with the proceeds of such Indebtedness is reasonably expected to be at least 1.2:1.0, or

(iii) Indebtedness with respect to which there will be furnished to the Trustee a certificate of the chief financial officer of the Borrower confirming that (A) such Indebtedness is issued in order to refund Bonds previously issued, and (B) following the issuance of such Indebtedness, Annual Debt Service of the Bonds will be reduced.

(c) The Borrower will take such action necessary to ensure that the Borrower is a separate and distinct entity separate from any other member or Affiliate which action will include:

(i) maintain books, financial records and bank accounts (including checking and other bank accounts and custodian and other securities safekeeping accounts) that are separate and distinct from the books, financial records and bank accounts of any other Person or entity;

(ii) not commingle any of its assets, funds, liabilities or business functions with the assets, funds, liabilities or business functions of an Affiliate or other member;

(iii) pay its own liabilities, losses and expenses only out of its own funds;

(iv) maintain separate annual financial statements prepared in accordance with generally accepted accounting principles, consistently applied, showing its assets and liabilities separate and distinct from those of any other Person or entity;

(v) in the event the financial statements of the Borrower are consolidated with the financial statements of any other Person or entity, cause to be included in such consolidated financial statements a narrative description of the separate assets, liabilities, business functions, operations and existence of the Borrower to ensure that such separate assets, liabilities, business functions, operations and existence are readily distinguishable by any person or entity receiving or relying upon a copy of such consolidated financial statements;

(vi) not guarantee or become obligated for the debts or obligations of any other entity or Person;

(vii) to the extent that the Borrower and any of its Affiliates occupy any premises in the same location, allocate fairly, appropriately and nonarbitrarily any rent and overhead expenses among and between such entities with the result that each entity bears its fair share of all such rent and expenses;

(viii) maintain an arm's-length relationship with its affiliates and enter into transactions with affiliates only on a commercially reasonable basis;

(ix) not pledge its assets for the benefit of any other Persons or entity;

(x) not materially amend, alter or repeal any material provision of the Borrower's Certificate of Formation if any Bonds are outstanding.

The Loan

(a) The Issuer agrees to lend to the Borrower, and the Borrower agrees to borrow from the Issuer, the proceeds of the sale of the Series 2018 Bonds for the purpose of financing the Costs of the Series 2018 Project and Series 2018 Offsite Elements, funding a portion of the UCD Series 2018 Bonds Pooling Subaccount within the Liquidity Account pursuant to the Financing Trust Agreement and such other funds required pursuant to the Indenture, capitalized interest, working capital, costs of marketing the Series 2018 Project and paying certain Issuance Costs in accordance with the terms of the Loan Agreement and the Indenture. The deposit of the proceeds of the sale of the Series 2018 Bonds, as provided in the Indenture, will constitute the loan of such proceeds from the Issuer to the Borrower. Such proceeds will be applied as provided in the Indenture. The Borrower will repay the Series 2018 Loan as provided in the Loan Agreement. The Borrower approves the Indenture, the assignment thereunder to the Trustee of the right, title and interest of the Issuer in this Loan Agreement and the other Series 2018 Borrower Documents (except for Unassigned Rights), as and to the extent provided in the Indenture, and the issuance thereunder by the Issuer of the Series 2018 Bonds and agrees to be bound by the terms and conditions thereof.

(b) The Borrower's obligation to repay the Loan, together with premium, if any, and interest thereon, is more fully described herein under the caption "Basic Loan Payments." The Borrower will make payments on the Loan and will be liable therefor at times and in amounts sufficient to pay when due all principal (whether at maturity, by mandatory redemption or otherwise) of and interest and premium, if any, on all Bonds from time to time Outstanding under the Indenture.

Title Insurance

The Borrower will, prior to or simultaneously with the issuance of the Series 2018 Bonds, deliver to the Trustee an ALTA loan policy of title insurance issued by a title insurance company acceptable to the Underwriters in the face amount at least equal to the outstanding principal amount of the Outstanding Series 2018 Bonds. Any Net Proceeds payable either to the Issuer or the Borrower under such policy will be subject to the lien of the Indenture, will be paid to the Trustee and held by the Trustee in the Insurance Fund or the Redemption Fund, and will, at the Borrower's written direction, be either (a) used to acquire or construct replacement or substitute property in Davis, California for that to which title has been lost, or (b) used to redeem the Series 2018 Bonds pursuant to the Indenture. Any such replacement or substitute property must be approved in writing by the Authorized Issuer Representative and The Regents.

Acquisition, Construction, Furnishing, and Equipping of the Series 2018 Project

Promptly following the issuance and sale of the Series 2018 Bonds, the Borrower will acquire the interest in the Premises created by the Series 2018 Ground Lease, cause the construction, acquisition or installation of the Series 2018 Building, the Series 2018 Equipment, the Series 2018 Solar Project and the Series 2018 Offsite Elements. The Issuer thereby authorizes the Borrower to use the proceeds of the Series 2018 Bonds deposited into the Construction Fund to construct, furnish, and equip the Series 2018 Project and the Series 2018 Offsite Elements, as provided in the Indenture. The Borrower agrees (i) that it will exercise the foregoing authorizations given to it by the Issuer, (ii) that it will cause the Series 2018 Equipment to be acquired, and (iii) that the Series 2018 Project and the Series 2018 Offsite Elements have been or will be acquired and constructed substantially in accordance with the Plans and Specifications. The Borrower reasonably expects, based upon representations of the Developer, that the Series 2018 Project and the Series 2018 Offsite Elements will be completed and the proceeds of the Series 2018 Bonds to be deposited in the Construction Fund will be expended within three (3) years from the date of issuance of the Series 2018 Bonds; subject to delays caused by matters outside the reasonable control of the Borrower or the Developer, including without limitation earthquake, landslide, subsidence, flood, windstorm, collapse, boiler and machinery accidents, strikes, riot, civil commotion, trade wars and sabotage and other force majeure events set forth in the Development Agreement. The Issuer will cause the Trustee to disburse sums in the Construction Fund or the Working Capital and Marketing Fund to the Borrower or to the appropriate payee not more than five (5) Business Days after receipt of the requisition; provided, however, that in the event there are insufficient funds in the Construction Fund or the Working Capital and Marketing Fund, as applicable, for such disbursement, the Issuer will cause the Trustee to disburse such sums as soon as sufficient funds are available thereafter.

The Borrower agrees that it will, at all times during the construction of the Series 2018 Project and the Series 2018 Offsite Elements, maintain or cause to be maintained in full force and effect Builder's Risk-Completed Value Form insurance insuring all buildings, structures, boilers, equipment, facilities, fixtures, supplies and other property constituting part of the Series 2018 Project and the Series 2018 Offsite Elements on an "all risk of loss or damage basis" subject to standard exclusions and sub-limits including perils of earth movement, (including, but not limited to, earthquake, landslide, and subsidence), flood, windstorm, collapse, boiler and machinery accidents, strikes, riot, civil commotion and sabotage to the full replacement cost of the Series 2018 Project and the Series 2018 Offsite Elements, except for flood/water damage coverage which will have a sublimit of Twenty-Five Million Dollars ($25,000,000) with a deductible provision not to exceed One Hundred Thousand Dollars ($100,000) and earth movement/earthquake coverage which will have a sublimit of Twenty-Five Million Dollars ($25,000,000) with the lowest commercially available deductible provisions, but in any case with deductibles not to exceed 5% of value at risk. The all other perils deductible will not exceed One Hundred Thousand Dollars ($100,000) per occurrence or such larger deductible amount as may be approved by the Ground Lessor (as defined in the Series 2018 Ground Lease). Such policy or policies of insurance will name the Issuer, the Borrower, the Developer, the Lessor, the general contractor, the Solar Contractor (as applicable), and all subcontractors and the Trustee as insureds, as their respective interests may appear, and will name the Trustee as mortgagee under a Standard Mortgagee Endorsement and as sole loss payee. Such policy or policies of insurance will also provide that no act or omission or any breach or violation by any insured or any other person of warranties, declarations or conditions contained in the insurance policy or policies, any action or inaction of any insured or any other person or any foreclosure relating to the Series 2018 Project will in any way prejudice the rights of the Issuer and Trustee thereunder, and all Net Proceeds received under such policy or policies will be paid over to the Trustee and deposited into the Insurance Fund to be applied to the restoration and/or completion of the Series 2018 Project and the Series 2018 Offsite Elements or into the Redemption Fund to the redemption of Series 2018 Bonds in accordance with the provisions of the Loan Agreement. Moneys held by the Trustee in the Insurance Fund will be invested and disbursed, from time to time, as provided in the Loan Agreement. Said insurance policy or policies will contain a provision that such insurance may not be canceled by the issuer thereof without at least thirty (30) days' advance written notice (except ten (10) days' advance written notice in the event of nonpayment of premiums). The Borrower will promptly forward any notice of cancellation received to the Issuer, The Regents and the Trustee. All such policies or copies thereof or certificates that such insurance is in full force and effect will be delivered to the Trustee at or prior to delivery of the Series 2018 Bonds.

In addition, the Borrower will cause the general contractor and the Solar Contractor at all times during the construction of the Series 2018 Project and the Series 2018 Offsite Elements to maintain: (i) commercial general liability insurance on an occurrence basis for liability of the general contractor, the Solar Contractor or the Borrower, as an additional insured, arising out of claims for bodily injury and death and/or property damage including coverage for (A) explosion, collapse and underground hazards; (B) products-completed operations (which coverage will remain in effect for the applicable statute of repose following the Series 2018 Completion Date); (C) blanket contractual liability; (D) broad form property damage; (E) personal injury and advertising liability; (F) independent contractors; and (G) pollution liability arising out of hostile fire and explosion, in each case in an amount not less than $1,000,000 per occurrence and $2,000,000 aggregate, provided that policy aggregates, if any, will apply separately to claims occurring with respect to the Series 2018 Project and the Series 2018 Offsite Elements; (ii) commercial automobile liability insurance for the liability of the general contractor and Solar Contractor arising out of claims for bodily injury and/or property damage covering all owned (if any), leased, hired, and non-owned vehicles used in the performance of the general contractor's and Solar Contractor's obligations under the Construction Contracts with a minimum limit of $1,000,000 each accident for combined bodily injury and property damage and including personal injury protection and uninsured motorist protection in the minimum statutory limits where required by law; (iii) worker's compensation insurance as required by applicable state law with statutory limits; (iv) employers' liability insurance for liability of the general contractor and Solar Contractor arising out of injury to or death of general contractor's and Solar Contractor's employees, with a minimum limit of $1,000,000 per accident; and (v) excess or umbrella liability insurance on an occurrence basis (on at least a following form basis) in excess of the underlying insurance described in this paragraph with a Twenty Five Million Dollars ($25,000,000) combined bodily injury, death and property damage minimum limit per occurrence and a Twenty Five Million Dollar ($25,000,000) aggregate. Solar Contractor shall be required to maintain excess liability with minimum limits of Five Million Dollars ($5,000,000) per occurrence and a Five Million Dollar ($5,000,000) aggregate. Said insurance policy or policies required in this paragraph will contain a provision that such insurance may not be canceled without at least thirty (30) days' advance written notice (except ten (10) days' advance written notice in the event of nonpayment of premiums). In the event the Contractor's and Solar Contractor's insurance policies will not issue direct thirty (30) days' notice of cancellation (except ten (10) days' advance written notice in the event of nonpayment of premiums) to the Issuer, the Borrower, The Regents, and the Trustee, the Contractor and the Solar Contractor will promptly forward any notices received to the aforementioned parties. Certificates of Insurance evidencing that such insurance is in full force and effect will be delivered to the Trustee and the Issuer at or prior to issuance and delivery of the Series 2018 Bonds.

In addition to the provisions of the Loan Agreement, commencing on the Series 2018 Completion Date, the Borrower will maintain business interruption insurance (also referred to as "business income" or "loss of rents insurance") covering loss of revenues and other income by the Borrower by reason of total or partial suspension of, or interruption in, the operation of the Series 2018 Project caused by damage or destruction insured under the property insurance required pursuant to the 2018 Ground Lease of the Series 2018 Project in an amount not less than Annual Debt Service on the Series 2018 Bonds for the next succeeding twenty-four months (the deductible provisions for such business interruption insurance will not exceed thirty (30) days per occurrence) or such greater amount as may be approved in writing by the Ground Lessor. Unless otherwise insured under the commercial property policy, flood insurance under the National Flood Insurance Program within the minimum requirements and amounts required for federally financed or assisted loans under the Flood Disaster Protection Action of 1973, as amended, if the Series 2018 Project is eligible under such program.

The Borrower further agrees that the Construction Contracts and the Series 2018 Solar Contract will require the general contractor thereunder to deliver to the Trustee and the Issuer performance and labor and material payment bonds with respect to the applicable Construction Contracts or Series 2018 Solar Contract, and in the full amount of such Construction Contracts or Series 2018 Solar Contract, made by the contractor thereunder as the principal and a surety company, or companies, acceptable to the Underwriters; such bonds will be in such forms as are reasonably acceptable to the Underwriters. Said bonds will name the Borrower and the Trustee as the obligees, and all Net Proceeds received under said bonds will become a part of and be deposited into the Construction Fund, or if received after the Series 2018 Completion Date will be used to pay any obligation then owed by the Borrower under the Loan Agreement (including the funding of all reserve accounts to their required balances), and if any Net Proceeds remain, they will be paid to the Borrower.

The Borrower will cause the construction of the Series 2018 Project and the Series 2018 Offsite Elements substantially in accordance with the Plans and Specifications and the Construction Contracts (and Series 2018 Solar Contract with respect to the Series 2018 Solar Project) and warrants that the construction of the Series 2018 Project and the Series 2018 Offsite Elements substantially in accordance with the Plans and Specifications will, when supplemented by the Series 2018 Equipment, result in a facility suitable for use by the Borrower as a student housing facility, and will also include parking facilities and related facilities, including a community center, bike paths and photovoltaic systems, as well as underground amenities including utility lines and fiber optic cables and that substantially all real and personal property provided for therein is reasonably necessary or appropriate in connection with the Series 2018 Project. The Borrower may make changes in or additions to the Plans and Specifications for the Series 2018 Project and the Series 2018 Offsite Elements; provided, however, that any Material Change Orders (as defined in the Ground Lease) will be subject to approval by The Regents pursuant to the terms of the Ground Lease, will be subject to the prior written approval of the Developer, the Independent Engineer, and to the extent required or permitted by the Ground Lease, the Ground Lessor. Notwithstanding the foregoing, the Independent Engineer will not be required or entitled to approve any reallocation of costs items by Developer, except as provided in the Development Agreement.

The Borrower will provide the Inspecting Engineer with copies of all monthly disbursement requests, proposed change orders, proposed amendments to the construction budget or Plans and Specifications and any other documents relating to the Development Agreement requested by the Inspecting Engineer.

Agreement Term

The Loan Agreement became effective upon its execution and delivery and will be in full force and effect until the Bonds will have been fully paid (or provision for such payment will have been made as provided in the Indenture); provided, however, that the covenants and obligations expressed in the Loan Agreement to so survive will survive the termination of the Loan Agreement.

Loan Payments and Other Amounts Payable

In consideration of the issuance of the Series 2018 Bonds by the Authority and the loan of the proceeds thereof to the Borrower, the Borrower agrees that the principal of and interest on the loan of the proceeds of the Series 2018 Bonds and the principal of and interest on the loan of the proceeds of any other Series of Bonds pursuant to the Loan Agreement will be repaid by means of the Loan Repayments, which the Borrower will pay to the Trustee for deposit in the Revenue Fund and which, in the aggregate, will be in an amount sufficient for the payment in full of all Bonds from time to time Outstanding under the Indenture, including (i) the total interest becoming due and payable on the Bonds, (ii) the total principal amount of the Bonds, and (iii) the redemption premiums, if any, that will be payable on the redemption of Bonds prior to their respective stated maturity dates; less the amount of other funds available for such payment as provided in the Indenture. The Loan Repayments with respect to the Series 2018 Loan will be due and payable in accordance with, including on the dates set forth in, the Loan Agreement as described below.

(a) *Basic Loan Payments*: (i) Until the principal of, and premium, if any, and interest on the Bonds will have been fully paid or provision for the payment thereof will have been made in accordance with the Indenture, the Borrower will pay or cause to be paid to the Trustee for the account of the Issuer as Basic Loan Payments, in each case for deposit into the Bond Fund, amounts sufficient to pay the principal (whether at maturity, by acceleration, call for redemption, or otherwise) and purchase price of, and premium, if any, and interest on the Bonds as and when the same will become due and all other sums payable under the terms of the Bonds. The Borrower will pay or cause to be paid to the Trustee for the account of the Issuer:

(A) on or before January 20, 2019, a sum equal to one-fourth (1/4th) of the amount payable as interest on the Series 2018 Bonds on May 15, 2019, and on or before the twentieth (20th) day of each month, a sum equal to one-sixth (1/6th) of the amount payable on the immediately succeeding Interest Payment Date as interest on the Series 2018 Bonds, or such lesser amount that, together with amounts already on deposit in the Bond Fund and amounts to be transferred from the Capitalized Interest Account pursuant to the Indenture on such Interest Payment Date), will be sufficient to pay interest on the Series 2018 Bonds to become due on the immediately succeeding Interest Payment Date, as provided in the Indenture;

(B) on the dates set forth in any amendment or amendments to the Loan Agreement executed in connection with the issuance of Additional Bonds, the amount(s) set forth therein to be paid by the Borrower in respect of interest on such Additional Bonds;

(C) on or before May 20, 2022, and on or before the twentieth (20th) day of each month thereafter, a sum equal to (1) one-twelfth (1/12th) of the principal due on the immediately succeeding May 15 that is a maturity date of any Series 2018 Bonds, and (2) one-twelfth (1/12th) of the amount required to retire Series 2018 Bonds under the mandatory sinking fund redemption requirements of the Indenture on the immediately succeeding May 15, to cause the amount in the Bond Fund to be sufficient to pay principal on the Series 2018 Bonds to become due on the immediately succeeding Interest Payment Date, as provided in the Indenture;

(D) on the dates set forth in any amendment or amendments to the Loan Agreement executed in connection with the issuance of Additional Bonds, the amount(s) set forth therein to be paid by the Borrower in respect of the principal of such Additional Bonds (whether at maturity or under any mandatory sinking fund or other similar redemption requirements of any supplemental indenture or indentures executed in connection with the issuance of Additional Bonds);

(E) on the Business Day prior to any date on which any Series 2018 Bonds are to be redeemed pursuant to the mandatory redemption provisions of the Indenture (other than mandatory sinking fund redemption pursuant to the Indenture), an amount equal to the principal of, and premium, if any, and interest on, the Series 2018 Bonds to be redeemed (taking into account amounts then on deposit in the Bond Fund to be used for the payment of such Series 2018 Bonds to be redeemed); and

(F) on the Business Day prior to any date on which any Additional Bonds are to be redeemed pursuant to any mandatory redemption provisions of any supplemental indenture or indentures executed in connection with the issuance of Additional Bonds (other than mandatory sinking fund or other similar redemption pursuant to such supplemental indenture or indentures), an amount equal to the principal of, and premium, if any, and interest on, such Additional Bonds to be redeemed (taking into account amounts then on deposit in the Bond Fund to be used for the payment of such Additional Bonds to be redeemed).

(ii) Each payment of Basic Loan Payments under clause (i)(A) and (B) above will in all events be sufficient, after giving credit for funds held in the Bond Fund (including amounts held in the Capitalized Interest Account) and the Revenue Fund available for such purpose, to pay the total amount of interest payable on the Bonds on the immediately succeeding Interest Payment Date and each payment of Basic Loan Payments under clause (i)(C), (D) (E) and (F) above will in all events be sufficient, after giving credit for funds held in the Bond Fund available for such purpose, to pay the total amount of principal payable in respect of the Bonds on the immediately succeeding May 15. Any Basic Loan Payments will be reduced or need not be made to the extent that there are moneys on deposit in the Bond Fund in excess of scheduled payments of Basic Loan Payments plus the amount required for the payment of Bonds theretofore matured or called for redemption, the amount required for the payment of interest for which checks or drafts have been mailed by the Trustee, and past due interest in all cases where Bonds have not been presented for payment. Further, if the lien of the Indenture has been released pursuant to the Indenture, the Borrower will not be obligated to make any further payments of Basic Loan Payments under the provisions of this section. There will also be a credit against remaining Basic Loan Payments for Bonds purchased, redeemed, or canceled, as provided in the Indenture or in any supplemental indenture or indentures executed in connection with the issuance of Additional Bonds as provided therein.

(b) *Additional Loan Payments*: (i) The Borrower will pay:

(A) To the Trustee until the principal of, premium, if any, and interest on the Bonds will have been fully paid (1) for deposit into the Repair and Replacement Fund, the amount set forth in the Indenture, (2) for deposit into any debt service fund or funds created under the Indenture or any supplemental indenture or indentures executed in connection with the issuance of Additional Bonds any amount required to be on deposit therein pursuant to the Indenture or supplemental indenture, (3) promptly upon request, an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and the Ordinary Expenses of the Trustee incurred under the Indenture, as and when the same become will due, (4) promptly upon request, the reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same will become due, (5) promptly upon request, the reasonable fees and charges of the Trustee for the Extraordinary Services of the Trustee rendered by it and Extraordinary Expenses of the Trustee incurred by it under the Indenture, as and when the same will become due; provided, that the Borrower may, without creating a default under the Loan Agreement, contest in good faith the reasonableness of any such Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee and the reasonableness of any such fees, charges, or expenses;

(B) To the Issuer or the Trustee, as applicable, all payments set forth in the "Additional Payments" section below; and

(C) To the Independent Engineer and Insurance Consultant any fees and expenses owed.

(ii) Such Additional Loan Payments will be billed to the Borrower by the Issuer or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by such party for one or more of the above items. Amounts so billed will be paid by the Borrower within 30 days after receipt of the bill by the Borrower.

(iii) In the event the Borrower will fail to make any of the payments required in this section, the item or installment so in default will continue as an obligation of the Borrower until the amount in default will have been fully paid and will bear interest at the highest rate of interest on the Bonds.

(iv) All amounts deposited in the Funds and Accounts created pursuant to the Indenture and available to be used to pay the amounts, fees, charges, and expenses described in item (i) of this subsection (b) in accordance with the terms of the Indenture will be credited against the Borrower's obligation to make Additional Loan Payments to the extent such amounts are so used.

(c) *Liquidity Subaccount Loan Payments*: In accordance with the Financing Trust Agreement, the Loan Agreement is stated to be a Loan Agreement under the Financing Trust Agreement. The UCD Series 2018 Bonds Pooling Subaccount within the Liquidity Account will be funded in an amount equal to the required amount under the Financing Trust Agreement, and will be available in accordance with, and to the extent permitted by, the terms and conditions of the Financing Trust Agreement, for the purpose of paying principal of, premium, if any, and interest on the Bonds as the same will become due in the event there will be insufficient funds for said purpose in the Bond Fund and the other Funds described in paragraph (f) under the caption "The Indenture – Bond Fund" above, unless provision for their payment in full will have been duly made. In the event any funds from the UCD Series 2018 Bonds Pooling Subaccount will be withdrawn that reduces the amount on deposit in such subaccount to less than its required amount under the Financing Trust Agreement, the Borrower will, beginning on the 20th day of the month following notice from the Master Trustee of such withdrawal, and on the 20th day of each month thereafter, in addition to any other Loan Payments that may be due, make 12 consecutive monthly payments as Liquidity Subaccount Loan Payments to the Master Trustee for deposit into the UCD Series 2018 Bonds Pooling Subaccount, each equal to the lesser of (i) 1/12th of the amount of such withdrawal or (ii) the excess of the amount required to be satisfy the Liquidity Subaccount Requirement with respect to the UCD Series 2018 Bonds Pooling Subaccount in accordance with the Financing Trust Agreement over the amount on deposit in the UCD Series 2018 Bonds Pooling Subaccount.

In the event there is a diminution in Value of the amounts held in the UCD Series 2018 Bonds Pooling Subaccount, as of May 15 of each year or if any net losses result from the investment of amounts held therein that reduces the amount on deposit therein to less than the required amount under the Financing Trust Agreement as of such date, the Borrower will, beginning on the 20th day of the month following notice from the Master Trustee of such diminution in Value or losses, and on the 20th day of each month thereafter, in addition to any other Loan Payments that may be due, make four (4) consecutive monthly payments as Liquidity Subaccount Loan Payments to the Trustee for deposit into the UCD Series 2018 Bonds Pooling Subaccount, each equal to the lesser of (i) (1/4th) of the amount of such diminution in Value or loss or (ii) the excess of the amount required to be so deposited in accordance with the Financing Trust Agreement over the amount on deposit in the UCD Series 2018 Bonds Pooling Subaccount.

(d) *Additional Payments*. Pursuant to the "Additional Loan Payments" section above, Borrower will pay; (i) to the Issuer, an amount sufficient to reimburse the Issuer for all expenses reasonably incurred by the Issuer under the Loan Agreement in connection with the Project, including, but not limited to, the reasonable fees and expenses of counsel for the Issuer and Bond Counsel; (ii) all taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received under the Loan Agreement; (iii) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the issuer or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Borrower Documents or the Indenture; (iv) the Issuer Issuance Fee, the Issuer Annual Fee, which will be paid directly to the Issuer, and the reasonable fees and expenses of the Issuer or any agent or attorney selected by the Issuer to act on its behalf in connection with the Borrower Documents, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Loan Agreement, the Leasehold Deed of Trust, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Borrower Documents.

Such additional payments will be billed to the Borrower by the Issuer from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer for one or more of the above items. After such a demand, amounts so billed will be paid by the Borrower within 30 days after the date of invoice.

Maintenance and Modification of Project by the Borrower

The Borrower agrees that during the Agreement Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations will permit, (ii) keep the Building and all other improvements forming a part of the Project in good repair and in good operating condition, subject to normal wear and tear, making from time to time, subject to the Loan Agreement, all necessary and proper repairs thereto and renewals and replacements thereof, including external and structural repairs, renewals, and replacements, and (iii) use the Equipment in the regular course of its business only, within the normal capacity of the Equipment, without abuse, and in a manner contemplated by the manufacturer thereof, and cause the Equipment to be maintained in accordance with the manufacturer's then currently published standard maintenance contract and recommendations. The Borrower may, also at the expense of the Project, from time to time make any Additions or Alterations to the Project it may deem desirable for its business purposes that do not, in the opinion of a Consulting Architect filed with the Trustee, adversely affect the operation or value of the Project, provided, that the opinion of a Consulting Architect will only be required in the case of material Additions or Alterations, as defined in the Indenture. Additions or Alterations to the Project (other than additions or alterations designated as Offsite Elements pursuant to the Indenture) so made by the Borrower will be on the Premises, will become a part of the Project, and will become subject to the lien and security interest of the Leasehold Deed of Trust.

Insurance Required

In addition to the insurance otherwise required by the Loan Agreement, throughout the Agreement Term, the Borrower will keep the Series 2018 Project or cause the same to be kept continuously insured against such risks as are customarily insured against with respect to facilities of like size and type, as recommended by an Insurance Consultant, and approved by the Ground Lessor and its consultant.

Destruction and Damage

(a) In the event that the Project is destroyed or damaged (in whole or in part) by fire or other casualty, the Borrower will, unless the Bonds will be paid in full from the Net Proceeds of insurance resulting from such destruction or damage, be obligated to continue to make the Loan Payments and will not be entitled to any postponement, abatement, or diminution thereof.

(b) If such Net Proceeds of insurance will be less than $1,000,000, all such insurance proceeds will be paid to the Borrower and the Borrower will, to the extent of such proceeds, repair, replace, rebuild, restore, and/or re-equip the particular Project promptly to substantially the same condition thereof as existed prior to the event causing such destruction or damage with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Borrower and as will not impair the value or the character of such Project. In the event the Net Proceeds will not be sufficient to pay in full the costs of any such repair, replacement, rebuilding, restoration and reequipping, the Borrower will, to the extent of proceeds received from the Repair and Replacement Fund and the Project Gross Revenues, if any, complete said work.

(c) All Net Proceeds deposited into the Redemption Fund pursuant to this section as a result of the destruction or damage of a portion of the Project will be applied to the redemption of all or a portion of the Bonds issued to finance the acquisition of such portion of the Project or, if such Bonds are no longer Outstanding, the redemption of such other Bonds as may be directed by the Borrower and approved by The Regents in accordance with the provisions of the Indenture.

Condemnation

(a) In the event that title to or the temporary use of the Project or any part thereof will be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, the Borrower will, unless the Bonds will be paid in full from the award made in such eminent domain proceedings, be obligated to continue to make the Loan Payments and will not be entitled any postponement, abatement, or diminution thereof.

(b) Except for Net Proceeds received by the Borrower in connection with investments of Net Proceeds under the Loan Agreement, the Issuer, the Borrower, and the Trustee will cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings to be paid to the Trustee and deposited and held in the Condemnation Fund to be applied, as fully as practicable, in one or more of the following ways as will be directed in writing by the Borrower within 60 days from the date of such deposit: (i) subject to the requirements of the Loan Agreement, such Net Proceeds may be applied to the restoration of the particular Project; or (ii) subject to the requirements of the Loan Agreement, such Net Proceeds may be applied to the acquisition of other suitable land and the acquisition, by construction or otherwise, to the extent permitted by applicable law, of improvements consisting of a building or buildings, facilities, furnishings, machinery, equipment, or other properties suitable for the Borrower's operations at such Project as conducted prior to such taking (which improvements will be deemed a part of the Project and available for use and occupancy by the Borrower without the payment of any Loan Payments other than as provided in the Loan Agreement to the same extent as if such improvements were specifically described in the Loan Agreement and will be acquired by the Borrower subject to no liens, security interests, or encumbrances prior to or on a parity with the lien and security interest of the Leasehold Deed of Trust, other than Permitted Encumbrances); or (iii) such Net Proceeds may be transferred to the Redemption Fund to be applied to the redemption of Bonds; or (iv) such Net Proceeds may be applied in some combination permitted by the foregoing clauses (i), (ii), and (iii) of this subsection (b).

(c) All Net Proceeds deposited into the Redemption Fund pursuant to this section as a result of the condemnation of a portion of the Series 2018 Project will, subject to the approval of The Regents, be applied to the redemption of the Bonds pursuant to the Indenture.

Borrower to Maintain Status; Conditions Under Which Exceptions Permitted

(a) The Borrower (i) will not, except as described in this section, consolidate with or merge into another entity or permit another entity to consolidate with or merge into it, (ii) will not dissolve or otherwise dispose of all or substantially all of its assets, (iii) will cause the Foundation to file all required reports and documents with the IRS so as to maintain its status as an organization described in §501(c)(3) of the Code, (iv) will not operate the Project in any manner and will not cause the Foundation to engage in any activities or take any action that might reasonably be expected to result in the Foundation's ceasing to be a "501(c)(3) organization," within the meaning of §145 of the Code, and (v) will promptly notify the Trustee and the Issuer of any loss of the Foundation's status as a "501(c)(3) organization" or of any investigation, proceeding, or ruling that might result in such loss of status. The Borrower will preserve and keep in full force and effect all licenses and permits necessary to the proper conduct of its business.

(b) The Borrower covenants that it will not, and it will not permit, any of its revenues, income, or profits, whether realized or unrealized, to be distributed to any of its directors, or inure to the benefit of any private Person, other than for the lawful corporate purposes of the Borrower; provided, however, that the Borrower may pay to any Person the value of any service or product performed for, or supplied to, the Borrower by such Person. The Borrower will take such actions as are necessary or appropriate and within its control to take to comply with the provisions of the Code and the regulations promulgated thereunder in order to preserve the exclusion of the interest paid on the Series 2018 Bonds from the gross income of the Owners thereof for federal income tax purposes and will not act or fail to act in any other manner that would adversely affect such exclusion. In connection with the foregoing, the Borrower acknowledges and agrees to comply with the provisions applicable to it in the Tax Certificate.

(c) The Borrower may, without violating the covenant described in this section, consolidate, merge, sell, or otherwise transfer to another Person all or substantially all of its assets as an entirety (and may thereafter dissolve), provided (i) such consolidation, merger, sale, or other transfer does not otherwise cause an Event of Default, (ii) the surviving, resulting, or transferee Person (A) will be authorized to do business in the State, (B) will be a domestic corporation, partnership, or other entity, or if a natural person, is a resident of the United States of America, (C) will have the power to assume and will assume in writing all of the obligations of the Borrower under the Bond Documents and will deliver to the Trustee any security agreement necessary to ensure that after such consolidation, merger, sale, or other transfer, the Trustee will have a security interest in all assets that constitute, or would have constituted, the Project and Project Gross Revenues prior to such consolidation, merger, sale, or transfer, together with an opinion of counsel that all action has been taken to perfect such security interest to the extent perfection can be made by the filing of financing statements, (D) will obtain all licenses and permits required by law to operate the Project, (E) will deliver to the Trustee a title insurance policy insuring that the surviving, resulting, or transferee Person has a valid leasehold interest in the Premises and insuring the Leasehold Deed of Trust as a first lien subject only to the Permitted Encumbrances, (F) will deliver to the Trustee an opinion of Independent Counsel to the effect that the Loan Agreement, as assumed by the surviving, resulting or transferee Person, is valid and enforceable obligations of such Person, subject only to exceptions related to bankruptcy and other customary exceptions, (G) will deliver to the Trustee an opinion of Bond Counsel to the effect that such consolidation, merger, sale, or transfer will not cause the interest on Outstanding Tax-Exempt Bonds to be included in gross income for federal income tax purposes, (H) will have a fund balance or net worth, as the case may be, as reflected in the *pro forma* financial statements required to be furnished pursuant to this section, not less than the fund balance or net worth, as the case may be, of the Borrower, as reflected in the most recent audited balance sheet of the Borrower furnished to the Trustee pursuant to the Loan Agreement, and (I) will have a Fixed Charges Coverage Ratio not less than that of the Borrower for the two (2) consecutive years prior to such consolidation, merger, sale, or transfer, as determined from the surviving, resultant, or transferee Person's financial statements on a *pro forma* basis that gives effect to such consolidation, merger, sale, or transfer, which *pro forma* basis financial statements will be accompanied by an Audit Report and will be accompanied by a certificate of the Accountant reporting on such historical *pro forma* basis financial statements stating the Fixed Charges Coverage Ratio for the periods reported on. Nothing in the Loan Agreement will preclude the Borrower from partially transferring assets, other than the Project, for the benefit or use of The Regents or its components provided such transfer does not directly and immediately cause an Event of Default or jeopardize the tax-exempt status of any Tax-Exempt Bonds.

(d) The Borrower may also, without violating any covenants contained in the Loan Agreement, sell, or otherwise transfer the Project to another Person that is controlled solely by the Borrower and that, prior to such sale or transfer, has no assets or liabilities, upon completion or satisfaction of the conditions set forth in items (i) and (ii)(A) through (G) of subsection (c) above, and upon such completion or satisfaction will be released from all liabilities and obligations under the Loan Agreement and the other Bond Documents.

Rate Covenant

(a) The Borrower covenants and agrees to operate the Project as a revenue producing student housing facility with related facilities, and to the extent permitted by law and by the Ground Lease, to charge such fees and rates for its facilities and services and to exercise such skill and diligence as will provide Revenue Available for Fixed Charges, together with other available funds, sufficient to pay promptly all expenses of operation, maintenance, and repair of the Project, to provide all payments required to be made by the Borrower under the Loan Agreement, and to maintain the Fixed Charges Coverage Ratio of at least 1.20:1.0.

(b) Such rates, fees, and charges in each Fiscal Year beginning with the first full Fiscal Year after the Series 2018 Completion Date, will be sufficient to produce a Fixed Charges Coverage Ratio of at least 1.20:1.0. In the event that, based upon the financial statements of the Borrower required by the Loan Agreement, for any Fiscal Year such Fixed Charges Coverage Ratio was not maintained at a level of at least 1.15:1.0 (which, for purposes of this sentence, will be calculated without including any amount on deposit in the Coverage Reserve Fund), such failure to maintain such Fixed Charges Coverage Ratio will not constitute an Event of Default so long as the Borrower will (i) promptly (and in no event later than 30 days after such determination) employ a Financial Consultant to submit (not later than 30 days after commencing such employment) a report of such firm containing recommendations as to changes in the operating policies of the Borrower designed to maintain such Fixed Charges Coverage Ratio; and (ii) promptly follow such recommendations to the extent permitted by law and by the Ground Lease. Notwithstanding the retention of a Financial Consultant, an Event of Default will occur under the Loan Agreement, if the Fixed Charges Coverage Ratio is less than 1.0:1.0 as of the end of any Fiscal Year.

(c) The Borrower will, from time to time as often as necessary and to the extent permitted by law and by the Ground Lease, revise the rates, fees, and charges aforesaid in such manner as may be necessary or proper so that the Revenue Available for Fixed Charges will be sufficient to meet the requirements of the Loan Agreement, and further, that it will, in order to comply with the provisions of the Loan Agreement, take all action within its power to obtain approvals of any regulatory or supervisory authority to implement any rates, fees, and charges required by the Loan Agreement.

Annual Budget

At least 30 days prior to the first day of each Fiscal Year commencing with the Fiscal Year ending June 30, 2021, the Borrower will prepare or cause the Manager to prepare in accordance with the Ground Lease, the Annual Budget for the immediately succeeding Fiscal Year which will include the monthly budgeted Expenses and Subordinated Expenses of the Project for such Fiscal Year, including any Subordinated Expenses from a prior year that have not been paid. If the Manager will fail to prepare and/or the Borrower will fail to approve the Annual Budget for any Fiscal Year, the Annual Budget for the immediately preceding Fiscal Year will continue in effect until the Annual Budget will be prepared for the remainder of the applicable Fiscal Year. To the extent that the Borrower will deem it necessary at any time during any Fiscal Year, the Borrower will submit or cause the Manager to submit a revised Annual Budget, as approved by the Borrower to the Trustee and the Representative declaring that the revisions are necessary to operate or maintain the Project and setting forth the reasons therefor which revised Annual Budget will, for all purposes of the Loan Agreement, be deemed the Annual Budget for the remainder of the applicable Fiscal Year. Promptly following preparation by the Borrower, a copy of each Annual Budget or revised Annual Budget will be furnished to the Trustee and the Representative. Upon the occurrence and continuation of an Event of Default, all Annual Budgets and modifications thereto will be approved by the Trustee in its reasonable discretion.

Operation of Project and Safety Code

The Borrower will operate the Project as a student housing or related facilities or cause the same to be operated as a student housing or related facilities and will continue to maintain the Project in compliance with all applicable life and safety codes and all applicable building and zoning, health, environmental, and safety ordinances and laws and all other applicable laws, rules, and regulations of the United States of America, the State, and any political subdivision or agency thereof having jurisdiction over the Project. The Borrower will at all times comply with the terms and conditions of the Ground Lease.

Covenant Regarding Manager

The Borrower agrees that if the initial Manager will cease to serve as Manager, the Borrower will promptly employ and at all times thereafter employ as the Manager either the University or a recognized manager of student housing facilities that then manages, and will have for the past 5 years managed, at least 5,000 beds of student housing facilities. The Borrower agrees that the Manager may be replaced upon the prior written approval of the Ground Lessor if (i) the Fixed Charges Coverage Ratio is not at least 1.20:1.0 for two consecutive Fiscal Years as shown in the financial statements provided in the Loan Agreement, or (ii) the Borrower has the right to terminate the Manager for an event of default caused by the Manager under the Management Agreement. Prior to entering into a contract with any successor Manager, the Borrower will first deliver to the Trustee an opinion of Bond Counsel to the effect that the terms of the proposed Management Agreement will not cause the interest on Outstanding Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

Assignment and Subleasing

The Borrower may enter into subleases or agreements with residents of the Project or the Ground Lessor or University without complying with the provisions described in this section other than subparagraph (vii). The rights and obligations of the Borrower under the Loan Agreement may be assigned and delegated, and the Project may be subleased, as a whole or in part, by the Borrower without the necessity of obtaining the consent of either the Issuer or the Trustee, subject, however, to each of the following conditions:

(i) No assignment (other than pursuant to the provisions described under the subheading "Borrower to Maintain Status") or sublease will relieve the Borrower from primary liability for any of its obligations under the Loan Agreement, and in the event of any such assignment or sublease, the Borrower will continue to remain primarily liable for payment of the Loan Payments and for the payment, performance, and observance of the other obligations and agreements on its part provided in the Loan Agreement to be performed and observed by it.

(ii) The assignee will assume in writing the obligations of the Borrower under the Loan Agreement to the extent of the interest assigned.

(iii) The Borrower will furnish or cause to be furnished to the Issuer and the Trustee assurances reasonably satisfactory to the Issuer and the Trustee that the Project will continue to be operated as a qualified facility within the meaning of the Act.

(iv) No assignment or sublease with any Person will be entered into by the Borrower without the Borrower's first furnishing to the Trustee an opinion of Bond Counsel or a ruling from the IRS to the effect that such assignment or sublease will not cause the interest on Outstanding Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

(v) No such assignment or sublease will give rise to a novation.

(vi) The Borrower will, within 30 days after the execution thereof, furnish or cause to be furnished to the Issuer and the Trustee a true and complete copy of each such assignment or sublease, as the case may be. The Issuer and the Trustee will have the right, at any time and from time to time, to notify any assignee or sublessee of the rights of the Issuer and the Trustee, as provided by this paragraph. From time to time, upon the request of the Issuer or the Trustee, the Borrower will specifically assign and grant a security interest to the Issuer, as additional security for the Loan Payments, in writing and in the form approved by the Issuer, the Trustee, and the Borrower all the right, title, and interest of the Borrower in and to any and all subleases hereafter on or affecting the Premises or the Project, together with all security therefor and all moneys payable thereunder, subject to the conditional right of the Borrower to collect the rentals under any such subleases, and the Issuer will in turn specifically assign and grant a security interest in its right, title, and interest in the foregoing to the Trustee pursuant to a supplemental indenture, as security for the Bonds. The Borrower and the Issuer will also execute and deliver to the Trustee any notification, financing statement, or other document reasonably required by the Trustee to perfect the foregoing assignment and security interest created as to any such subleases and other properties.

(vii) All subleases will contain an attornment clause providing in effect that if at any time during the term of the sublease, the Trustee or the designee of the Trustee, or a subsequent purchaser at a foreclosure sale from the Trustee, will become the owner of the Project, such sublessee agrees, at the election and upon demand of any owner of the Project, to attorn, from time to time, to any such owner upon the terms and conditions set forth in the sublease. Such sublessee will agree, at the request of the party to whom it has attorned, to execute, acknowledge, and deliver, without charge, from time to time, instruments acknowledging such attornment. The attornment clause will provide that upon such attornment, the sublease will continue in full force and effect as, or as if it were, a direct sublease between the successor and the sublessee, except that the successor landlord will not (A) have any liability for any previous act or omission of a predecessor landlord under the sublease, (B) be bound by any previous modification of the sublease, unless such modification or prepayment will have been expressly approved in writing by the Issuer and the Trustee, or (C) have any liability for refusal or failure to perform or complete landlord's work or otherwise prepare the demised premises for occupancy in accordance with the provisions of the sublease.

Events of Default Defined

The following will be "Events of Default" under the Loan Agreement, and the terms "Event of Default" or "Default" will mean, whenever they are used in the Loan Agreement, any one or more of the following events:

(a) The Borrower's failure to pay or cause to be paid the Basic Loan Payments required to be paid under the Loan Agreement on or before any Interest Payment Date on which the principal of, interest on or the redemption price is due.

(b) Other than referred to in (a) above, the Borrower's failure to pay the Basic Loan Payments required to be paid under the Loan Agreement at the times specified therein.

(c) Any representation or warranty made by the Borrower in any statement or certificate furnished to the Issuer or the Trustee or the purchaser of any Bonds, in connection with the sale of any Bonds or furnished by the Borrower pursuant to the Loan Agreement, will prove inaccurate in any material respect as of the date of the issuance or making thereof and will not be corrected within 30 days after written notice specifying such inaccuracy is given to the Borrower by the Issuer, the Trustee, or such purchaser. In the case of any such inaccuracy that cannot with due diligence be corrected within such 30 day period, but can be wholly corrected within a period of time not materially detrimental to the rights of the Trustee, it will not constitute an Event of Default if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the inaccuracy is corrected in accordance with and subject to any reasonable directions or limitations of time established in writing by the Trustee.

(d) The Borrower's failure to perform or cause to be performed any other covenant, condition, or provision of the Loan Agreement, other than as referred to in (a) above, and to correct such failure within 30 days after written notice specifying such is given to the Borrower by the Issuer or the Trustee. In the case of any such failure that cannot with due diligence be corrected within such 30 day period, it will not constitute an Event of Default if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the failure is corrected; provided that if such failure is not corrected within a 90 day period, any time period beyond 90 days must be approved in writing by the Trustee.

(e) The Borrower will (i) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property or of the Project, (ii) fail to promptly lift or bond (if legally permissible) any execution, garnishment, or attachment of such consequence as will impair the ability of the Borrower to carry on its operations at the Project, (iii) enter into an agreement of composition with its creditors, (iv) admit in writing its inability to pay its debts as such debts become due, (v) make a general assignment for the benefit of its creditors, (vi) commence a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect), (vii) file a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (viii) fail to controvert in a timely or appropriate manner or acquiesce in writing to any petition filed against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction, or (ix) take any action for the purpose of effecting any of the foregoing.

(f) A proceeding or case will be commenced, without the application of the Borrower, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Borrower, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Borrower or of all or any substantial part of the assets of it, or (iii) similar relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case will continue undismissed or an order, judgment, or decree approving or ordering any of the foregoing will be entered and will continue unvacated and unstayed and in effect for a period of 90 days, whether consecutive or not.

(g) The occurrence of an event of default, subject to any applicable notice and cure period, under any of the Bond Documents other than the Financing Trust Agreement.

(h) Except as otherwise permitted by the Loan Agreement, if for any Fiscal Year commencing with the Fiscal Year ending June 30, 2021, the Fixed Charges Coverage Ratio is not a least 1.2:1.0.

Notwithstanding the definitions of Events of Default and Default in this section, if (i) the Borrower fails to perform any of its obligations under the Loan Agreement in connection with the acquisition, management, maintenance and operation of the Series 2018 Project or the Series 2018 Offsite Elements, (ii) such failure arises as a result of a default by an Architect under any Architect's Agreement (as such terms are defined in the Development Agreement), a default by the Developer under the Development Agreement and/or a default by the Manager under the Management Agreement, (iii) the Borrower determines in its good faith judgment that in order to cure such default it would be necessary to terminate one or more of such agreements and (iv) the Trustee does not permit the termination of any of such agreements, then, such failure to perform by the Borrower will not be deemed to be a Default or an Event of Default under this Loan Agreement.

Remedies on Default

(a) Whenever any Event of Default will have happened and be subsisting the Trustee as the assignee of the Issuer, may, and at the direction of the owners of not less than 51% of the aggregate principal amount of Bonds then Outstanding, will: (i) at its option declare all unpaid installments of Basic Loan Payments and other amounts payable under the Loan Agreement for the remainder of the Agreement Term to be immediately due and payable whereupon the same will become immediately due and payable it being understood that upon a declaration by the Trustee under the Indenture, all unpaid Basic Loan Payments payable under the Loan Agreement will become immediately due and payable; provided, however, that if acceleration of the Bonds will have been rescinded and annulled pursuant to the Indenture, acceleration of the Basic Loan Payments and other amounts payable under the Loan Agreement required by this subsection (a) will similarly be rescinded and annulled and the Event of Default occasioning such acceleration will be waived, but no such waiver, rescission, and annulment will extend to or affect any subsequent default or impair or exhaust any right, power, or remedy consequent thereon; and provided, further, however, that all such unpaid installments of Basic Loan Payments and other amounts payable under the heading "Loan Payments and Other Amounts Payable" above in the summary of the Loan Agreement for the remainder of the Agreement may, upon the written direction of the owners of not less than 51% of the aggregate principal amount of Bonds then Outstanding to the Trustee, be separately and independently accelerated with or without an acceleration of the Bonds; or (ii) in the event any of the Bonds at the time will be outstanding and unpaid, have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Borrower; or (iii) initiate remedies under the Leasehold Deed of Trust; or (iv) from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the Loan Payments and other amounts payable by the Borrower under the Loan Agreement then due and/or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Borrower under the Loan Agreement.

(b) Amounts collected pursuant to action taken under this section will be applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and the Borrower has paid all amounts due under the Loan Agreement, then any amounts remaining will be paid to the Borrower.

General Options to Terminate Loan Agreement

The Borrower will have, and is granted, the following options to terminate the Loan Agreement at any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and payment in full of any other obligations due under the Bond Documents. The Borrower may terminate the Agreement Term by (a) paying to the Trustee an amount that, when added to the amount on deposit in the Bond Fund and the Redemption Fund, will be sufficient to pay, retire, and redeem all of the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, redemption premium, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption, and Trustee's and paying agents' fees and expenses, including reasonable attorneys' fees), (b) in the case of redemption, making arrangements satisfactory to the Trustee for the giving of the required, irrevocable notice of redemption, (c) paying to the Issuer any and all sums then due to the Issuer under the Loan Agreement, and (d) otherwise complying with the provisions of the Indenture.

Option to Prepay Loan Upon the Occurrence of Certain Extraordinary Events

The Borrower will have, and is granted, the option to prepay the Series 2018 Loan in full or in part prior to the full payment of all of the Series 2018 Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture), upon certain events causing damage, destruction or condemnation of the Series 2018 Project in accordance with the Loan Agreement.

Option to Prepay Loan in Connection with Optional Redemption of the Bonds

(a) The Borrower will have the option to prepay the Series 2018 Loan in full or in part by prepaying Basic Loan Payments due under the Loan Agreement in such manner and amounts as will enable the Issuer to redeem the Series 2018 Bonds prior to maturity in whole or in part on any date, as provided in the Indenture. The Basic Loan Payments payable by the Borrower in the event of its exercise of the option granted under the provisions of the Loan Agreement will be (i), in the case of partial redemption, the amount necessary to pay principal, all interest to accrue to the redemption date and any redemption expense, and (ii) in the case of a total redemption, the amounts set forth in the Indenture and the applicable redemption premium, as provided in the Indenture.

(b) To exercise such option, the Borrower will give the Issuer and the Trustee not less than 45 days prior written notice of the exercise of such option and will specify therein the date of tender of such prepayment and the amount thereof, will direct the redemption of the corresponding amount of Series 2018 Bonds, and will make arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

Provisions Relating to the Insured Series 2018 Bonds

Notwithstanding anything to the contrary contained in the Loan Agreement, the following provisions will apply to the Insured Series 2018 Bonds.

Notice and Other Information to be given to BAM. The Borrower will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement, and (ii) to the holders of Insured Series 2018 Bonds or the Trustee under the Loan Agreement.

Consent of BAM in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, any of the Insured Series 2018 Bond Security Documents that requires the consent of holders of the Insured Series 2018 Bonds or adversely affects the rights or interests of BAM will be subject to the prior written consent of BAM.

Insolvency. Any reorganization or liquidation plan with respect to the Borrower must be acceptable to BAM. The Trustee and each owner of the Insured Series 2018 Bonds hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured Series 2018 Bonds and agree that BAM may at any time during the continuation of any proceeding by or against the Borrower under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an ***"Insolvency Proceeding"***) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a ***"Claim"***), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured Series 2018 Bonds delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured Series 2018 Bonds with respect to the Insured Series 2018 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

Control by BAM Upon Default. Anything in the Loan Agreement to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, subject to the limitations set forth under the paragraph "Terms Relating to the Debt Service Payment Agreement – *No Acceleration*" above, BAM will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Series 2018 Bonds or the Trustee or Paying Agent for the benefit of the holders of the Insured Series 2018 Bonds under the Loan Agreement. No default or event of default may be waived without BAM's written consent.

BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM will be deemed to be the sole owner of the Insured Series 2018 Bonds for all purposes under the Loan Agreement, including, without limitations, for purposes of exercising remedies and approving amendments.

Grace Period for Payment Defaults. No grace period will be permitted for payment defaults on the Insured Series 2018 Bonds. No grace period for a covenant default will exceed 30 days without the prior written consent of BAM.

Special Provisions for Insurer Default. If an Insurer Default will occur and be continuing, then, notwithstanding anything in the preceding paragraphs to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM will be treated like any other holder of the Insured Series 2018 Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM will have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) will control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM will (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality will order the suspension of payments on the Policy or will obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

BAM As Third Party Beneficiary. BAM is recognized as and will be deemed to be a third party beneficiary of the Insured Series 2018 Bonds Security Documents and may enforce the provisions of the Insured Series 2018 Bonds Security Documents as if it were a party thereto.

Additional Payments. The Borrower agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Insured Series 2018 Bonds Security Documents (***"Administrative Costs"***). For purposes of the foregoing, costs and expenses will include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Borrower agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Borrower agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy (***"BAM Policy Payment"***); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Borrower payable to BAM at the Late Payment Rate per annum (collectively, ***"BAM Reimbursement Amounts"***) compounded semi-annually.

Exercise of Rights by BAM. The rights granted to BAM under the Loan Agreement to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Series 2018 Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Series 2018 Bonds or any other person is required in addition to the consent of BAM.

BAM will be entitled to pay principal or interest on the Insured Series 2018 Bonds that will become due for payment but will be unpaid by reason of nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Insured Series 2018 Bonds as a result of acceleration of the maturity thereof in accordance with the Insured Series 2018 Bonds Security Documents, whether or not BAM has received a claim upon the Policy.

So long as the Insured Series 2018 Bonds are outstanding or any amounts are due and payable to BAM, the Borrower will not sell, lease, transfer, encumber or otherwise dispose of the Series 2018 Project or any material portion thereof, except upon obtaining the prior written consent of BAM.

If an event of default occurs under any agreement pursuant to which any Obligation of the Borrower has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured Series 2018 Bonds or BAM, as BAM may determine in its sole discretion, then an event of default will be deemed to have occurred under the Loan Agreement for which BAM or the Trustee, at the direction of BAM, will be entitle to exercise all available remedies under the Loan Agreement, at law and in equity. For purposes of the foregoing "Obligation" means any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Series 2018 Bonds.

Terms Relating to the Debt Service Payment Agreement

Unless otherwise agreed to in writing by The Regents, and subject to the provisions "Payment of Debt Service Shortfall" and "Term" of the Debt Service Payment Agreement the terms and conditions set forth below will be in effect so long as any of the Series 2018 Bonds are Outstanding.

(a) *Amendments of the Loan Agreement*. Any amendments of the Loan Agreement will also require the prior written consent of The Regents.

(b) *Additional Bonds – Disclosure Document.* In connection with the issuance of Additional Bonds, the Borrower will deliver to The Regents a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

(c) *Notices to be Sent to The Regents*. The Regents will receive copies of all notices required to be delivered under the Loan Agreement. All notices required to be given to The Regents under the Loan Agreement will be in writing and will be sent to the address specified in the Loan Agreement.

(c) *Limitations on Arrangements to Tender or Purchase the Series 2018 Bonds*. The Borrower will not enter into any agreement nor will it consent to or participate in any arrangement pursuant to which the Series 2018 Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Series 2018 Bonds without the prior written consent of The Regents.

(d) *The Regents as a Third Party Beneficiary.* The Regents is a third party beneficiary under the Loan Agreement.

THE FINANCING TRUST AGREEMENT

Definitions Used in the Financing Trust Agreement

"Annual Debt Service" means, as of any date of calculation, the amount required to pay all principal of and interest on a Series of Bonds then Outstanding during a Fiscal Year. For purposes of calculating the Annual Debt Service on a Series of Bonds which bear interest at a rate which is not fixed to the maturity thereof, such Series of Bonds will be treated as if it bears interest at the most recent 25-Revenue Bond Index published by The Bond Buyer (or if such index is no longer published, a comparable index designated in an Officer's Certificate of The Regents Representative) with such adjustment as may be set forth in the Financing Trust Agreement.

"Bonds" means any or all of the bonds or other type of debt instruments, as the case may be, issued by an Issuer pursuant to one or more Bond Indentures and further secured under the Financing Trust Agreement in accordance with the Financing Trust Agreement, the proceeds of which are used for a Financed Project.

"Bond Indenture" means the bond indenture, trust agreement or other similar document between the related Issuer and a Bond Trustee, which pursuant to its terms is stated to be a Bond Indenture under the Financing Trust Agreement and which satisfies all of the requirements for a Bond Indenture set forth in the Financing Trust Agreement.

"Bond Payment Date" means May 15 and November 15 of each year, commencing on May 15, 2019 in the case of the 2018 Bonds.

"Bond Trustee" means the trustee named under the related Bond Indenture in its capacity as such trustee.

"Borrower" means the borrower under any Loan Agreement relating to a Series of Bonds.

"Borrower Representative" means a Series Borrower Representative specifically identified in a Supplemental Financing Trust Agreement.

"Business Day" means any day other than a Saturday, a Sunday, or a day on which banks located in the city in which the Master Trustee or any Bond Trustee is located are authorized by law to close and on which the New York Stock Exchange is closed.

"Collateral" means assets and property securing a Series of Bonds pursuant to the related Bond Indenture.

“Debt Service Account Deficiency” *or* ***“Deficiency”*** means, as of the date of determination by the Bond Trustee, and with respect to any Series of Bonds, the amount, if any, by which the portion of the Annual Debt Service for such Bonds becoming due and payable on the next Bond Payment Date exceeds the amount on deposit in the Debt Service Account for such Bonds.

“Financed Project” means a UCD Project, the costs of construction, acquisition or improvement of which have been funded from the proceeds of a Series of Bonds, and that is specifically identified in a Supplemental Financing Trust Agreement.

“Financing Trust Estate” means the Financing Trust Estate described in the granting clauses of the Financing Trust Agreement.

“First Supplemental Financing Trust Agreement” means the First Supplemental Financing Trust Agreement, dated as of December 1, 2018, by and between the Series 2018 Borrower and the Master Trustee.

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

“Ground Rent” means, with respect to a Series of Bonds, the ground rent required to be paid by a Borrower under a Ground Lease, as such ground rent will be more particularly defined in the related Supplemental Financing Trust Agreement.

“Investment Grade Rating” means a credit rating characterized as “investment grade” or equivalent from the applicable Rating Agency.

“Issuer” means the State or a political subdivision or other entity of the State which is the issuer of any Series of Bonds and is specifically identified in a Supplemental Financing Trust Agreement.

“Issuer Representative” means a Series Issuer Representative specifically identified in a Supplemental Financing Trust Agreement.

“Liquidity Account Requirement” means, as of any date of calculation, an amount equal to the sum of each Liquidity Subaccount Requirement for all Series of Bonds then Outstanding.

“Liquidity Subaccount Requirement” means, with respect to a Series of Bonds, subject to the related Supplemental Financing Trust Agreement, as of any date of calculation, an amount equal to the Maximum Annual Debt Service or such other amount as set forth in the related Supplemental Financing Trust Agreement.

“Master Trustee” means Wilmington Trust, National Association, a national banking association, and any successor Master Trustee established in accordance with the Financing Trust Agreement.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Officer’s Certificate” means a written certificate of the Issuer signed by an Issuer Representative, or of any Borrower signed by a Borrower Representative, or of The Regents signed by The Regents Representative, which certificate will be deemed to constitute a representation of, and will be binding upon, such Issuer or Borrower or The Regents, respectively, with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Master Trustee.

“Outstanding” when used with respect to a Series of Bonds will have the same meaning as set forth in the related Bond Indenture for the term “Outstanding.”

“Owner” means the registered owner of any Bond as provided in the related Bond Indenture.

“Permitted Investments” means any of the following which at the time are legal investments under the laws of the State of California and the policies of The Regents as filed with the Master Trustee from time to time for moneys held under the Financing Trust Agreement and then proposed to be invested therein: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America or tax-exempt obligations which are rated in the highest rating category of each Rating Agency; (2) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Home Loan Bank System, the Farm Credit System, or any other agency or instrumentality of the United States of America; (3) bonds of the State of California or of any county or city of the State of California for which each Rating Agency is maintaining a rating at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds; (4) obligations the interest on which is excluded from gross income for federal income taxation pursuant to the Code and which are rated by each Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds, or in the highest short term rating category of each Rating Agency; (5) receipts representing direct interests in Investment Securities described in clause (1) and (2) of this definition; (6) repurchase agreements with any financial institution which is rated by each Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds, or repurchase agreements fully secured by collateral security described in clauses (1) or (2) of this definition continuously having a market value at least equal to the amount so invested so long as such underlying obligations or securities are in the possession of the Master Trustee or the Securities Investors Protection Corporation; (7) interest bearing bankers acceptances and demand or time deposits (including certificates of deposit) in banks (including the Master Trustee and its affiliates), provided such deposits are either (a) secured at all times, in the manner and to the extent provided by law, by collateral security described in clauses (1) or (2) of this definition of a market value no less than the amount of moneys so invested; or (b) in banks (including the Master Trustee and its affiliates) having a combined capital and surplus of at least Fifty Million Dollars ($50,000,000) and whose rating by each Rating Agency, or the rating of its parent holding company, is at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds or (c) fully insured by the Federal Deposit Insurance Corporation; (8) commercial paper rated in the highest rating category of each Rating Agency, and issued by corporations organized and operating within the United States and having total assets in excess of Five Hundred Million Dollars ($500,000,000); (9) collateralized investment agreements or other collateralized contractual arrangements with corporations, financial institutions or national associations within the United States fully secured by collateral security described in clause (1) or (2) of this definition; or investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds; and (10) any money market fund or mutual fund that is comprised of investments described in clauses (1) through (9) of this definition and which fund or investments are continuously rated by each Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on the Bonds.

"Proportionate Share" means, as of any date of calculation, that proportion that the amount on deposit in each Series Pooling Subaccount bears to the total amount on deposit in all Series Pooling Subaccounts, assuming for purposes of this calculation that all amounts that are scheduled to be paid by a Borrower into the related Series Pooling Subaccount pursuant to the related Supplemental Financing Trust Agreement, Indenture and Loan Agreement have been paid.

"Rating Agency" means Fitch, Moody's, or S&P, or if any such rating agencies no longer maintain a credit rating on any of the Bonds, then any nationally recognized rating agency that maintains a credit rating on any of the Bonds.

"S&P" means S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns.

"Series of Bonds" means one or more series of Bonds which is authorized by a Bond Indenture and secured by the Financing Trust Agreement in accordance with the Financing Trust Agreement and specifically identified in a Supplemental Financing Trust Agreement.

"*Series 2018 Borrower*" means CHF—Davis I, L.L.C., an Alabama limited liability company, or its successors and assigns in accordance with the terms of the Series 2018 Loan Agreement.

"Series 2018 Completion Date" means the date of completion of the Series 2018 Project, as certified by the Borrower as provided in the Loan Agreement.

"*Series 2018 Ground Lease*" means the Ground Lease Agreement, dated December 13, 2018, between The Regents, as lessor, and the Series 2018 Borrower, as lessee.

"*Series 2018 Ground Rent"* means Ground Rent required to be paid by the Series 2018 Borrower pursuant to the Series 2018 Ground Lease.

"*Series 2018 Bonds Ground Lease*" means the Series 2018 Ground Lease, as originally executed and delivered and as the same may be amended and supplemented from time to time in accordance with their respective terms, and which pursuant to their terms are stated to be a Ground Lease hereunder and which satisfy all of the requirements for a Ground Lease set forth in the Financing Trust Agreement.

"*Series 2018 Bond Indenture*" means the Indenture, dated as of December 1, 2018, by and between the Series 2018 Issuer and the Series 2018 Bond Trustee, as originally executed and delivered and as it may be amended or supplemented from time to time in accordance with its terms, which pursuant to their terms are stated to be a Bond Indenture under Financing Trust Agreement and which satisfy all of the requirements for a Bond Indenture set forth in the Financing Trust Agreement.

"*Series 2018 Group 1 Completion Date*" means the date of Completion of the Group 1 Units portion of the Series 2018 Project, as certified by the Borrower as provided in the Loan Agreement.

"*Series 2018 Issuer*" means the California Municipal Finance Authority, which is the issuer of the Series 2018 Bonds pursuant to the Series 2018 Bond Indenture.

"*Series 2018 Liquidity Subaccount Loan Payments*" mean the loan payments required to be paid by the Series 2018 Borrower to the UCD Series 2018 Bonds Pooling Subaccount pursuant to the Series 2018 Loan Agreement.

"*Series 2018 Loan Agreement*" means the Loan Agreement, dated as of December 1, 2018, by and between the Series 2018 Issuer and the Series 2018 Borrower, as originally executed and delivered and as the same may be amended and supplemented from time to time in accordance with its terms, which pursuant to its terms is stated to be a Loan Agreement under the Financing Trust Agreement and which satisfies all of the requirements for a Loan Agreement set forth in the Financing Trust Agreement.

"*Series 2018 Project*" means the housing facility of approximately 3,290 beds in an approximately 1,250-unit student apartment facility and other related and appurtenant facilities including but not limited to a community center and photovoltaic systems on land owned by The Regents of the University of California and leased to the Borrower.

"State" means the State of California.

"Supplemental Financing Trust Agreement" means a supplemental trust agreement, in substantially the form attached as Exhibit A to the Financing Trust Agreement, by and between the Master Trustee and a Borrower which pursuant to its terms is stated to be a Supplemental Financing Trust Agreement under the Financing Trust Agreement and satisfies all of the requirements for a Supplemental Financing Trust Agreement set forth in the Financing Trust Agreement.

"Tax Agreement" means a tax agreement or certificate relating to a Series of Bonds executed and delivered by the related Borrower upon the issuance of such Series of Bonds, as originally executed and delivered or it may from time to time be amended or supplemented in accordance with its terms.

"The Regents Representative" means any such person as may be authorized by The Regents of the University of California to sign for and on behalf of The Regents for the specified matter.

"***UCD Series 2018 Bonds Pooling Subaccount***" means the subaccount created pursuant to the First Supplemental Financing Trust Agreement in accordance with the Original Financing Trust Agreement.

"***UCD Bonds Series 2018 Redemption Subaccount***" means the subaccount created pursuant to the First Supplemental Financing Trust Agreement in accordance with the Original Financing Trust Agreement.

"***UCD Bonds Trustee***" means Wilmington Trust, National Association, as trustee under the UCD Bonds Indenture, or its successors established in accordance with the terms of the UCD Bonds Indenture.

"UCD Project" will have the meaning set forth in the first recital to the Financing Trust Agreement.

Conditions Precedent to Issuance of Bonds Secured under the Financing Trust Agreement

A Series of Bonds will be secured by the Financing Trust Agreement, but only upon receipt by the Master Trustee of each of the following:

(a) An original or certified copy of the rating letter of a Rating Agency evidencing that the rating assigned to such Series of Bonds is not less than an Investment Grade Rating;

(b) An original or certified copy of a Supplemental Financing Trust Agreement for such Series of Bonds, in substantially the form attached to the Financing Trust Agreement as Exhibit A, providing that the related Borrower has become a party to the Financing Trust Agreement, and that such Series of Bonds is secured by, and entitled to the benefits of, the Financing Trust Agreement and directing the Master Trustee to establish a separate Series Pooling Subaccount and Series Redemption Subaccount for such Series of Bonds and providing for the initial deposits of funds, if any, into such subaccounts;

(c) An original or certified copy of the Ground Lease relating to such Series of Bonds, which Ground Lease will provide that: (1) The Regents has approved the use of the Financing Trust Agreement to provide additional security for such Series of Bonds and has agreed to perform certain ministerial acts described in the Financing Trust Agreement; and (2) payments of Ground Rent to The Regents pursuant to such Ground Lease are expressly subordinate to (i) the full and timely payment of Annual Debt Service on such Series of Bonds as the same becomes due and payable pursuant to the applicable Bond Indentures; and (ii) the required use of revenues and other funds of the related Borrower to replenish the subaccounts under the related Supplemental Financing Trust Agreement therein in accordance with the terms of the Financing Trust Agreement and of the related Bond Indenture and the related Loan Agreement;

(d) An original or certified copy of the Bond Indenture for such Series of Bonds, which Bond Indenture will provide that: (1) the Issuer and the Bond Trustee thereunder will comply with the terms and conditions of the Financing Trust Agreement; (2) the Issuer has pledged, assigned or granted a security interest in the Financing Trust Agreement under such Bond Indenture for the benefit of the Owners of such Series of Bonds; and (3) immediately after the deposit of all required amounts into the Debt Service Accounts under such Bond Indenture, the Bond Trustee is required to make payments to the Master Trustee pursuant to the related Supplemental Financing Trust Agreement, such as payments required to initially fund the Series Pooling Subaccount to its Liquidity Subaccount Requirement or to replenish any amount withdrawn from the Series Pooling Subaccount up to its Liquidity Subaccount Requirement;

(e) An original or certified copy of the Loan Agreement for such Series of Bonds, which Loan Agreement will provide that: (1) the Borrower thereunder will comply with the terms and conditions of the Financing Trust Agreement; and (2) immediately after payment of all amounts necessary to deposit all required amounts into the Debt Service Accounts under the related Bond Indenture, the Borrower is required to make payments to the Bond Trustee for transfer to the Master Trustee pursuant to the related Supplemental Financing Trust Agreement, such as payments required to initially fund the Series Pooling Subaccount to its Liquidity Subaccount Requirement or to replenish any amount withdrawn from the Series Pooling Subaccount up to its Liquidity Subaccount Requirement; and

(f) A written certificate of the Master Trustee confirming that, as of the date of issuance of such Series of Bonds: (1) all scheduled deposits to the repair and replacement reserve funds for all Financed Projects under the Bond Indentures and the Loan Agreements for all Series of Bonds then Outstanding have been made; and (2) the aggregate amount on deposit in all Series Pooling Subaccounts within the Liquidity Account, including the Series Pooling Subaccount for such Series of Bonds is not less than the Liquidity Account Requirement, assuming for purposes of this paragraph (f) that all amounts that are scheduled to be paid by a Borrower into the related Series Pooling Subaccount pursuant to the related Supplemental Financing Trust Agreement, Bond Indenture and Loan Agreement have been paid.

The Master Trustee is not required to receive duplicate originals or certified copies pursuant to this section if any of the items required by this section have been received by the Master Trustee, whether as Master Trustee or in its capacity as a Bond Trustee.

Bonds are Limited Obligations of the Issuer and not Obligations of The Regents

Each Series of Bonds, and the interest thereon, will be limited obligations of the Issuer secured by the Collateral pledged under the related Bond Indenture and by the Financing Trust Agreement.

Creation and Custody of Liquidity Account and Subaccounts

(a) So long as any of the Bonds remain Outstanding, the Master Trustee will establish, maintain and hold in trust, a separate trust account to be designated as the "UC Davis Privatized Housing Financing Trust Liquidity Account" (the "Liquidity Account"). The Master Trustee will deposit amounts to, and transfer amounts from, the Liquidity Account and the subaccounts therein from time to time in accordance with the terms and conditions of the Financing Trust Agreement. Each such deposit and transfer by the Master Trustee will be in lawful money of the United States of America. All such moneys will be promptly deposited by the Master Trustee upon receipt thereof and will be held, disbursed, allocated and applied by the Master Trustee only as provided in the Financing Trust Agreement.

(b) For each Series of Bonds secured pursuant to the Financing Trust Agreement, the Master Trustee will establish and maintain (1) a Series Pooling Subaccount within the Liquidity Account, designated as provided in a Supplemental Financing Trust Agreement for such Series of Bonds, and (2) a Series Redemption Subaccount within the Liquidity Account, designated as provided in a Supplemental Financing Trust Agreement for such Series of Bonds. Each such subaccount created from time to time under the Financing Trust Agreement will have such further designations as the Master Trustee deems appropriate in order to properly account for all moneys subject to the Financing Trust Agreement or as provided in an Officer's Certificate of The Regents Representative.

(c) As security for the payment of each Series of Bonds, the Borrower for such Series pledges and assigns its related Series Pooling Subaccount and Series Redemption Subaccount and all other funds and accounts created under the related Supplemental Financing Trust Agreement and all amounts from time to time on deposit therein, for the benefit of all Series of Bonds, in the manner and to the extent provided in, and subject to the terms and conditions of, the Financing Trust Agreement.

(d) The pledge and assignment effected by each Borrower through the Financing Trust Agreement will be valid and binding from the date of execution and delivery of the related Supplemental Financing Trust Agreement, the moneys so pledged and assigned and received by the Master Trustee will be subject to the lien of such pledge and assignment and such lien will be a continuing, irrevocable and exclusive first lien and will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Master Trustee irrespective of whether such parties have notice thereof.

Deposits to Liquidity Account

(a) On and after the date of issuance of a Series of Bonds the Master Trustee will deposit into the related subaccount of the Liquidity Account the amounts deposited by the related Borrower or the related Bond Trustee, at the times and in the amounts provided for in the related Supplemental Financing Trust Agreement. At the time of issuance of the Series 2018 Bonds, the Liquidity Account Requirement will be $34,562,137.50.

(b) The Master Trustee will also deposit into the related subaccount of the Liquidity Account such amounts as will be transferred from the related Bond Trustee pursuant to the related Bond Indenture.

(c) All amounts deposited to such related subaccount of the Liquidity Account, together with earnings thereon, will be applied as provided in the Financing Trust Agreement or a Supplemental Trust Agreement.

As and to the extent required by the Supplemental Financing Trust Agreements, the Borrowers will maintain funds on deposit in the related subaccount of the Liquidity Subaccount in an amount not less than the Liquidity Subaccount Requirement, assuming for purposes of this paragraph that all amounts that are scheduled to be paid by a Borrower into the related Series Pooling Subaccount pursuant to the related Supplemental Financing Trust Agreement, Bond Indenture and Loan Agreement have been paid.

Withdrawals from Liquidity Account

(a) Upon receipt of notice from a Bond Trustee of a Debt Service Account Deficiency relating to a Series of Bonds, the Master Trustee will ascertain if the amount on deposit in the Series Pooling Subaccount for such Series of Bonds is sufficient to pay such Deficiency. If the amounts on deposit in such Series Pooling Subaccount are not less than such Deficiency, the Master Trustee will transfer the amount of such Deficiency to such Bond Trustee for deposit into such Debt Service Account. If the amounts on deposit in such Series Pooling Subaccount are less than such Deficiency, then the Master Trustee will (1) transfer all amounts on deposit in such Series Pooling Subaccount to such Bond Trustee for deposit into such Debt Service Account and (2) thereafter transfer an amount equal to the difference between such amount and the amount of the Deficiency to such Bond Trustee for deposit into such Debt Service Account by withdrawing an amount from each remaining Series Pooling Subaccount equal to the Proportionate Share of such subaccount.

(b) The Master Trustee will notify each Bond Trustee on or before the Business Day prior to any Bond Payment Date with respect to a Series of Bonds for which there is a Debt Service Account Deficiency that (1) an amount necessary to fund a Debt Service Account Deficiency has been requested by a Bond Trustee and whether the amount in the Series Pooling Subaccount related to such Series of Bonds is sufficient to pay the Debt Service Account Deficiency; and (2) if the Debt Service Account Deficiency cannot be entirely paid from the Series Pooling Subaccount related to such Series of Bonds, then the Master Trustee will also notify each Bond Trustee of the Proportionate Share required to be withdrawn from the Series Pooling Subaccount for such other Series of Outstanding Bonds. On the Business Day prior to any Bond Payment Date with respect to a Series of Bonds for which there is a Debt Service Account Deficiency, the Master Trustee will transfer the Debt Service Account Deficiency to the related Bond Trustee for deposit in the Debt Service Account for the related Series of Bonds in accordance with the Financing Trust Agreement. The Master Trustee will notify each Borrower of any such transfer and each Borrower will replenish its Series Pooling Subaccount to the Liquidity Subaccount Requirement pursuant to the terms of its related Supplemental Financing Trust Agreement.

(c) If the amounts on deposit in any of the Series Pooling Subaccounts are in excess of the Liquidity Subaccount Requirement, then upon receipt of an Officer’s Certificate of The Regents Representative, the Master Trustee will transfer such excess to the related Series Redemption Subaccount as and unless otherwise provided in the related Supplemental Financing Trust Agreement; provided that for purposes of this calculation, the Maximum Annual Debt Service of any Bonds to be redeemed will be excluded..

(d) Each Series Redemption Subaccount will be applied from time to time in accordance with the terms of its related Supplemental Financing Trust Agreement.

(e) Each Series Pooling Subaccount may be applied from time to time in accordance with the terms of the related Supplemental Financing Trust Agreement to provide a Proportionate Share of funds in the event of a Debt Service Deficiency and as otherwise permitted by the related Supplemental Financing Trust Agreement.

(f) The amounts required to be on deposit in each Series Pooling Subaccount and each Series Redemption Subaccount may be reduced from time to time in accordance with the terms of a Supplemental Financing Trust Agreement and any amounts withdrawn from such subaccounts after such reduction will be applied in accordance with the terms of such Supplemental Financing Trust Agreement; provided that the amount on deposit in each Series Pooling Subaccount will not be less than the Liquidity Subaccount Requirement, assuming for purposes of this paragraph (f) that all amounts that are scheduled to be paid by a Borrower into the related Series Pooling Subaccount pursuant to the related Supplemental Financing Trust Agreement, Bond Indenture and Loan Agreement have been paid.

(g) If a Series of Bonds is no longer Outstanding, then in accordance with an Officer's Certificate of The Regents Representative for such Series of Bonds, the Master Trustee will transfer all remaining amounts on deposit in the related Series Pooling Subaccount and the related Series Redemption Subaccount in accordance with such Officer's Certificate and thereafter such subaccounts will be closed.

(h) If there are no longer any Bonds Outstanding and all Bond Indentures have been defeased and discharged in accordance with their respective terms, then in accordance with an Officer's Certificate of The Regents Representative for such Series of Bonds, the Master Trustee will transfer all remaining amounts on deposit in the Liquidity Account and any subaccounts therein and any other funds then held by the Master Trustee under the Financing Trust Agreement in accordance with such Officer's Certificate and thereafter the Liquidity Account and all such subaccounts will be closed and the Financing Trust Agreement will be terminated.

Investments

Moneys held in any fund or account created under the Financing Trust Agreement will be invested in Permitted Investments pursuant to an Officer's Certificate of the Borrower, maturing at such times and in such amounts as in the judgment of the Borrower will make cash available for the purposes of such accounts as needed, subject to the restrictions, if any, set forth in the related Tax Agreement. If at any time the Borrower has not directed the Master Trustee to make any such investment, such money will be invested in the Permitted Investments described in clause (10) of the definition thereof.

Amounts on deposit in the Liquidity Account and the subaccounts therein will be valued by the Master Trustee not less than once each year. The trustee may make any or all investments permitted under this section through its own bond or investment department or that of its affiliates.

The Master Trustee

The Borrower appoints Wilmington Trust, National Association, as Master Trustee. The Master Trustee accepts the trusts created by the Financing Trust Agreement, and agrees to perform such trusts, but only upon and subject to the express terms and conditions described in the Financing Trust Agreement, and no implied covenants or obligations will be read into the Financing Trust Agreement against the Master Trustee. The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Financing Trust Agreement.

Intervention by Master Trustee

In any judicial proceeding to which any Issuer, any Borrower or The Regents is a party and which in the opinion of the Master Trustee and its counsel has a substantial bearing on the interests of the Owners of the Bonds with respect to the Financing Trust Agreement, the Master Trustee may, in its discretion, intervene on behalf of the Owners of the Bonds and will do so if requested in writing by the Owners of at least 25% in aggregate principal amount of all Bonds then Outstanding, provided that the Master Trustee will first have been provided indemnity as provided in the related Bond Indenture as it may require against the costs, expenses and liabilities which it may incur in or by reason of such proceedings. The rights and obligations of the Master Trustee described in this paragraph are subject to the approval of a court of competent jurisdiction.

Successor Master Trustee

Any corporation into which the Master Trustee may be merged or with which it may be consolidated or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation resulting from any such merger, consolidation or transfer to which it is a party, ipso facto, will be and become successor Master Trustee under the Financing Trust Agreement and vested with all of the title to the Financing Trust Estate and all the trusts, powers, discretion, 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 to the Financing Trust Agreement, anything in the Financing Trust Agreement to the contrary notwithstanding.

Resignation by Master Trustee

The Master Trustee may at any time and for any reason resign and be discharged of the trusts created by the Financing Trust Agreement by executing an instrument in writing resigning such trusts and specifying the date when such resignation will take effect, and mailing the same to The Regents, each Bond Trustee, each Borrower and each Issuer not less than 30 days before the date specified in such instrument when such resignation will take effect, provided the Master Trustee will also resign from its position as Bond Trustee for each Series of Bonds for which the Master Trustee was appointed as Bond Trustee. Subject to the Financing Trust Agreement, such resignation will take effect on the day specified in such instrument and notice, unless previously a successor Master Trustee will be appointed by The Regents, in which event such resignation will take effect immediately on the appointment of such successor Master Trustee. Upon the acceptance of the appointment of a successor Master Trustee, the resigning Master Trustee will receive fees in an amount which represents the proportionate amount of such fees, based on the period of time from the date such fees were paid to the effective date of the Master Trustee's resignation.

Removal of Master Trustee

The Master Trustee may be removed at any time by The Regents by an instrument in writing delivered to the Master Trustee, each Bond Trustee, each Borrower and each Issuer.

Amendments; Supplemental Financing Trust Agreements

The Financing Trust Agreement may be amended by a written instrument executed by the Master Trustee and any Borrower, upon the approval of The Regents, if the Master Trustee receives written confirmation from the Rating Agency that the amendment will not result in the downgrade of its credit rating on any Series of Bonds to less than an Investment Grade Rating. Notwithstanding the preceding sentence, the Financing Agreement may be supplemented by a Supplemental Financing Trust Agreement from time to time in connection with the issuance of a Series of Bonds in accordance with the Financing Trust Agreement.

Continuing Disclosure

There may be a Continuing Disclosure Agreement entered into by a Borrower and a Bond Trustee, as dissemination agent, with respect to a Series of Bonds to comply with the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission. The Master Trustee covenants and agrees that it will cooperate with such Borrower and such Bond Trustee to provide such information as they may reasonably request in order to meet their obligations under such Continuing Disclosure Agreement.

Satisfaction of Conditions Precedent to Issuance of Series 2018 Bonds

It is represented, warranted and covenanted: (1) by the Master Trustee that it has executed and delivered its receipt confirming that it has received all of the documentation required by the Financing Trust Agreement; and (2) by the Series 2018 Borrower that: the Series 2018 Ground Lease provides that payments of Series 2018 Ground Rent by the Series 2018 Borrower pursuant to the Series 2018 Ground Lease are expressly subordinate to (i) the full and timely payment of Annual Debt Service on such Series of Bonds as the same becomes due and payable pursuant to the related Bond Indentures; and (ii) the required use of revenues and other funds of the Series 2018 Borrower to replenish the UCD Series 2018 Bonds Pooling Subaccount in accordance with the terms of the Financing Trust Agreement, Series 2018 Bond Indenture and the Series 2018 Loan Agreement.

Series 2018 Bonds Constitute Bonds under the Financing Trust Agreement

The Series 2018 Bonds constitute a Series of Bonds within the meaning of the Financing Trust Agreement and are entitled to all of the benefits and security provided in the Financing Trust Agreement.

Series 2018 Borrower Bound by the Financing Trust Agreement

The UCD Bonds Borrower agrees to be bound by and to perform all of the covenants, terms and conditions of a Borrower under the Financing Trust Agreement.

Creation of Subaccounts; Pledge

In accordance with the Financing Trust Agreement, the Master Trustee will establish, maintain and hold in trust, separate trust subaccounts within the Liquidity Account, as follows: (1) the UCD Series 2018 Bonds Pooling Subaccount; and (2) the UCD Series 2018 Bonds Redemption Subaccount. Each such subaccount will have such further designations as the Master Trustee may deem appropriate in order to properly account for all moneys subject to the Financing Trust Agreement or as provided in an Officer's Certificate. The Master Trustee will deposit amounts to, and transfer amounts from, such subaccounts in accordance with the terms and conditions of the Financing Trust Agreement. All such moneys will be promptly deposited by the Master Trustee upon receipt thereof and will be held, disbursed, allocated and applied by the Master Trustee only as provided in the Financing Trust Agreement.

As security for the payment of the Bonds, the UCD Series 2018 Bonds Pooling Subaccount and the UCD Series 2018 Bonds Redemption Subaccount and all amounts from time to time on deposit therein, and the Series 2018 Bonds Liquidity Subaccount Loan Payments are pledged for the equal and pro rata benefit of all Series of Bonds, in the manner and to the extent provided in, and subject to the terms and conditions of, the Financing Trust Agreement.

Deposits to UCD Bonds Pooling Subaccount

(a) On the date of issuance of the Series 2018 Bonds, the Series 2018 Bond Trustee on behalf of the Series 2018 Borrower will transfer to the Master Trustee from the proceeds of the Series 2018 Bonds in accordance with the Series 2018 Bond Indenture the sum of $25,726,125.00 for deposit in the UCD Series 2018 Bonds Pooling Subaccount, which amount will constitute the Initial Liquidity Subaccount Requirement.

(b) (i) Pursuant to the Series 2018 Bond Indenture and upon written requisition of the Series 2018 Borrower subject to the reasonable approval by The Regents and filed with the Series 2018 Bond Trustee as required therein, for the Fiscal Year during which the Series 2018 Group 1 Completion Date occurs, provided the Series 2018 Completion Date does not occur in such Fiscal Year, the Series 2018 Bond Trustee on behalf of the Series 2018 Borrower will transfer to the Master Trustee from amounts deposited to the Surplus Fund, if any, the sum of $1,000,000 for deposit in the UCD Series 2018 Bonds Pooling Subaccount.

(ii) Pursuant to the Series 2018 Bond Indenture and upon written direction of the Series 2018 Borrower as required therein, on or after the Series 2018 Completion Date, the Series 2018 Bond Trustee on behalf of the Series 2018 Borrower will transfer to the Master Trustee from amounts deposited to the Construction Fund (as that term is defined in the Series 2018 Bond Indenture) an amount as set forth in the written direction of the Series 2018 Borrower not in excess of the lesser of: (A) an amount that will cause the amount on deposit in the UCD Series 2018 Bonds Pooling Subaccount (excluding any Revenues deposited to the UCD Series 2018 Bonds Pooling Subaccount after the date hereof pursuant to the Indenture and the Financing Trust Agreement) to equal the Liquidity Subaccount Requirement, and (B) $30,298,136.56.

(iii) Pursuant to the Series 2018 Bond Indenture, on and after the Series 2018 Completion Date, the Series 2018 Bond Trustee on behalf of the Series 2018 Borrower will transfer each month to the Master Trustee from amounts deposited to the Revenue Fund (as that term is defined in the Series 2018 Bond Indenture) an amount each month equal to one-thirty-sixth of the difference between the Maximum Annual Debt Service on the Series 2018 Bonds and the amount deposited from the Series 2018 Bonds in the UCD Series 2018 Bonds Pooling Subaccount pursuant to subsection (a) and (b)(i) above, until the amount on deposit in the UCD Series 2018 Bonds Pooling Subaccount is equal to the Liquidity Subaccount Requirement; provided however if upon receipt and deposit of the proceeds pursuant to subsection (b)(ii) above, such deposit causes the amount on deposit in the UCD Series 2018 Bonds Pooling Subaccount to exceed the Liquidity Subaccount Requirement, the Master Trustee will, notwithstanding the provisions of the Financing Trust Agreement or subsection (e) below, transfer to the UCD Series 2018 Bond Trustee for deposit to the Revenue Fund the amount in excess of the Liquidity Subaccount Requirement from the UCD Series 2018 Bonds Pooling Subaccount to the extent revenues are deposited pursuant to this subsection.

(c) Subject to the Financing Trust Agreement, pursuant to the Series 2018 Bond Indenture, the Series 2018 Loan Agreement and the Financing Trust Agreement, the Series 2018 Borrower will maintain funds on deposit in the UCD Series 2018 Bonds Pooling Subaccount in an amount not less than the Liquidity Subaccount Requirement, as such amount will be determined by The Regents and reported in writing to the Master Trustee on or before May 15 of each year; provided that during the period prior to the date the Series 2018 Borrower has made all of the scheduled deposits required pursuant to subsection (iii) above, the amount required to be on deposit in the UCD Series 2018 Bonds Pooling Subaccount will be not less than the aggregate amount of the scheduled deposits then required to have been made pursuant to subsection (iii) above.

(d) Upon withdrawal from the UCD Series 2018 Bonds Pooling Subaccount due to a Debt Service Account Deficiency, Series 2018 Bonds Liquidity Subaccount Loan Payments will be made by the Series 2018 Borrower into the UCD Series 2018 Bonds Pooling Subaccount as required pursuant to the Series 2018 Loan Agreement.

(e) Interest earnings allocable to proceeds of the Series 2018 Bonds on investments held in the UCD Series 2018 Bonds Pooling Subaccount will, unless otherwise directed by a written direction of The Regents filed with the Master Trustee with the consent of the Series 2018 Borrower, be transferred (i) prior to the Series 2018 Completion Date, to the Series 2018 Bond Trustee for deposit in the 2018 Account of the Construction Fund, notwithstanding the Financing Trust Agreement, and (ii) on and following the Series 2018 Completion Date, to the Series 2018 Bond Trustee for deposit in the 2018 Account of the Bond Fund, notwithstanding the Financing Trust Agreement.

(f) Amounts on deposit in the UCD Series 2018 Bonds Pooling Subaccount in excess of the Liquidity Subaccount Requirement will, upon the written direction of The Regents with the consent of the Series 2018 Borrower filed with the Master Trustee specifying the amounts to be transferred to the UCD Series 2018 Bonds Redemption Subaccount pursuant to the Financing Trust Agreement; provided that for purposes of this calculation, the Maximum Annual Debt Service of any Series 2018 Bonds to be redeemed will be excluded.

Application of UCD Series 2018 Bonds Redemption Subaccount

Moneys on deposit in the UCD Series 2018 Bonds Redemption Subaccount will, upon the written direction of The Regents, with the consent of the Series 2018 Borrower, filed with the Master Trustee, be transferred to the Series 2018 Bond Trustee for deposit into (i) the Bond Fund and applied to pay interest and interest on the Series 2018 Bonds as it becomes due and payable in accordance with the Series 2018 Bond Indenture or (ii) the Redemption Fund and applied to redeem or purchase the Series 2018 Bonds in accordance with the Series 2018 Bond Indenture.

Provisions Relating to the Series 2018 Bonds

Notwithstanding anything to the contrary contained in the Financing Trust Agreement, the following provisions will apply to the Insured Series 2018 Bonds.

Notice and Other Information to be given to BAM. The Borrower will provide BAM with all notices and other information it is obligated to provide to the holders of Insured Series 2018 Bonds or the Master Trustee under the Financing Trust Agreement.

Consent of BAM in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, any of the Financing Trust Agreement that requires the consent of holders of the Insured Series 2018 Bonds or adversely affects the rights or interests of BAM will be subject to the prior written consent of BAM.

Control by BAM Upon Default. Anything in the Financing Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, subject to the limitations set forth under the paragraph "Terms Relating to The Regents – *No Acceleration*" above, BAM will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Series 2018 Bonds or the Master Trustee or Series 2018 Bond Trustee for the benefit of the holders of the Insured Series 2018 Bonds under the Financing Trust Agreement. No default or event of default may be waived without BAM's written consent.

BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM will be deemed to be the sole owner of the Insured Series 2018 Bonds for all purposes under the Financing Trust Agreement, including, without limitations, for purposes of exercising remedies and approving amendments.

Grace Period for Payment Defaults. No grace period will be permitted for payment defaults on the Insured Series 2018 Bonds. No grace period for a covenant default will exceed 30 days without the prior written consent of BAM.

Special Provisions for Insurer Default. If an Insurer Default will occur and be continuing, then, notwithstanding anything in the preceding paragraphs to the contrary, (1) if at any time prior to or following an Insurer Default (as defined herein), BAM has made payment under the Policy, to the extent of such payment BAM will be treated like any other holder of the Insured Series 2018 Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM will have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) will control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM will (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality will order the suspension of payments on the Policy or will obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

BAM As Third Party Beneficiary. BAM is recognized as and will be deemed to be a third party beneficiary of the Insured Series 2018 Bond Security Documents and may enforce the provisions of the Insured Series 2018 Bond Security Documents as if it were a party thereto.

Exercise of Rights by BAM. The rights granted to BAM under the Financing Trust Agreement to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Series 2018 Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Series 2018 Bonds or any other person is required in addition to the consent of BAM.

Liquidity Account. The prior written consent of BAM will be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Liquidity Account, if any.

THE DEBT SERVICE PAYMENT AGREEMENT

Payment of Debt Service Shortfall

Prior to any withdrawal from the UCD Series 2018 Bonds Pooling Subaccount of the Liquidity Account and any draws on the Policy, The Regents unconditionally, absolutely and irrevocably covenants to pay to the Trustee an amount equal to the Debt Service Shortfall, upon receipt of a written notice from the Trustee in substantially the form set forth as Exhibit A to the Debt Service Payment Agreement. The Trustee shall deliver such written notice to The Regents in the manner specified in the Debt Service Payment Agreement not less than five Business Days prior to the date Applicable Debt Service is required to be paid under the Indenture (the "Debt Service Payment Date"). The Regents shall pay to the Trustee in the manner specified in the Debt Service Payment Agreement an amount equal to the Debt Service Shortfall not later than the Business Day prior to the Debt Service Payment Date.

Nature of Agreement

The Debt Service Payment Agreement is an unconditional, absolute, continuing covenant of payment of the Series 2018 Bonds by The Regents and not of collection. The Debt Service Payment Agreement may not be revoked by The Regents. Subject to the provisions "Payment of Debt Service Shortfall" and "Term" of the Debt Service Payment Agreement, it is the intent of The Regents that the obligations and liabilities of The Regents thereunder are absolute and unconditional under any and all circumstances so long as the Series 2018 Bonds are Outstanding pursuant to the Indenture and such obligations and liabilities shall not be discharged or released in whole or in part, by any act or occurrence which might, but for the provisions of the Debt Service Payment Agreement, be deemed a legal or equitable discharge or release of The Regents, all without regard to any counterclaim, set-off, recoupment, deduction or defense of any kind which the Trustee, the Issuer, the Borrower or The Regents may have or assert, and without abatement, suspension, deferment or diminution on account of any event or condition whatsoever. The Debt Service Payment Agreement shall continue to be effective or be reinstated if any payment to the Trustee by the Borrower during the Debt Service accrual period from the Closing Date to the Termination Date on account of any Series 2018 Bond is returned to the Borrower or is rescinded upon the insolvency, bankruptcy or reorganization of the Borrower until such payment is made by The Regents to the Trustee.

The term the "Termination Date" means the date upon which The Regents has delivered to the Trustee a copy of the Certificate of Occupancy issued in connection with Final Completion as referenced in the Ground Lease. Notwithstanding anything to the contrary in the Debt Service Payment Agreement, in the event that The Regents does not provide a copy of the aforementioned Certificate of Occupancy to the Trustee, the Termination Date will mean the date of Final Completion.

Limitation of Liability

Notwithstanding anything to the contrary contained in the Indenture or in the Debt Service Payment Agreement, whether express or implied, The Regents shall in no event: (i) be required to pay or be liable under any circumstances for any consequential, indirect or punitive damages, opportunity costs or lost profits relating to the Series 2018 Bonds or otherwise; or (ii) make any payment from any of its funds that are not lawfully available to make such payment, including without limitation (a) any moneys which are restricted as to expenditure by a granting agency or donor or (b) educational appropriations made by the State.

Binding Agreement; Limitation of Rights to Parties and Bondholders

The Regents shall not be permitted to transfer, convey, assign or delegate the Debt Service Payment Agreement or any interest therein without the prior written consent of the Trustee, which consent shall only be granted by the Trustee if The Regents has filed with the Trustee written confirmation that the credit rating on the Series 2018 Bonds from any rating agency the Series 2018 Bonds will not be reduced following such transfer, conveyance, assignment or delegation. Nothing in the Debt Service Payment Agreement or in the Indenture or in the Series 2018 Bonds expressed or implied is intended or shall be construed to give to any person other than The Regents, the Trustee and the Owners of the Series 2018 Bonds, any legal or equitable right, remedy or claim under or in respect of the Debt Service Payment Agreement or any covenant, condition or provision therein or in the Debt Service Payment

Agreement contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of The Regents, the Trustee and the Owners of the Series 2018 Bonds.

Term

Notwithstanding anything to the contrary contained in the Debt Service Payment Agreement, subject to the paragraph "Nature of Agreement" above, the Debt Service Payment Agreement will terminate on the Termination Date.

Provisions Relating to BAM

The Regents will have no right to any benefits of, or payments under, the Policy. In accordance with the foregoing, The Regents waives all rights it may have under the Policy, including without limitation, any rights that The Regents may have obtained or been granted as the result of it being subrogated to or assigned the rights of any Bondholder pursuant to the terms of the Debt Service Payment Agreement, the Indenture, any other document or at law or in equity; provided, however, that other than as limited by this section, The Regents' right to subrogation granted by virtue of the Debt Service Payment Agreement will not be affected.

The Debt Service Payment Agreement will not be amended without the prior written consent of BAM.

BAM is recognized as and will be deemed to be a third party beneficiary of the Debt Service Payment Agreement and may enforce the provisions of the Debt Service Payment Agreement as if it were a party thereto.

THE GROUND LEASE

The following is a summary of the material provisions of the Series 2018 Ground Lease. Section numbers are references to the specified Sections in the Series 2018 Ground Lease

Definitions Used in the Series 2018 Ground Lease

"*Additional Bonds*" means such taxable or tax-exempt bonds issued subsequent to the issuance of the Series 2018 Bonds pursuant to the terms of the Indenture in order to complete the Series 2018 Project and Offsite Elements, to refund any Bonds or to finance any subsequent expansion of the Series 2018 Project or any student housing facilities and associated site development and related amenities and improvements other than the Series 2018 Project which the Lessee and Lessor subsequently agree that the Lessee shall acquire, develop, finance, construct, equip, furnish, and/or operate on the Campus.

"*Additional Rent*" means amounts payable to Lessor by Lessee which are neither Rent nor Subordinated Expenses and which shall be paid as Operating Expenses.

"*Annual Budget*" means the Operating Budget and a Capital Budget for the Premises (including the Surface Delivered Infrastructure) and Personalty for each Lease Year developed by the Manager and approved by Lessor and Lessee in accordance with Section 20.3.

"*Approving Agency*" means Lessor in its role as the permitting agency, acting in its sovereign and autonomous governmental capacity under Article IX of the California State Constitution, as building official with full power and authority to authorize, approve, permit and inspect the design and construction of buildings and structures, including activities related to design review, building permit issuance, construction inspections, permit sign-off, final inspections, and issuance of Certificates of Occupancy.

"*Available Development Contingency Amount*" means an amount equal to the product of the aggregate Development Contingency multiplied by a fraction, the numerator of which is the then current value of the construction completed as of such date, as certified to and approved by the Bond Trustee pursuant to Section 4.03(g) of the Loan Agreement, and the denominator of which is the aggregate cost of construction of the Series 2018 Project and Offsite Elements, as set forth in the then approved Project Development Budget (as such term is defined in and such budget is established pursuant to the Development Agreement).

"***Bond Documents***" means, collectively, the Indenture, the Loan Agreement, the Issuer Deed of Trust, the Assignments of Construction Documents, the Financing Trust Agreement and all other instruments or agreements executed by the Issuer and/or Lessee in connection with the issuance and delivery of the Bonds (each, a "Bond Document").

"***Bond Trustee***" means Wilmington Trust, N.A., as Bond Trustee under the Indenture, and its successors and assigns in such capacity.

"***Break Even Occupancy***" means, for any Lease Year, an amount of Occupancy Receipts equal to the sum of: (i) Operating Expenses projected by Lessee for such Lease Year, plus (ii) Series 2018 Fixed Charges for such Lease Year; provided, however, that Break Even Occupancy shall be computed for the Lease Year on the basis of Lessee's projection of physical occupancy of the Series 2018 Project taking into account any amounts being applied toward payment of interest on the Series 2018 Bonds from the Capitalized Interest Account, and for the purposes of computing Break Even Occupancy for the Lease Year commencing July 1, 2020 only, Series 2018 Fixed Charges shall be deemed to be zero and Operating Expenses shall be computed with respect to operation of the Group 1 Units only.

"***Capitalized Interest Account***" means an account established pursuant to, and governed by, the Bond Documents for the purpose of paying interest on the Series 2018 Bonds during the periods provided in the Bond Documents.

"***Bonds***" means, collectively, the Series 2018 Bonds together with any Additional Bonds.

"***Campus***" means the main campus of the University of California Davis, including any real property comprising the University of California Davis educational facilities and any additional real property in Davis, California owned by Lessor in proximity to or used in connection with the University of California Davis educational facilities.

"***Capital Budget***" means a budget for such period of expenditures for major repairs, renovations and/or capital improvements and/or replacement of the Personalty (as defined below) in, on or about the Premises (including the Surface Delivered Infrastructure), detailing the anticipated timing and estimated costs of such matters as disclosed in the most recent Condition Assessment, which budget shall be prepared as part of the Annual Budget in accordance with Section 20.1.

"***Certificate of Occupancy***" means a Certificate of Occupancy issued by the Approving Agency upon receipt of verification by the Architect that one or more of the buildings comprising the Series 2018 Project or Offsite Elements have been completed other than minor "punch list" items which do not affect occupancy or use thereof.

"***Coverage Reserve Fund***" means a Fund established pursuant to Section 6.1 of the Series 2018 Ground Lease and Section 508 of the Indenture established to provide debt service coverage under the terms of the Indenture.

"***Current Dollars***" means a dollar amount calculated by Lessor and provided to Lessee in writing no more than once every five (5) years equal to the dollar amount specified in the Series 2018 Ground Lease multiplied by a fraction, the numerator of which is the Consumer Price Index last published prior to the date upon which such amount is calculated and the denominator of which is the Consumer Price Index last published prior to the Effective Date.

"***Deed of Trust Trustee Lease***" means a lease of the Leased Land together with grant of the Access Easements entered into between a Leasehold Deed of Trust Trustee, as lessee, and Lessor, as lessor, as a result of a termination of the Series 2018 Ground Lease by reason of any Event of Default for the remainder of the term effective as of the date of termination of the Series 2018 Ground Lease, at the same Rent and upon the same terms, provisions, covenants, and agreements as contained in the Series 2018 Ground Lease and subject to no additional exceptions or encumbrances other than Permitted Encumbrances and to the rights, if any, of the parties then in possession (actual or constructive) of any part of the Leased Land and Access Easement Tracts.

"*Development Contingency*" means funds designated as such in the Series 2018 Project's development budget as set forth in Exhibit C to the Development Agreement.

"*Effective Date*" means the date of delivery of the Series 2018 Bonds.

"*Eligible Tenants*" means Permitted Occupants, plus, to the extent Lessor has consented pursuant to Section 3.3.1, (i) other students enrolled at the Campus, (ii) Campus faculty and staff members, and (iii) persons attending a program presented and conducted on the Campus by the Lessor or another organization recognized as exempt under Section 501(c)(3) of the Internal Revenue Code whose presence furthers the educational mission of the Lessor.

"*Event of Default*" any one or more of the events described in Section 30.1.

"*Final Completion*" means the date as of which no additional Work is required to achieve conformance of the Series 2018 Project and Offsite Elements with the Plans and Specifications, as evidenced by the issuance by the Approving Agency of a final Certificate of Occupancy for all buildings within the Series 2018 Project and a corresponding certificate of completion with respect to all other improvements comprising portions of the Series 2018 Project and Offsite Elements.

"*Financial Statement*" means quarterly unaudited financial statements together with the reporting the information and calculations required pursuant to Section 8.07 of the Loan Agreement.

"*Financing Trust Agreement*" means the Financing Trust Agreement dated as of December 1, 2018 between the Master Trustee and Lessee as the same may be amended or further supplemented from time to time in accordance with the provisions thereof.

"*Fixed Charges*" has the meaning set forth in Section 101 of the Indenture.

"*Fixed Charges Coverage Ratio*" has the meaning set forth in Section 101 of the Indenture.

"*Force Majeure*" means causes beyond the control of, and without the fault or negligence of Lessee, including acts of God, acts of the public enemy, acts of war or terrorism, acts of the government, fires, floods, epidemics, quarantine restrictions, strikes, civil commotion, casualties, embargoes, severe or inclement weather beyond that usually encountered in Yolo County, California, shortages in labor or materials or similar cause.[1]

"*Foundation*" means Collegiate Housing Foundation, an Alabama not for profit corporation.

"*GAAP (or Generally Accepted Accounting Principles)*" means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board(s) and their predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting that have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented and amended.

"*Group 1 Completion Date*" means August 31, 2020.

"*Group 2 Completion Date*" means August 31, 2021.

"*Group 1 Units*" means buildings E1.1, E2.2, I1.2 and M.1, all as generally depicted on the Site Plan attached to the Series 2018 Ground Lease as Exhibit A-1.

[1] Definition Under Review.

"***Group 2 Units***" means buildings E1.2, E1.3, E1.5, E2.3, E2.4, E2.5 and M.4, all as generally depicted on the Site Plan attached to the Series 2018 Ground Lease as Exhibit A-1.

"***Hazardous Substance***" means any material or substance (a) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control law); (b) defined as a "hazardous substance" under Section 26316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (c) defined as a "hazardous material," "hazardous substance" or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95, "Hazardous Substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (d) petroleum; (e) asbestos; (f) polychlorinated biphenyls; (g) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (h) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. § 1251 et seq. (33 U.S.C. § 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. § 6903); (i) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9602); (j) defined as a "hazardous waste" pursuant to the Resource Conservation and Recovery Act. 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6901); or (k) found to be a pollutant, contaminant, hazardous waste or hazardous substance in any reported decision of a federal or California state court, or which may give rise to liability under any federal or California common law theory based on nuisance or strict liability.

"***Indenture***" means the Indenture dated as of December 1, 2018 between the Issuer and the Bond Trustee, as the same may be amended and/or supplemented from time to time in accordance with the provisions thereof.

"***Issuer***" means California Municipal Finance Authority and its successors and assigns.

"***Issuer Deed of Trust***" means the Leasehold Deed of Trust and Assignment of Rents and Leases of even date herewith by Lessee in favor of the Issuer, as the same may be amended and/or supplemented from time to time as permitted by the Indenture.

"***Lease Year***" means each twelve (12) month period commencing on the first day of July of a calendar year and ending on the last day of June of the immediately succeeding calendar year; provided, however, that the first Lease Year shall be determined as follows: (a) if Substantial Completion of the first building in the Group 1 Units to achieve Substantial Completion occurs after the beginning of the calendar year but before July 1, the first Lease Year shall commence on such date and shall include the period of time from and after such date until June 30 of the immediately succeeding calendar year, and (b) if Substantial Completion of the first building in the Group 1 Units to achieve Substantial Completion occurs after July 1, the first Lease Year shall commence on such date and shall end on June 30 of the immediately succeeding calendar year.

"***Leased Land***" means certain real property located in the County of Yolo, State of California, containing approximately thirty four and nine hundredths (34.09) acres, which is more particularly described in Exhibit A attached to the Series 2018 Ground Lease, located at Lessor's Davis Campus described in the Series 2018 Ground Lease.

"***Leasehold Deed of Trust***" means, collectively, the Issuer Deed of Trust and any other encumbrance of Lessee's interest in the Series 2018 Ground Lease as security for any indebtedness Lessee or Lessee's successors and assigns may incur.

"***Leasehold Deed of Trust Trustee***" means the holder of the indebtedness secured by a Leasehold Deed of Trust (initially, the Bond Trustee) or any agent or fiduciary therefor and any designee thereof for the purpose of taking title to Lessee's interests in the Series 2018 Ground Lease.

"***Lessee***" means CHF Davis I, L.L.C., an Alabama limited liability company established for non-profit purposes.

"***Lessee's Interest***" means Lessee's entire interest in (i) the Leased Land, (ii) the Series 2018 Project, (iii) the Personalty, and (iv) the Series 2018 Ground Lease.

"***Lessor***" means The Regents of the University of California and its successors and assigns.

"***Loan Agreement***" means the Loan Agreement between Issuer and Lessee dated as of December 1, 2018, as the same may be amended and/or supplemented from time to time in accordance with the provisions of the Indenture.

"***Management Agreement***" means (i) the Management Agreement dated as of December 13, 2018 between Lessee and the Manager, a copy of which is attached hereto as Exhibit F, as the same may be amended and/or supplemented from time to time , and (ii) any management or similar agreement between Lessee and any successor Manager relating to the management of the Premises, as the same may be amended and/or supplemented from time to time, in each case with Lessor's prior written approval as provided in Section 16.2.

"***Management Plan***" means the plan approved by Lessor for the management, maintenance, operation and repair of the Premises and the maintenance and repair of the Surface Delivered Infrastructure, which plan is intended to (a) include an on-site staffing plan appropriate to the size and nature of the Premises; and (b) provide for the enforcement of the Campus Regulations.

"***Manager***" means (a) initially, University Student Living Management, LLC, a limited liability company organized under the laws of New Jersey, or (b) thereafter, any successor management company employed by Lessee, following Lessor's consent, to manage the Premises.

"***Marketing Plan***" means the plan approved by Lessor for the advertising and other marketing efforts of the Student Beds within the Series 2018 Project, which plan is intended to include (a) detail, among other things, the timing, cost and media type to be utilized in promoting the leasing of Student Beds, (b) integrate Manager's management activity with Lessor's marketing activity under the Marketing And Licensing Agreement; and (c) provide for the Manager to commence active marketing of the Student Beds within the Series 2018 Project, taking reservations for the Student Beds within the Series 2018 Project, and entering into Resident Contracts for the Student Beds within Series 2018 Project no later than December of the year preceding the applicable academic year to which the respective Resident Contracts for the Student Beds are to entered into.

"***Marketing and Licensing Agreement***" means that certain Marketing and Licensing Agreement between the Manager and Campus, as the same may be amended from time to time.

"***Master Trustee***" means Wilmington Trust, N.A., as Master Trustee under the Financing Trust Agreement, its successors and assigns in such capacity.

"**Minimum Repair and Replacement Fund Balance**" means the minimum balance required to be maintained in the Repair and Replacement Fund as provided for in Section 20.1.1(ii).

"***Net Available Cash Flow***" means the amount available for transfer from the Surplus Fund for payment to Lessor in accordance with item (iv) of Section 511(c) of the Indenture after (i) restoring the Coverage Reserve Fund to the Coverage Reserve Required Balance, (ii) establishing and maintaining the Repair and Replacement Fund in an amount equal to the Minimum Repair and Replacement Fund Balance, (iii) paying the Deferred Distributed Management Fee, and (iv) paying all Subordinated Expenses as provided in Section 511(c) of the Indenture.

"***Net Proceeds***" means, when used with respect to an insurance or condemnation award, or with respect to any other recovery on a contractual claim or a claim for damage to or for taking of property, the gross proceeds from such award or recovery less the amounts paid for expenses (including attorneys' fees and any extraordinary expenses of the Bond Trustee) incurred in the collection of such gross proceeds.

"***Occupancy Receipts***" means all rentals and fees earned from Occupants pursuant to the payment provisions of any Resident Contracts (including any parking fees payable with respect to the on street parking comprising a portion of the Surface Delivered Infrastructure), plus all income earned by Lessee from all other sources as a result of use of the Series 2018 Project and the Leased Land, including telecommunication income, parking fees, laundry machine income or commercial use of the Series 2018 Project and/or Leased Land during the Term; provided, however, that vending machine revenues earned by Lessor from snack, drink and other vending machines installed, maintained and operated by Lessor pursuant to Lessor's Campus master vending contract shall not constitute Occupancy Receipts.

"***Occupant Rental Rates***" means the rental rates permitted to be charged Occupants under ARTICLE 4.

"***Occupants***" means Permitted Occupants, or other natural persons approved pursuant to Section 3.3.1, who occupy the Student Beds within the Series 2018 Project.

"***Offsite Elements***" means any improvements required by the Plans and Specifications to be located outside of the Leased Land as described in Exhibit C-2 attached to the Series 2018 Ground Lease and located on the property shown in Exhibit C-1 attached to the Series 2018 Ground Lease.

"***Operating Budget***" means the operating budget for the Premises (including the Surface Delivered Infrastructure), as approved by Lessor from time to time as part of the Annual Budget in accordance with Section 20.1.

"***Operating Deficiency***" means deficiencies in operating the Premises as described in Section 16.4.

"***Operating Expenses***" means all expenses incurred by Lessee in connection with the management, operation, and maintenance of the Premises and Personalty as recognized in accordance with GAAP, including all expenses incurred by Lessee for the Condition Assessment or inspection of the Series 2018 Project and Surface Delivered Infrastructure, calculation and payment of rebates to the Internal Revenue Service, enforcement of the obligations of other parties to the Bond Documents or other documents executed in connection with the Series 2018 Project, or the performance of any obligation of Lessee under such documents directly related to the Series 2018 Project and/or the Surface Delivered Infrastructure, but excluding Subordinated Expenses.

"***Permitted Encumbrances***" has the meaning set forth in Section 1.01 of the Indenture.

"***Permitted Occupants***" means students who occupy the Student Beds as permitted under Section 3.3.

"***Person***" means natural persons, firms, joint ventures, associations, trusts, partnerships, corporations, limited liability companies, public bodies, and similar entities, whether for profit or non-profit.

"***Personalty***" means natural persons, firms, joint ventures, associations, trusts, partnerships, corporations, limited liability companies, public bodies, and similar entities, whether for profit or non-profit.

"***Premises***" means the Leased Land and all improvements thereon, together with the Surface Delivered Infrastructure.

"***Redemption Fund***" means an account established pursuant to, and governed by, Section 503 of the Indenture for the purpose of accumulating funds with which to redeem the Bonds.

"***Rent***" means the annual rent payable by Lessee to Lessor in accordance with ARTICLE 2 of the Series 2018 Ground Lease.

"***Rent Schedule***" means a schedule of rents to be charged to Occupants during such period for occupancy and/or use of the Student Beds within the Series 2018 Project.

"***Repair and Replacement Fund***" means a fund established with the Bond Trustee pursuant to Section 512 of the Indenture for the purpose of funding expenditures approved in the Capital Budget.

“***Reserved Apartments***” means Student Beds designated by Lessor no later than November 15th of a Lease Year to be withheld from general marketing and to be marketed to transfer students for the next Lease Year; provided, however, that commencing with the Lease Year commencing on July 1, 2023, the maximum number of Reserved Beds that Lessor may reserve pursuant to Section 9.2 of the Lease year for the following Lease Year shall not exceed the lesser of (i) Twelve Hundred (1,200) Student Beds, and (ii) 125% of the number of Reserved Beds from the prior Lease Year that were subsequently leased prior to November 15 of the prior Lease Year.

“***Resident Contracts***” means, collectively, the rental agreements of no more than twelve (12) months in duration with Occupants of the Student Beds in a form approved by Lessor (each, a “Resident Contract”).

“***Residential Life Services***” means Lessor’s residential, education and support programs focusing on students’ transition to campus, community development, personal development and academic success, and includes live-in student community advisors and professional resident directors.

“***Residual Construction Balance***” means all funds then remaining in the Construction Fund on Final Completion and available for distribution pursuant to Section 505(d)(i) through (iv) of the Indenture.

“***Revenue Available for Fixed Charges***” has the meaning set forth in Section 101 of the Indenture.

“***Series 2018 Bonds***” means the revenue bonds designated “California Municipal Finance Authority Student Housing Revenue Bonds (CHF Davis I, L.L.C - West Village Student Housing Project) Series 2018” to be issued pursuant to the Indenture for the construction and equipping of the Series 2018 Project and the Offsite Elements.

“***Series 2018 Project***” means collectively, an approximately 1,279,000 square foot Silver LEED certified Zero Net Energy housing project to be constructed upon the Leased Land containing approximately 1,250 student apartments with approximately 3,290 Student Beds and associated common, service and support spaces, including: (i) a community center which will house administrative space, mail/parcel distribution, study area, lounge, fitness and a large outdoor recreational space, (ii) laundry rooms, lounges and study spaces within each of the other buildings, (iii) a network of paths and bike parking distributed throughout the Leased Land sufficient to support bicycling as a primary mode of transportation, (iv) photovoltaic systems for energy production, and (v) parking lots which when taken together with street parking to be constructed as part of the Offsite Elements will accommodate parking for up to 1,440 automobiles.

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

“***Subordinated Expenses***” has the meaning set forth in the Indenture.

“***Supplemental Deposit***” means the amount to be deposited into the Repair and Replacement Fund, if and as available from the Surplus Fund, and if necessary, to fully fund capital improvements and Personalty replacements projected in the Capital Budget and maintain the required Minimum Repair and Replacement Fund Balance for the following Lease Year.

“***Surplus Fund***” means the fund of that name created in accordance with the provisions of the Indenture.

“***Term***” means the period set forth in the “Term” provision of the Series 2018 Ground Lease, described below.

“***Termination Date***” means the date on which the Term of the Series 2018 Ground Lease ends by termination or expiration of the Series 2018 Ground Lease.

Lease

In consideration of the covenants and agreements to be performed and observed by Lessee, Lessor hereby leases to Lessee, and Lessee hereby hires and leases from Lessor, the Leased Land.

Term

Except as specifically otherwise provided in Section 1.5, the term of the Series 2018 Ground Lease ("Term") shall commence on the Effective Date and terminate at the earlier of (i) December 1, 2068, at 12:00 midnight California time, or (ii) 12:00 midnight on the day preceding the first day of the month following the final redemption or defeasance of the Bonds and satisfaction of any and all amounts due under the Loan Agreement or the Indenture, unless the Series 2018 Ground Lease is sooner terminated pursuant to Section 1.6 "Early Termination" or Section 30.2 "Events of Default and Remedies;" provided, however, in no event shall the Term extend more than fifty (50) years after the Effective Date. The Series 2018 Ground Lease shall expire without further notice at expiration of the Term, and no holding over shall be permitted.

Early Termination

1.6.1 In addition to the remedies provided in Section 30.2, Lessor may, upon delivery of written notice to Lessee, the Bond Trustee, and the Leasehold Deed of Trust Trustee, terminate the Series 2018 Ground Lease in its entirety before the expiration of the Term upon the failure, subject to the occurrence of Force Majeure, of Lessee to:

(a) pursue diligently completion of the Series 2018 Project and the Offsite Elements and all Work related thereto, as evidenced by the abandonment of any Work for thirty (30) consecutive days, or

(b) achieve Substantial Completion of (i) the Group 1 Units, together with (ii) the portion of the Offsite Elements described in Exhibit C 2 as requiring completion by the Group 1 Completion Date, on or before the date which is one hundred eighty (180) days following the Group 1 Completion Date, unless extended by Lessor, in its sole discretion, or

(c) achieve Substantial Completion of the Group 2 Units and remaining Offsite Elements on or before the date which is one hundred eighty (180) days following the Group 2 Completion Date, unless extended by Lessor, in its discretion, or

(d) achieve Substantial Completion of the entire Series 2018 Project and the Offsite Elements by March 31, 2022, unless extended by Lessor, in its discretion;

provided, however, in either case, that Lessee shall have not less than thirty (30) days prior written notice of Lessor's intent to terminate pursuant to this Section, and the Bond Trustee, and the Issuer shall have an additional sixty (60) days to cure Lessee's failure.

1.6.2 If, as a result of the CEQA Lawsuit, the Series 2018 Project is enjoined or continuation of the Work with respect to all or any portion of the Series 2018 Project is otherwise stopped, then at any time thereafter Lessor may, upon delivery of written notice to Lessee, the Bond Trustee, and the Leasehold Deed of Trust Trustee, direct Lessee to suspend all Work pursuant to Section 6.2 of the Development Agreement and/or Lessor may terminate the Ground Lease in its entirety before the expiration of the Term.

If Lessor elects to terminate the Series 2018 Ground Lease as provided above, Lessor must either: (a) enter into a Deed of Trust Trustee Lease with either the Leasehold Deed of Trust Trustee or a successor lessee which is duly qualified as exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and deliver an opinion of nationally recognized bond counsel to the effect that such replacement does not adversely affect the tax-exempt status of the Bonds, or (b) elect to serve in the role of Lessee for the duration of the Series 2018 Ground Lease while agreeing to not take any action that would adversely impact the tax-exempt status of the Bonds, or (c) acquire the uncompleted Series 2018 Project and the Offsite Elements, by paying to the Bond Trustee all amounts then required by the Bond Trustee for defeasance and payment of the Bonds (either at maturity or, if sooner, on their first optional redemption date) in accordance with their terms.

Construction Obligations

Lessee shall cause the Developer to construct the Series 2018 Project and the Offsite Elements in accordance with the terms and conditions set forth in the Construction Documents and in accordance with the Series 2018 Ground Lease. In the event of a conflict or ambiguity between the terms of the Series 2018 Ground Lease and the terms of the Construction Documents, the terms of the Series 2018 Ground Lease shall control.

Payment of Rent

Lessee shall pay to Lessor Rent in the amount equal to the Net Available Cash Flow in accordance with item (iv) of Section 511(c) of the Indenture.

Uses and Restrictions – Balance of Term

The Leased Land shall, except as otherwise expressly permitted in the Series 2018 Ground Lease, be used by Lessee only to operate the Series 2018 Project, including leasing apartments and Student Beds within the Series 2018 Project to Permitted Occupants and operating the common areas and all other facilities included within the Series 2018 Project and for the use and enjoyment of the Occupants and permitted users thereof.

Permitted Occupants

Except as provided below, Lessee shall lease apartments and Student Beds in the Series 2018 Project to a mix of full time continuing and transfer undergraduate and graduate students enrolled at the Campus (collectively, "Permitted Occupants"). Lessee may adjust the mix of students only following the prior written consent of Lessor (which consent shall not be unreasonably withheld). Lessee shall, upon the written instruction of Lessor, adjust the mix of students.

3.3.1 If at any time during the Term Lessee is unable to lease all of the Student Beds in the Series 2018 Project to Permitted Occupants, Lessee may seek Lessor's consent, on a case by case basis, to lease Student Beds to Eligible Tenants other than Permitted Occupants. Lessor will not unreasonably withhold, condition or delay its consent; provided, however, that it shall be reasonable for Lessor to (i) require Lessee to lease Student Beds to such other Eligible Tenants in an order of priority established by Lessor from among other Eligible Tenants, prior to leasing Student Beds to other persons, and (ii) withhold consent to any Resident Contract with a person other than a Permitted Occupant expiring later than the August 31st following the commencement date of such lease. Notwithstanding the foregoing, in no event shall Lessee permit or be required to permit any occupancy of the Series 2018 Project that would jeopardize the tax exempt status of the Bonds or the tax exempt status of Lessee or the Foundation.

3.3.2 Lessee may permit the use of the community center in the Series 2018 Project for meetings, classroom instruction, and other events, provided each such event is Campus related and primarily for the benefit of the Campus community.

Environmental Requirements

Lessee shall not use or store, nor permit the use or storage of any Hazardous Substance on, under, or about the Series 2018 Project and/or the Leased Land in violation of any Applicable Law, including any storage, handling, release, emission, discharge, generation, abatement, disposition or transportation of any Hazardous Substance from, on or otherwise relating to the Premises in violation of any Applicable Law. Lessee shall, at its own cost and expense, comply, and cause all Occupants and tenants of the Series 2018 Project, licensees and/or concessionaires to comply, with all Applicable Laws relating to any Hazardous Substance, including obtaining and filing all applicable notices, permits, licenses and similar authorizations. Lessee shall establish and maintain a policy to assure and monitor continued compliance by Lessee and all others occupying space in the Series 2018 Project and/or the Leased Land with all such Applicable Laws. Notwithstanding the foregoing, Lessee may, subject to Applicable Laws, use or store materials or substances (including office and cleaning supplies) normally associated with the operation of a multi-unit residential facility, so long as Lessee uses or stores such materials or substances in quantities that are no greater than reasonably necessary to allow for such use.

Hazardous Substances

If Lessee discovers Hazardous Substances on the Series 2018 Project and/or the Premises in violation of any Applicable Law at any time during the Term, then Lessee shall immediately report the discovery in writing to Lessor, and the Parties will meet and confer in an attempt to identify the source of the Hazardous Substances and resolve the violation. If Hazardous Substances either (i) existed in, on or under the Leased Land as of the Reference Date and were known by Lessor but not (a) disclosed to Lessee in any environmental report or assessment delivered to Lessee prior to the Reference Date or (b) otherwise disclosed to Lessee by Lessor in writing prior to the Reference Date, or (ii) are released onto the Series 2018 Project and/or the Premises in violation of any Applicable Law during the Term as the result of Lessor's negligent or willful acts, Lessor will remediate the presence of such Hazardous Substances to the extent necessary to permit construction of the Series 2018 Project and the Offsite Elements and use of the Series 2018 Project and/or the Premises for the uses permitted under the Series 2018 Ground Lease; provided, however, if Lessor fails to take reasonable measures to remediate such Hazardous Substances, then such continuing failure shall (subject to any applicable notice and cure periods under the Series 2018 Ground Lease) constitute a default. Lessee shall promptly respond to and remedy (by removal and proper disposal or such other methods as shall be reasonably required), to the full satisfaction of applicable Governmental Authorities (x) any release or discharge of any Hazardous Substances resulting from or arising out of Lessee's operation or Lessee's presence on the Premises and/or the actions of any of Lessee's Agents, including any such release or discharge in, on or about the Campus (including, without limitation, the Access Easement Tracts), (y) any condition upon any portion of the Premises which constitutes a violation of the terms of the Series 2018 Ground Lease, and (z) any condition upon any portion of the Leased Land which constitutes a violation of Applicable Laws and/or any permits, licenses, and approvals applicable to the Work, in each case, with respect to Hazardous Substances; provided, however, that, without limiting the obligation to respond under item (x) above or any obligations set forth in Section 3.5.2, (i) the obligation to respond under this item (z) shall not extend to (i) any Hazardous Substances for which Lessor is obligated to respond pursuant to Section 3.5.1, and (ii) to the extent that any such Hazardous Substances were present on or about the Premises as of the Effective Date, Lessee shall only be obligated to remediate the presence of such Hazardous Substances to the extent necessary to permit construction of the Series 2018 Project and the Offsite Elements and use of the Series 2018 Project, the Surface Delivered Infrastructure and/or the Leased Land for the uses permitted under the Series 2018 Ground Lease.

Distributions of Surplus Fund Balance

Subject to Section 6.3 of the Series 2018 Ground Lease (Distributions from Cash Flow in the Final Lease Year) and Section 511(c) of the Indenture and provided there is no uncured Event of Default, for each Lease Year commencing with the Lease Year during which the Series 2018 Completion occurs, Lessee shall cause the Bond Trustee to apply, the amounts in the Surplus Fund in accordance with Section 511(c) of the Indenture within sixty (60) days after receipt by Lessee and the Bond Trustee of the Annual Financial Statements as described in Section 20.4 of the Series 2018 Ground Lease for the corresponding Lease Year that show a Fixed Charges Coverage Ratio of at least 1.2:10. Amounts shall be withdrawn from the Surplus Fund and distributed in the order provided in Section 511(c) of the Indenture and in compliance with the Indenture.

Distributions from Cash Flow in Final Lease Year

Distributions from the Surplus Fund in the final Lease Year shall be paid in accordance with the Section 511(c) of the Indenture. Lessee shall pay, or cause to be paid, the amounts set forth in Section 6.3 within one hundred eighty (180) days following the Termination Date.

Subordination of certain Operating Expenses

The Deferred Distributed Management Fee, the Campus Fee, the Campus Administration/Residence Life Fee, the Campus Leasing & Marketing Charge, the Campus Water/Sewer Service Expenses, Campus Trash Service Expenses, Campus Janitorial Fee and the Campus Landscaping Fee constitute Subordinated Expenses (as defined in the Indenture), notwithstanding that such amounts are expenses of the Series 2018 Project. The Subordinated Expenses shall be paid from the Surplus Fund (as defined in the Indenture) as established pursuant to Section 511(a) of the Indenture and as such Surplus Fund is to be disbursed pursuant to Section 511 of the Indenture.

Taxes and Assessments

Lessor and Lessee intend and expect that the leasehold estate of Lessee created by the Series 2018 Ground Lease, the Series 2018 Project and the Leased Land will be eligible for exemption, under California law, from ad valorem property taxes and assessments ("Property Taxes"). Nonetheless, neither Lessee nor Lessor makes any representation or warranty regarding Property Taxes, and Lessor shall bear no responsibility for the payment of any assessment thereof.

Maintenance of Exemption

Lessee shall diligently pursue and attempt to maintain exemption of the Series 2018 Project and the Leased Land from Property Taxes. Provided Lessor incurs no liability, cost, expense, or fees in doing so, Lessor shall cooperate with Lessee in pursuing and maintaining such exemption. Nothing contained in the Series 2018 Ground Lease is intended to change the degree to which the interest or estate of Lessee created by the Series 2018 Ground Lease is subject to Property Taxes and, to the extent such Property Taxes are assessed, Lessee and Lessor shall have the responsibilities and rights set forth in the balance of this Article.

Tax Obligations

In the absence of an applicable exemption, Lessee will pay prior to the delinquency date thereof all Property Taxes, possessory interest taxes, and governmental fees and charges, whether general or special, or ordinary or extraordinary (collectively, "Taxes"), which may be levied, assessed, charged or imposed, or may become a lien or charge upon the Series 2018 Project and/or the Leased Land or any part or parts thereof, or upon Lessee's Interest, including Taxes on land, any buildings, any parking facilities or any other improvements now or hereafter at any time during the Term located at or on the Leased Land.

Assessment Obligations

Specifically, and without in any way limiting the generality of the foregoing, Lessee shall pay, before they become delinquent, any and all special assessments or levies or charges made by any local, municipal or regional agency or political subdivision for local improvements ("Assessments"), and as required by the act and proceedings under which any such Assessments or levies or charges are made, and Lessee shall furnish to Lessor written proof of such payment upon written request. If the right is given to pay any of the Taxes, Assessments, or other impositions which Lessee is herein obligated to pay either in one sum or in installments, Lessee may elect either mode of payment.

Utility Services

Lessee shall apply for, obtain and pay for, and be solely responsible for, all utilities required, used, or consumed on the Leased Land and in the maintenance, repair and operation of the Surface Delivered Infrastructure, including gas, water (including water for domestic uses and for irrigation and fire protection), telephone, electricity, cable TV, satellite digital information, sewer service, garbage collection services, or any similar service (herein sometimes collectively referred to as "Utility Services"). Lessee shall take and use at the Leased Land water, sewer, garbage and storm water facilities delivered by or through Lessor, if such services are made available to Lessee in compliance with Applicable Law, at prices and on terms which are not materially more costly to Lessee than as delivered by the comparable public utility serving the City of Davis.

Option to Purchase

As further consideration for the Lessor's execution of the Series 2018 Ground Lease, Lessee grants to Lessor an exclusive option ("Purchase Option") which will be binding on successors and assigns of Lessee, to purchase Lessee's Interest on the following terms and conditions:

9.1 *Exercise of Option*. Beginning one hundred twenty (120) days prior to the commencement of the tenth (10) year following the Effective Date and continuing through the balance of the Term, Lessor may give notice to Lessee of Lessor's exercise of its Purchase Option with respect to Lessee's Interest, at the price as set forth in

Section 9.1.2, below. The closing of such purchase shall be not sooner than one hundred twenty (120) nor later than one hundred eighty (180) days after the date of delivery of the notice of exercise to Lessee. Following receipt of such notice, Lessee shall not be permitted to convey, lien, or otherwise encumber Lessee's Interest or any portion thereof, and shall not permit the conveyance, lien or encumbrance of Lessee's Interest. Any attempted lien, conveyance, or encumbrance of Lessee's Interest prohibited by ARTICLE 9 shall be null and void.

9.1.1 *Exercise of Purchase Option*. Beginning one hundred twenty (120) days prior to the commencement of the tenth (10) year following the Effective Date and continuing through the balance of the Term, Lessor may give notice to Lessee of Lessor's exercise of its Purchase Option with respect to Lessee's Interest, at the price as set forth in Section 9.1.2, below. The closing of such purchase shall be not sooner than one hundred twenty (120) nor later than one hundred eighty (180) days after the date of delivery of the notice of exercise to Lessee. Following receipt of such notice, Lessee shall not be permitted to convey, lien, or otherwise encumber Lessee's Interest or any portion thereof, and shall not permit the conveyance, lien or encumbrance of Lessee's Interest. Any attempted lien, conveyance, or encumbrance of Lessee's Interest prohibited by ARTICLE 9 shall be null and void.

9.1.2 *Purchase Price*. If the Purchase Option is exercised, in accordance with Section 9.1.1, the purchase price for Lessee's Interest shall be equal to all amounts due under the Bond Documents including the principal balance then outstanding of all sums secured by any Leasehold Deed of Trust then in effect, plus costs of defeasance or any premium payable on such indebtedness, plus all interest accrued or to accrue on such indebtedness through the date of payment of such indebtedness. This provision for Lessor's Purchase Option shall not be in derogation of Lessor's power of eminent domain.

9.1.3 *Closing*. Lessor shall designate, in its notice of exercise, the date of closing for the purchase of Lessee's Interest (the "Closing"), which shall occur within the period described in Section 9.1.1. At Closing, upon payment of the purchase price to the Bond Trustee and the amounts payable by Lessor pursuant to Section 9.1.5 below, title to Lessee's Interest shall be conveyed to Lessor by an assignment of Lessee's Interest and a grant deed, each in recordable form executed by Lessee, and a bill of sale as to all personal property included in Lessee's Interest. Lessee shall convey its interest in the Resident Contracts by an assignment of lease reasonably satisfactory to Lessor and Lessee, and its interest in all other assets associated with the Premises, as required by ARTICLE 31.

9.1.4 *Title*. Lessee's Interest shall be conveyed free and clear of all loans, and shall be subject only to the Resident Contracts, Permitted Encumbrances, all matters of record as of the Reference Date, encumbrances permitted in accordance with the terms of the Series 2018 Ground Lease, and physical conditions that would be disclosed by an accurate survey and inspection of the Premises.

9.1.5 *Closing Costs*. Lessor shall pay all recording fees for the satisfaction of Lessee's loans, all reasonable, out-of-pocket costs incurred by Lessee in connection with such closing, any transfer taxes in connection with the sale of Lessee's Interest and all recording fees in connection with the recording of the deed and assignment. The purchase price shall be paid to Bond Trustee on behalf of Lessee in cash at Closing.

Lease Reservation

Lessor shall be permitted to reserve up to Twelve Hundred (1,200) Student Beds to be marketed to transfer students during any Lease Year on the following terms and conditions:

9.2.1 No later than November 15th, Lessor shall notify Lessee of the number and location of Student Beds to be withheld from general marketing and to be marketed to transfer students ("Reserved Beds"); provided, however, that commencing with the Lease Year commencing on July 1, 2023, the maximum number of Reserved Beds that Lessor may reserve pursuant to Section 9.2 year for the following Lease Year shall not exceed the lesser of (i) Twelve Hundred (1,200) Student Beds, and (ii) 125% of the number of Reserved Beds from the prior Lease Year that were subsequently leased prior to November 15 of the prior Lease Year.

9.2.2 No later than June 15th, Lessor shall deliver to Lessee a list of the transfer students who have confirmed their enrollment for the fall term and have expressed interest in on-campus housing ("Enrolled Transfer Students").

9.2.3 Lessee shall market the Reserved Beds to Enrolled Transfer Students exclusively for a period of thirty (30) days from Lessee's receipt of the list of Enrolled Transfer Students ("Exclusive Period").

9.2.4 If any Reserved Beds remain unleased at the conclusion of the Exclusive Period, then Lessee shall market such unleased beds first to other Permitted Occupants and, if applicable, then to other Eligible Tenants as and to the extent permitted pursuant to Section 3.3.1.

Construction of Improvements

Lessee will enter into the Development Agreement with Developer, and in accordance with Developer's obligations thereunder, Developer has entered into the Solar Construction Contract with Solar Contractor and one or more Construction Contracts with Contractors approved in the Series 2018 Ground Lease or otherwise approved in writing by Lessor, which Construction Contracts may be in the form of "design-build" agreements. Without limiting Lessee's obligation to obtain Lessor's approval of any Material Change Order as provided in Article 13, Lessee shall obtain, or shall cause the Developer to obtain, Lessor's prior written consent to any amendments to the Construction Contract and/or the Solar Construction Contract, other than change orders which are not Material Change Orders. Lessee shall, and shall cause the Developer to, communicate exclusively with Lessor's Representative with respect to all consents sought, or reports required, under the Series 2018 Ground Lease.

Lessee shall, under the terms of the Development Agreement cause the Developer, the Contractor and Solar Contractor to commence and pursue to Final Completion the construction of the Series 2018 Project and Offsite Elements, in accordance with the Construction Documents and in accordance with the construction schedules set forth in the Construction Contract and the Solar Construction Contract (collectively, the "Schedule of Performance"), a copy of which is attached to the Development Agreement as Exhibit D-1. Notwithstanding the foregoing, Lessee acknowledges and agrees that no Work on elements of the Series 2018 Project and/or the Offsite Elements which are to be included in the Pending Plans and Specifications shall be commenced before Lessee or Developer shall have submitted such Pending Plans and Specifications to Lessor and the Approving Agency, and Lessor and the Approving Agency shall have approved them.

Offsite Elements to be Transferred to Lessor

Lessee shall cause the Developer to notify Lessor when it believes it has achieved Substantial Completion of the Offsite Elements and has fulfilled all mitigation measures required in ARTICLE 12 hereof. In the event that Lessor finds Substantial Completion of the Offsite Elements not to have been achieved, or all mitigation measures have not been fulfilled, Lessor shall deliver to Lessee and Developer a description of measures to be taken by Lessee that will result in Lessor's finding Substantial Completion to have been achieved. Upon receipt of such description, Lessee shall diligently pursue such measures to completion. Within ten (10) Business Days after issuance of a certificate of completion of the subject Offsite Elements by the Approving Agency, Lessor will execute the Certificate of Acceptance of Infrastructure Improvements substantially in the form attached to the Series 2018 Ground Lease as Exhibit C 3 whereupon ownership of the respective Offsite Elements shall automatically vest in, revert to and become the property of Lessor without compensation to, or requirement of consent or other act of, Lessee, and without the necessity of deed, bill of sale, conveyance or other act or agreement of Lessee, and without any payment of any kind or nature by Lessor to Lessee or to any other person, and the subject Offsite Elements shall become a part of the Delivered Infrastructure.

Management of Improvements

On or before the date which is 90 days prior to initial occupancy of the Group 1 Units, Lessee shall or shall cause Manager to prepare and submit to Lessor for approval a proposed plan for the management, maintenance, operation and repair of the Premises and the maintenance and repair of the Surface Delivered Infrastructure ("Proposed Management Plan"), which Proposed Management Plan shall (a) include an on-site staffing plan appropriate to the size and nature of the Premises; and (b) provide for the enforcement of the Campus Regulations. Lessor will review the Proposed Management Plan and will consult with Lessee prior to the commencement of the forthcoming Lease Year in order to agree on the initial management plan (as approved by Lessor, the "Initial Management Plan"). Thereafter, on or before March 1 of each Lease Year, Lessee shall or shall cause Manager to prepare and submit to Lessor for approval any supplements or amendments to the proposed plan for the management, maintenance, operation and repair of the Premises and the maintenance and repair of the Surface Delivered Infrastructure ("Proposed Plan Supplement"), which Proposed Plan Supplement shall be submitted as a part of and together with the then applicable Proposed Annual Budget to be submitted pursuant to Section 20.1 below. Lessor will review the Proposed Plan Supplement and will consult with Lessee prior to the commencement of the forthcoming Lease Year in order to agree on the Proposed Plan Supplement (the Initial Management Plan as modified and supplemented by any Proposed Plan Supplement approved by Lessor, herein the "Management Plan").

Annually on or before October 1 of each Lease Year commencing with the Lease Year following the date on which the Marketing And Licensing Agreement is terminated or otherwise ceases to be in force and effect, Lessee shall or shall cause Manager to prepare and submit to Lessor for approval a proposed plan for the advertising and other marketing efforts of the Student Beds within the Series 2018 Project ("Proposed Marketing Plan"), which Proposed Marketing Plan shall (a) detail, among other things, the timing, cost and media type to be utilized in promoting the leasing of Student Beds, (b) integrate Manager's management activity with Lessor's marketing activity under the Marketing And Licensing Agreement; and (c) provide for the Manager to commence active marketing of the Student Beds within the Series 2018 Project, taking reservations for the Student Beds within the Series 2018 Project, and entering into Resident Contracts for the Student Beds within Series 2018 Project no later than December of the year preceding the applicable academic year to which the respective Resident Contracts for the Student Beds are to entered into. Lessor will review the Proposed Marketing Plan and will consult with Lessee in order to agree on the Marketing Plan (as the same may from time to time be amended and approved by Lessor, the "Marketing Plan").

Lessee and the Manager shall enter into the Management Agreement and the Manager and Lessor shall enter into the Marketing and Licensing Agreement in connection with the operation of the Premises. Lessee shall enforce all provisions of the Management Plan and Management Agreement. Additionally, Lessee shall not amend the Management Agreement without the prior consent of Lessor, nor shall Lessee enter into any other management agreement for the Premises, without the prior consent of Lessor, and as provided in Section 16.5.

Standards of Operation

Lessee shall perform its obligations under this Article, or cause them to be performed through the Management Agreement, in a manner which demonstrates managerial skill, knowledge, judgment, and practice which is standard for the management of comparable residential multi-tenant student housing facilities, public or private, in the Davis area which are maintained in First Class Condition. Without limiting the generality of the foregoing, Lessee shall maintain the Series 2018 Project and the Premises (including the Surface Delivered Infrastructure) to meet Trash Level A as established by the On-Land Visual Trash Assessment Protocol (2017). Trash Level A is defined as "Effectively no trash is observed in the assessment area. There may be some trash in the area, but it is not obvious at first glance. One individual could easily clean up all the trash observed while walking at normal pace. No additional trash reduction measures are needed in the assessment area." Lessor, in agreeing to the terms of the Series 2018 Ground Lease, is relying on the expertise, experience and reputation of Lessee and Manager to cause the Premises to be operated, maintained and managed in such condition.

Failure to Meet Standards of Operation

If Lessor reasonably believes that the operation of the Premises is materially deficient in (i) observing the Campus Regulations, (ii) meeting the standards of operation set forth in Section 16.3 or the Management Plan, (iii) maintaining the Premises as provided for in Section 19.1, or (iv) otherwise causing an Event of Default under the Series 2018 Ground Lease relating to the operation of the Premises (each of which shall be an "Operating Deficiency"), such Operating Deficiency shall be resolved by the following process:

16.4.1 Lessor shall notify Lessee in writing of the nature and specific circumstances or events causing such Operating Deficiency. Lessor and Lessee shall meet and confer within five (5) Business Days following such notification to discuss the existence of the Operating Deficiency and to agree upon a mutually agreeable cure of the Operating Deficiency.

16.4.2 If Lessee agrees that such Operating Deficiency exists, Lessee shall cure, or cause to be cured, the Operating Deficiency within twenty (20) Business Days following such notification, or such other time period as Lessor and Lessee agree is appropriate, provided that if such Operating Deficiency cannot reasonably be cured within such period, Lessee shall not be in breach of this obligation if it starts reasonable curative efforts in good faith within twenty (20) Business Days, and thereafter diligently prosecutes such cure to completion.

16.4.3 If Lessee does not agree that such Operating Deficiency exists, then either Party may submit the Dispute for resolution as provided for in ARTICLE 29. If the arbitrator finds that an Operating Deficiency exists, the arbitrator shall also be required to determine the curative action and the period within which Lessee shall be required to cure such Operating Deficiency.

16.4.4 If Lessee fails to cure, or cause to be cured, the Operating Deficiency within the period determined in subsections 16.4.2 or 16.4.3, Lessor may take any one or more of the following actions: (a) cure such Operating Deficiency under Section 19.2, (b) require Lessee to obtain new management of the Premises through the process set forth in Section 16.5, if such Operating Deficiency resulted from the fault, error or omission of Manager, or (c) pursue the remedies set forth in Section 30.2.

Expiration or Termination of Management Agreement

Lessor may require Lessee to terminate and upon Lessor's request Lessee shall so terminate the Management Agreement "for cause" if: (i) an Event of Default under the Series 2018 Ground Lease relating to the operation of the Premises has occurred and is continuing, (ii) Manager fails to cure any material default under the Management Agreement within twenty (20) Business Days after written notice from Lessee, (iii) Lessor reasonably believes that Manager has been grossly negligent or has engaged in willful misconduct, malfeasance or fraud, (iv) Manager makes an assignment for the benefit of creditors or files a voluntary petition under any bankruptcy act or under any other law for the relief of debtors or if an involuntary petition is filed against Manager under any such law and is not dismissed within forty-five (45) days after filing or if a receiver is appointed for the property of Manager and such receiver is not discharged or removed within forty-five (45) days of appointment, or (v) Manager has failed to replace its personnel or terminate and replace any third-party management company engaged by Manager within sixty (60) days following notice from Lessee.

Not less than 180 days prior to the expiration of the Management Agreement, and the expiration of each subsequent Management Agreement, as applicable: (a) Lessee and Lessor shall meet and confer to determine whether the best interests of the Series 2018 Project would be served by renegotiating the then existing Management Agreement (if then any), or by soliciting proposals for a new Management Agreement, and (b) if Lessor concludes that obtaining such proposals would be desirable, Lessee shall solicit and use its best efforts to obtain three (3) proposals for a new Management Agreement, from entities which Lessor and Lessee have agreed have material experience in managing university-related housing. Proposals may be submitted by the then-current Manager (if any), and by Lessee itself. Lessee shall engage the Manager designated by Lessor from among those entities submitting proposals.

Resident Leases

Any other provisions of the Series 2018 Ground Lease to the contrary notwithstanding, Lessee shall, without the consent or approval of Lessor, have the right, in the ordinary course of business, to enter into, modify and terminate Resident Contracts in accordance with the criteria set forth in the Management Plan and Management Agreement.

Lessor's Commitment

In addition to the contingent lease commitment described below, Lessor will:

16.7.1 Include the Series 2018 Project in all information and marketing materials regarding student housing that it provides to students and prospective students to the same extent it provides such information and materials for other housing not owned by Lessor; and

16.7.2 In Lessor's mail outs, catalogues, informational brochures, housing website and other literature, identify the Series 2018 Project as residential housing available to students to the same extent it identifies other housing not owned by Lessor.

Contingent Lease Commitment

If the Series 2018 Project is not projected to achieve Break-Even Occupancy during the Lease Year commencing on the first full Lease Year following Final Completion (such date herein, the "Contingent Lease Obligation Commencement") or either of the next two (2) Lease Years thereafter (for a total of 3 Lease Years), Lessee shall provide written notice to Lessor by August 1 of such Lease Year that the Series 2018 Project is not projected to achieve Break-Even Occupancy for the subject Lease Year. With respect to any of the three (3) Lease Years following the Contingent Lease Obligation Commencement where the Series 2018 Project is not projected to achieve Break-Even Occupancy for the subject Lease Year in question, Lessor shall, within fifteen (15) days of such written notice, execute and deliver Resident Contracts for the number of additional Student Bed spaces in the Series 2018 Project necessary for the Series 2018 Project, when taking into account other signed Resident Contracts, to achieve Break-Even Occupancy.

Pledge, Assignment, and Grant of Security Interest

As security for Lessee's performance of its obligations hereunder and subject to the rights of the Issuer, the Bond Trustee (as assignee of the Issuer), or the Master Trustee, Lessee hereby collaterally assigns and pledges to Lessor, and hereby grants to Lessor a security interest in, all of Lessee's right, title, and interest in and to the Assigned Agreements, including: (i) all rights of Lessee to receive moneys due and to become due under or pursuant to the Assigned Agreements; (ii) all rights of Lessee to receive proceeds of any insurance, indemnity, warranty, or guaranty with respect to the Assigned Agreements; (iii) claims of Lessee for damages arising out of or for breach of or default under the Assigned Agreements; and (iv) the right of Lessee to terminate the Assigned Agreements, to perform thereunder, and to compel performance and otherwise exercise all remedies thereunder. Notwithstanding the foregoing assignment, pledge and grant of security, so long as no Event of Default has occurred and is continuing, Lessee shall be entitled to all of the benefit and right under the Assigned Agreements. Lessor acknowledges that, pursuant to the Assignments of Construction Documents, the Financing Trust Agreement and Issuer Deed of Trust, Lessee will grant to Issuer, first priority security interests in various items of collateral including the Assigned Agreements and certain rights and remedies with respect thereto (collectively, the "Issuer Security Interests") and that Issuer will pledge the Issuer Security Interests to the Bond Trustee. Any and all security interests granted to Lessor by Lessee pursuant to the Series 2018 Ground Lease (including the security interest granted in Section 17.1) shall be subject to the provisions of ARTICLE 32 hereof and subordinate in all respects to the Issuer Security Interests (as defined herein) and the interests of the Bond Trustee, the Master Trustee and any permitted Leasehold Deed of Trust Trustee, including the Bond Trustee.

Financing Statements

Lessee hereby authorizes Lessor to file one or more financing and/or continuation statements, and amendments thereto, relating to all or any part of the Assigned Agreements without the signature of Lessee where permitted by law. A photocopy or other reproduction of the Series 2018 Ground Lease or any financing statement covering the Assigned Agreements or any part thereof shall be sufficient as a financing statement where permitted by law.

Assignment of Lease; ROFR/ROFO

Except as otherwise provided in the Series 2018 Ground Lease (including, without limitation, the "Encumbering the Leasehold" provision of ARTICLE 32 of the Series 2018 Ground Lease), Lessee will not have the right to assign or transfer Lessee's Interest or any portion thereof or any right or privilege appurtenant thereto, or to sublease the Leased Land or any portion thereof ("Transfer"), without the prior written consent of Lessor, which consent may be granted or withheld in Lessor's sole and absolute discretion. A sale of all or any portion of Lessee's Interest, and the transfer, assignment or hypothecation of any interest in Lessee shall each be deemed an assignment within the meaning of ARTICLE 18. Any attempt to assign without Lessor's consent shall be voidable by Lessor and, at Lessor's election, shall constitute a default under the Series 2018 Ground Lease. The consent by Lessor to any transfer, hypothecation, assignment or subleasing shall not constitute a waiver of the necessity for such consent to any subsequent assignment, transfer, hypothecation or subleasing. Except as otherwise provided in the Series 2018 Ground Lease, Lessee shall not be entitled to Transfer less than all of Lessee's Interest under the Series 2018 Ground Lease (other than as sublease) or to Transfer its title to the improvements separately from its interest under the Series 2018 Ground Lease.

18.3 *Right of First Offer*. If Lessee desires to enter into a Transfer, it shall first, before commencing any marketing activity in anticipation of a Transfer, deliver to Lessor a written offer setting forth all the material terms and conditions upon which Lessee proposes to Transfer its Interest (the "Offer") and offering to enter into a Transfer with Lessor on the same terms and conditions (except that if the terms and conditions include financing, Lessor shall have the option to acquire Lessee's Interest for all cash). Lessor shall have thirty (30) days after receipt in which to accept the Offer by written notice to Lessee. If Lessor does not give Lessee written notice accepting the Offer within such period, Lessee may at any time within the ensuing twelve (12) month period after the expiration of such thirty (30) day period, subject to all of the applicable terms and conditions of ARTICLE 18, Transfer its interest to a third party without reoffering the interest to Lessor, provided that the terms and conditions of such Transfer shall not be "materially more favorable" to the proposed transferee than those set forth in the Offer. If Lessee does not enter into a Transfer before the expiration of the aforesaid twelve (12) month period, but Lessee still desires to enter into a Transfer, Lessee shall again deliver to Lessor an Offer in accordance with Section 18.3 (but offering the interest to Lessor on the same terms as were being offered to a third party), and Lessor shall have the right of first offer for another period of thirty (30) days after receipt of such Offer. This right of first offer shall be ongoing and shall apply to all Transfers proposed at any time during the Term.

18.4 *Right of First Refusal*. If Lessee proposes to enter into a Transfer at any time based upon the receipt of an offer to purchase all or part of Lessee's Interest, Lessee shall deliver to Lessor an Offer, offering the interest to Lessor on the same terms and conditions presented to Lessee, and Lessor shall have a right of first refusal for thirty (30) days after receipt thereof to accept such Offer. This right of first refusal shall be ongoing, and shall apply to all Transfers proposed at any time during the Term.

Maintenance of Property

Lessee shall, at all times during the Term of the Series 2018 Ground Lease, at the cost and expense of the Series 2018 Project, keep and maintain the Premises (including the Surface Delivered Infrastructure) and appurtenances and every part thereof, and all buildings, other structures or improvements that may exist on, in, or be made a part of the Leased Land and/or the Surface Delivered Infrastructure in a safe, sanitary, clean and structurally sound condition, in accordance with the Annual Budget and Management Plan, and substantially equivalent to or in better condition than First Class Condition. In addition, Lessee shall cause the Manager to comply with the obligations of ARTICLE 19. All such maintenance and repair during the term of the Series 2018 Ground Lease shall be complete when the Leased Land is surrendered to Lessor.

Storm Water Management Plan

Lessee recognizes that Lessor intends to adopt and implement a storm water management program in conformance with the National Pollution Discharge Elimination System (NPDES) and other regulatory requirements. Lessee will implement, as Series 2018 Project cost, (a) during the initial construction of the Series 2018 Project and the Offsite Elements, measures affecting the Series 2018 Project and Offsite Elements which are included as part of such storm water management program, and (b) after Final Completion, measures affecting the Series 2018 Project and the

Premises (including the Surface Delivered Infrastructure) which are included as part of such storm water management program. Those measures may include, but are not limited to, best management practices for storm water runoff from the Series 2018 Project and Premises (including the Surface Delivered Infrastructure), pesticide and fertilizer management programs, resident education programs, and sampling and monitoring of storm water discharge from the Series 2018 Project and Premises (including the Surface Delivered Infrastructure). In connection with the foregoing, as Series 2018 Project cost, Lessee shall (i) perform and document maintenance for Post Construction Storm Water Management Measures, which were installed per requirements of the Phase II Municipal Separate Storm Sewer System (MS4) Permit, (ii) use its best efforts diligently to maintain the Post Construction Storm Water Management Measures in a manner assuring peak performance at all times, pursuing all reasonable precautions in the removal and extraction of material(s) and the ultimate disposal of the material(s) in a manner consistent with all Applicable Laws, and (iii) if requested by Lessor, enter into a "Stormwater Treatment Device Access and Maintenance Agreement" with Lessor, in the form required by Lessor. All such maintenance shall be performed in accordance with the pre approved Management Plan.

Alterations

Following the Final Completion, Lessee shall make no material alterations or additions or other Work to the Premises (including the Surface Delivered Infrastructure) with a cost in excess of the Threshold Amount except as specifically provided in this Section or approved in the most recent Capital Budget, or otherwise by Lessor. Lessee may make any alteration with an aggregate cost less than the Threshold Amount without Lessor's prior consent, provided that (a) no electrical distribution systems; heating, ventilating, and air-conditioning systems; plumbing and sanitation systems; or communication systems ("Essential Operating Systems") shall be materially or adversely affected thereby, (b) such Work does not violate any requirements of Applicable Laws, and (c) no material permits are necessary, including permits for Work that would be required by any Governmental Authority other than the Approving Agency. Before Lessee shall commence any such Work requiring Lessor's approval, Lessee shall submit to Lessor the submittals as reasonably required by Lessor for the nature of the proposed Work and otherwise comply with the provision of ARTICLE 13. After completion of any such Work, the respective Work shall constitute a portion of the Series 2018 Project for all purposes under the Series 2018 Ground Lease.

Annual Budget

In the Lease Year in which the Group 1 Completion Date occurs, Lessee shall prepare and submit or cause the Manager to prepare and submit, for Lessor's approval, a proposed partial year budget no later than 90 days prior to initial occupancy of the Group 1 Units. Commencing with the second Lease Year and for each Lease Year thereafter, Lessee shall prepare and submit or cause the Manager to prepare and submit, for Lessor's approval, a proposed Annual Budget (comprised of the proposed Operating Budget and the proposed Capital Budget) (the "Proposed Annual Budget") together with any applicable Proposed Plan Supplement (as provided in Section 16.2.1) to Lessor for Lessor's review and approval, not later than March 1 of each Lease Year. Lessor will review the Proposed Annual Budget and will consult with Lessee in order to agree on the Annual Budget (as the same may from time to time be amended and approved by Lessor, the "Annual Budget"). 20.1.1 Notwithstanding the generality of the foregoing provisions of Section 20.1, (A) the Operating Budget shall set forth the detail and summary of all revenues and disbursements for the applicable Lease Year and each month during such period; and (B) the Capital Budget shall include the following information:

(i) the nature, cost, and timing of the capital improvements and Personalty replacements projected to be required fully comply with the Management Plan and timely replace the Personalty for the Premises during the lesser of (a) the following 30 Lease Years or (b) the projected remaining term of the Bonds;

(ii) a projection of the amount of funds required to be on deposit in the Repair and Replacement Fund for each year of the Capital Budget in order to (a) fully fund the capital improvements and Personalty replacements projected in the Capital Budget, and (b) maintain a Minimum Repair and Replacement Fund Balance with respect to the Series 2018 Project and Surface Delivered Infrastructure, of One Million Five Hundred Thousand Dollars ($1,500,000.00) from July 1, 2022 through June 30, 2027, Two Million Five Hundred Thousand Dollars ($2,500,000.00) from July 1, 2027 through June 30, 2032, and Three Million Five Hundred Thousand Dollars ($3,500,000.00) thereafter;

(iii) the amount of funds to be deposited into the Repair and Replacement Fund for each of the Lease Years following Final Completion (the "Base Reserve Deposit"); and

(iv) the amount of funds to be deposited into the Repair and Replacement Fund, if and as available from the Surplus Fund, and if necessary, to fully fund capital improvements and Personalty replacements projected in the Capital Budget and maintain the required Minimum Repair and Replacement Fund Balance for the following Lease Year ("Supplemental Deposit").

Lessee shall, to the greatest extent possible, prepare the Capital Budget so that year to year changes exceeding ten percent (10%) in the sum of the Base Reserve Deposit and the Supplemental Deposit are avoided, or minimized.

Police and Campus Services

The Premises shall be subject, at all times during the Term of the Series 2018 Ground Lease, to the jurisdiction of Lessor's Campus police and fire. Lessee will pay to Lessor, as one of the Subordinated Expenses, a fee for such police and fire protection service for the Series 2018 Project and the Leased Land in an amount equal to $0.90 per gross square foot of building area of the Series 2018 Project per year (the "Campus Fee"); provided, however, that during the Lease Year commencing July 1, 2020, the amount shall be computed based solely upon the gross square footage of the buildings comprising the Group 1 Units. Notwithstanding the foregoing, the amount of Campus Fee shall be increased three percent (3.0%) annually, commencing on July 1, 2021 and continuing thereafter on the first day of each Lease Year during the Term.

Lessor will provide Lessee water, sewer, garbage and storm water facilities as described in ARTICLE 8, commencing with respect to each individual building comprising the Series 2018 Project within a reasonable time prior to issuance of a Certificate of Occupancy with respect to such building as may be necessary to permit the use and occupancy of such building and continuing throughout the Term. Lessee will pay to Lessor, as one of the Subordinated Expenses, annual fees for water, sewer and storm water services ("Campus Water/Sewer Service Expenses") computed in accordance with the then current utility rates of the University, plus a capital recovery fee, the total sum of which shall not exceed then current comparable rates in the City of Davis. Lessee will pay to Lessor, as one of the Subordinated Expenses, annual fees for garbage services ("Campus Trash Service Expenses") computed in accordance with the then current garbage rates of the University, plus a capital recovery fee, the total sum of which shall not exceed then current comparable rates in the City of Davis.

Lessor may, in the exercise of Lessor's sole discretion, elect to provide one or both of the following services to the Series 2018 Project and/or Surface Delivered Infrastructure ("Lessor's Elective Services"): (i) janitorial/custodial services, and/or (ii) landscape maintenance services with respect to the Series 2018 Project, the Leased Land and/or the Surface Delivered Infrastructure, on a basis consistent with similar services provided at other Campus housing facilities, and as more specifically described in Exhibit M attached hereto. If Lessor so elects to provide janitorial/custodial services, Lessee will pay Lessor, as one of the Subordinated Expenses, annual fees for janitorial services ("Campus Janitorial Fee") computed in accordance with the then current janitorial rates of the University, plus a capital recovery fee. If Lessor so elects to provide landscape maintenance services, Lessee will pay Lessor, as one of the Subordinated Expenses, annual fees for landscaping services ("Campus Landscaping Fee") computed in accordance with the then current landscaping rates of the University, plus a capital recovery fee. Lessor shall make the election as to whether to provide janitorial/custodial services and/or landscaping services on or before October 1 with respect to the next Lease Year. Notwithstanding the foregoing, (w) Lessor may elect to provide one of Lessor's Elective Services without electing to provide any other of Lessor's Elective Services, (x) Lessor's election to provide any particular Lessor's Elective Service during any Lease Year shall not be a guaranty or covenant that Lessor will continue to offer such Lessor's Elective Service during any other Lease Year of the Term, (y) any fees charged by Lessor for any Lessor's Elective Services shall not be in an amount that would cause the Series 2018 Project to violate the covenants of the Bond Documents, and (z) all fees for Lessor's Elective Services shall be considered Subordinated Expenses.

Insurance—Property Loss Coverage

From the Effective Date until the expiration or earlier termination of the Series 2018 Ground Lease, Lessee shall keep, or cause to be kept, the Series 2018 Project, the Surface Delivered Infrastructure, Personalty and all of

Lessee's personal and real property which may be situated on Leased Land, insured by an all-risk or special form policy of insurance subject to standard exclusions and sub-limits (which may be in the form of a blanket policy covering multiple locations) for the greater of:

23.2.1 the then current cost of demolition and removal of the Surface Delivered Infrastructure, the Series 2018 Project and all other improvements on the Leased Land.

23.2.2 One hundred percent (100%) of the full, undepreciated replacement cost from time to time of the Surface Delivered Infrastructure, the Series 2018 Project and all other improvements on the Leased Land.

Excluded Deductible

Such insurance coverage may provide for the exclusion from the afforded coverage of up to the first One Hundred Thousand Dollars ($100,000) in Current Dollars of the amount of any loss or damage. Earthquake deductible of up to five percent (5%) of total values at risk.

Liability Coverage

Lessee will, at all times during the Term, maintain, or cause to be maintained, insurance to cover all activities in connection with the Series 2018 Ground Lease, for bodily injury, wrongful death, personal injury, property damage, and contractual liability as follows:

(i) Business Auto Liability: for autos owned, hired, scheduled or non-owned with a minimum combined single limit of One Million Dollars ($1,000,000) per accident, subject to terms no less broad than the Insurance Services Office (ISO) form CA 0001 (1990 or later edition) or its equivalent;

To the extent Lessee or any of its subcontractors or subconsultants are involved in the transportation or hauling of hazardous materials or waste to or from Leased Land and, if coverage is not provided through a Pollution Liability policy, such Business Auto Liability policy shall be endorsed to amend the pollution exclusion of ISO Form CA 00010 6/92 (or its equivalent) in the following manner:

(a) Delete Section a. (1) a.: (Pollution) "being transported or towed away by, or handled for movement into, onto or from the Covered Auto."

(b) Delete Section a. (1) b.: "Otherwise in the course of transit by the insured." Coverage shall include MCS-90 endorsement with Lessor as Additional Insured and shall be endorsed to specifically limit the reimbursement provisions of the MCS-90 to the Named Insured.

(ii) Commercial General Liability:

(a)	annual per project general aggregate (bodily injury, property damage)	$2,000,000
(b)	per project product/completed operations aggregate	$2,000,000
(c)	personal and advertising injury	$1,000,000
(d)	each occurrence	$1,000,000

Any deductible under such policy shall not exceed Two Hundred Fifty Thousand Dollars ($250,000) per occurrence.

(iii) Workers' Compensation insurance, in an amount and form sufficient to meet all applicable governmental requirements, and Employer's Liability coverage with limits of not less than One Million Dollars ($1,000,000) for bodily injury or death to any one or more persons per accident, one million dollars ($1,000,000) bodily injury by disease each employee, and one million dollars ($1,000,000) policy limit for bodily injury by disease.

(iv) Umbrella or Excess Liability:

(a) combined single limit per occurrence: $25,000,000

(b) annual aggregate: $25,000,000

Coverage shall follow form or otherwise be at least as broad as the primary underlying coverage terms.

(v) Professional Liability (Errors & Omissions) insurance, when any architect, engineer, or consultant is employed by Lessee and/or Developer to perform professional services for the Series 2018 Project, the Leased Land and/or the Surface Delivered Infrastructure. Lessee and/or Developer shall cause Professional Liability (Errors & Omissions) Insurance, to be carried by each architect, engineer, or consultant hired directly or indirectly by Lessee and/or Developer to perform professional services for any part of the Series 2018 Project, the Leased Land and/or the Surface Delivered Infrastructure. To the extent possible, all Professional Liability Insurance Policies shall include Lessor as an indemnified party for vicarious liability caused by professional services performed under the Series 2018 Ground Lease. The Architect of record shall provide a minimum coverage limit per claim of not less than three million dollars ($3,000,000) for each claim and five million dollars ($5,000,000) in the annual aggregate, or such lesser amount as Lessor may approve in writing. Lower tier architects, engineers, and professional consultants shall carry limits not less than one million dollars ($1,000,000) per claim and two million ($2,000,000) in the annual aggregate.

(vi) Pollution Liability: Developer or its Contractor shall procure and maintain Contractor's Pollution Liability Insurance on an occurrence basis with a minimum limit of five million dollars ($5,000,000) for each loss and five million dollars ($5,000,000) in the annual aggregate, for bodily injury, property damage, clean-up costs, and claim expenses resulting from the operations of Developer, the Contractor, the Solar Contractor and their respective employees, agents and subcontractors performed on the Premises (including the Surface Delivered Infrastructure), including coverage for microbial matter, which coverage will be granted on a claims-made basis. Such coverage shall extend to any non-owned disposal site and any activities involving transportation and/or hauling of hazardous materials. Coverage shall remain in force during the term of the Series 2018 Project, and for ten (10) years beyond Final Completion.

(viii) If not otherwise insured under the builder's risk or commercial property policies, flood insurance under the National Flood Insurance Program within the minimum requirements and amounts required for federally financed or assisted loans under the Flood Disaster Protection Action of 1973, as amended, if the Series 2018 Project is eligible under such program.

Rental Interruption Coverage

Lessee will, at all times during the Term maintain a policy of rental interruption insurance for the Series 2018 Project in an amount not less than twenty-four (24) months of Annual Debt Service (as defined in the Indenture) of the Series 2018 Bonds.

Current Dollars

All sums set forth in ARTICLE 23 shall be maintained in Current Dollars during the Term.

Settlement of Claims

Provided Lessee is not in default under the Series 2018 Ground Lease, nor has there occurred any event which, with the giving of notice or the passage of time or both, could result in Lessee defaulting under the Series 2018 Ground Lease, if any portion of the Surface Delivered Infrastructure, the Series 2018 Project or other improvements on the Leased Land shall be damaged or destroyed by an insured peril or otherwise, Lessee shall have the right to settle, adjust or compromise any claim involving less than One Hundred Thousand Current Dollars ($100,000). Otherwise, the consent and approval of Lessor shall be required to any proposed settlement, adjustment or compromise of any insurance claim.

Damage and Destruction

Subject to the provisions of ARTICLE 23 – Insurance – the following provisions shall apply upon the occurrence of a casualty event:

Insured Risk

If, after Substantial Completion and during the Term, the Surface Delivered Infrastructure and/or the Series 2018 Project is wholly or partially damaged or destroyed by a risk covered by insurance, or required to be covered by insurance under any term of the Series 2018 Ground Lease, Lessee shall promptly give written notice of such damage or destruction to Lessor, the Bond Trustee, and the Issuer. Such damage or destruction shall not terminate the Series 2018 Ground Lease, and Lessee shall, to the extent of the sum of (i) the funds, if any, in the Repair and Replacement Fund and (ii) the Net Proceeds, promptly repair and restore the Surface Delivered Infrastructure and repair and restore the Series 2018 Project to substantially the same floor area and nature as existed immediately prior to such damage or destruction unless Lessor gives its prior written approval to do otherwise, which approval may be withheld in Lessor's sole and absolute discretion. Such restoration shall be commenced promptly and prosecuted with due diligence. Lessor shall cooperate with Lessee in the procurement and issuance of all necessary permits, licenses, and approvals to commence and complete such restoration, provided that it shall incur no expense in or cost in doing so.

Restoration Feasibility

Notwithstanding any other provisions of Section 25.1, if the Series 2018 Project is wholly or partially damaged or destroyed, and Net Proceeds exceeds $1,000,000, the provisions of this Section shall apply.

25.2.1 Within thirty (30) days of the loss, Lessee shall employ an independent financial consultant acceptable to Lessor and Bond Trustee, which financial consultant shall determine the following matters with respect to the Series 2018 Project ("Feasibility Tests"):

25.2.1.1 Whether or not the Net Proceeds, together with (i) the funds, if any, in the Repair and Replacement Fund; (ii) any additional funds which Lessee is willing to contribute; (iii) any funds which can obtained through the financing contemplated in Section 25.8; (iv) any funds which are otherwise available, are sufficient to repair, reconstruct, restore, or replace the damage or destruction.

25.2.1.2 Whether or not the proceeds from any rental interruption insurance (or similar insurance), together with any other funds which are or will be available to Lessee, are sufficient to satisfy Fixed Charges and anticipated Operating Expenses during the period of repair, reconstruction, restoration or replacement.

25.2.1.3 Whether or not, after the repair, reconstruction, restoration, and replacement of the damage or destruction has been completed, the Operating Budget (prepared in accordance with ARTICLE 20 hereof) will result in a Fixed Charges Coverage Ratio equal to or greater than 1.20, taking into particular account (i) the feasibility of the Occupant Rental Rates necessary to achieve such Operating Budget, and (ii) the Fixed Charges resulting from the use of any of the sources of funds listed in Section 25.2.1.1.

The financial consultant shall be required to submit its determinations in a written report to Lessee, Lessor, and the Bond Trustee within ninety (90) days of the loss.

25.2.2 If the financial consultant makes an affirmative determination as to each of the three Feasibility Tests, then Lessee shall promptly proceed to repair and restore the Surface Delivered Infrastructure and the Series 2018 Project as provided for in Section 25.1.

If the written report of the financial consultant contains a negative determination as to any one of the three Feasibility Tests, then Lessor shall have the right, but not the obligation, by written notice to the Bond Trustee and Lessee, to elect to use the Net Proceeds (if any) to prepay all or a portion of the outstanding Bonds, which election shall be made within sixty (60) days of the financial consultant rendering its report. If Lessor elects to use such Net Proceeds to prepay all or a portion of the outstanding Bonds, and if no other amounts are owed and payable under the Indenture, the Series 2018 Ground Lease shall terminate, and the provisions of Section 25.5 shall apply. If the Lessor elects to prepay a portion of the outstanding Bonds and, after such repayment, there are Bonds which remain outstanding, or other amounts are owed and are payable under the Indenture, the Series 2018 Ground Lease shall remain in effect, and Lessee shall continue to operate the undamaged portions of the Series 2018 Project.

Procedure Upon Termination

If the Series 2018 Ground Lease is terminated by an election made by the Lessor pursuant to Section 25.2 or 25.3 to prepay all or a portion of the outstanding Bonds, or by an election made by Lessee pursuant to Sections 25.2, 25.3, 25.4, or 25.7, or by an election by Lessor pursuant to Section 25.3, to not restore the Series 2018 Project, the following provisions shall apply:

25.5.1 Lessee shall be obligated, to the extent of the Net Proceeds, to immediately demolish the Series 2018 Project, at its cost and expense. However, Lessee shall not demolish the Series 2018 Project (or any portion thereof) if Lessor notifies Lessee, in writing, that it (or such portion thereof) is not to be demolished.

25.5.2 Net Proceeds shall first be applied to pay the Leasehold Deed of Trust Trustee (or, if required by the Indenture, the Bond Trustee), the amount then owing under the Bonds; they shall next be applied as follows:

25.5.2.1 If Lessee elects to not restore the Series 2018 Project, and Lessor elects not to have the Series 2018 Project demolished, Net Proceeds remaining after the aforementioned payment to the Leasehold Deed of Trust Trustee (or Bond Trustee) shall be paid to Lessor.

25.5.2.2 If Lessee elects not to restore the Series 2018 Project, and Lessor elects to have the Series 2018 Project demolished, the Net Proceeds remaining after payment of all amounts owing to any Leasehold Deed of Trust Trustee shall be held in a mutually acceptable escrow. At such time as Lessee has completed one third of the demolition of the Series 2018 Project and restoration of the Leased Land to its original condition Lessee shall be entitled to a partial payment equal to the percentage of completion of such work. A similar payment shall be authorized upon completion of two thirds of the work, and upon completion of such demolition and restoration, the balance of the actual cost of the work shall be disbursed to Lessee from the Net Proceeds to reimburse Lessee. Lessor shall receive the Net Proceeds remaining after all payments to the Leasehold Deed of Trust Trustee and Lessee have been made.

Uninsured Risk

If during the Term, the Series 2018 Project is wholly damaged or destroyed by a risk not required to be insured under the Series 2018 Ground Lease, Lessee shall promptly give written notice of such damage or destruction to Lessor detailing facts that qualify the casualty under this provision, and Lessee shall restore the Series 2018 Project and the Surface Delivered Infrastructure, unless both (i) the reasonable estimate of the cost for restoration is more than the amount then in the Repair and Replacement Fund, and (ii) Lessee elects not to restore. If both of these conditions have been met, Lessee shall demolish the Series 2018 Project unless Lessor has given notice to Lessee that the Series 2018 Project is to remain, and the Series 2018 Ground Lease shall terminate. If during the Term, the Series 2018 Project and/or the Surface Delivered Infrastructure is partially damaged or destroyed by a risk not required to be insured under the Series 2018 Ground Lease, Lessee shall promptly give written notice of such damage or destruction to Lessor detailing facts that qualify the casualty under this provision, and to the extent of (i) the amount in the Repair and Replacement Fund, and (ii) additional amounts, if any, which Lessee elects to borrow, restore the Surface Delivered Infrastructure and restore the Series 2018 Project to the maximum usable square feet.

Subordinate Financing

Notwithstanding anything to the contrary contained herein, if Lessee determines in Lessee's reasonable discretion that the Net Proceeds from insurance or condemnation awards are not sufficient to repair, replace, rebuild, restore and/or re-equip the Surface Delivered Infrastructure and the Series 2018 Project, to substantially the same condition that existed prior to the taking or the event that caused such damage, and if Lessee shall elect (subject to its obligations under the Loan Agreement) to repair, replace, rebuild, restore and/or re equip the Series 2018 Project and the Surface Delivered Infrastructure, then Lessee shall have the right to obtain financing which shall be subordinate to the Series 2018 Ground Lease in order to repair, replace, rebuild, restore and/or re-equip the Series 2018 Project and the Surface Delivered Infrastructure, which financing may be secured by lien and/or leasehold deed of trust on Lessee's Interest, provided that (a) no such financing shall extend beyond the Term and (b) no such financing shall result in a Fixed Charges Coverage Ratio of less than 1.20. Lessor will execute such consents or other documents as shall be reasonably required for such subordinate financing.

Condemnation—General Rights and Obligations

If, during the Term, the Series 2018 Project and/or the Leased Land or any portion thereof or interest therein, shall be appropriated, taken or damaged by reason of the exercise of the power of eminent domain, whether by condemnation proceedings or otherwise, or any transfer thereof shall be made in avoidance of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as a "Taking"), the rights and obligations of Lessor and Lessee with respect to said Taking shall be as hereinafter provided in ARTICLE 26.

Full Taking

In the event of the Taking of all of the Leased Land ("Full Taking"), the Series 2018 Ground Lease shall terminate as of the date on which title vests in the condemning authority, and Lessee shall thereupon be released from any liability thereafter accruing hereunder with respect thereto.

Partial Taking

In the event any portion of the Leased Land shall be taken, or all of the Leased land shall be temporarily taken (collectively, "Partial Taking"), the Series 2018 Ground Lease shall continue in full force and effect except as hereinafter provided in Section 26.5.

Economic Viability

If (i) Lessee and Lessor shall jointly determine that the remainder of the Series 2018 Project, or the remainder of the Term, or any interest in them, after application of Lessee's award to the restoration of the Series 2018 Project as required in Section 26.6 would not, because of the Partial Taking, constitute an economically viable project of the type contemplated by the Series 2018 Ground Lease, or, (ii) in the event Lessee and Lessor shall disagree and an arbitration under ARTICLE 29 shall determine that, because of such Partial Taking, such economic viability could not be achieved, then the Series 2018 Ground Lease shall terminate as of the date of the Partial Taking with the same results as above described in the case of a Full Taking, and Lessee shall demolish and remove the remaining portion of the Series 2018 Project, at its expense, to the extent possible using the Net Proceeds, unless instructed not to do so by Lessor.

Taking Without Termination

In the event of any Taking which does not result in the termination of the Series 2018 Ground Lease in accordance with the foregoing, then: (i) each Party hereto shall be entitled to prosecute claims in such condemnation proceedings for the value of their respective interests, and (ii) Lessee shall, to the extent of its receipt of any award, with due diligence following the Taking, commence all work required to remedy any physical damage done by such Taking to restore the Surface Delivered Infrastructure and the Series 2018 Project and the Leased Land for the continuation of the use being made thereof prior to such Taking, and thereafter prosecute the same to completion with all due diligence in accordance with ARTICLE 13.

Taking With Termination

In the event of any Taking which results in the termination of the Series 2018 Ground Lease in accordance with the foregoing, each Party hereto shall be entitled to prosecute claims in such condemnation proceedings for the value of its respective interest.

Bond Documents

Notwithstanding anything else herein contained, the provisions of the Bond Documents shall control in all respects the receipt, handling, and application of any and all condemnation proceeds with respect to Lessee's Interest, it being acknowledged and agreed that the Issuer, the Bond Trustee, and any other permitted Leasehold Deed of Trust Trustee, as their respective interests may appear, shall have a first and prior security interest therein.

Disputes/Mediation/Arbitration

Except as otherwise provided in this Article, at any time following the receipt by one Party of a written notice from the other Party of a conflict, disagreement or dispute between the Parties arising under the Series 2018 Ground Lease (a "Dispute"), the receiving Party may require that an authorized representative of each Party (each with authority to settle) meet, confer, and attempt to resolve such Dispute. If the Dispute is not resolved during such meeting or within five (5) Business Days thereafter, neither Party may seek arbitration under ARTICLE 29 unless the Dispute is first subjected to mediation. This requirement for mediation may only be waived in a written instrument.

Disputes not resolved through negotiation shall be subject to mandatory mediation. A request for mediation shall be filed in writing by a Party with the other Party, and the Parties shall promptly attempt to mutually agree upon a mediator. If the Parties have not reached agreement on a mediator within five (5) days of the request, either Party may file the request with JAMS in San Francisco, Davis or Sacramento, California, with a copy to the other Party, and the mediation shall, unless another location is mutually agreed upon, be administered by JAMS and held in San Francisco, Davis or Sacramento, California by a single mediator having demonstrated expertise regarding the subject of the Dispute and appointed in accordance with JAMS Rules. Mediation shall proceed in advance of arbitration, which shall be stayed pending mediation unless stayed for a longer period by agreement of the Parties or court order. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

Upon completion of the negotiation and mediation procedures set forth in ARTICLE 29, either Party shall have the right to submit any Dispute under the Series 2018 Ground Lease to binding arbitration, except for Disputes where Lessor is acting in its role as the Approving Agency. Unless otherwise agreed upon by the Parties, such arbitration shall be conducted as follows: The Party demanding arbitration shall give written notice of its demand to the other Party stating the subject matter of the Dispute and the name and address of a qualified person to act as its arbitrator. Within fifteen (15) days after the receipt of such notice, the receiving Party shall give notice to the demanding Party stating the name and address of a qualified person to act as its arbitrator. The two arbitrators named by the Parties must be experienced in the field of the matter in Dispute. The Developer shall be given notice of and an opportunity to participate in any arbitration hereunder which may affect its interests under the Development Agreement.

Events of Default Defined

The following shall be "Events of Default" under the Series 2018 Ground Lease, and the terms "Event of Default" or "Default" means, whenever they are used herein, any one or more of the following events:

30.1.1 Lessee shall either (i) fail to pay the Rent when due as provided in Section 2.2, or (ii) to the extent provided in the Indenture, any Subordinated Expenses payable to Lessor at the times specified herein, and in each such case such failure shall continue for fifteen (15) days after written notice thereof from Lessor.

30.1.2 Lessee shall fail to correct any Operating Deficiency within the periods provided for in Section 16.4 above.

30.1.3 Except (i) for failures to perform which are the subject of subsections 30.1.1 and 30.1.2 above, or (ii) to the extent of delay caused by Force Majeure, Lessee shall fail to perform or cause to be performed any other term, covenant, condition, or provision hereof, and to correct such failure within thirty (30) days after written notice specifying such failure is given to Lessee by Lessor. In the case of any such failure that cannot with due diligence be corrected within such thirty (30) day period but can be wholly corrected within a period of time not materially detrimental to the rights of Lessor, it shall not constitute an Event of Default if corrective action is instituted by Lessee within the applicable period and diligently pursued until the failure is corrected.

30.1.4 Lessee shall fail to pay any Additional Rent within sixty (60) days following written notice to Lessee from Lessor of the amount of such Additional Rent.

30.1.5 Lessee shall be adjudicated bankrupt.

30.1.6 A receiver shall be appointed for Lessee's interest in the Series 2018 Project and/or the Leased Land and such receiver shall not be removed within ninety (90) days after notice from Lessor to Lessee to obtain such removal.

30.1.7 Lessee shall voluntarily take advantage of any debtor relief proceedings under any present or future law whereby the Rent or any part thereof shall be reduced or payment thereof deferred or shall become subject to any such involuntary proceedings and said involuntary proceedings shall not be dismissed within ninety (90) days after notice from Lessor to Lessee to obtain such dismissal.

30.1.8 Lessee shall make a general assignment for benefit of creditors.

30.1.9 The Series 2018 Project and/or the Leased Land or Lessee's effects or interests therein shall be levied upon or attached under process against Lessee, and the same shall not be satisfied or dissolved within ninety (90) days after notice from Lessor to Lessee to obtain satisfaction or dissolution thereof.

30.1.10 A default by Lessee shall have occurred and continue beyond any applicable notice and cure periods under any of the Construction Documents to which Lessee is a party.

30.1.11 A default by Lessee shall have occurred and continue beyond any applicable notice and cure periods under any of the Bond Documents to which Lessee is a party.

Remedies

Subject to the provisions of Section 32.4, 32.5, 32.6 and 32.10 hereof, upon the occurrence of an Event of Default, Lessor may pursue one of the following remedies:

30.2.1 Subject to the written notice to and the rights of the Bond Trustee under the provisions of Sections 32.5 and 32.6, below, terminate the Series 2018 Ground Lease immediately upon written notice thereof to Lessee, and thereafter, without legal process, enter upon and take possession and control of the Series 2018 Project and the Leased Land to the complete exclusion of Lessee. Lessor may also demand, collect, and retain all rents due from Persons occupying the Series 2018 Project, and Lessor may otherwise treat and occupy the Series 2018 Project, the Leased Land and the Access Easement Tracts as if the Series 2018 Ground Lease had expired of its own limitation. The failure of Lessor to exercise such rights after one or more Events of Default shall not be a waiver of the rights of Lessor upon the occurrence of any subsequent Event of Default; or

30.2.2 As Lessee's legal representative, without terminating the Series 2018 Ground Lease, re-let the Series 2018 Project and the Leased Land upon obtaining the written consent of any Bond Trustee. Such re-letting may be accomplished without advertisement and by private negotiations for such term or terms and at such rental or rentals as Lessor in its sole discretion may deem proper and advisable, with the right to make alterations and repairs to the Series 2018 Project and the Surface Delivered Infrastructure. Upon each such reletting:

30.2.2.1 subject to the limitations in ARTICLE 35, Lessee shall be immediately liable to pay to Lessor, in addition to any sums due hereunder, the reasonable cost and expenses of such reletting and of such alterations and repairs incurred by Lessor; and,

30.2.2.2 subject to applicable law, rents received by Lessor from such reletting shall be applied: First, to the payment of any costs and expenses of such re-letting and of such alteration and repair; Second, to the payment of Rent due and unpaid under the Series 2018 Ground Lease; and Third, the residue, if any, shall be held by Lessor, in escrow, and (1) applied to the payment of the Rent as the same shall become due under the Series 2018 Ground Lease and (2) if any balance shall then remain, paid to Lessee at the termination of the Series 2018 Ground Lease. Lessor shall in no event be liable to Lessee for any interest on the said residue.

Holding Over by Lessee

Lessee shall not use or remain in possession of the Series 2018 Project, the Leased Land or the Access Easement Tracts after the termination of the Series 2018 Ground Lease. Any holding over, or continued use or occupancy by Lessee after the termination of the Series 2018 Ground Lease, without the written consent of Lessor, shall not constitute a tenancy-at-will interest on behalf of Lessee, but Lessee shall become a tenancy-at-sufferance and liable for all Rent, Additional Rent and all other expenses, obligations and payments in effect for the immediately preceding year of the term of the Series 2018 Ground Lease. There shall be no renewal whatsoever of the Series 2018 Ground Lease by operation of law.

Extinguishment of Lessee's Rights

Subject to the paragraph below, upon the termination or expiration of the Series 2018 Ground Lease from any cause, all rights and interests of Lessee, and all persons whomsoever claiming by, through or under Lessee (with the exception of the rights of Leasehold Deed of Trust Trustees arising under Section 32.6 hereof), shall immediately cease and terminate, and the Access Easement Tracts, the Leased Land and the Series 2018 Project, including all buildings, improvements, Personalty, including engines, machinery, generators, boilers, furnaces, elevators, fire escapes, and all lifting, lighting, heating, cooling, refrigerating, air conditioning, ventilating, gas, electric and plumbing apparatus, appliances and fixtures, as well as other fixtures attached to or within the Series 2018 Project and/or the Leased Land, and all personal property of Lessee located thereon, shall thence forward constitute and belong to and be the absolute property of Lessor or Lessor's successors and assigns, without further act or conveyance, and without liability to make such compensation to Lessee or to anyone whomsoever, and free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Lessee at any time. Lessee agrees, at the termination of the Series 2018 Ground Lease, to surrender unto Lessor, all and singular the Leased Land with then existing buildings, other structures and improvements constructed and located thereon and therein, in the same condition as when the construction of such buildings, other structures, and improvements was completed, only natural and normal wear and tear excepted, unless Lessee shall be relieved of Lessee's obligation to repair, reconstruct, restore or replace damaged or destroyed buildings, other structures or improvements pursuant to ARTICLE 25 hereof.

Lessee agrees to use best efforts to return the Premises to Lessor in the condition required under, Exhibit H attached to the Series 2018 Ground Lease ("Handback Condition") at the expiration or earlier termination of the Term of the Series 2018 Ground Lease.

Lessor's Consent to Encumber Leasehold

Lessor hereby consents to Lessee's encumbrance of its interest in the Series 2018 Ground Lease pursuant to the Issuer Deed of Trust, which shall secure outstanding principal indebtedness of no more than $516,615,000. Lessor hereby acknowledges that the Issuer has pledged, assigned and transferred its right, title and interest in and to the Series 2018 Ground Lease to the Bond Trustee pursuant to the Indenture and that the Bond Trustee is vested with all of the rights and benefits accorded the Issuer herein or otherwise.

General Limitation on Encumbrance

Except as provided in Sections 25.8 and 32.1, Lessee, every successor and assign of Lessee, shall have no right to encumber its interest in the Series 2018 Ground Lease without Lessor's consent, which consent may be granted or withheld in Lessor's sole and absolute discretion.

No Modifications

There shall be no cancellation, surrender or modification of the Series 2018 Ground Lease by Lessor or Lessee without the prior written consent of the Leasehold Deed of Trust Trustee. Notwithstanding the foregoing (but, in any event, subject to the Leasehold Mortgagee/Deed of Trust Trustee's rights set forth in Sections 32.4, 32.5 and 32.6 hereof), nothing herein shall be deemed to prohibit Lessor from terminating the Series 2018 Ground Lease in accordance with its terms. There shall be no material modification in the Leasehold Deed of Trust, the Indenture, or related documentation without Lessor's prior written consent.

Notice and Right to Cure

Lessor, upon serving Lessee with any notice of an Event of Default, failure to comply, or termination, shall simultaneously serve a copy of such notice on the Leasehold Deed of Trust Trustee. If Lessor shall serve Lessee with a notice of a failure to comply with any term, covenant, condition, or provision hereof, the Leasehold Deed of Trust Trustee shall then have the same period after service of the notice on it as is given to Lessee hereunder to remedy or cause to be remedied such failure, and Lessor shall accept performances by or at the instigation of the Leasehold Deed of Trust Trustee as if it had been done by Lessee. Any notice required to be given to the Leasehold Deed of Trust Trustee shall be posted in the United States mail, postage prepaid, certified, return receipt requested (or transmitted by facsimile transmission) and addressed to the Leasehold Deed of Trust Trustee at the address and to the attention of the person designated to Lessor by the Leasehold Deed of Trust Trustee to receive copies of such notices and shall be deemed to have been served as of the date the said notice is received or refused by the Leasehold Deed of Trust Trustee.

Additional Cure

In addition to the rights granted to any Leasehold Deed of Trust Trustee under Section 32.4, the Leasehold Deed of Trust Trustee shall have an additional period of ninety (90) days to remedy or cause to be remedied any Event of Default of which they shall receive notice.

Limitation on Termination Rights of Lessor

If Lessor shall elect to terminate the Series 2018 Ground Lease upon the occurrence of an Event of Default, the Leasehold Deed of Trust Trustee shall also have the right to postpone and extend the date of termination as fixed by the provisions of the Series 2018 Ground Lease for a period of not more than six (6) months from the expiration of the ninety (90) day period specified in Section 32.5 hereof, provided that the Leasehold Deed of Trust Trustee shall pay the Rent and other charges required to be paid under the Series 2018 Ground Lease during such period, and provided further, that the Leasehold Deed of Trust Trustee of the Series 2018 Ground Lease shall forthwith take steps necessary to acquire Lessee's interest and estate in the Series 2018 Ground Lease whether by foreclosure of its Leasehold Deed of Trust, or otherwise, and shall prosecute such action to completion with due diligence. If at the end of the six (6) month period, the Leasehold Deed of Trust Trustee of the Series 2018 Ground Lease shall be actively engaged in steps to acquire or sell Lessee's interest in the Series 2018 Ground Lease, the time for Leasehold Deed of Trust Trustee to comply with the provisions of Section 32.6 shall be extended for such period as shall be reasonably necessary to complete these steps with reasonable diligence and continuity.

Deed of Trust Trustee Leases

Lessor agrees that in the event of a termination of the Series 2018 Ground Lease by reason of any Event of Default, and subject to the rights herein granted to the Leasehold Deed of Trust Trustee, the Leasehold Deed of Trust Trustee shall have the option, but not the obligation, to enter into a Deed of Trust Trustee Lease (or appoint a designee to enter into a Deed of Trust Trustee Lease); provided:

32.8.1 the Leasehold Deed of Trust Trustee shall enter into a Deed of Trust Trustee Lease on the same terms within the six (6) month period specified in Section 32.6;

32.8.2 the Leasehold Deed of Trust Trustee shall perform and observe all covenants contained in the Deed of Trust Trustee Lease on Lessee's part to be performed during such period of time commencing with the date of the execution of the Deed of Trust Trustee Lease and terminating upon the abandonment or surrender of possession of the Leased Land under the said Deed of Trust Trustee Lease; and

32.8.3 the Leasehold Deed of Trust Trustee, as lessee under the Deed of Trust Trustee Lease, shall have the same right, title and interest in and to the Leased Land and the right to use the buildings and improvements thereon as Lessee had under the Series 2018 Ground Lease.

Non-Subordination

Lessee's rights, as well as the rights of anyone claiming under Lessee, shall always be and remain subordinate, inferior, and junior to Lessor's title, interest, and estate in the Leased Land and the Access Easement Tracts. Lessor's reversionary interest in the Series 2018 Project and Lessor's interest in the Series 2018 Ground Lease shall be superior and prior in interest to any loans, mortgages, deeds of trust, other leases, liens and encumbrances that may hereafter be placed on the Series 2018 Project, the Leased Land and/or Lessee's easement interests in the Access Easement Tracts, or any part thereof, by, against or as a result of the acts of Lessee or anyone deriving any interest in the Series 2018 Project, the Leased Land and/or Lessee's easement interests in the Access Easement Tracts, or any part thereof or interest therein, through Lessee. Any loan, mortgage, deed of trust, lease, lien or encumbrance placed by Lessee on the Series 2018 Project, the Leased Land and/or Lessee's easement interests in the Access Easement Tracts, or any part thereof or interest therein, shall not adversely affect Lessor's interest under the Series 2018 Ground Lease. Lessee agrees, without any cost or expense to Lessor, to execute any instrument which is necessary or is reasonably requested by Lessor to further confirm the non-subordination of Lessor's reversionary interest in the Series 2018 Project and/or the Leased Land and Lessor's interest in the Series 2018 Ground Lease.

Subordination

Notwithstanding anything else contained herein, Lessor agrees that the financing of the construction and furnishing of the Series 2018 Project and the Offsite Elements will directly benefit Lessor's operations and Lessor agrees that its interest in and to the rents, revenues, issues and profits relating to the operation of the Series 2018 Project, including all insurance proceeds, reserve funds and Project Gross Revenues, as well as any and all rights to any and all Assigned Agreements shall be junior and subordinate to the interest of the Issuer, the Bond Trustee, and/or any other Leasehold Deed of Trust Trustee in any such Assigned Agreements as granted or provided in any of the Bond Documents (collectively, the "Bond Collateral"). So long as any of the indebtedness created, evidenced, or secured by any of the Bond Documents remains outstanding and unpaid, Lessor shall not exercise any rights or remedies with respect to the Bond Collateral without either (i) complying with the provisions of ARTICLE 32, or (ii) obtaining in each instance the prior written consent of the Issuer, the Bond Trustee, or Leasehold Deed of Trust Trustee, as applicable; provided, however, that indebtedness that has been defeased or otherwise discharged pursuant to Article IX of the Indenture shall not be deemed outstanding and unpaid for purposes of this provision..

Interest on Unpaid Amounts

Any sums that are payable by Lessee to Lessor under the Series 2018 Ground Lease (including any Rent) and that are not paid to Lessor within ten (10) days after the due date thereof shall bear interest at the rate equal to the lesser of (a) eight percent (8%) per annum or (b) the highest rate permitted by Applicable Law, from the due date thereof through the date payment of the same is made. If it becomes necessary for Lessor to bring suit for collection of any sum(s) herein stipulated to be paid by Lessee, Lessee will pay any and all such reasonable expenses and costs as Lessor may incur, including reasonable attorneys' fees actually incurred or reasonably determined to be the cost of legal services supplied by salaried employees of Lessor.

Membership in Foundation

In recognition of the assistance to be provided by the Lessee and the Foundation to the Lessor to provide needed housing for the Lessor's students and to otherwise assist Lessor in furthering its educational mission, Lessor acknowledges and agrees that upon execution hereof, the Lessor shall be deemed to be a member of the Foundation and that it shall remain such a member until the termination of the Series 2018 Ground Lease; provided, however, notwithstanding anything herein or in the Foundation's bylaws to the contrary, Lessor shall in no event be liable for the obligations of the Foundation, or have any other obligations as a result of being a member of the Foundation other than those explicitly imposed by this Section. In consideration for entering into the Series 2018 Ground Lease, the Foundation shall be entitled to payment of the following compensation: (i) an acquisition fee in the amount of One Hundred Thousand Dollars ($100,000) payable from either taxable proceeds of the Series 2018 Bonds upon issuance thereof, if any, and if none, as an Operating Expense of the Series 2018 Project during the first year of operation thereof, and (ii) annual membership fee equal to One Hundred Thousand Dollars ($100,000) for each Lease Year payable in equal monthly installments and pro-rated for partial Lease Years (collectively, "Lessee's Fee"). Lessee's Fee shall be paid by the Manager as an Operating Expense of the Series 2018 Project. Lessor further represents, warrants and agrees that at all times during the Term of the Series 2018 Ground Lease it shall be and remain an organization which is described in either Section 511(a)(2)(B) of the Internal Revenue Code, or Section 501(c)(3) and 170(b)(1)(A)(ii) of the Internal Revenue Code that is not a private foundation within Section 509 of the Internal Revenue Code.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

___________, 2018

California Municipal Finance Authority
Carlsbad, California

California Municipal Finance Authority
Student Housing Revenue Bonds
(CHF–Davis I, L.L.C. – West Village Student Housing Project)
Series 2018
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Municipal Finance Authority (the "Issuer") in connection with the issuance by the Issuer of $516,615,000 aggregate principal amount of California Municipal Finance Authority Student Housing Revenue Bonds (CHF–Davis I, L.L.C – West Village Student Housing Project) Series 2018 (the "Bonds"). The Bonds are issued pursuant to an Indenture (the "Indenture"), dated as of December 1, 2018, between the Issuer and Wilmington Trust, National Association, as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to CHF–Davis I, L.L.C. (the "Borrower"), a limited liability company whose sole member is the Collegiate Housing Foundation, an Alabama nonprofit corporation, pursuant to a Loan Agreement (the "Loan Agreement"), dated as of December 1, 2018, between the Issuer and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Financing Trust Agreement, the Tax Certificate dated the date hereof, among the Issuer, The Regents, the Borrower and Collegiate Housing Foundation, opinions of counsel to the Issuer, The Regents, the Trustee and the Borrower, certificates of the Issuer, The Regents, the Trustee, the Borrower and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Hand Arendall Harrison Sale LLC, counsel to the Borrower, regarding, among other matters, the current qualification of Collegiate Housing Foundation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of Collegiate Housing Foundation within the meaning of Section 513 of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of Collegiate Housing Foundation to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of Collegiate Housing Foundation within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement, the Financing Trust Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement, the Financing Trust Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers agencies in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Issuer.

4. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX F

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F-1

FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE BORROWER

This CONTINUING DISCLOSURE AGREEMENT (the "Continuing Disclosure Agreement") is entered into on December 13, 2018, by and between CHF-Davis I, L.L.C. (the "Borrower") and Wilmington Trust, National Association (the "Dissemination Agent").

RECITALS:

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the California Municipal Finance Authority (the "Authority") of $516,615,000 of its Student Housing Revenue Bonds (CHF-Davis I, L.L.C. - West Village Student Housing Project) Series 2018 (the "Series 2018 Bonds"), pursuant to an Indenture, dated as of December 1, 2018 (the "Indenture"), between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). The proceeds of the Series 2018 Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), between the Authority and the Borrower.

2. The Borrower and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Owners and Beneficial Owners of the Series 2018 Bonds and in order to, among other things, assist the Underwriters (as defined below) in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"). The Borrower acknowledges that the Underwriters have deemed the Borrower and The Regents of the University of California to be the only "obligated persons" under the Rule with respect to the Series 2018 Bonds with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement and is not deemed to have any liability to any person, including any Beneficial Owner of the Series 2018 Bonds, with respect to the Rule (as defined below).

In consideration of the mutual covenants and agreements herein, the Borrower and the Dissemination Agent covenant and agree for the benefit of the Owners and Beneficial Owners of the Series 2018 Bonds as follows:

SECTION 1. Definitions. Capitalized terms, unless otherwise defined herein, shall have the meanings set forth in the Indenture.

"Annual Report" shall mean any annual report provided by the Borrower pursuant to, and as described and defined in Section 3(c) of this Continuing Disclosure Agreement.

"BAM" shall mean Build America Mutual Assurance Company.

"Beneficial Owner" shall mean any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2018 Bonds (including persons holding Series 2018 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2018 Bonds for federal income tax purposes.

"Business Day" shall mean a day which is not a Saturday, a Sunday or a legal holiday on which banking institutions in the State of California are closed.

"Disclosure Representative" shall mean the president of the Borrower's sole member, Collegiate Housing Foundation, or his or her designee, or such other officer or employee as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Wilmington Trust, National Association, or any successor Dissemination Agent designated in writing by the Borrower.

"Financial Statements" shall have the meaning set forth in Section 3(c)(ii) hereof.

"Fiscal Year" shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official Fiscal Year period of the Borrower and certified to the Dissemination Agent in writing by an authorized representative of the Borrower.

"Monthly Report" shall mean the monthly report described and defined in Section 3(a) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 1.5B(b)(1) of the 1934 Act, as amended.

"Notice Event" shall mean any of the events listed in Section 4(a) and (b) of this Continuing Disclosure Agreement.

"Official Statement" shall mean the Official Statement relating to the Series 2018 Bonds dated December 6, 2018.

"Owner" or "Bond Owner," whenever used herein with respect to a Bond, shall mean the Person in whose name the ownership of such Bond is registered on the bond register maintained pursuant to the Indenture.

"Periodic Report" shall mean any periodic report provided by the Borrower pursuant to, and as described and defined in, Section 3(b) hereof.

"Person" shall mean an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

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

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

"Trustee" shall mean Wilmington Trust, National Association, or any successor trustee under the Indenture.

"Underwriters" shall mean J.P. Morgan Securities LLC, Jefferies LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Financial Services Inc., Loop Capital Markets LLC, Samuel A. Ramirez & Co., Inc. and Siebert Cisneros Shank & Co., L.L.C.

SECTION 2. Purpose of the Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower for the benefit of the Owners and the Beneficial Owners, and in order to assist the Underwriters in complying with the Rule.

SECTION 3. Provision of Periodic and Annual Financial and Operating Information. The Borrower shall, or shall cause the Dissemination Agent to, provide to the Repository and BAM each of the following:

(a) During the construction of the Series 2018 Project, within 30 days of the end of each calendar month, the monthly construction progress reports for the Series 2018 Project received by the Borrower from the Developer (each, a "Monthly Report").

(b) Not later than thirty (30) days following the beginning of each academic Fall Quarter, Winter Quarter and Spring Quarter, commencing with the Fall Quarter immediately following the Series 2018 Completion Date, the housing occupancy report(s) for the Project for such academic quarter received by the Borrower from the Manager (each, a "Periodic Report").

(c) Not later than one hundred twenty (120) days following the end of the Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, an annual report (each, an "Annual Report") that is consistent with the requirements of this Section 3 and contains or includes by reference the following:

(i) The following information with respect to the Project for the Academic Year (consisting of Fall Quarter, Winter Quarter and Spring Quarter) completed during such Fiscal Year; provided the Borrower shall not be required to provide information for any portion of the Project under construction prior to its respective completion date:

THE PROJECT

Completed Facility	**No. of Beds**	**Housing Occupancy**	**Cost/Month (Range Given Unit Type)**	**Students Housed**

(ii) The audited general purpose financial statements of the Borrower prepared in accordance with generally accepted accounting principles for the Fiscal Year ended (the "Financial Statements"); provided, however, that in the event that such Financial Statements are not available by the time the Annual Report is required to be filed pursuant to this Section 3(c), unaudited financial statements or updated projected operating results covering the previous Fiscal Year, in a format that complies with current generally accepted accounting principles, may be substituted therefor; provided, further, that audited Financial Statements shall be filed in the same manner as the Annual Report as soon as such Financial Statements become available.

(d) Each Annual Report, Periodic Report or Monthly Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in subsection (i) below; provided that the audited Financial Statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report as set forth in subsection (c) above. Copies of each Annual Report, Periodic Report or Monthly Report shall be furnished to the Authority at the same time the information and data are furnished to the Repository. If the Fiscal Year of the Borrower changes from that in effect as of the date hereof, it shall give notice of such change in the same manner as for a Notice Event under Section 4(f) hereof. If any party other than the Dissemination Agent provides an Annual Report, Periodic Report or Monthly Report to the Repository, it shall notify the Dissemination Agent that it has done so.

(e) Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Monthly Report to the Repository and BAM, the Borrower shall (i) provide such Monthly Report to the Dissemination Agent, if any, with written instructions to file such Monthly Report as specified in this Section 3, or (ii) provide written notice to the Dissemination Agent that the Borrower has provided such Monthly Report to the Repository, BAM and the Authority. Not later than fifteen (15) Business Days prior to each date specified in subsection (b) or (c) above for providing an Annual Report or Periodic Report, as applicable, to the Repository and BAM, the Borrower shall (i) provide such Annual Report or Periodic Report to the Dissemination Agent, if any, with written instructions to file such Annual Report or Periodic Report as specified in this Section 3, or (ii) provide written notice to the Dissemination Agent that the Borrower has provided such Annual Report or Periodic Report to the Repository, BAM and the Authority.

(f) If by any date specified in subsection (e) above, the Dissemination Agent has not received the applicable Annual Report, Periodic Report or Monthly Report or such written notice, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with this Section 3.

(g) If the Dissemination Agent is unable to verify that an Annual Report, Periodic Report or Monthly Report has been provided to the Repository by the date required for such report in subsection (a), (b) or (c) above, as the case may be, the Dissemination Agent shall send a notice, in electronic format unless otherwise designated by the SEC and the Repository, in substantially the form attached as Exhibit A, with a copy to BAM and the Authority.

(h) The Dissemination Agent shall:

(i) determine, prior to each date for providing an Annual Report, Periodic Report or Monthly Report, the name and address of the Repository, if any;

(ii) file a report with the Borrower, BAM, the Authority and (if the Dissemination Agent is not the Trustee) the Trustee, certifying that such Annual Report, Periodic Report or Monthly Report has been provided pursuant to this Continuing Disclosure Agreement and stating the date it was provided to the Repository, and

(iii) use its best effort to file each Periodic Report, each Monthly Report and each Annual Report electronically to the Repository.

(i) The financial information and operating data required to be provided by this Section 3 may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereof (including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), that theretofore has been filed with the Repository or the SEC. Each such other document so included by reference shall be clearly identified.

SECTION 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018 Bonds, not in excess of ten (10) Business Days after the occurrence of such Notice Event to the MSRB through EMMA:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes; and

(ix) bankruptcy, insolvency, receivership or similar event of the Borrower (such event being considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer therefor in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business thereof, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of' the assets or business thereof).

(b) Pursuant to the provisions of this Section 4, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018 Bonds, if material, not in excess of ten (10) Business Days after the occurrence of such Notice Event to the MSRB through EMMA:

(i) Unless described in Section 4(a)(v), adverse tax opinions or other notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2018 Bonds, or other events affecting the tax status of any Series 2018 Bonds;

(ii) non-payment related defaults;

(iii) modifications to rights of security holders;

(iv) bond calls;

(v) release, substitution, or sale of property securing repayment of the Series 2018 Bonds;

(vi) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets thereof, 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; and

(vii) appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Notice Events, contact the Disclosure Representative, inform such person of the event, and request that the Borrower promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (e) below. For purposes of this Continuing Disclosure Agreement, “actual knowledge” of the occurrence of such Notice Events shall mean actual knowledge at the corporate trust office of the Dissemination Agent by an officer of the Dissemination Agent with responsibility for matters related to the administration of the Indenture. The Dissemination Agent shall not be responsible for determining the materiality of such Notice Event in notifying a Disclosure Representative of such Notice Event.

(d) Whenever the Borrower obtains knowledge of the occurrence of a Notice Event under subsection (b) above, because of a notice from the Dissemination Agent pursuant to subsection (c) above or otherwise, the Borrower shall as soon as possible determine if the occurrence of such Notice Event would be material under applicable federal securities laws.

(e) If the Borrower has determined that knowledge of the occurrence of a Notice Event under subsection (b) above would be material under applicable federal securities laws, the Borrower shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f) below.

(f) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Notice Event, the Dissemination Agent shall file a notice of such occurrence with the Repository in electronic format, accompanied by such identifying information as is prescribed by the Repository, with a copy to the Borrower, BAM, the Trustee and the Authority. Notwithstanding the foregoing, notice of Notice Events described in subsections (a)(vii) and (b)(iii) of this Section 4 need not be given under this subsection (f) any earlier than the notice, if any, of the underlying event is given to the Owners of affected Bonds pursuant to the Indenture.

SECTION 5. Termination of Reporting Obligation. The Borrower’s and the Dissemination Agent’s obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2018 Bonds. If such termination occurs prior to the final maturity of the Series 2018 Bonds, the Borrower shall give notice of such termination in the same manner as for a Notice Event under Section 4(f) hereof.

SECTION 6. Dissemination Agent. The Borrower may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out their obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent. Upon such discharge, however, a new Dissemination Agent must be appointed within sixty (60) days. The Dissemination Agent may resign by providing sixty (60) days written notice to the Borrower. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The Dissemination Agent shall receive reasonable compensation for its services delivered and shall be reimbursed for any reasonable out-of-pocket costs and expenses pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent shall be Wilmington Trust, National Association.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower may amend this Continuing Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower that does not adversely affect its rights or increase its duties under this Continuing Disclosure Agreement), and any provision of this Continuing Disclosure Agreement may be waived, provided that any of the following conditions is satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(c), 4, or 5 herein, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2018 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2018 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or

(c) The amendment or waiver either (i) is approved by the Owners of the Series 2018 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Series 2018 Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Series 2018 Bonds. The Borrower also may amend or terminate this Continuing Disclosure Agreement without approval by the Owners of the Series 2018 Bonds to the extent permitted by rule, order or other official pronouncement of the SEC expressly permitting such action or approved by an opinion of nationally recognized bond counsel.

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

SECTION 8. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Periodic Report, Monthly Report, Annual Report or notice of occurrence of a Notice Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Periodic Report, Monthly Report, Annual Report or notice of occurrence of a Notice Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this

Continuing Disclosure Agreement to update such information or include it in any future Periodic Report, Monthly Report, Annual Report or notice of occurrence of a Notice Event.

SECTION 9. Default. In the event of a failure of the Borrower to comply with any provision of this Continuing Disclosure Agreement, the Dissemination Agent may (and, at the request of the Underwriters or the Owners of at least 25% of aggregate principal amount of the Series 2018 Bonds then Outstanding, shall but only to the extent indemnified to its satisfaction from any liability or expense, including fees of its attorneys), or any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, the Loan Agreement or any related document, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance, and no Person shall be entitled to recover monetary damages under this Continuing Disclosure Agreement.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, or its employees and agents, harmless against any loss. expense and liabilities which he or she may incur arising out of or in the exercise or performance of his or her powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct.

SECTION 11. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given as follows:

To the Borrower:
CHF—Davis I, L.L.C.
P.O. Box 1385
Fairhope, Alabama 36533-1384
Fax: (251) 928-9342

To the Dissemination Agent:
Wilmington Trust, National Association
505 20th Street North, Suite 1750
Birmingham, Alabama 35203
Attention: Corporate Trust
Telephone: 205.986.7606
Fax: 205.327.5642

with copies to (if Dissemination Agent is no longer the Trustee):
Wilmington Trust, National Association
505 20th Street North, Suite 1750
Birmingham, Alabama 35203
Attention: Corporate Trust
Telephone: 205.986.7606
Fax: 205.327.5642

To BAM:
Build America Mutual Assurance Company
200 Liberty Street, 27th Floor
New York, New York 10281
Attention: Surveillance, Re: Policy No. ________
Telephone: (212) 235-2500
Fax: (212) 235-1542
Email: notices@buildamerica.com

Any Person may, by written notice to the other Persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notices to the Trustee shall be effective on the actual receipt thereof.

SECTION 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Borrower, the Dissemination Agent, BAM, the Underwriters, the Owners and Beneficial Owners from time to time of the Series 2018 Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. THIS CONTINUING DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF CALIFORNIA DETERMINED WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAW.

IN WITNESS WHEREOF, the Borrower and the Dissemination Agent each have caused this Continuing Disclosure Agreement to be executed and attested by its proper officer thereunto duly authorized, as of the day and year first above written.

CHF—DAVIS I, L.L.C.

By: Collegiate Housing Foundation,
its sole member

By: ______________________________
Name: William B. Givhan
Title: President

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Dissemination Agent

By: ______________________________
Name:
Title:

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE PERIODIC OR ANNUAL REPORT

Name of Obligated Person:	CHF-Davis I, L.L.C.
Name of Issuer:	California Municipal Finance Authority
Name of Bond Issue:	Student Housing Revenue Bonds (CHF-Davis I, L.L.C. - West Village Student Housing Project) Series 2018 (the "Series 2018 Bonds")
Date of Issuance:	December 13, 2018

NOTICE IS HEREBY GIVEN that CHF-DAVIS I, L.L.C. (the "Borrower") has not provided for the [Monthly][Periodic][Annual] Report with respect to the above-named Series 2018 Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated December 13, 2018, entered into by the Borrower for the benefit of the Owners of the Series 2018 Bonds. The Borrower anticipates that the [Monthly][Periodic][Annual] Report will be filed by __________.

Dated: __________

Wilmington Trust, National Association,
as Dissemination Agent

By: ______________________________
Title: ______________________________
Phone: ______________________________

cc: CHF-Davis I, L.L.C.
Wilmington Trust, National Association
J.P. Morgan Securities LLC, as representative of the Underwriters

APPENDIX F-2

FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE REGENTS

This CONTINUING DISCLOSURE AGREEMENT (the "Continuing Disclosure Agreement") is entered into on December 13, 2018, by and between The Regents of the University of California ("The Regents"), BLX Group LLC, as dissemination agent (the "Dissemination Agent") and Wilmington Trust, National Association (the "Trustee").

RECITALS:

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the California Municipal Finance Authority (the "Authority") of $516,615,000 of its Student Housing Revenue Bonds (CHF-Davis I, L.L.C. - West Village Student Housing Project) Series 2018 (the "Series 2018 Bonds"), pursuant to an Indenture, dated as of December 1, 2018 (the "Indenture"), between the Authority and the Trustee, as trustee. The proceeds of the Series 2018 Bonds are being loaned by the Authority to CHF–Davis I, L.L.C. (the "Borrower") pursuant to a Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), between the Authority and the Borrower.

2. The Regents, the Dissemination Agent and the Trustee are entering into this Continuing Disclosure Agreement for the benefit of the Owners and Beneficial Owners of the Series 2018 Bonds and in order to, among other things, assist the Underwriters (as defined below) in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"). The Regents acknowledges that the Underwriters have deemed The Regents and the Borrower to be the only "obligated persons" under the Rule with respect to the Series 2018 Bonds with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement and is not deemed to have any liability to any person, including any Beneficial Owner of the Series 2018 Bonds, with respect to the Rule (as defined below).

In consideration of the mutual covenants and agreements herein, The Regents, the Dissemination Agent and the Trustee covenant and agree for the benefit of the Owners and Beneficial Owners of the Series 2018 Bonds as follows:

SECTION 1. Definitions. Capitalized terms, unless otherwise defined herein, shall have the meanings set forth in the Indenture.

"Annual Report" shall mean any annual report provided by The Regents pursuant to, and as described and defined in Section 3(a) of this Continuing Disclosure Agreement.

"BAM" shall mean Build America Mutual Assurance Company.

"Beneficial Owner" shall mean any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2018 Bonds (including persons holding Series 2018 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2018 Bonds for federal income tax purposes.

"Business Day" shall mean a day which is not a Saturday, a Sunday or a legal holiday on which banking institutions in the State of California are closed.

"Debt Service Payment Agreement" shall have the meaning set forth in the Official Statement.

"Disclosure Representative" shall mean the Executive Vice President-Chief Financial Officer of the University of California or his designee, or such other officer or employee as The Regents shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean BLX Group LLC, or any successor Dissemination Agent designated in writing by The Regents.

"Financial Statements" shall have the meaning set forth in Section 3(a) hereof.

"Fiscal Year" shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official Fiscal Year period of The Regents and certified to the Dissemination Agent in writing by an authorized representative of The Regents.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 1.5B(b)(1) of the 1934 Act, as amended.

"Official Statement" shall mean the Official Statement relating to the Series 2018 Bonds dated December 6, 2018.

"Owner" or "Bond Owner," whenever used herein with respect to a Bond, shall mean the Person in whose name the ownership of such Bond is registered on the bond register maintained pursuant to the Indenture.

"Person" shall mean an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

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

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

"Trustee" shall mean Wilmington Trust, National Association, or any successor trustee under the Indenture.

"Underwriters" shall mean J.P. Morgan Securities LLC, Jefferies LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Financial Services Inc., Loop Capital Markets LLC, Samuel A. Ramirez & Co., Inc. and Siebert Cisneros Shank & Co., L.L.C.

SECTION 2. Purpose of the Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by The Regents for the benefit of the Owners and the Beneficial Owners, and in order to assist the Underwriters in complying with the Rule.

SECTION 3. Provision of Annual Financial and Operating Information.

(a) The Regents shall, or shall cause the Dissemination Agent to, provide to the Repository and BAM, not later than seven (7) months after the end of the Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, an annual report (each, an "Annual Report") that is consistent with the requirements of this Section 3 and contains or includes by reference the audited financial statements of The Regents prepared in accordance with generally accepted accounting principles applicable to public colleges and universities for the Fiscal Year ended (the "Financial Statements"); provided, however, that in the event that such Financial Statements are not available by the time the Annual Report is required to be filed pursuant to this Section 3(a), unaudited financial statements covering the previous Fiscal Year, in a format that complies with current generally accepted accounting principles, may be substituted therefor; provided, further, that audited Financial Statements shall be filed in the same manner as the Annual Report when such Financial Statements become available.

(b) Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in subsection (g) below; provided that the audited Financial Statements of The Regents may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report as set forth in subsection (a) above if such audited financial statements are not available by that date. Copies of each Annual Report shall be furnished to the Authority at the same time the information and data are furnished to the Repository. If the Fiscal Year of The Regents changes from that in effect as of the date hereof, it shall give notice of such change to the Borrower, the Dissemination Agent and the Trustee. If The Regents provides an Annual Report to the Repository, it shall notify the Dissemination Agent that it has done so.

(c) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) above for providing an Annual Report to the Repository and BAM, The Regents shall provide such Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent).

(d) If by any date specified in subsection (c) above, the Dissemination Agent has not received the Annual Report, the Dissemination Agent shall contact The Regents to determine if The Regents is in compliance with this Section 3.

(e) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required for such report in subsection (a) above, the Dissemination Agent shall send a notice, in electronic format unless otherwise designated by the SEC, to the Repository, in substantially the form attached as Exhibit A, with a copy to BAM and the Authority.

(f) The Dissemination Agent shall:

(i) determine, prior to each date for providing an Annual Report, the name and address of the Repository, if any;

(ii) file a report with The Regents, BAM, the Authority and (if the Dissemination Agent is not the Trustee) the Trustee, certifying that such Annual Report has been provided pursuant to this Continuing Disclosure Agreement and stating the date it was provided to the Repository, and

(iii) use its best effort to file each Annual Report electronically to the Repository.

(g) The financial information and operating data required to be provided by this Section 3 may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereof (including official statements of debt issues with respect to which The Regents is an "obligated person" (as defined by the Rule), that theretofore has been filed with the Repository or the SEC. Each such other document so included by reference shall be clearly identified.

SECTION 4. Termination of Reporting Obligation. The Regents' and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the earlier of (i) termination of the Debt Service Payment Agreement in accordance with its terms or (ii) legal defeasance, prior redemption or payment in full of all of the Series 2018 Bonds.

SECTION 5. Dissemination Agent. The Regents may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by The Regents pursuant to this Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, The Regents, the Dissemination Agent and the Trustee may amend this Continuing Disclosure Agreement (and the Dissemination Agent and the Trustee each shall agree to any amendment so requested by The Regents that does not adversely affect its rights or increase its duties under this Continuing Disclosure Agreement), and any provision of this Continuing Disclosure Agreement may be waived, provided that any of the following conditions is satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a) or 4 herein, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2018 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2018 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or

(c) The amendment or waiver either (i) is approved by the Owners of the Series 2018 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Series 2018 Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Series 2018 Bonds. The Regents also may amend or terminate this Continuing Disclosure Agreement without approval by the Owners of the Series 2018 Bonds to the extent permitted by rule, order or other official pronouncement of the SEC expressly permitting such action or approved by an opinion of nationally recognized bond counsel.

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

SECTION 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent The Regents from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Continuing Disclosure Agreement. If The Regents chooses to include any information in any Annual Report, in addition to that which is specifically required by this Continuing Disclosure Agreement, The Regents shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report.

SECTION 8. Default. In the event of a failure of The Regents or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Trustee may (and, at the request of the Underwriters or the Owners of at least 25% of aggregate principal amount of the Series 2018 Bonds then Outstanding, shall but only to the extent indemnified to its satisfaction from any liability or expense, including fees of its attorneys), or any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause The Regents or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, the Loan Agreement or any related document, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of The Regents, the Dissemination Agent or the Trustee to comply with this Continuing Disclosure Agreement shall be an action to compel performance, and no Person shall be entitled to recover monetary damages under this Continuing Disclosure Agreement.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and The Regents agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, or its employees and agents, harmless against any loss. expense and liabilities which he or she may incur arising out of or in the exercise or performance of his or her powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct.

SECTION 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given as follows:

To The Regents:
The Regents of the University of California
1111 Franklin Street
Oakland, California 94607
Attention: Chief Financial Officer, University of California
Telephone: (510) 987-9029
Fax: (510) 587-6180

To the Dissemination Agent:
BLX Group LLC
777 South Figueroa Street, Suite 3200
Los Angeles, California 90071
Attention: Managing Director
Telephone: (213) 612-2209
Fax: (213) 612-2499

To the Trustee:
Wilmington Trust, National Association
505 20th Street North, Suite 1750
Birmingham, Alabama 35203
Attention: Corporate Trust
Telephone: 205.986.7606
Fax: 205.327.5642

To BAM:
Build America Mutual Assurance Company
200 Liberty Street, 27th Floor
New York, New York 10281
Attention: Surveillance, Re: Policy No. ________
Telephone: (212) 235-2500
Fax: (212) 235-1542
Email: notices@buildamerica.com

Any Person may, by written notice to the other Persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notices to the Trustee shall be effective on the actual receipt thereof.

SECTION 11. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of The Regents, the Dissemination Agent, BAM, the Trustee, the Underwriters, the Owners and Beneficial Owners from time to time of the Series 2018 Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. THIS CONTINUING DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF CALIFORNIA DETERMINED WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAW.

IN WITNESS WHEREOF, The Regents, the Dissemination Agent and the Trustee each have caused this Continuing Disclosure Agreement to be executed and attested by its proper officer thereunto duly authorized, as of the day and year first above written.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: ______________________________
Title: Executive Vice President - Chief Financial Officer, University of California

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: ______________________________
Name:
Title:

BLX GROUP LLC, as Dissemination Agent

By: ______________________________
Title: Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person:	The Regents of the University of California
Name of Issuer:	California Municipal Finance Authority
Name of Bond Issue:	Student Housing Revenue Bonds (CHF-Davis I, L.L.C. - West Village Student Housing Project) Series 2018 (the "Series 2018 Bonds")
Date of Issuance:	December 13, 2018

NOTICE IS HEREBY GIVEN that THE REGENTS OF THE UNIVERSITY OF CALIFORNIA ("The Regents") has not provided for the Annual Report with respect to the above-named Series 2018 Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated December 13, 2018, entered into by The Regents for the benefit of the Owners of the Series 2018 Bonds. The Regents anticipates that the Annual Report will be filed by __________.

Dated: __________

BLX Group LLC,
as Dissemination Agent

By: ______________________________________
Title: ______________________________________
Phone: ______________________________________

cc: The Regents of the University of California
Wilmington Trust, National Association
J.P. Morgan Securities LLC, as representative of the Underwriters

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. NONE OF THE ISSUER, THE REGENTS OR THE BORROWER TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

So long as Cede & Co is the registered holder of the Series 2018 Bonds, as nominee of DTC, references in the Official Statement, including the Appendices thereto, to the Owners of the Series 2018 Bonds (other than as set forth under "TAX MATTERS") shall mean Cede & Co., and shall not mean the Beneficial Owners (as defined herein) of the Series 2018 Bonds.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2018 Bonds. The Series 2018 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 2018 Bond certificate will be issued for each maturity of the Series 2018 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information contained in such websites is not incorporated by reference herein.

Purchases of Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

SO LONG AS CEDE & CO., AS THE NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2018 BONDS, THE ISSUER AND THE BOND TRUSTEE WILL TREAT CEDE & CO. AS THE ONLY REGISTERED OWNER OF THE SERIES 2018 BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF, AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2018 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING

OR DIRECTING THE BOND TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE INDENTURE.

To facilitate subsequent transfers, all Series 2018 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 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 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 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond Documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 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 will be sent to DTC. If less than all of the Series 2018 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Series 2018 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 Issuer or the Bond Trustee on payable dates 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 Bond Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Bond 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 depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Issuer or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered in accordance with the provisions set forth in the Indenture.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2018 Bond certificates will be printed and delivered in accordance with the provisions set forth in the Indenture.

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

THE ISSUER, THE BORROWER AND THE BOND TRUSTEE DO NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE SERIES 2018 BONDS; (B) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (C) THE PAYMENT OF DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER WITH RESPECT TO THE PRINCIPAL OF AND INTEREST ON THE SERIES 2018 BONDS; (D) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO OWNERS; (E) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2018 BONDS; OR (F) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, CEDE & CO., AS OWNER.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX H

MARKET ANALYSIS STUDY

[THIS PAGE INTENTIONALLY LEFT BLANK]

BRAILSFORD & DUNLAVEY

MEMORANDUM

Date: June 29, 2018

To: Mark Rutheiser, UC Davis
Reed Kawahara, UC Davis

From: Brailsford & Dunlavey, Inc.

CC: Derek Veerkamp, USL

RE: Summary of Demand Impacts Related to Off-Campus Market Shifts

---

USL and UC Davis requested a re-examination of the Housing Demand Analysis performed by B&D and published in May 2018 prompted by the approval of a city referendum in June 2018 to annex property allowing the Nishi development of 2,200 beds to continue to advance. B&D does not believe this project will negatively impact the demand for the West Village and Orchard Park student housing projects.

The Nishi development was accepted through voter approval of Measure J in early June 2018. The project is an off-campus student focused development that should rent by the bed. The Nishi Gateway project is expected to offer 2-, 3-, and 4-bedroom apartments into the off-campus market. The 700-unit (2,200 beds) Nishi Gateway Project was known and accounted for in B&D's review of the housing pipeline. B&D does not believe the impact to the vacancy rate in the off-campus market will be significant enough to bring the average vacancy to what is traditionally deemed as a healthy level (i.e., 5%+). B&D's analysis of the rental market included research of 93 multi-family property listings comprising 6,802 units within the City of Davis generated by CoStar. Additional data from a separate vacancy report performed by BAE revealed an average vacancy rate of 0.2%. Vacancy rates confirm that the City of Davis is an extremely tight market making it difficult for both students and the general renter to find available units.

As indicated in B&D's full report, the Analysis also researched listings from the City of Davis and CoStar to determine any future housing developments that may be in the pipeline. As of May 2018, when the report was submitted to the University, B&D's review of the housing pipeline revealed there were 8 properties with approximately 1,400 units of new housing proposed or under construction. The new projects are expected to be located within a mile from the UC Davis campus and include a mix of mid-rise multi-unit apartments ranging from general market-rate rentals to student-focused options. Of the 1,400 units, about 958 units were deemed to be student-focused properties, which could directly compete with on-campus housing.

Further, separate interest was found from students for living in an on-campus housing option which is unique to other housing options in the City of Davis. In addition to providing the greatest proximity by being located directly on campus land itself, the new University projects will offer competitive amenities, access to campus services/resources, no security deposit or requirement of guarantor, support through disbursement of financial aid, greater safety and security, as well as the benefit of living adjacent to other campus residential communities.

Students were asked in a survey to identify their interest for living in an apartment-style building at UC Davis. Because the survey is specific in assessing on-campus demand, the target market is filtered to focus on the campus projects that are affiliated with the University and not assessing potential demand from nearby off-campus developments. To avoid any confusion with students, the exact location of the two projects was not indicated on the survey. However, the affiliation and the leadership by the University to build more student housing on campus land was clear, which becomes a distinguishing factor for students and within the demand assessment. In B&D's experience, on-campus properties are distinct through its offerings and affiliation, which provides students and their families an assurance of value and responsibility that off-campus developments cannot.

The Plan found a total on-campus housing demand of 16,096 beds over the existing supply of 10,181 beds leaving a remaining unmet demand of 5,915 beds. As the two University projects and off-campus master leases are considered into the overall demand equation, a remaining unmet demand of 1,412 beds would still be present for on-campus housing. This suggests again that the University's housing supply is not and will not fully meet the pace of demand from students despite the development of these two new projects. Moreover, as the university's enrollment grows to 39,000 by 2027-2028, on-campus housing demand will continue to grow to an additional 700-800 beds in the next 9 years.

In summary, the significant demand from students to live on campus coupled with the housing shortage off campus demonstrated sufficient support was present for B&D to recommend the West Village and Orchard Park projects move forward. Further, B&D's assessment of the off-campus market accounted for the potential development of student-focused housing in Davis, such as the Nishi project. Although these projects would directly compete with on-campus housing, both the West Village and Orchard Park projects are uniquely positioned to help support the University's mission and vision unlike off-campus properties are able to provide.

UNIVERSITY OF CALIFORNIA, DAVIS
STUDENT HOUSING DEMAND ANALYSIS

FINAL REPORT // MAY 2018

PREFACE

In February 2018, CHF-Davis, L.L.C. ("CHF") engaged Brailsford & Dunlavey ("B&D") to conduct a student housing demand analysis (the "Analysis" or the "Plan") for the West Village and Orchard Park projects at the University of California, Davis ("UC Davis" the "University"). The West Village and Orchard Park projects are a planned 5,203-bed development that builds on planning initiatives at UC Davis to develop new housing for undergraduate, graduate and professional students, and students with families. The projects are planned to be delivered in two phases by 2020 and 2021 through a public-private partnership ("P3") with CHF. CHF will own the housing assets which will revert back to the University at the end of the development agreement. The project is part of the University of California's student housing initiative to build 14,000 on-campus beds across the system to support student success and allow for growth within the system.

The findings contained herein represent the professional opinions of B&D's personnel based on assumptions and conditions detailed in this report. B&D has conducted research using both primary and secondary information sources which were deemed reliable, but whose accuracy cannot be guaranteed.

The project team was comprised of the following individuals:

Matthew Bohannon, Regional Vice President

Andrew Perez, Project Manager

Javaneh Jabbariarfaei, Project Analyst

WORK PLAN

B&D's approach to completing the Plan required active coordination with University staff and the developers during the months of February, March and April (2018).

The complete work plan includes the following tasks:

- A **visioning session** with campus administrators to understand opportunities and challenges of adding more housing on campus;
- **Focus group and stakeholder interviews** to qualitatively understand student preferences for housing, rental rate sensitivities, and general off-campus living experiences;
- An **on-campus housing supply analysis** to understand the total number of beds, breakdown of unit types, and general amenities offered within the current housing stock;
- An **off-campus housing market analysis** to assess the local housing market and typical price points near the campus;
- A **student survey** to quantify preferences for housing amenities, unit types, and demand;
- A **demand analysis** to quantify bed demand for a variety of unit types for both housing projects; data used for the demand analysis was collected from the student survey;

TABLE OF CONTENTS

Recommendations & Considerations 3

Market Analysis 5

Focus Groups & Stakeholder Interviews 5

Off-Campus Market Analysis 6

Student Survey Analysis 9

Demand Analysis 16

EXHIBITS

A. **Survey Data & Comments**

B. **Off-campus Analysis**

C. **Demand-Based Programming Results**

RECOMMENDATIONS & CONSIDERATIONS

STRATEGIC FRAMEWORK

The following is a summary of the recommendations and considerations from the Student Housing Demand Analysis. Information contained in this section is intended to incorporate high-level findings primarily from the off-campus analysis, student survey, and demand-based program model. Detailed information of each analysis that supports the recommendations and considerations is provided in subsequent sections, as well as corresponding exhibits.

B&D and the University worked together to determine the strategic framework and key questions to be answered within the Plan. The following is a list of the key areas where the Student Housing Demand Analysis focused its best efforts:

1. Assess the overall demand for apartment-style housing for upper classman, graduates, and students with families.
2. Understand student preferences for amenities and various unit type offerings proposed within the West Village and Orchard Park projects (Figure 1).
3. Determine the feasibility of phasing both projects at total bed count of 5,203 beds by Fall 2020 and Fall 2021 opening dates.
4. Evaluate the market's ability to absorb the new apartment inventory from both the West Village and Orchard Park projects while taking into consideration the expected growth of the off-campus housing market.
5. Provide considerations for parking and understand potential demand impacts of having limited parking as part of both projects.

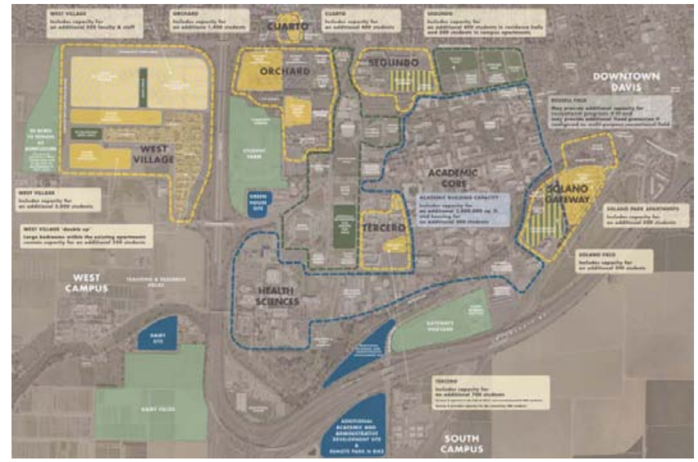


FIGURE 1: Image of Planned Developments Including West Village and Orchard Park (Provided by the University)

RECOMMENDATIONS

- Based on the survey findings and demand data from the Analysis, Brailsford & Dunlavey believes sufficient demand is present to build the West Village and Orchard Park developments and phase the projects into two phases with the following year openings: 2020 (1,534 beds) and 2021 (3,669 beds).

- B&D took into consideration the University's entire supply of housing available to students including beds on campus and master leases within the off-campus market. Overall, the survey and demand data determined a potential capture rate of 44% of students enrolled at UC Davis or a total on-campus housing demand 16,096 beds. The total demand was found to be 5,915 beds more than the existing housing supply, which currently captures 28% of the enrollment population (Figure 2).

Enrollment Classification	Enrolled Population	Current Capture Rate	Current Occupancy	Projected Capture Rate	Maximum Potential Demand
Freshman	6,134	92%	5,621	92%	5,621
Sophomore	5,510	22%	1,225	39%	2,149
Junior	8,125	18%	1,471	36%	2,918
Senior / Other	10,443	10%	1,020	34%	3,577
Graduate / Professional	6,179	14%	844	30%	1,831
TOTAL	36,391	28%	10,181	44%	16,096
	Difference From Existing Occupancy (Unmet Demand):				5,915

FIGURE 2: Total Demand by Enrollment Classification Compared to Existing Supply

- B&D determined that although West Village & Orchard Park will add more beds to the University's existing supply, it still would not provide an adequate supply of beds to meet overall demand present. Specifically, the remaining unmet demand after both projects are built by 2021 will be approximately 912 beds. Furthermore, unmet demand will grow further as students in Master Leases (500 beds) are transitioned out of off-campus properties and into West Village creating a net effect that will add to the overall demand found in B&D's Analysis. The total unmet demand for on-campus housing would grow to approximately 1,412 beds (Figure 3).

- B&D anticipates that as these new University projects are introduced into the market, the current off-campus vacancy rate of 0.2% will increase to more healthy market levels and allow non-students to participate in the general off-campus market.

- B&D found the highest demand for 1-bedroom, 2-bedroom and 4-bedroom apartment unit options with the following preferences from the student survey:
  - In-unit washer & dryer
  - Flexible occupancy terms / retain living unit year-to-year
  - Ability to choose a UC Davis roommate

Demand / Supply Reconciliation	Undergraduate: FY Housing	Undergraduate: Apartments	Graduate[2]	Family (units)[3]	Total
Freshmen	5,621	0	0		
Sophomore	126	2,023	0	70	
Junior	0	2,918	0		
Senior	0	3,577	0		
Graduate/Professional	0	0	1,487	274	
Total:	**5,747**	**8,518**	**1,487**	**344**	**16,096**
Univ. Owned Student Occupancy[1]	5,747	0	0	0	5,747
Unmet Demand	**0**	**8,518**	**1,487**	**344**	**10,349**
P3 Apts Student Occupancy[1]	0	4,134	300	0	4,434
Unmet Demand	**0**	**4,384**	**1,187**	**344**	**5,915**
New Projects[4]					
West Village	0	3,682	0	0	
Orchard Park	0	0	1,121	200	
Unmet Demand	**0**	**702**	**66**	**144**	**912**
Master Leases[5]	0	500	0	0	
Unmet Demand	**0**	**1,202**	**66**	**144**	**1,412**

1: Student Occupancy Capacity per UC Davis Portfolio Plan (Univ. Owned & P3 Apts) - Total No. of Beds is 10,181
2: Existing Graduate Housing Only Shown from 8th & Wake and the Atrium Although Options Are Available in Other Apartments
3: Solano Park Housing Not Included Due to Replacement
4: Bed and Unit Counts for West Village and Orchard Park Provided by USL Feb 9, 2018
5: Master Leases are considered additional unmet on-campus housing demand

FIGURE 3: B&D Demand & Supply Reconciliation Analysis

- Moreover, as the university continues to grow to its projected enrollment of 39,000 by 2027-2028, on-campus housing demand will also continue to grow to additional 700-800 beds in the next 9 years.

- Finally, when the University considers moving forward both projects, B&D proposes the following for consideration:
  - University's ability to provide adequate time for staff training and additional hiring; and
  - Construction market is continuing to increase costs; Potential market increases in interest rates.

MARKET ANALYSIS

B&D conducted a Market Analysis that consisted of focus groups, stakeholder interviews, an evaluation of the off-campus housing market, a student survey, and detailed demand analysis. Below is a summary of the Market Analysis as well as additional data points supporting the overall themes heard throughout the Analysis.

FOCUS GROUPS & INTERCEPT INTERVIEWS

The intent of the focus groups and stakeholder interviews was to engage a variety of students in dynamic conversations about the potential for student housing on the UC Davis campus. B&D focused on understanding the various reasons for students' decisions in selecting their current living situation. Discussion points touched upon facility amenities, residential services, price points, type of unit configurations, and the option of living in a new student housing development on campus. Discussions were also geared toward understanding students' challenges with finding housing in the general Davis market as well as areas surrounding their primary campus. Students were asked a variety of questions within a 45 minute to 1-hour focus group typically held in the college's Student Services Building.

The following is a summary of the main themes and feedback taken from the focus groups with students, which informed the Analysis but in particular the student survey development process.

SUMMARY OF FOCUS GROUPS

Participants believe the access to more housing for upperclassman and graduate/professional students will promote and improve student life and convenience.

There were strong testimonials of both upperclassman and graduate students' experiences on the challenge of finding off-campus housing, often times a year in advance. Participants agreed that the availability of housing that is both affordable and conveniently located on the UC Davis campus would help improve graduate/professional students' quality of life by not having to stress about finding housing every year off campus.

Students showed the greatest interest in the concept of housing for upperclassman as well as options that provided practical amenities and additional flexibility from a policy perspective.

With a diverse demographic population represented in the focus groups, a variety of concerns and expectations were expressed about the possibility of adding more apartment-style housing on campus. Many participants felt that apartment-style living was the most appropriate for a new development because of the perception that the campus already has too many residence hall style rooms for freshman and not enough housing for upper division students.

Further consideration of apartment-style housing was also requested from graduate and professional students with a spouse, partner, and/or children. They also indicated that it would be ideal to have resources like childcare on campus with a small playground. Other participants felt strongly that any proposed units should be equipped with kitchens to allow for the most independent and cost-effective living situation to students. When students were prompted to list amenities desired in an on-campus housing property, responses entailed practical amenities that would support their academics while also mentioning policies that would allow them to continue living in housing the following year with particular preferences. Some of the most popular amenities and policies include the following:

- In-room Wi-Fi access;
- Flexible roommate policies;
- Ability to keep roommates and/or same unit for following year;
- Pet-friendly;
- Safe and secure building access with a key-card; and
- Proximity to a convenience store.

Students felt the future location of the West Village and Orchard Park projects were within a reasonable distance to the academic core and provided enough proximity to both on- and off-campus amenities.

Students were interested in the concept of the two projects based on the preliminary information that was shared with them by the Project Team about the unit types and location. Although the West Village project is the farthest away of the two from the academic core, many focus group participants indicated that due to the ease of transit, safe pedestrian pathways, and the popularity of using bicycles around Davis and the campus, the distance would not be an issue. Orchard Park was the ideal location for housing due to its proximity to the academic core.

OFF-CAMPUS MARKET ANALYSIS

INTRODUCTION

B&D examined the off-campus housing market in Davis to understand how competitive on-campus housing is within the private rental market. To complete this analysis, B&D utilized comparable property market data generated from CoStar, as well as information from the City of Davis. The project team also analyzed census data and current apartment listings within the city boundaries of Davis to determine whether the local market offered student-friendly rental rates and amenities. There are several student-focused apartment complexes and property owners in Davis, most of which were built in 1960s through 1990s; however it is anticipated that 958 student-focused units could be developed in the next 3-5 years according to data from the City of Davis.

HOUSING MARKET OVERVIEW

Davis is a suburb of California's capital, Sacramento, with approximately 77,000 people. About 58% of the population are family households and about 43% of the housing units are owner-occupied single-family homes. The median gross rent in Davis, according to 2015-16 census data, was $1,291 per month.

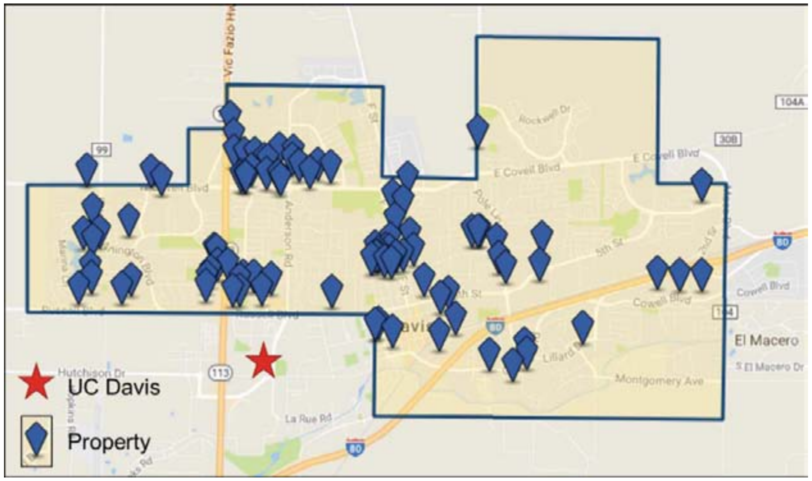


FIGURE 4: Map of Off-Campus Housing Properties Assessed within the City of Davis (Provided by CoStar)

B&D's analysis found that the Davis housing market is friendly to students due to the amount of available student-purpose built properties. As such, the market is also considered student-friendly because policies and lease arrangements cater more to students by offering academic year and individual leases, fully furnished units, and roommate matching.

COMPARABLE PROPERTY RENTAL RATE ANALYSIS

B&D conducted a survey of 93 multi-family property listings comprising 6,802 units within the city of Davis to determine what options students would most likely experience in the market that was within easy access to campus. The findings showed very low vacancy rates in most of the properties researched with an average of 0.9% demonstrating an extremely tight market for students. For additional reference, the University recently (2017) sought consultation from a company called BAE to perform a more comprehensive vacancy report of the city of Davis. The vacancy report surveyed 138 properties (110 of which are renting at or above market rate) comprising 8,122 units. The findings also identified that the market consists of primarily 1-bedroom units (32%) and 2-bedroom units (46%) with an average vacancy rate of 0.2%.

Overall, the average per bedroom monthly rental rate (single configuration) in the market was $959 (excluding utilities). Three-bedroom apartments were the most inexpensive unit type offered, with an average per-bedroom rate of $764 per month. The most expensive rates offered were for one-bedroom apartment units, with an average per-bedroom rate of $1,351.

When contrasted with what students reported in the survey, respondents indicated paying an average of $757 per bedroom per month for a single bedroom and $513 per bedroom per month for a double configuration room at the lower end of the market. According to the student survey, approximately 56% of students indicated that they share a bedroom with one or more students to lessen their financial burden. Self-reported utility rates from the student survey showed renters are paying between $60-$80 per person per month in the local off-campus market.

Lastly, the Analysis by unit type revealed average rates for a studio, one-, two-, three-, and four-bedroom apartment units was $1,152, $1,351, $1,723, $2,293, and $3,070 respectively.

	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Number of units	**96**	**2,205**	**3,163**	**865**	**455**
Min per unit	$636	$735	$673	$1,372	$2,256
Average per unit	**$1,152**	**$1,351**	**$1,723**	**$2,293**	**$3,070**
Max per unit	$2,018	$2,018	$2,428	$2,840	$3,805
Min per person	$636	$735	$337	$457	$564
Average per person	**$1,152**	**$1,351**	**$861**	**$764**	**$768**
Max per person	$2,018	$2,018	$1,214	$947	$951

FIGURE 5: Average Monthly Apartment Rental Rates by Entire Unit and Single Bedroom Rate

STUDENT-FOCUSED HOUSING

Utilizing a combination of data provided by the City of Davis and CoStar, information was found related to ten (10) student-focused properties in the off-campus market. These ten properties made up approximately 958 units near the UCD campus, most of which are class C and B buildings. The average rate for an entire one-, two, and three-bedroom apartment unit in the ten researched properties was $1,359, $1,661, and $2,031, respectively. Many of these properties lease space to students on a per bed basis and do not allow the option to rent entire unit commonly seen within general market-rate housing.

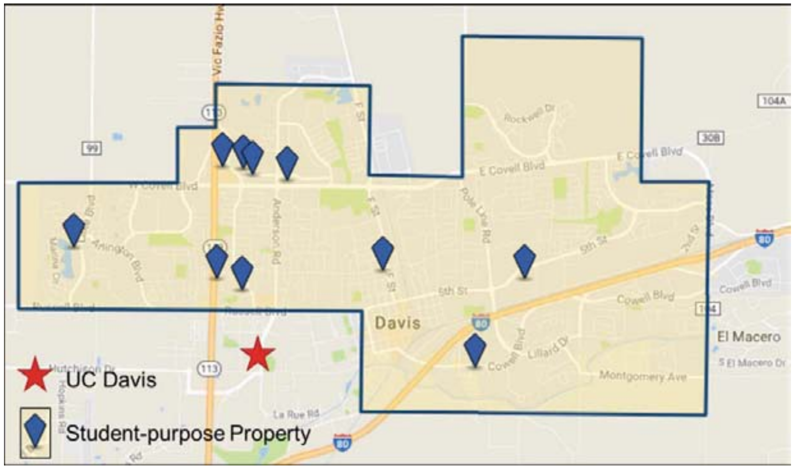


FIGURE 6: Map of Student-Purpose Built Housing Properties

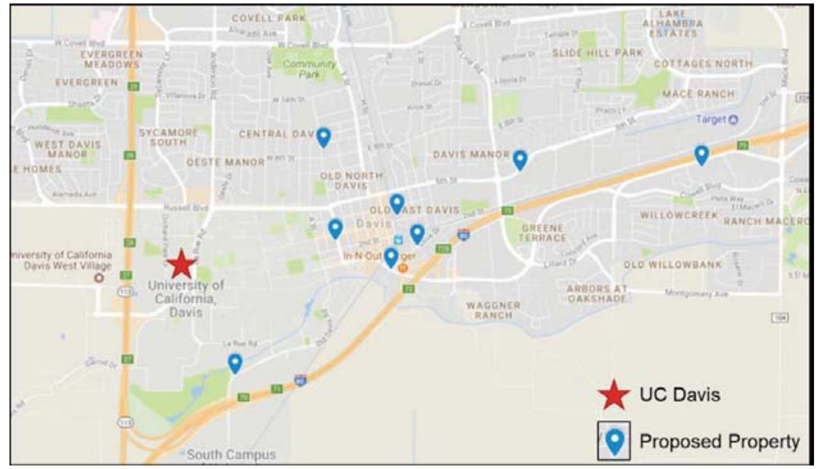


FIGURE 7: All Pipeline Projects in the Davis Area as of April 2018

FUTURE HOUSING DEVELOPMENTS

According to data provided by the City of Davis and other listings within CoStar, there are approximately 1,400 units of new housing that are proposed or under construction. The new projects are located within a mile from the UC Davis campus and include a mix of mid-rise multi-unit apartments.

Of the 1,400 units, about 958 units are deemed to be student-focused, which could directly compete with on-campus housing. Many other projects are considered market-rate housing and friendly to student renters with flexible lease terms while others are also deemed student averse and market to higher-end renters for luxury condominiums and apartments.

OFF-CAMPUS LIVING PATTERNS

Several questions were asked in the student survey regarding students' experiences and costs with the off-campus rental market. These questions were asked to assist in identifying gaps in the off-campus analysis research and understand where similarities are present in the living patterns students self-report. For example, the self-reported information indicated students are primarily living in apartment complex, duplex, or triplex (80%). The majority of students also reported in the survey that it was challenging to secure housing while attending UC Davis (63%). Students are also finding it most difficult to secure housing during the fall (28%) and winter (29%) quarters. The difficulty in finding housing is due to the lack of units that fit in their price range (89%), they have to sign a lease many quarters in advance (68%), or the available housing units do not adequately fit their needs (50%).

STUDENT SURVEY ANALYSIS

OVERVIEW

B&D conducted an online survey to understand housing preferences and rental rate sensitivities of current UC Davis students. Data collected by the student survey formed the basis for B&D's recommendations on the types and quantity of housing projected in the Demand Analysis section. Survey questions were designed to assess current living conditions and preferences for future student housing. Response options were structured to maximize information related to facility characteristics, amenities, parking, rental rates, and general demand for specific unit types for the West Village and Orchard Park projects.

METHODOLOGY

From March 8th to March 19th, 2018, students were surveyed via an on-line link distributed to their campus e-mail. A sample campus population of approximately 12,000 (30%) students were given the opportunity to participate. During that time, the total participation in the survey resulted in 1,387 respondents (11.5% of the sample population) and 1,144 total completions (9.5%). For the purposes of the Analysis, findings are based on the total respondent amount of 1,387.

DEMOGRAPHICS

Demographic questions allow B&D to organize the responses and analyze demand based on different student characteristics. A sample population of 30% of the total enrollment (approximately 12,000 students) was used for the survey and aligns with the 2017-2018 undergraduate and graduate enrollment figures. However, it is important to note that graduate students taking classes online or at another campus outside of Davis were excluded from the sample population.

The Project Team remains aware of the potential for over- and under-representations in the Analysis, especially when utilizing sample populations. Typically, an over- or under-representation of +/-15% or more is a concern that should be identified and taken into consideration when reviewing the demand data. Some over- and under-representations were seen due to certain group's interest in the survey and project. The greatest risk of over- or under-sampling within a Student Housing Demand Analysis is with the class level breakdown. For this survey, the highest under-representation that was found was among seniors (11%), which in B&D's experience is common. Seniors are least likely to respond to a survey about housing preferences because they will likely not be attending the University when the project is complete. Breakdown of total responses by class level along with a comparison to current UC Davis enrollment is included below:

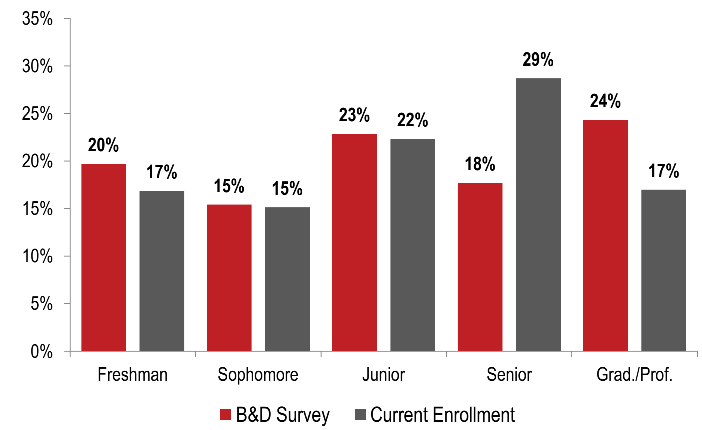


FIGURE 8: Survey Response Rate by Class Level vs. Current Enrollment (2018)

Other student demographics in the survey were a close representation to the overall University demographics. These representations were within normal variations (less than 10%) and among common demographic groups, such as full-time participants, average age, and number of international students. An additional example would include the over-representation by 8% of students who indicated in the survey that they currently live on campus (36%) in comparison to the current capture rate of 28%. Again, due to the group's interest in the survey and project. Although the majority of students (89%) indicated that they are single without child(ren)/dependent(s), this figure was an under-representation of the single student group by about 9%. Other marital/family status groups were represented within the survey at 6% indicating they are married/partnered with no child(ren)/dependent(s), 4% revealing they are married/partnered with child(ren)/dependent(s), and 1% are single with child(ren)/dependent(s).

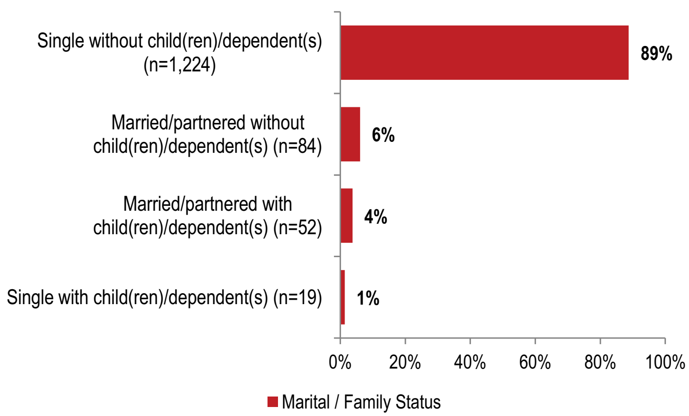


FIGURE 9: Marital / Family Status of Survey Respondents (n=1,379)

CURRENT LIVING PATTERNS – ON CAMPUS

Among all students who participated in the survey, 22% live in the residence halls and 14% reside in another on-campus facility or University-affiliated housing. Tercero Area received the highest number of participants within the survey at 56%, followed by Segundo Area (33%) and Cuarto Area (11%). The highest level of satisfaction related to students' current living conditions was among Cuarto Area (94%) followed closely by Tercero Area (93%). Both Cuarto and Tercero Area residence halls were 9% and 8% higher, respectively, than students living in the off-campus market within the city of Davis (85%). An additional question was asked to those who live in non-residence hall buildings, which exhibited the highest participation was among Solano Park students (31%), West Village (20%), and Colleges at La Rue (11%).

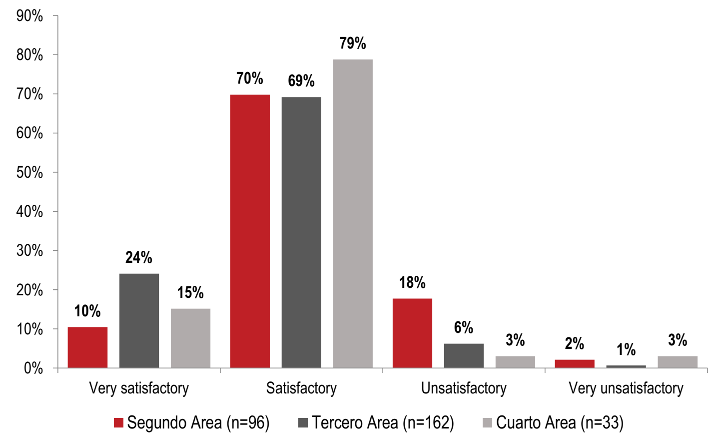


FIGURE 10: Breakdown of Residence Hall Students by Satisfaction of Living Conditions

Most students shared that they have lived on campus during their freshman year (61%) or during their junior year (10%). Among junior students who have lived on campus, 54% entered into UC Davis as a transfer student. As shown in Figure 11, 22% of respondents said they have never lived in on-campus housing while the next largest subpopulation has lived on campus only during their graduate/professional years (8%).

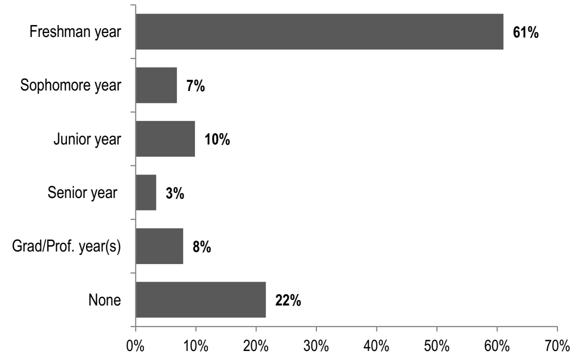


FIGURE 11: Breakdown of Years Lived in Housing while at UC Davis (n=1,342)

	Factor	Percent
1	Lack of units that fit in my price range	89%
2	Having to sign a lease many quarters before I will live there	68%
3	Available housing units don't fit my needs	50%
4	Security deposit	42%
5	Move-in fees	31%
6	I don't have credit history	27%
7	Lack of reliable landlords in Davis	26%
8	Hard to find roommates	25%
9	Having to have a co-signer to the lease	21%
10	Other	16%

FIGURE 12: Reasons Students Found it Challenging to Secure Housing while Attending UC Davis (n=1,096)

CURRENT LIVING PATTERNS – OFF CAMPUS

Among all students, those living off campus indicated they are mostly living in the city of Davis (57%) as well as outside the city (7%) due to the difficulty with securing a rental unit and the low vacancy rate within the market. In fact, 63% of respondents said it was challenging to find and secure housing primarily because of the lack of units available that fit in the student's price range (89%). This is particularly more difficult during the winter and fall quarters as indicated by students

Students living in the off-campus market are living mostly with other UC Davis students (66%) in an apartment unit (71%) with an average of 2.5 bedrooms. Undergraduates were living with other UC Davis students at the highest rate (78%) while graduate/professional students are much more spread across the spectrum in terms of roommate choices. Graduate/professional students indicated living with UC Davis students (36%), with a spouse/partner and/or children (27%), and those living alone (13%).

	Whom Students Currently Live With	All	Undergrad	Grad./Prof.
1	With other UC Davis roommate(s)	66%	78%	36%
2	With my spouse/partner and/or children	10%	3%	27%
3	With both UC Davis and non-UC Davis roommate(s)	8%	6%	11%
4	I live alone	6%	3%	13%
5	With other non-UC Davis roommate(s)	5%	4%	10%
6	With my parent(s) or other relative(s)	5%	5%	2%

FIGURE 13: Whom Students Currently Live Within the Off-Campus Market (n=777)

Additionally, undergraduates were more likely to share a bedroom with at least one other person (double configuration bedroom) at 54% while graduate and professional students primarily rented single bedrooms (63%). Although doubling up in a bedroom was more common to save on rental costs, very few students tripled within a bedroom (8%) to save more money.

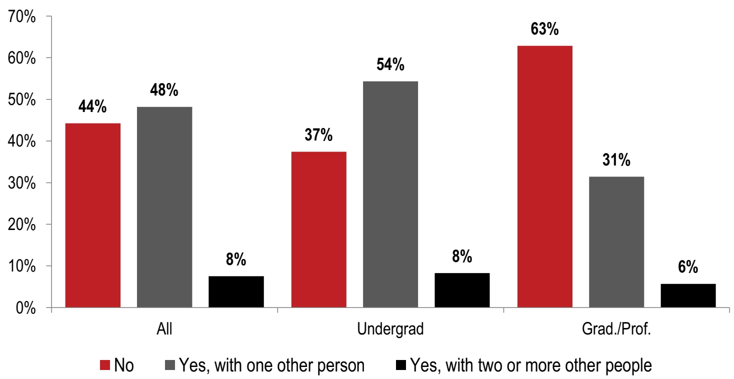


FIGURE 14: Students who Share a Bedroom by Single/Double/Triple (n=716)

The cost of living varied significantly between those who rent a single bedroom and a double bedroom. Most students are spending an average of approximately $430 on their security deposit on a 12-month lease (87% of respondents); however, average rent was $757 per person per month and $513 per person per month for a single and double room, respectively. Utility costs, which commonly included electric (92%), Internet (87%), and gas (73%), averaged $81 per person per month and $63 per person per month for those living in a single and double room, respectively.

FIGURE 15: Breakdown of Rental / Utility Costs by Single & Double Bedrooms

Overall, off-campus students were satisfied with their living conditions. Among those living within the city limits of Davis, 85% said their living conditions were very satisfactory or satisfactory, while those who live outside of Davis were at 80% for the combined responses of very satisfactory and satisfactory.

HOUSING DECISION FACTORS

Whether students live in university-affiliated housing or in the off-campus market, they are making their decisions of where to live based on a variety of factors. The survey evaluated which factors mattered most to on-campus students and compared them to those living in the off-campus market. Students living in the off-campus market designated a higher level of importance on factors such as the availability of a kitchen (98%), total cost of rent and utilities (97%), and ability to choose their own roommate(s) (87%). On-campus students were most interested in the proximity to classes and the total cost of rent and utilities (both at 93%), safety and security features (89%), and availability of their preferred housing unit type (86%).

	Top 10 Factors	All Students	On Campus	Off Campus
1	Total cost of rent and utilities	96%	93%	97%
2	Availability of a kitchen	90%	77%	98%
3	Proximity to classes / campus	88%	93%	86%
4	Safety and security features	86%	89%	85%
5	Availability of my preferred housing unit type	86%	86%	86%
6	Ability to choose my own roommate(s)	82%	73%	87%
7	Availability of a good building manager or landlord	75%	72%	76%
8	Availability of a quiet place to study	75%	84%	70%
9	Availability of additional living space within my unit	69%	62%	73%
10	Availability of a private (single) bedroom	61%	53%	65%

FIGURE 16: Top 10 Factors for Choosing Where to Live **This Year** **(n=1,230)**

Students were asked a similar question regarding why they would prefer to live off campus. Approximately 63% of respondents indicated they would prefer to live off campus next year within the city of Davis or outside of the city of Davis (7%). Among the total 70% planning to live off campus the following year, findings regarding students' disinterest with living on campus is due to the perception that it is more cost effective to live off campus (79%), they have greater access to a kitchen (70%), and off-campus living offers more living space in the unit (59%). All of the major factors for choosing to live off campus are related to the perceived value of apartment style living with more space and privacy available within the unit.

	To 10 Reasons	Percent
1	More cost effective	79%
2	Access to my own kitchen	70%
3	More living space	59%
4	More privacy	57%
5	Ability to live with or near friends	47%
6	No meal plan requirement	43%
7	Better living unit amenities	40%
8	Fewer rules and regulations	36%
9	To live in a quieter environment	32%
10	More convenient parking or public transportation	29%

FIGURE 17: Top 10 Reasons for Choosing to Live Off Campus **Next Year** (n=832)

FUTURE HOUSING PREFERENCES

Student respondents were asked a series of questions related to which living amenities and features were most important in any future on-campus student housing development. The aspects that were shown to be "very important" or "important" to both groups of students within the undergraduate and graduate/professional categories identified flexible occupancy terms (53%), ability to retain the same living unit (49%), and ability to choose their own UC Davis roommate(s) (44%) as the top three preferences. Only minor differences were present with the percentage of students between each of the top three options but with graduate and professional students also preferring little to no meal plan requirement for living on campus (39%).

Top 10 Personal Preferences	ALL	Undergrad	Grad/Prof
Flexible occupancy terms (9, 10, or 12 months, stay over break periods, etc.)	53%	54%	50%
Ability to retain the same living unit from year to year	49%	47%	56%
Ability to choose my own **UC Davis** roommates	44%	49%	28%
Little or no meal plan requirement	39%	39%	39%
Proximity to public transportation	36%	39%	25%
Flexible payment terms (e.g., pay rent monthly)	35%	35%	32%
Access to quiet study space	33%	37%	21%
Availability of maintenance and custodial services	26%	26%	25%
Ability to have pets	22%	19%	30%
Fewer rules and regulations	21%	22%	18%

FIGURE 18: Top 10 Personal Preferences to Consider for New Housing Developments (n=1,150)

Similarly, students were also asked about their top priorities for building amenities and features for a new student housing development. Within the top ten choices, undergraduate and graduate/professional students both valued the inclusion of an in-unit full kitchen (56%), a convenient location (54%), and in-room wireless Internet access (47%). However, graduate and professional students preferred a private single bedroom (60%) as their second top choice among important physical features.

Top 10 Physical Features	ALL	Undergrad	Grad/Prof
In-unit full kitchen	58%	55%	68%
Convenient location	54%	57%	44%
In-room wireless Internet access	47%	49%	41%
Private (single) bedroom	35%	27%	60%
Washer and dryer in the living unit	32%	32%	32%
On-site parking	30%	29%	35%
Convenient laundry facilities in the building	24%	23%	26%
Private bathroom	23%	21%	31%
Convenient access to public transportation	20%	22%	12%
Living room	19%	18%	20%

FIGURE 19: Top 10 Physical Features to Consider for New Housing Developments (n=1,154)

TRANSPORTATION AND PARKING PREFERENCES

The assessment of social amenities, preferences, and physical features is critical to understand what elements to include within any new housing development. As a part of that, the culture of parking and students' desire to have their car close by for everyday use is equally important to test. Within this Analysis a variety of questions were asked to understand student patterns of transportation use and preferences. Overall, 65% of respondents indicated that having regular access to a vehicle is very important or important. Students are using their personal vehicles approximately four (4) times per week (Figure 20). Among those living within the residence halls on campus, 12% of both Segundo and Cuarto Area students are using their cars every day. On-campus residents were also most likely to use ride-hailing services once per week such as Lyft and Uber while off-campus students reported only using these services less than once per week.

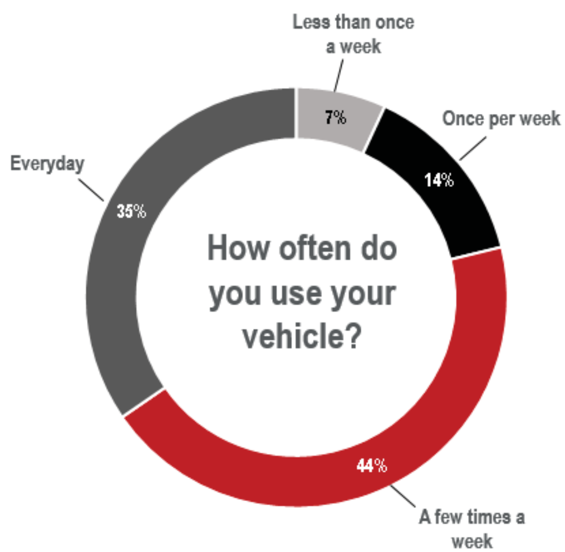


FIGURE 20: Number of Times per Week Students are Using Their Personal Vehicle

An additional question was asked regarding the importance of ensuring an adequate number of parking spots are available in future housing developments. Overall, students said if parking were not available for them, they would expect a discount of approximately $60 per month. Graduate and professional students expected the highest amount ($65 per month) and was the group with the largest number of respondents who said they would not be interested in living the housing development if they could not have access to parking (56%). Nearly half of students with families (51%) also said they would not be interested in living in the new housing development without parking. Undergraduates were the most flexible with only 39% indicating they would require parking in the new development but if it were not available, they would expect a discount of $59 per month (Figure 21).

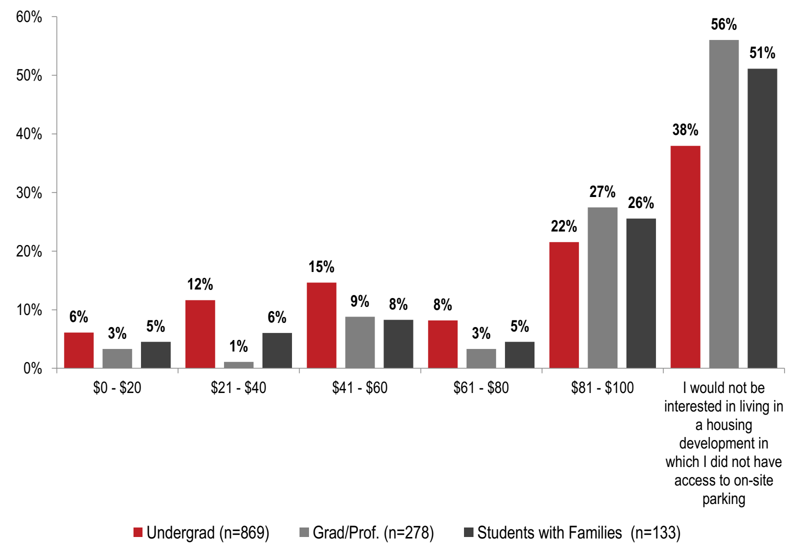


FIGURE 21: Discount Necessary if Parking Spots are not Provided in the New Development

STUDENT INTEREST IN ON-CAMPUS HOUSING

Finally, if the University met all of the aforementioned housing preferences, students indicated they would be interested in living on campus. Figure 22 utilizes two questions within the survey to identify which year students would choose to live in new student housing in comparison to the years students have previously lived on campus. Overall, the greatest change between the two questions is the 43% increase in sophomore year if the new housing development met their preferences that year. This suggests that there is not only an interest from students to continue living on campus but a significant opportunity for the University to increase the sophomore year capture rate. Additionally, students also said they would be interested in living on campus again during their senior (33%) or junior (31%) years. The higher number of junior student interest is most likely related to the transfer student population but it is still a substantial opportunity for the University as it seeks to develop housing for upperclassman and support the demand results found in the Demand Analysis. Another opportunity was also identified with graduate and professional student demand as it showed they have a 20% increase in interest for living on campus during those particular years at UC Davis. The increases seen in all class levels (except for first year) reaffirm the concept of building apartment-style housing with the West Village and Orchard Park projects.

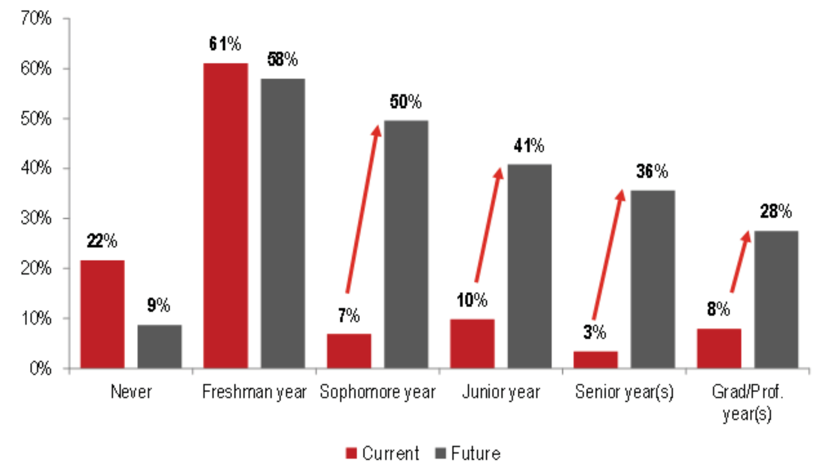


FIGURE 22: Enrollment Years Students Would or Would Have Lived in Student Housing if Their Housing Preferences were Met Each Year (n=1,142)

DEMAND ANALYSIS

DEMAND OVERVIEW

B&D developed a detailed model to project the specific level of demand for student housing in the new projects, West Village and Orchard Park. A variety of unit types proposed to be included within both projects were tested including single and double configurations of various apartment-style units.

The model derives demand from electronic survey responses, as well as current and projected enrollment figures provided by UC Davis. Survey respondents were provided with a narrative describing the unit types with descriptions including sample floor plans of apartments, such as studio, 1-, 2-, 3-, 4- and 5-bedroom options, along with estimated rental rates for each. Following the narrative, respondents were asked to indicate which unit type and occupancy option they would select if it were available this academic year (2017-2018).

A target market was then defined to project conservative and realistic demand from UC Davis students currently enrolled. The target market included respondents who met all of the following criteria: (1) are full-time students; (2) indicated they were interested in living on campus; (3) currently living on campus or currently living off campus and are renting a room, apartment or house; and (4) are currently paying rent of $600 or more per month within the off-campus market. Respondents not meeting the aforementioned criteria, including students who own a home, were removed from the Demand Analysis. Any students living with parents were not included in the demand analysis.

DEMAND BREAKDOWN

Using a total enrollment consistent with the most recent levels finalized by the University (2017-2018) at 36,391 and with a current capture rate of 28% or 10,181 beds. Interest in campus housing was shown for all unit types tested and across all class level groups. When filtering demand by the above criteria, B&D projected a capture rate of 44% or a total demand of 16,096 on-campus beds. The difference between projected demand and current occupancy is approximately 5,915 beds. For the purposes of this Analysis, freshmen were not considered and their maximum potential capture rate or demand remained the same.

Enrollment Classification	Enrolled Population	Current Capture Rate	Current Occupancy	Projected Capture Rate	Maximum Potential Demand
Freshman	6,134	92%	5,621	92%	5,621
Sophomore	5,510	22%	1,225	39%	2,149
Junior	8,125	18%	1,471	36%	2,918
Senior / Other	10,443	10%	1,020	34%	3,577
Graduate / Professional	6,179	14%	844	30%	1,831
TOTAL	36,391	28%	10,181	44%	16,096
Difference From Existing Occupancy (Unmet Demand):					5,915

FIGURE 23: Demand Breakdown by Class Level Compared to Existing Supply & Capture Rate

Among the unit types tested within the survey, undergraduate demand was spread across all units with the highest demand for 4-bedroom/2-bath apartments (2,926) and 2-bedroom/1-bath doubles (2,166). In contrast, 4-bedroom/2-bath apartments were less popular among graduate and professional students with demand under the USL planned bed count by 310 beds. The largest remaining bed difference from demand in the survey in the two planned projects was for 2-bedroom/2-bathroom doubles (1,574 beds) and single configuration four-bedroom/2-bathroom apartment units (1,254 beds).

	Undergraduate Unit Types				
	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single
Upper Division Demand[1]	511	1,049	1,733	2,166	2,926
Graduate/Professional Demand	0	0	0	0	0
Total Demand	511	1,049	1,733	2,166	2,926
West Village & Orchard Park[2]	126	480	812	592	1,672
Difference	**385**	**569**	**921**	**1,574**	**1,254**

	Graduate/Professional Unit Types				
	Studio Single	2BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single
Upper Division Demand[1]	0	0	0	0	0
Graduate/Professional Demand	188	333	290	358	152
Total Demand	188	333	290	358	152
West Village & Orchard Park[2]	54	110	189	668	100
Difference	**134**	**223**	**101**	**-310**	**52**

	Family Unit Types[3]	
	2BR / 1BA Flat	2BR / 1.5BA Townhome
Upper Division Demand[1]	29	230
Graduate/Professional Demand	211	299
Total Demand	240	529
West Village & Orchard Park[2]	35	165
Difference	**205**	**364**

1: Upper division demand excludes freshman students
2: Bed and Unit Counts for West Village and Orchard Park Provided by USL April 12, 2018
3: Family housing demand accounts for enrolled students only (one student per tw o-bedroom family unit)

FIGURE 24: Projected Upper Division and Graduate/Professional Demand by Unit Types Compared with Both Projects

DEMAND AND SUPPLY RECONCILIATION

An analysis was completed to determine how the total on-campus demand found within the student survey (16,096 beds) would affect the existing supply of beds at UC Davis. Currently, UC Davis provides beds to 10,181 students on campus, as well as an additional 500 students through off-campus master leases. Under consideration for the demand and supply reconciliation was university-owned residence halls (5,747 beds), P3 apartments (4,434 beds), West Village (3,682 beds), Orchard Park (1,121 beds and 200 family units), and the 500 off-campus master leases. The demand reconciliation exercise was intended to reveal how much additional on-campus housing demand may be present after all of the existing supply of beds was taken into consideration.

The reconciliation exercise starts with the total demand possible and begins including the existing bed supply to reveal what remaining demand is present. Firstly, after including university-owned beds dedicated to freshmen and some sophomores at 5,747 beds, the unmet demand was identified as 10,349 beds. When considering all P3 apartments (4,434 beds), which are offered to upper classman (4,134 beds) and graduate/professional students (300 beds), the Analysis found a remaining unmet demand of 5,915 beds. Additionally, when West Village and Orchard Park are assumed as a part of the supply of beds, a remaining unmet demand of 912 beds was present. Finally, because the master leases are located off campus, these beds are accounted for as additional unmet demand bringing the total unmet demand to 1,412 beds. The breakdown of the 1,412 beds reveals that it is primarily comprised of upper classman apartment demand (1,202 beds) with an additional 66 beds unmet for graduate/professional students and 144 units for family housing.

Demand / Supply Reconciliation					
	Undergraduate		Graduate[2]	Family (units)[3]	Total
	FY Housing	Apartments			
Freshmen	5,621	0	0	70	
Sophomore	126	2,023	0		
Junior	0	2,918	0		
Senior	0	3,577	0		
Graduate/Professional	0	0	1,487	274	
Total:	**5,747**	**8,518**	**1,487**	**344**	**16,096**
Univ. Owned Student Occupancy[1]	5,747	0	0	0	5,747
Unmet Demand	**0**	**8,518**	**1,487**	**344**	**10,349**
P3 Apts Student Occupancy[1]	0	4,134	300	0	4,434
Unmet Demand	**0**	**4,384**	**1,187**	**344**	**5,915**
New Projects[4]					
West Village	0	3,682	0	0	
Orchard Park	0	0	1,121	200	
Unmet Demand	**0**	**702**	**66**	**144**	**912**
Master Leases[5]	0	500	0	0	
Unmet Demand	**0**	**1,202**	**66**	**144**	**1,412**

1: Student Occupancy Capacity per UC Davis Portfolio Plan (Univ. Owned & P3 Apts) - Total No. of Beds is 10,181
2: Existing Graduate Housing Only Shown from 8th & Wake and the Atrium Although Options Are Available in Other Apartments
3: Solano Park Housing Not Included Due to Replacement
4: Bed and Unit Counts for West Village and Orchard Park Provided by USL Feb 9, 2018
5: Master Leases are considered additional unmet on-campus housing demand

FIGURE 25: B&D Demand & Supply Reconciliation Analysis

Sufficient demand is present to build new housing when considering all university-affiliated bed spaces currently available to UC Davis students (University Owned Beds, P3 Apartments, and Master Leases). In addition, West Village & Orchard Park will not provide adequate supply of beds to meet the overall on-campus housing demand that was found in the Demand Analysis. Furthermore, as the university's enrollment grows to 39,000 by 2027-2028, on-campus housing demand will continue to grow to an additional 700-800 beds in the next 9 years.

(This page is intentionally left blank)

BRAILSFORD & DUNLAVEY

INSPIRE. EMPOWER. ADVANCE.

info@programmanagers.com
PROGRAMMANAGERS.COM

EXHIBIT A:

SURVEY DATA AND COMMENTS

Q1. What is your class standing?		
Count	**Percent**	
290	20.94%	Freshman
205	14.80%	Sophomore
306	22.09%	Junior
257	18.56%	Senior
292	21.08%	Graduate
32	2.31%	Professional
3	0.22%	Other
1385	Respondents	

Q2. What was your classification upon entering UC Davis for the first time?		
Count	**Percent**	
911	65.82%	New student (undergraduate)
183	13.22%	Transfer student (undergraduate)
285	20.59%	New student (graduate/professional)
5	0.36%	Transfer student (graduate/professional)
1384	Respondents	

Q3. What is your marital/family status?		
Count	**Percent**	
1224	88.76%	Single without child(ren)/dependent(s)
19	1.38%	Single with child(ren)/dependent(s)
84	6.09%	Married/partnered without child(ren)/dependent(s)
52	3.77%	Married/partnered with child(ren)/dependent(s)
1379	Respondents	

Q4. Where are you currently living while attending UC Davis?		
Count	Percent	
300	21.69%	Residence hall
191	13.81%	On-campus or UC Davis affiliated apartment
795	57.48%	Off campus (within the City of Davis)
97	7.01%	Off campus (outside of the City of Davis)
1383	Respondents	

Q5. In which UC Davis on-campus residence hall community do you reside?		
Count	Percent	
96	32.99%	Segundo Area
162	55.67%	Tercero Area
33	11.34%	Cuarto Area
291	Respondents	

Q6. If currently living in an on-campus or UC Davis affiliated apartment, in what community do you reside?		
Count	Percent	
7	3.72%	Arlington Farm
5	2.66%	Adobe Apartments
21	11.17%	Colleges at La Rue
14	7.45%	Primero Grove
9	4.79%	The Lexington
38	20.21%	West Village Apartments
8	4.26%	Atriums at La Rue
13	6.91%	Russel Park Apartments
8	4.26%	8th and Wake
0	0.00%	Living Groups at La Rue (Fraternity / Sorority / Organizational Housing)
0	0.00%	The Baggins End Domes
4	2.13%	Tri-Cooperatives
58	30.85%	Solano Park Apartments
3	1.60%	Other
188	Respondents	

Q7. What is your zip code of your current residence outside of the City of Davis?	
Count	**Percent**
89	100.00%
89	Respondents

Q8. Which years have you lived in on-campus or UC Davis affiliated student housing? SELECT ALL THAT APPLY, INCLUDING PARTIAL YEARS.			
Count	**Respondent %**	**Response %**	
290	21.61%	19.45%	None
819	61.03%	54.93%	Freshman year
92	6.86%	6.17%	Sophomore year
132	9.84%	8.85%	Junior year
46	3.43%	3.09%	Senior year (including fifth year and beyond)
106	7.90%	7.11%	Graduate/professional year(s)
6	0.45%	0.40%	Other
1342	Respondents		
1491	Responses		

Q9. How would you describe your current living conditions?		
Count	**Percent**	
309	22.91%	Very satisfactory
855	63.38%	Satisfactory
160	11.86%	Unsatisfactory
25	1.85%	Very unsatisfactory
1349	Respondents	

Q10. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Total cost of rent and utilities		
Count	**Percent**	
927	74.58%	Very important
264	21.24%	Important
40	3.22%	Unimportant
12	0.97%	Very unimportant
1243	Respondents	

Q11. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of my preferred housing unit type (double room, private room, apartment, suite, etc.)		
Count	**Percent**	
562	45.58%	Very important
501	40.63%	Important
144	11.68%	Unimportant
26	2.11%	Very unimportant
1233	Respondents	

Q12. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Ability to choose my own roommate(s)		
Count	**Percent**	
606	49.92%	Very important
391	32.21%	Important
159	13.10%	Unimportant
58	4.78%	Very unimportant
1214	Respondents	

Q13. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Ability to live in Greek housing

Count	Percent	
32	2.61%	Very important
39	3.18%	Important
173	14.09%	Unimportant
984	80.13%	Very unimportant
1228	Respondents	

Q14. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Proximity to classes / campus

Count	Percent	
474	38.13%	Very important
624	50.20%	Important
113	9.09%	Unimportant
32	2.57%	Very unimportant
1243	Respondents	

Q15. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a good building manager or landlord

Count	Percent	
342	27.76%	Very important
582	47.24%	Important
236	19.16%	Unimportant
72	5.84%	Very unimportant
1232	Respondents	

Q16. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of educational opportunities

Count	Percent	
238	19.40%	Very important
366	29.83%	Important
392	31.95%	Unimportant
231	18.83%	Very unimportant
1227	Respondents	

Q17. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Less restrictive rules and supervision

Count	Percent	
211	17.32%	Very important
419	34.40%	Important
434	35.63%	Unimportant
154	12.64%	Very unimportant
1218	Respondents	

Q18. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a quiet place to study

Count	Percent	
452	37.32%	Very important
451	37.24%	Important
236	19.49%	Unimportant
72	5.95%	Very unimportant
1211	Respondents	

Q19. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Access to UC Davis resources (computer labs, student services, administrative offices, etc.)		
Count	**Percent**	
297	24.05%	Very important
372	30.12%	Important
368	29.80%	Unimportant
198	16.03%	Very unimportant
1235	Respondents	

Q20. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Safety and security features		
Count	**Percent**	
594	48.21%	Very important
469	38.07%	Important
140	11.36%	Unimportant
29	2.35%	Very unimportant
1232	Respondents	

Q21. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a private (single) bedroom		
Count	**Percent**	
499	40.77%	Very important
244	19.93%	Important
308	25.16%	Unimportant
173	14.13%	Very unimportant
1224	Respondents	

Q22. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a private bathroom

Count	Percent	
300	24.81%	Very important
309	25.56%	Important
437	36.15%	Unimportant
163	13.48%	Very unimportant
1209	Respondents	

Q23. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of additional living space outside my bedroom but within my unit

Count	Percent	
368	29.89%	Very important
483	39.24%	Important
297	24.13%	Unimportant
83	6.74%	Very unimportant
1231	Respondents	

Q24. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a kitchen

Count	Percent	
847	68.36%	Very important
271	21.87%	Important
105	8.47%	Unimportant
16	1.29%	Very unimportant
1239	Respondents	

Q25. How challenging is it to find a secure housing while attending UC Davis?		
Count	Percent	
417	33.63%	Very challenging
384	30.97%	Challenging
319	25.73%	Somewhat challenging
120	9.68%	Not challenging
1240	Respondents	

Q26. At what time of the year is it most challenging to find housing?		
Count	Percent	
302	27.91%	Fall quarter
311	28.74%	Winter quarter
216	19.96%	Spring quarter
83	7.67%	Summer
170	15.71%	In between quarters
1082	Respondents	

Q27. What makes finding housing while attending UC Davis challenging? SELECT ALL THAT APPLY			
Count	Respondent %	Response %	
971	88.59%	22.47%	Lack of units that fit in my price range
274	25.00%	6.34%	Hard to find roommates
742	67.70%	17.17%	Having to sign a lease many quarters before I will live there
460	41.97%	10.64%	Security deposit
338	30.84%	7.82%	Move-in fees
235	21.44%	5.44%	Having to have a co-signer to the lease
295	26.92%	6.83%	I don't have credit history
283	25.82%	6.55%	Lack of reliable landlords in Davis
550	50.18%	12.73%	Available housing units don't fit my needs
174	15.88%	4.03%	Other (please specify)
1096	Respondents		
4322	Responses		

Q28. Why did you choose to live outside of the City of Davis? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
43	49.43%	9.71%	I could not find housing that meets my needs
16	18.39%	3.61%	To satisfy my parent's/family's wishes
64	73.56%	14.45%	More cost effective
26	29.89%	5.87%	To live in a quieter environment
9	10.34%	2.03%	More convenient location
12	13.79%	2.71%	More convenient parking
12	13.79%	2.71%	My preferred on-campus living accommodation may not be available
27	31.03%	6.09%	Better living unit amenities
15	17.24%	3.39%	Better security/safety
13	14.94%	2.93%	Ability to live with or near friends
40	45.98%	9.03%	Ability to live with or near family or partner
35	40.23%	7.90%	More privacy
42	48.28%	9.48%	More living space
26	29.89%	5.87%	Better physical condition of the building
10	11.49%	2.26%	Better building management
11	12.64%	2.48%	To live away from other students
29	33.33%	6.55%	To have a pet
13	14.94%	2.93%	Other (please specify)
87	Respondents		
443	Responses		

Q29. Where do you plan to live next year?		
Count	Percent	
12	0.99%	Residence hall
118	9.72%	On-campus or UC Davis affiliated apartment
768	63.26%	Off campus (within the City of Davis)
82	6.75%	Off campus (outside of the City of Davis)
81	6.67%	Undecided where to live
153	12.60%	Not applicable; I will not be attending UC Davis next year.
1214	Respondents	

Q30. If considering living OFF CAMPUS next year, why would you prefer to do so? SELECT ALL THAT APPLY			
Count	Respondent %	Response %	
38	4.57%	0.74%	I may not be attending UC Davis next year.
10	1.20%	0.19%	To live in Greek housing
263	31.61%	5.11%	To live in a quieter environment
54	6.49%	1.05%	To satisfy my parent's/family's wishes
303	36.42%	5.88%	Fewer rules and regulations
216	25.96%	4.19%	More convenient location
238	28.61%	4.62%	More convenient parking or public transportation
660	79.33%	12.82%	More cost effective
144	17.31%	2.80%	My preferred on-campus living accommodation may not be available
334	40.14%	6.49%	Better living unit amenities
82	9.86%	1.59%	Better security/safety
388	46.63%	7.54%	Ability to live with or near friends
97	11.66%	1.88%	Ability to live with or near family or partner
477	57.33%	9.26%	More privacy
491	59.01%	9.54%	More living space
355	42.67%	6.89%	No meal plan requirement
586	70.43%	11.38%	Access to my own kitchen
165	19.83%	3.20%	To live away from other students
197	23.68%	3.83%	To have a pet
51	6.13%	0.99%	Other (please specify)
832	Respondents		
5149	Responses		

Q31. Please choose the statement that best describes your view when choosing where to live next year:		
Count	**Percent**	
565	47.28%	Keeping my housing costs low is more important than having a range of amenities.
64	5.36%	Having a range of amenities is more important than keeping housing costs low.
566	47.36%	Neither of the above; a balance of housing costs and amenities is important.
1195	Respondents	

Q32. With whom do you currently live?		
Count	**Percent**	
43	5.53%	I live alone
511	65.77%	With other UC Davis roommate(s)
42	5.41%	With other non-UC Davis roommate(s)
59	7.59%	With both UC Davis and non-UC Davis roommate(s)
35	4.50%	With my parent(s) or other relative(s)
78	10.04%	With my spouse/partner and/or children
9	1.16%	Other (please specify)
777	Respondents	

Q33. What type of unit do you live in?		
Count	**Percent**	
525	70.85%	Apartment
95	12.82%	Single family home
63	8.50%	Duplex / Tri-plex
4	0.54%	Sorority/fraternity house
46	6.21%	Individual room rented in a house or apartment
8	1.08%	Other (please specify)
741	Respondents	

Q34. Do you currently rent or own your residence?		
Count	**Percent**	
717	96.89%	Rent
16	2.16%	Own
7	0.95%	Other (please specify)
740	Respondents	

Q35. How many bedrooms are in your unit?		
Count	**Percent**	
8	1.12%	0, studio / efficiency
92	12.85%	1 bedroom
272	37.99%	2 bedrooms
209	29.19%	3 bedrooms
135	18.85%	4 or more bedrooms
716	Respondents	

Q36. Do you share a bedroom?		
Count	**Percent**	
317	44.27%	No
345	48.18%	Yes, with one other person
54	7.54%	Yes, with two or more other people
716	Respondents	

Q37. Do you live in a room other than a bedroom (i.e., living room, garage, basement)?		
Count	**Percent**	
674	94.00%	No
27	3.77%	Yes, with one other person
16	2.23%	Yes, with two or more other people
717	Respondents	

Q38. What is your *personal* share of monthly rent/housing costs *excluding utilities*?		
Count	**Percent**	
116	16.29%	Less than $400
171	24.02%	$400 - $499
94	13.20%	$500 - $599
122	17.13%	$600 - $699
74	10.39%	$700 - $799
38	5.34%	$800 - $899
26	3.65%	$900 - $999
27	3.79%	$1,000 - $1099
8	1.12%	$1,100 - $1,199
14	1.97%	$1,200 - $1,299
18	2.53%	$1,300 or more
4	0.56%	I don't know
712	Respondents	

Q39. In addition to your rent, for which of the following utilities do you currently pay? SELECT ALL THAT APPLY			
Count	**Respondent %**	**Response %**	
17	2.39%	0.60%	Not applicable; I do not pay for any utilities
115	16.17%	4.07%	Cable/satellite television
522	73.42%	18.49%	Gas
619	87.06%	21.93%	Internet
653	91.84%	23.13%	Electric
326	45.85%	11.55%	Water
199	27.99%	7.05%	Sewer
111	15.61%	3.93%	Telephone
70	9.85%	2.48%	Parking
191	26.86%	6.77%	Trash
711	Respondents		
2823	Responses		

Q40. How much is your individual monthly cost for all the utilities selected in the previous question?		
Count	**Percent**	
60	8.68%	Less than $25
247	35.75%	$25 - $49
234	33.86%	$50 - $99
94	13.60%	$100 - $149
34	4.92%	$150 - $199
15	2.17%	$200 or more
7	1.01%	Don't know
691	Respondents	

Q41. What was your personal share of the security deposit required for your current lease?		
Count	**Percent**	
25	3.51%	No deposit required
12	1.69%	Less than $100
118	16.57%	$100 - $199
131	18.40%	$200 - $299
69	9.69%	$300 - $399
58	8.15%	$400 - $499
85	11.94%	$500 - $599
42	5.90%	$600 - $699
31	4.35%	$700 - $799
20	2.81%	$800 - $899
8	1.12%	$900 - $999
55	7.72%	$1,000 or more
58	8.15%	Don't know
712	Respondents	

Q42. How long is your current lease?

Count	Percent	
14	1.96%	Not applicable; I have no lease
18	2.52%	More than 12 months
622	87.24%	12 months
33	4.63%	Academic year (approximately 9 months)
2	0.28%	Academic term (e.g., semester)
19	2.66%	Monthly
5	0.70%	Other (please specify)
713	Respondents	

Q43. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Provide modern and attractive living environments to students

Count	Percent	
261	22.81%	Very important
575	50.26%	Important
246	21.50%	Unimportant
62	5.42%	Very unimportant
1144	Respondents	

Q44. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Keep housing costs affordable

Count	Percent	
1037	90.73%	Very important
96	8.40%	Important
5	0.44%	Unimportant
5	0.44%	Very unimportant
1143	Respondents	

Q45. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Improve housekeeping services

Count	Percent	
199	17.69%	Very important
449	39.91%	Important
365	32.44%	Unimportant
112	9.96%	Very unimportant
1125	Respondents	

Q46. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Allow students to live on-campus throughout their college career

Count	Percent	
390	34.48%	Very important
424	37.49%	Important
251	22.19%	Unimportant
66	5.84%	Very unimportant
1131	Respondents	

Q47. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Change existing housing policies and procedures so they are more student friendly

Count	Percent	
452	39.86%	Very important
476	41.98%	Important
181	15.96%	Unimportant
25	2.20%	Very unimportant
1134	Respondents	

Q48. If UC Davis built new housing, which five physical features would be the most important to you? SELECT UP TO FIVE			
Count	Respondent %	Response %	
618	53.55%	11.04%	Convenient location
400	34.66%	7.15%	Private (single) bedroom
270	23.40%	4.82%	Private bathroom
672	58.23%	12.00%	In-unit full kitchen (sink with garbage disposal, full-sized refrigerator, microwave, stove/oven, and dishwasher)
114	9.88%	2.04%	In-unit kitchenette (sink with dishwasher, small refrigerator, and microwave)
216	18.72%	3.86%	Living room
173	14.99%	3.09%	Storage space
187	16.20%	3.34%	Fully furnished living unit
126	10.92%	2.25%	Fitness or recreation area(s) in or near the housing facility
97	8.41%	1.73%	Computer lab in the housing facility/complex
194	16.81%	3.47%	Individual temperature controls in living units
107	9.27%	1.91%	Full-sized beds
348	30.16%	6.22%	On-site parking
227	19.67%	4.06%	Convenient access to public transportation
104	9.01%	1.86%	Convenient on-campus dining options
213	18.46%	3.80%	Quiet study area in the building
16	1.39%	0.29%	Classrooms/academic facilities in the building
368	31.89%	6.57%	Washer and dryer in the living unit
276	23.92%	4.93%	Convenient laundry facilities in the building
102	8.84%	1.82%	Controlled/secured access to the building
33	2.86%	0.59%	Social lounge/TV room in the building
538	46.62%	9.61%	In-room wireless Internet access
144	12.48%	2.57%	Environmentally-friendly design and operation
55	4.77%	0.98%	Other (please specify)
1154	Respondents		
5598	Responses		

Q49. If UC Davis built new housing, which five personal preferences would be the most important to you? SELECT UP TO FIVE			
Count	**Respondent %**	**Response %**	
145	12.61%	2.68%	24-hour on-site management
606	52.70%	11.21%	Flexible occupancy terms (9, 10, or 12 months, stay over break periods, etc.)
397	34.52%	7.35%	Flexible payment terms (e.g., pay rent monthly)
52	4.52%	0.96%	Convenient child care
299	26.00%	5.53%	Availability of maintenance and custodial services
43	3.74%	0.80%	Availability of **UC Davis** residential communities (Greek housing, living/learning programs, international house, etc.)
119	10.35%	2.20%	Availability of lifestyle or theme communities (smoke free, alcohol free, community service focused, gender specific, etc.)
246	21.39%	4.55%	Fewer rules and regulations
380	33.04%	7.03%	Access to quiet study space
449	39.04%	8.31%	Little or no meal plan requirement
501	43.57%	9.27%	Ability to choose my own **UC Davis** roommates
171	14.87%	3.16%	Ability to live with non-**UC Davis** friends or family
69	6.00%	1.28%	Ability to live near **UC Davis** students who are in my academic program
410	35.65%	7.59%	Proximity to public transportation
238	20.70%	4.40%	Proximity to campus activities
203	17.65%	3.76%	Proximity to retail areas (shopping, entertainment, restaurants, etc.)
568	49.39%	10.51%	Ability to retain the same living unit from year to year
203	17.65%	3.76%	Ability to bring my own furniture
250	21.74%	4.63%	Ability to have pets
55	4.78%	1.02%	Other (please specify)
1150	Respondents		
5404	Responses		

Q50. Do you currently have regular access to a vehicle?		
Count	**Percent**	
627	54.52%	Yes
523	45.48%	No
1150	Respondents	

Q51. How important is having regular access to a vehicle to you?

Count	Percent	
180	15.56%	Very important; I would not attend UC Davis unless I had regular access to a vehicle.
571	49.35%	Important; I would need regular access to a vehicle to meet many of my needs.
327	28.26%	Unimportant; I would not need regular access to a vehicle.
79	6.83%	Very unimportant; I have no need for regular access to a vehicle.
1157	Respondents	

Q52. How often do you use your vehicle?

Count	Percent	
43	6.89%	Less than once a week
89	14.26%	Once a week
276	44.23%	A few times a week
216	34.62%	Everyday
624	Respondents	

Q53. How often do you use ride hailing services like Lyft or Uber?

Count	Percent	
496	43.02%	Less than once a week
117	10.15%	Once a week
63	5.46%	A few times a week
5	0.43%	Everyday
472	40.94%	Never
1153	Respondents	

Q54. If an adequate number of parking spaces was not provided in the proposed project and you could not park on-site, how much of a discount in rent would you expect?

Count	Percent	
67	5.83%	$0 - $20
111	9.65%	$21 - $40
164	14.26%	$41 - $60
91	7.91%	$61 - $80
252	21.91%	$81 - $100
465	40.43%	I would not be interested in living in a housing development in which I did not have access to on-site parking
1150	Respondents	

Q55. If all of the unit types described above were available at an on campus, undergraduate apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
22	2.67%	Unit A: Studio apartment for approximately $1,520 per person per month
94	11.42%	Unit B: One-bedroom, one-bathroom (double occupancy) apartment for approximately $750 per person per month
52	6.32%	Unit C: Two-bedroom, one-bathroom (single occupancy) apartment for approximately $998 per person per month
256	31.11%	Unit D: Two-bedroom, two-bathroom (double occupancy) apartment for approximately $750 per person per month
114	13.85%	Unit E: Four-bedroom, two-bathroom (single occupancy) apartment for approximately $865 per person per month
285	34.63%	I would have preferred not to live on campus
823	Respondents	

Q56. If all of the unit types described above were available at a single graduate on-campus apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
8	4.35%	Unit A: Studio flat for approximately $1,520 per person per month
18	9.78%	Unit B: Two-bedroom, one-bathroom flat for approximately $998 per person per month
14	7.61%	Unit C: Three-bedroom, two-bathroom flat for approximately $925 per person per month
21	11.41%	Unit D: Four-bedroom, two-bathroom flat for approximately $865 per person per month
9	4.89%	Unit E: Five-bedroom, two-bathroom flat for approximately $835 per person per month
114	61.96%	I would have preferred not to live on campus
184	Respondents	

Q57. If all of the unit types described above were available at a student family apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
56	41.79%	Unit A: Two-bedroom, one-bathroom townhouse for approximately $1,000 per unit per month
60	44.78%	Unit B: Two-bedroom, one-and-a-half-bathroom townhouse for approximately $1,050 per unit per month
18	13.43%	I would have preferred not to live on campus
134	Respondents	

Q58. If your housing preferences were met each year, when would you live/have lived in UC Davis's on-campus or affiliated student housing? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
99	8.67%	3.94%	Never
662	57.97%	26.33%	Freshman year
566	49.56%	22.51%	Sophomore year
466	40.81%	18.54%	Junior year
407	35.64%	16.19%	Senior year(s)
314	27.50%	12.49%	Graduate/professional year(s)
1142	Respondents		
2514	Responses		

Q59. What is your current enrollment status?		
Count	Percent	
1124	98.42%	Full time
18	1.58%	Part time
1142	Respondents	

Q60. What is your age?		
Count	Percent	
5	0.44%	17 or under
342	29.87%	18 - 19
371	32.40%	20 - 21
175	15.28%	22 - 24
165	14.41%	25 - 29
87	7.60%	30 or over
1145	Respondents	

Q61. What is your gender?		
Count	Percent	
288	25.17%	Male
844	73.78%	Female
12	1.05%	Other
1144	Respondents	

Q62. What is your current residency status?

Count	Percent	
1028	89.94%	Domestic student (U.S. citizen or permanent resident)
115	10.06%	International student
1143	Respondents	

Q63. Please feel free to provide any additional comments or suggestions regarding this survey. All comments will be shared with UC Davis's administration but none will be personally attributable to any individual student.

Count	Percent
404	100.00%
404	Respondents

Q1. What is your class standing?

Count	Percent	
0	0.00%	Freshman
205	26.69%	Sophomore
306	39.84%	Junior
257	33.46%	Senior
0	0.00%	Graduate
0	0.00%	Professional
0	0.00%	Other
768	Respondents	

Q2. What was your classification upon entering UC Davis for the first time?

Count	Percent	
590	77.02%	New student (undergraduate)
172	22.45%	Transfer student (undergraduate)
2	0.26%	New student (graduate/professional)
2	0.26%	Transfer student (graduate/professional)
766	Respondents	

Q3. What is your marital/family status?

Count	Percent	
724	95.01%	Single without child(ren)/dependent(s)
9	1.18%	Single with child(ren)/dependent(s)
21	2.76%	Married/partnered without child(ren)/dependent(s)
8	1.05%	Married/partnered with child(ren)/dependent(s)
762	Respondents	

Q4. Where are you currently living while attending UC Davis?

Count	Percent	
29	3.79%	Residence hall
110	14.38%	On-campus or UC Davis affiliated apartment
584	76.34%	Off campus (within the City of Davis)
42	5.49%	Off campus (outside of the City of Davis)
765	Respondents	

Q5. In which UC Davis on-campus residence hall community do you reside?

Count	Percent	
5	17.86%	Segundo Area
14	50.00%	Tercero Area
9	32.14%	Cuarto Area
28	Respondents	

Q6. If currently living in an on-campus or UC Davis affiliated apartment, in what community do you reside?

Count	Percent	
7	6.42%	Arlington Farm
5	4.59%	Adobe Apartments
20	18.35%	Colleges at La Rue
14	12.84%	Primero Grove
9	8.26%	The Lexington
34	31.19%	West Village Apartments
0	0.00%	Atriums at La Rue
6	5.50%	Russel Park Apartments
0	0.00%	8th and Wake
0	0.00%	Living Groups at La Rue (Fraternity / Sorority / Organizational Housing)
0	0.00%	The Baggins End Domes
4	3.67%	Tri-Cooperatives
8	7.34%	Solano Park Apartments
2	1.83%	Other
109	Respondents	

Q7. What is your zip code of your current residence outside of the City of Davis?	
Count	**Percent**
38	100.00%
38	Respondents

Q8. Which years have you lived in on-campus or UC Davis affiliated student housing? SELECT ALL THAT APPLY, INCLUDING PARTIAL YEARS.			
Count	**Respondent %**	**Response %**	
101	13.50%	11.49%	None
527	70.45%	59.95%	Freshman year
87	11.63%	9.90%	Sophomore year
125	16.71%	14.22%	Junior year
38	5.08%	4.32%	Senior year (including fifth year and beyond)
0	0.00%	0.00%	Graduate/professional year(s)
1	0.13%	0.11%	Other
748	Respondents		
879	Responses		

Q9. How would you describe your current living conditions?		
Count	**Percent**	
179	23.87%	Very satisfactory
488	65.07%	Satisfactory
71	9.47%	Unsatisfactory
12	1.60%	Very unsatisfactory
750	Respondents	

Q10. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Total cost of rent and utilities

Count	Percent	
530	76.04%	Very important
144	20.66%	Important
18	2.58%	Unimportant
5	0.72%	Very unimportant
697	Respondents	

Q11. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of my preferred housing unit type (double room, private room, apartment, suite, etc.)

Count	Percent	
298	43.31%	Very important
286	41.57%	Important
90	13.08%	Unimportant
14	2.03%	Very unimportant
688	Respondents	

Q12. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Ability to choose my own roommate(s)

Count	Percent	
361	53.24%	Very important
215	31.71%	Important
82	12.09%	Unimportant
20	2.95%	Very unimportant
678	Respondents	

Q13. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Ability to live in Greek housing

Count	Percent	
18	2.60%	Very important
18	2.60%	Important
79	11.42%	Unimportant
577	83.38%	Very unimportant
692	Respondents	

Q14. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Proximity to classes / campus

Count	Percent	
262	37.59%	Very important
367	52.65%	Important
51	7.32%	Unimportant
17	2.44%	Very unimportant
697	Respondents	

Q15. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a good building manager or landlord

Count	Percent	
193	27.85%	Very important
333	48.05%	Important
140	20.20%	Unimportant
27	3.90%	Very unimportant
693	Respondents	

Q16. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of educational opportunities

Count	Percent	
119	17.22%	Very important
203	29.38%	Important
250	36.18%	Unimportant
119	17.22%	Very unimportant
691	Respondents	

Q17. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Less restrictive rules and supervision

Count	Percent	
114	16.59%	Very important
245	35.66%	Important
252	36.68%	Unimportant
76	11.06%	Very unimportant
687	Respondents	

Q18. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a quiet place to study

Count	Percent	
241	35.18%	Very important
251	36.64%	Important
159	23.21%	Unimportant
34	4.96%	Very unimportant
685	Respondents	

Q19. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Access to UC Davis resources (computer labs, student services, administrative offices, etc.)

Count	Percent	
141	20.26%	Very important
197	28.30%	Important
252	36.21%	Unimportant
106	15.23%	Very unimportant
696	Respondents	

Q20. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Safety and security features

Count	Percent	
338	48.91%	Very important
271	39.22%	Important
73	10.56%	Unimportant
9	1.30%	Very unimportant
691	Respondents	

Q21. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a private (single) bedroom

Count	Percent	
244	35.41%	Very important
144	20.90%	Important
186	27.00%	Unimportant
115	16.69%	Very unimportant
689	Respondents	

Q22. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a private bathroom

Count	Percent	
131	19.18%	Very important
175	25.62%	Important
260	38.07%	Unimportant
117	17.13%	Very unimportant
683	Respondents	

Q23. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of additional living space outside my bedroom but within my unit

Count	Percent	
197	28.39%	Very important
287	41.35%	Important
164	23.63%	Unimportant
46	6.63%	Very unimportant
694	Respondents	

Q24. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a kitchen

Count	Percent	
520	74.61%	Very important
143	20.52%	Important
30	4.30%	Unimportant
4	0.57%	Very unimportant
697	Respondents	

Q25. How challenging is it to find a secure housing while attending UC Davis?

Count	Percent	
216	31.17%	Very challenging
230	33.19%	Challenging
187	26.98%	Somewhat challenging
60	8.66%	Not challenging
693	Respondents	

Q26. At what time of the year is it most challenging to find housing?

Count	Percent	
146	23.59%	Fall quarter
191	30.86%	Winter quarter
150	24.23%	Spring quarter
34	5.49%	Summer
98	15.83%	In between quarters
619	Respondents	

Q27. What makes finding housing while attending UC Davis challenging? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
547	87.80%	21.43%	Lack of units that fit in my price range
184	29.53%	7.21%	Hard to find roommates
430	69.02%	16.84%	Having to sign a lease many quarters before I will live there
275	44.14%	10.77%	Security deposit
202	32.42%	7.91%	Move-in fees
154	24.72%	6.03%	Having to have a co-signer to the lease
184	29.53%	7.21%	I don't have credit history
161	25.84%	6.31%	Lack of reliable landlords in Davis
318	51.04%	12.46%	Available housing units don't fit my needs
98	15.73%	3.84%	Other (please specify)
623	Respondents		
2553	Responses		

Q28. Why did you choose to live outside of the City of Davis? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
20	50.00%	8.40%	I could not find housing that meets my needs
11	27.50%	4.62%	To satisfy my parent's/family's wishes
37	92.50%	15.55%	More cost effective
11	27.50%	4.62%	To live in a quieter environment
3	7.50%	1.26%	More convenient location
9	22.50%	3.78%	More convenient parking
8	20.00%	3.36%	My preferred on-campus living accommodation may not be available
16	40.00%	6.72%	Better living unit amenities
10	25.00%	4.20%	Better security/safety
6	15.00%	2.52%	Ability to live with or near friends
23	57.50%	9.66%	Ability to live with or near family or partner
22	55.00%	9.24%	More privacy
22	55.00%	9.24%	More living space
9	22.50%	3.78%	Better physical condition of the building
5	12.50%	2.10%	Better building management
6	15.00%	2.52%	To live away from other students
19	47.50%	7.98%	To have a pet
1	2.50%	0.42%	Other (please specify)
40	Respondents		
238	Responses		

Q29. Where do you plan to live next year?

Count	Percent	
3	0.44%	Residence hall
44	6.44%	On-campus or UC Davis affiliated apartment
432	63.25%	Off campus (within the City of Davis)
37	5.42%	Off campus (outside of the City of Davis)
47	6.88%	Undecided where to live
120	17.57%	Not applicable; I will not be attending UC Davis next year.
683	Respondents	

Q30. If considering living OFF CAMPUS next year, why would you prefer to do so? SELECT ALL THAT APPLY			
Count	**Respondent %**	**Response %**	
21	4.49%	0.70%	I may not be attending UC Davis next year.
9	1.92%	0.30%	To live in Greek housing
153	32.69%	5.12%	To live in a quieter environment
31	6.62%	1.04%	To satisfy my parent's/family's wishes
185	39.53%	6.19%	Fewer rules and regulations
150	32.05%	5.02%	More convenient location
155	33.12%	5.19%	More convenient parking or public transportation
391	83.55%	13.08%	More cost effective
73	15.60%	2.44%	My preferred on-campus living accommodation may not be available
185	39.53%	6.19%	Better living unit amenities
54	11.54%	1.81%	Better security/safety
248	52.99%	8.30%	Ability to live with or near friends
47	10.04%	1.57%	Ability to live with or near family or partner
262	55.98%	8.77%	More privacy
273	58.33%	9.13%	More living space
210	44.87%	7.03%	No meal plan requirement
330	70.51%	11.04%	Access to my own kitchen
87	18.59%	2.91%	To live away from other students
100	21.37%	3.35%	To have a pet
25	5.34%	0.84%	Other (please specify)
468	Respondents		
2989	Responses		

Q31. Please choose the statement that best describes your view when choosing where to live next year:		
Count	**Percent**	
330	49.03%	Keeping my housing costs low is more important than having a range of amenities.
37	5.50%	Having a range of amenities is more important than keeping housing costs low.
306	45.47%	Neither of the above; a balance of housing costs and amenities is important.
673	Respondents	

Q32. With whom do you currently live?		
Count	**Percent**	
15	2.75%	I live alone
429	78.57%	With other UC Davis roommate(s)
19	3.48%	With other non-UC Davis roommate(s)
34	6.23%	With both UC Davis and non-UC Davis roommate(s)
25	4.58%	With my parent(s) or other relative(s)
19	3.48%	With my spouse/partner and/or children
5	0.92%	Other (please specify)
546	Respondents	

Q33. What type of unit do you live in?		
Count	**Percent**	
412	79.08%	Apartment
46	8.83%	Single family home
28	5.37%	Duplex / Tri-plex
4	0.77%	Sorority/fraternity house
26	4.99%	Individual room rented in a house or apartment
5	0.96%	Other (please specify)
521	Respondents	

Q34. Do you currently rent or own your residence?		
Count	**Percent**	
512	98.27%	Rent
4	0.77%	Own
5	0.96%	Other (please specify)
521	Respondents	

Q35. How many bedrooms are in your unit?

Count	Percent	
3	0.59%	0, studio / efficiency
41	8.02%	1 bedroom
208	40.70%	2 bedrooms
156	30.53%	3 bedrooms
103	20.16%	4 or more bedrooms
511	Respondents	

Q36. Do you share a bedroom?

Count	Percent	
191	37.30%	No
279	54.49%	Yes, with one other person
42	8.20%	Yes, with two or more other people
512	Respondents	

Q37. Do you live in a room other than a bedroom (i.e., living room, garage, basement)?

Count	Percent	
483	94.34%	No
16	3.13%	Yes, with one other person
13	2.54%	Yes, with two or more other people
512	Respondents	

Q38. What is your *personal* share of monthly rent/housing costs *excluding utilities*?

Count	Percent	
109	21.50%	Less than $400
157	30.97%	$400 - $499
68	13.41%	$500 - $599
74	14.60%	$600 - $699
43	8.48%	$700 - $799
19	3.75%	$800 - $899
11	2.17%	$900 - $999
14	2.76%	$1,000 - $1099
1	0.20%	$1,100 - $1,199
3	0.59%	$1,200 - $1,299
4	0.79%	$1,300 or more
4	0.79%	I don't know
507	Respondents	

Q39. In addition to your rent, for which of the following utilities do you currently pay? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
10	1.97%	0.51%	Not applicable; I do not pay for any utilities
73	14.40%	3.70%	Cable/satellite television
369	72.78%	18.71%	Gas
444	87.57%	22.52%	Internet
469	92.50%	23.78%	Electric
233	45.96%	11.82%	Water
133	26.23%	6.74%	Sewer
62	12.23%	3.14%	Telephone
47	9.27%	2.38%	Parking
132	26.04%	6.69%	Trash
507	Respondents		
1972	Responses		

Q40. How much is your individual monthly cost for all the utilities selected in the previous question?

Count	Percent	
54	10.91%	Less than $25
219	44.24%	$25 - $49
153	30.91%	$50 - $99
51	10.30%	$100 - $149
8	1.62%	$150 - $199
4	0.81%	$200 or more
6	1.21%	Don't know
495	Respondents	

Q41. What was your personal share of the security deposit required for your current lease?

Count	Percent	
20	3.94%	No deposit required
11	2.17%	Less than $100
107	21.06%	$100 - $199
110	21.65%	$200 - $299
58	11.42%	$300 - $399
39	7.68%	$400 - $499
50	9.84%	$500 - $599
21	4.13%	$600 - $699
11	2.17%	$700 - $799
11	2.17%	$800 - $899
3	0.59%	$900 - $999
17	3.35%	$1,000 or more
50	9.84%	Don't know
508	Respondents	

Q42. How long is your current lease?

Count	Percent	
10	1.96%	Not applicable; I have no lease
8	1.57%	More than 12 months
451	88.61%	12 months
30	5.89%	Academic year (approximately 9 months)
1	0.20%	Academic term (e.g., semester)
7	1.38%	Monthly
2	0.39%	Other (please specify)
509	Respondents	

Q43. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Provide modern and attractive living environments to students

Count	Percent	
140	21.84%	Very important
339	52.89%	Important
136	21.22%	Unimportant
26	4.06%	Very unimportant
641	Respondents	

Q44. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Keep housing costs affordable

Count	Percent	
579	90.75%	Very important
58	9.09%	Important
1	0.16%	Unimportant
0	0.00%	Very unimportant
638	Respondents	

Q45. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Improve housekeeping services

Count	Percent	
120	19.11%	Very important
260	41.40%	Important
197	31.37%	Unimportant
51	8.12%	Very unimportant
628	Respondents	

Q46. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Allow students to live on-campus throughout their college career

Count	Percent	
215	34.07%	Very important
248	39.30%	Important
137	21.71%	Unimportant
31	4.91%	Very unimportant
631	Respondents	

Q47. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Change existing housing policies and procedures so they are more student friendly

Count	Percent	
271	42.68%	Very important
267	42.05%	Important
87	13.70%	Unimportant
10	1.57%	Very unimportant
635	Respondents	

Q48. If UC Davis built new housing, which five physical features would be the most important to you? SELECT UP TO FIVE

Count	Respondent %	Response %	
365	56.50%	11.60%	Convenient location
190	29.41%	6.04%	Private (single) bedroom
127	19.66%	4.04%	Private bathroom
385	59.60%	12.24%	In-unit full kitchen (sink with garbage disposal, full-sized refrigerator, microwave, stove/oven, and dishwasher)
60	9.29%	1.91%	In-unit kitchenette (sink with dishwasher, small refrigerator, and microwave)
123	19.04%	3.91%	Living room
96	14.86%	3.05%	Storage space
104	16.10%	3.31%	Fully furnished living unit
69	10.68%	2.19%	Fitness or recreation area(s) in or near the housing facility
59	9.13%	1.88%	Computer lab in the housing facility/complex
111	17.18%	3.53%	Individual temperature controls in living units
62	9.60%	1.97%	Full-sized beds
210	32.51%	6.68%	On-site parking
153	23.68%	4.86%	Convenient access to public transportation
53	8.20%	1.68%	Convenient on-campus dining options
132	20.43%	4.20%	Quiet study area in the building
6	0.93%	0.19%	Classrooms/academic facilities in the building
222	34.37%	7.06%	Washer and dryer in the living unit
142	21.98%	4.51%	Convenient laundry facilities in the building
53	8.20%	1.68%	Controlled/secured access to the building
15	2.32%	0.48%	Social lounge/TV room in the building
310	47.99%	9.85%	In-room wireless Internet access
73	11.30%	2.32%	Environmentally-friendly design and operation
26	4.02%	0.83%	Other (please specify)
646	Respondents		
3146	Responses		

Q49. If UC Davis built new housing, which five personal preferences would be the most important to you? SELECT UP TO FIVE			
Count	**Respondent %**	**Response %**	
82	12.71%	2.69%	24-hour on-site management
358	55.50%	11.72%	Flexible occupancy terms (9, 10, or 12 months, stay over break periods, etc.)
233	36.12%	7.63%	Flexible payment terms (e.g., pay rent monthly)
10	1.55%	0.33%	Convenient child care
161	24.96%	5.27%	Availability of maintenance and custodial services
22	3.41%	0.72%	Availability of **UC Davis** residential communities (Greek housing, living/learning programs, international house, etc.)
60	9.30%	1.96%	Availability of lifestyle or theme communities (smoke free, alcohol free, community service focused, gender specific, etc.)
147	22.79%	4.81%	Fewer rules and regulations
219	33.95%	7.17%	Access to quiet study space
258	40.00%	8.45%	Little or no meal plan requirement
314	48.68%	10.28%	Ability to choose my own **UC Davis** roommates
60	9.30%	1.96%	Ability to live with non-**UC Davis** friends or family
45	6.98%	1.47%	Ability to live near **UC Davis** students who are in my academic program
255	39.53%	8.35%	Proximity to public transportation
129	20.00%	4.22%	Proximity to campus activities
118	18.29%	3.86%	Proximity to retail areas (shopping, entertainment, restaurants, etc.)
322	49.92%	10.54%	Ability to retain the same living unit from year to year
112	17.36%	3.67%	Ability to bring my own furniture
124	19.22%	4.06%	Ability to have pets
25	3.88%	0.82%	Other (please specify)
645	Respondents		
3054	Responses		

Q50. Do you currently have regular access to a vehicle?		
Count	**Percent**	
384	59.81%	Yes
258	40.19%	No
642	Respondents	

Q51. How important is having regular access to a vehicle to you?		
Count	**Percent**	
97	14.99%	Very important; I would not attend UC Davis unless I had regular access to a vehicle.
329	50.85%	Important; I would need regular access to a vehicle to meet many of my needs.
176	27.20%	Unimportant; I would not need regular access to a vehicle.
45	6.96%	Very unimportant; I have no need for regular access to a vehicle.
647	Respondents	

Q52. How often do you use your vehicle?		
Count	**Percent**	
18	4.70%	Less than once a week
53	13.84%	Once a week
187	48.83%	A few times a week
125	32.64%	Everyday
383	Respondents	

Q53. How often do you use ride hailing services like Lyft or Uber?		
Count	**Percent**	
252	39.07%	Less than once a week
63	9.77%	Once a week
24	3.72%	A few times a week
3	0.47%	Everyday
303	46.98%	Never
645	Respondents	

Q54. If an adequate number of parking spaces was not provided in the proposed project and you could not park on-site, how much of a discount in rent would you expect?

Count	Percent	
38	5.91%	$0 - $20
74	11.51%	$21 - $40
97	15.09%	$41 - $60
49	7.62%	$61 - $80
129	20.06%	$81 - $100
256	39.81%	I would not be interested in living in a housing development in which I did not have access to on-site parking
643	Respondents	

Q55. If all of the unit types described above were available at an on campus, undergraduate apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
18	2.97%	Unit A: Studio apartment for approximately $1,520 per person per month
61	10.07%	Unit B: One-bedroom, one-bathroom (double occupancy) apartment for approximately $750 per person per month
38	6.27%	Unit C: Two-bedroom, one-bathroom (single occupancy) apartment for approximately $998 per person per month
164	27.06%	Unit D: Two-bedroom, two-bathroom (double occupancy) apartment for approximately $750 per person per month
81	13.37%	Unit E: Four-bedroom, two-bathroom (single occupancy) apartment for approximately $865 per person per month
244	40.26%	I would have preferred not to live on campus
606	Respondents	

Q56. If all of the unit types described above were available at a single graduate on-campus apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
0	0.00%	Unit A: Studio flat for approximately $1,520 per person per month
0	0.00%	Unit B: Two-bedroom, one-bathroom flat for approximately $998 per person per month
0	0.00%	Unit C: Three-bedroom, two-bathroom flat for approximately $925 per person per month
0	0.00%	Unit D: Four-bedroom, two-bathroom flat for approximately $865 per person per month
0	0.00%	Unit E: Five-bedroom, two-bathroom flat for approximately $835 per person per month
0	0.00%	I would have preferred not to live on campus
0	Respondent	

Q57. If all of the unit types described above were available at a student family apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
11	33.33%	Unit A: Two-bedroom, one-bathroom townhouse for approximately $1,000 per unit per month
18	54.55%	Unit B: Two-bedroom, one-and-a-half-bathroom townhouse for approximately $1,050 per unit per month
4	12.12%	I would have preferred not to live on campus
33	Respondents	

Q58. If your housing preferences were met each year, when would you live/have lived in UC Davis's on-campus or affiliated student housing? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
47	7.34%	3.00%	Never
433	67.66%	27.63%	Freshman year
374	58.44%	23.87%	Sophomore year
336	52.50%	21.44%	Junior year
294	45.94%	18.76%	Senior year(s)
83	12.97%	5.30%	Graduate/professional year(s)
640	Respondents		
1567	Responses		

Q59. What is your current enrollment status?

Count	Percent	
630	98.59%	Full time
9	1.41%	Part time
639	Respondents	

Q60. What is your age?

Count	Percent	
0	0.00%	17 or under
122	19.06%	18 - 19
369	57.66%	20 - 21
110	17.19%	22 - 24
27	4.22%	25 - 29
12	1.88%	30 or over
640	Respondents	

Q61. What is your gender?

Count	Percent	
152	23.75%	Male
483	75.47%	Female
5	0.78%	Other
640	Respondents	

Q62. What is your current residency status?

Count	Percent	
613	95.93%	Domestic student (U.S. citizen or permanent resident)
26	4.07%	International student
639	Respondents	

Q63. Please feel free to provide any additional comments or suggestions regarding this survey. All comments will be shared with UC Davis's administration but none will be personally attributable to any individual student.

Count	Percent
208	100.00%
208	Respondents

Q1. What is your class standing?

Count	Percent	
0	0.00%	Freshman
0	0.00%	Sophomore
0	0.00%	Junior
0	0.00%	Senior
292	90.12%	Graduate
32	9.88%	Professional
0	0.00%	Other
324	Respondents	

Q2. What was your classification upon entering UC Davis for the first time?

Count	Percent	
30	9.26%	New student (undergraduate)
10	3.09%	Transfer student (undergraduate)
281	86.73%	New student (graduate/professional)
3	0.93%	Transfer student (graduate/professional)
324	Respondents	

Q3. What is your marital/family status?

Count	Percent	
219	67.80%	Single without child(ren)/dependent(s)
10	3.10%	Single with child(ren)/dependent(s)
59	18.27%	Married/partnered without child(ren)/dependent(s)
35	10.84%	Married/partnered with child(ren)/dependent(s)
323	Respondents	

Q4. Where are you currently living while attending UC Davis?

Count	Percent	
0	0.00%	Residence hall
77	23.77%	On-campus or UC Davis affiliated apartment
198	61.11%	Off campus (within the City of Davis)
49	15.12%	Off campus (outside of the City of Davis)
324	Respondents	

Q5. In which UC Davis on-campus residence hall community do you reside?

Count	Percent	
0	0.00%	Segundo Area
0	0.00%	Tercero Area
0	0.00%	Cuarto Area
0	Respondent	

Q6. If currently living in an on-campus or UC Davis affiliated apartment, in what community do you reside?

Count	Percent	
0	0.00%	Arlington Farm
0	0.00%	Adobe Apartments
1	1.32%	Colleges at La Rue
0	0.00%	Primero Grove
0	0.00%	The Lexington
3	3.95%	West Village Apartments
8	10.53%	Atriums at La Rue
7	9.21%	Russel Park Apartments
8	10.53%	8th and Wake
0	0.00%	Living Groups at La Rue (Fraternity / Sorority / Organizational Housing)
0	0.00%	The Baggins End Domes
0	0.00%	Tri-Cooperatives
49	64.47%	Solano Park Apartments
0	0.00%	Other
76	Respondents	

Q7. What is your zip code of your current residence outside of the City of Davis?

Count	Percent
45	100.00%
45	Respondents

Q8. Which years have you lived in on-campus or UC Davis affiliated student housing? SELECT ALL THAT APPLY, INCLUDING PARTIAL YEARS.

Count	Respondent %	Response %	
170	54.84%	51.83%	None
28	9.03%	8.54%	Freshman year
5	1.61%	1.52%	Sophomore year
7	2.26%	2.13%	Junior year
8	2.58%	2.44%	Senior year (including fifth year and beyond)
105	33.87%	32.01%	Graduate/professional year(s)
5	1.61%	1.52%	Other
310	Respondents		
328	Responses		

Q9. How would you describe your current living conditions?

Count	Percent	
71	22.61%	Very satisfactory
173	55.10%	Satisfactory
61	19.43%	Unsatisfactory
9	2.87%	Very unsatisfactory
314	Respondents	

Q10. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Total cost of rent and utilities

Count	Percent	
239	80.74%	Very important
49	16.55%	Important
5	1.69%	Unimportant
3	1.01%	Very unimportant
296	Respondents	

Q11. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of my preferred housing unit type (double room, private room, apartment, suite, etc.)

Count	Percent	
156	53.24%	Very important
112	38.23%	Important
22	7.51%	Unimportant
3	1.02%	Very unimportant
293	Respondents	

Q12. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Ability to choose my own roommate(s)

Count	Percent	
140	48.28%	Very important
98	33.79%	Important
28	9.66%	Unimportant
24	8.28%	Very unimportant
290	Respondents	

Q13. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Ability to live in Greek housing

Count	Percent	
4	1.38%	Very important
5	1.72%	Important
26	8.97%	Unimportant
255	87.93%	Very unimportant
290	Respondents	

Q14. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Proximity to classes / campus

Count	Percent	
93	31.63%	Very important
144	48.98%	Important
44	14.97%	Unimportant
13	4.42%	Very unimportant
294	Respondents	

Q15. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a good building manager or landlord

Count	Percent	
82	28.37%	Very important
142	49.13%	Important
48	16.61%	Unimportant
17	5.88%	Very unimportant
289	Respondents	

Q16. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of educational opportunities

Count	Percent	
36	12.54%	Very important
63	21.95%	Important
94	32.75%	Unimportant
94	32.75%	Very unimportant
287	Respondents	

Q17. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Less restrictive rules and supervision

Count	Percent	
64	22.46%	Very important
77	27.02%	Important
89	31.23%	Unimportant
55	19.30%	Very unimportant
285	Respondents	

Q18. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a quiet place to study

Count	Percent	
106	37.06%	Very important
100	34.97%	Important
53	18.53%	Unimportant
27	9.44%	Very unimportant
286	Respondents	

Q19. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Access to UC Davis resources (computer labs, student services, administrative offices, etc.)		
Count	**Percent**	
51	17.65%	Very important
63	21.80%	Important
92	31.83%	Unimportant
83	28.72%	Very unimportant
289	Respondents	

Q20. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Safety and security features		
Count	**Percent**	
128	43.84%	Very important
109	37.33%	Important
42	14.38%	Unimportant
13	4.45%	Very unimportant
292	Respondents	

Q21. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a private (single) bedroom		
Count	**Percent**	
215	74.65%	Very important
52	18.06%	Important
12	4.17%	Unimportant
9	3.13%	Very unimportant
288	Respondents	

Q22. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a private bathroom

Count	Percent	
130	45.61%	Very important
73	25.61%	Important
68	23.86%	Unimportant
14	4.91%	Very unimportant
285	Respondents	

Q23. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of additional living space outside my bedroom but within my unit

Count	Percent	
129	44.64%	Very important
95	32.87%	Important
51	17.65%	Unimportant
14	4.84%	Very unimportant
289	Respondents	

Q24. Please rate how important each of the following factors was in your decision on where to live this year: SELECT ONE RESPONSE FOR EACH FACTOR - Availability of a kitchen

Count	Percent	
248	85.22%	Very important
34	11.68%	Important
8	2.75%	Unimportant
1	0.34%	Very unimportant
291	Respondents	

Q25. How challenging is it to find a secure housing while attending UC Davis?

Count	Percent	
145	49.15%	Very challenging
77	26.10%	Challenging
48	16.27%	Somewhat challenging
25	8.47%	Not challenging
295	Respondents	

Q26. At what time of the year is it most challenging to find housing?

Count	Percent	
120	47.06%	Fall quarter
28	10.98%	Winter quarter
22	8.63%	Spring quarter
38	14.90%	Summer
47	18.43%	In between quarters
255	Respondents	

Q27. What makes finding housing while attending UC Davis challenging? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
244	92.78%	25.77%	Lack of units that fit in my price range
29	11.03%	3.06%	Hard to find roommates
177	67.30%	18.69%	Having to sign a lease many quarters before I will live there
87	33.08%	9.19%	Security deposit
62	23.57%	6.55%	Move-in fees
35	13.31%	3.70%	Having to have a co-signer to the lease
32	12.17%	3.38%	I don't have credit history
79	30.04%	8.34%	Lack of reliable landlords in Davis
141	53.61%	14.89%	Available housing units don't fit my needs
61	23.19%	6.44%	Other (please specify)
263	Respondents		
947	Responses		

Q28. Why did you choose to live outside of the City of Davis? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
21	50.00%	11.41%	I could not find housing that meets my needs
3	7.14%	1.63%	To satisfy my parent's/family's wishes
23	54.76%	12.50%	More cost effective
12	28.57%	6.52%	To live in a quieter environment
6	14.29%	3.26%	More convenient location
3	7.14%	1.63%	More convenient parking
4	9.52%	2.17%	My preferred on-campus living accommodation may not be available
11	26.19%	5.98%	Better living unit amenities
3	7.14%	1.63%	Better security/safety
7	16.67%	3.80%	Ability to live with or near friends
15	35.71%	8.15%	Ability to live with or near family or partner
10	23.81%	5.43%	More privacy
19	45.24%	10.33%	More living space
17	40.48%	9.24%	Better physical condition of the building
5	11.90%	2.72%	Better building management
5	11.90%	2.72%	To live away from other students
9	21.43%	4.89%	To have a pet
11	26.19%	5.98%	Other (please specify)
42	Respondents		
184	Responses		

Q29. Where do you plan to live next year?

Count	Percent	
0	0.00%	Residence hall
51	17.77%	On-campus or UC Davis affiliated apartment
141	49.13%	Off campus (within the City of Davis)
39	13.59%	Off campus (outside of the City of Davis)
23	8.01%	Undecided where to live
33	11.50%	Not applicable; I will not be attending UC Davis next year.
287	Respondents	

Q30. If considering living OFF CAMPUS next year, why would you prefer to do so? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
11	6.79%	1.14%	I may not be attending UC Davis next year.
0	0.00%	0.00%	To live in Greek housing
69	42.59%	7.12%	To live in a quieter environment
5	3.09%	0.52%	To satisfy my parent's/family's wishes
48	29.63%	4.95%	Fewer rules and regulations
36	22.22%	3.72%	More convenient location
37	22.84%	3.82%	More convenient parking or public transportation
110	67.90%	11.35%	More cost effective
25	15.43%	2.58%	My preferred on-campus living accommodation may not be available
69	42.59%	7.12%	Better living unit amenities
11	6.79%	1.14%	Better security/safety
35	21.60%	3.61%	Ability to live with or near friends
37	22.84%	3.82%	Ability to live with or near family or partner
91	56.17%	9.39%	More privacy
93	57.41%	9.60%	More living space
56	34.57%	5.78%	No meal plan requirement
111	68.52%	11.46%	Access to my own kitchen
42	25.93%	4.33%	To live away from other students
63	38.89%	6.50%	To have a pet
20	12.35%	2.06%	Other (please specify)
162	Respondents		
969	Responses		

Q31. Please choose the statement that best describes your view when choosing where to live next year:

Count	Percent	
128	45.07%	Keeping my housing costs low is more important than having a range of amenities.
14	4.93%	Having a range of amenities is more important than keeping housing costs low.
142	50.00%	Neither of the above; a balance of housing costs and amenities is important.
284	Respondents	

Q32. With whom do you currently live?

Count	Percent	
27	12.56%	I live alone
77	35.81%	With other UC Davis roommate(s)
20	9.30%	With other non-UC Davis roommate(s)
23	10.70%	With both UC Davis and non-UC Davis roommate(s)
5	2.33%	With my parent(s) or other relative(s)
59	27.44%	With my spouse/partner and/or children
4	1.86%	Other (please specify)
215	Respondents	

Q33. What type of unit do you live in?

Count	Percent	
105	50.24%	Apartment
47	22.49%	Single family home
35	16.75%	Duplex / Tri-plex
0	0.00%	Sorority/fraternity house
19	9.09%	Individual room rented in a house or apartment
3	1.44%	Other (please specify)
209	Respondents	

Q34. Do you currently rent or own your residence?

Count	Percent	
194	93.27%	Rent
12	5.77%	Own
2	0.96%	Other (please specify)
208	Respondents	

Q35. How many bedrooms are in your unit?		
Count	**Percent**	
5	2.58%	0, studio / efficiency
47	24.23%	1 bedroom
61	31.44%	2 bedrooms
50	25.77%	3 bedrooms
31	15.98%	4 or more bedrooms
194	Respondents	

Q36. Do you share a bedroom?		
Count	**Percent**	
121	62.69%	No
61	31.61%	Yes, with one other person
11	5.70%	Yes, with two or more other people
193	Respondents	

Q37. Do you live in a room other than a bedroom (i.e., living room, garage, basement)?		
Count	**Percent**	
183	94.33%	No
8	4.12%	Yes, with one other person
3	1.55%	Yes, with two or more other people
194	Respondents	

Q38. What is your *personal* share of monthly rent/housing costs *excluding utilities*?

Count	Percent	
4	2.06%	Less than $400
12	6.19%	$400 - $499
25	12.89%	$500 - $599
45	23.20%	$600 - $699
31	15.98%	$700 - $799
18	9.28%	$800 - $899
15	7.73%	$900 - $999
13	6.70%	$1,000 - $1099
7	3.61%	$1,100 - $1,199
10	5.15%	$1,200 - $1,299
14	7.22%	$1,300 or more
0	0.00%	I don't know
194	Respondents	

Q39. In addition to your rent, for which of the following utilities do you currently pay? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
6	3.11%	0.74%	Not applicable; I do not pay for any utilities
41	21.24%	5.03%	Cable/satellite television
146	75.65%	17.91%	Gas
166	86.01%	20.37%	Internet
175	90.67%	21.47%	Electric
90	46.63%	11.04%	Water
65	33.68%	7.98%	Sewer
48	24.87%	5.89%	Telephone
21	10.88%	2.58%	Parking
57	29.53%	6.99%	Trash
193	Respondents		
815	Responses		

Q40. How much is your individual monthly cost for all the utilities selected in the previous question?

Count	Percent	
5	2.69%	Less than $25
26	13.98%	$25 - $49
77	41.40%	$50 - $99
42	22.58%	$100 - $149
24	12.90%	$150 - $199
11	5.91%	$200 or more
1	0.54%	Don't know
186	Respondents	

Q41. What was your personal share of the security deposit required for your current lease?

Count	Percent	
5	2.59%	No deposit required
1	0.52%	Less than $100
10	5.18%	$100 - $199
18	9.33%	$200 - $299
11	5.70%	$300 - $399
18	9.33%	$400 - $499
34	17.62%	$500 - $599
20	10.36%	$600 - $699
19	9.84%	$700 - $799
8	4.15%	$800 - $899
5	2.59%	$900 - $999
38	19.69%	$1,000 or more
6	3.11%	Don't know
193	Respondents	

Q42. How long is your current lease?

Count	Percent	
4	2.07%	Not applicable; I have no lease
9	4.66%	More than 12 months
163	84.46%	12 months
2	1.04%	Academic year (approximately 9 months)
1	0.52%	Academic term (e.g., semester)
11	5.70%	Monthly
3	1.55%	Other (please specify)
193	Respondents	

Q43. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Provide modern and attractive living environments to students

Count	Percent	
50	18.32%	Very important
122	44.69%	Important
70	25.64%	Unimportant
31	11.36%	Very unimportant
273	Respondents	

Q44. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Keep housing costs affordable

Count	Percent	
256	92.42%	Very important
16	5.78%	Important
1	0.36%	Unimportant
4	1.44%	Very unimportant
277	Respondents	

Q45. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Improve housekeeping services

Count	Percent	
26	9.56%	Very important
79	29.04%	Important
113	41.54%	Unimportant
54	19.85%	Very unimportant
272	Respondents	

Q46. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Allow students to live on-campus throughout their college career

Count	Percent	
97	35.66%	Very important
92	33.82%	Important
55	20.22%	Unimportant
28	10.29%	Very unimportant
272	Respondents	

Q47. Please rate how important each of the following factors should be to UC Davis as it considers improvements to on-campus housing: SELECT ONE RESPONSE FOR EACH FACTOR - Change existing housing policies and procedures so they are more student friendly

Count	Percent	
111	40.96%	Very important
105	38.75%	Important
42	15.50%	Unimportant
13	4.80%	Very unimportant
271	Respondents	

Q48. If UC Davis built new housing, which five physical features would be the most important to you? SELECT UP TO FIVE

Count	Respondent %	Response %	
121	43.84%	9.23%	Convenient location
164	59.42%	12.51%	Private (single) bedroom
84	30.43%	6.41%	Private bathroom
188	68.12%	14.34%	In-unit full kitchen (sink with garbage disposal, full-sized refrigerator, microwave, stove/oven, and dishwasher)
23	8.33%	1.75%	In-unit kitchenette (sink with dishwasher, small refrigerator, and microwave)
55	19.93%	4.20%	Living room
41	14.86%	3.13%	Storage space
24	8.70%	1.83%	Fully furnished living unit
23	8.33%	1.75%	Fitness or recreation area(s) in or near the housing facility
2	0.72%	0.15%	Computer lab in the housing facility/complex
39	14.13%	2.97%	Individual temperature controls in living units
18	6.52%	1.37%	Full-sized beds
95	34.42%	7.25%	On-site parking
33	11.96%	2.52%	Convenient access to public transportation
7	2.54%	0.53%	Convenient on-campus dining options
32	11.59%	2.44%	Quiet study area in the building
2	0.72%	0.15%	Classrooms/academic facilities in the building
88	31.88%	6.71%	Washer and dryer in the living unit
70	25.36%	5.34%	Convenient laundry facilities in the building
19	6.88%	1.45%	Controlled/secured access to the building
2	0.72%	0.15%	Social lounge/TV room in the building
113	40.94%	8.62%	In-room wireless Internet access
44	15.94%	3.36%	Environmentally-friendly design and operation
24	8.70%	1.83%	Other (please specify)
276	Respondents		
1311	Responses		

Q49. If UC Davis built new housing, which five personal preferences would be the most important to you? SELECT UP TO FIVE

Count	Respondent %	Response %	
28	10.18%	2.21%	24-hour on-site management
137	49.82%	10.81%	Flexible occupancy terms (9, 10, or 12 months, stay over break periods, etc.)
89	32.36%	7.02%	Flexible payment terms (e.g., pay rent monthly)
38	13.82%	3.00%	Convenient child care
70	25.45%	5.52%	Availability of maintenance and custodial services
4	1.45%	0.32%	Availability of **UC Davis** residential communities (Greek housing, living/learning programs, international house, etc.)
21	7.64%	1.66%	Availability of lifestyle or theme communities (smoke free, alcohol free, community service focused, gender specific, etc.)
51	18.55%	4.03%	Fewer rules and regulations
59	21.45%	4.66%	Access to quiet study space
109	39.64%	8.60%	Little or no meal plan requirement
77	28.00%	6.08%	Ability to choose my own **UC Davis** roommates
88	32.00%	6.95%	Ability to live with non-**UC Davis** friends or family
11	4.00%	0.87%	Ability to live near **UC Davis** students who are in my academic program
67	24.36%	5.29%	Proximity to public transportation
45	16.36%	3.55%	Proximity to campus activities
36	13.09%	2.84%	Proximity to retail areas (shopping, entertainment, restaurants, etc.)
154	56.00%	12.15%	Ability to retain the same living unit from year to year
72	26.18%	5.68%	Ability to bring my own furniture
82	29.82%	6.47%	Ability to have pets
29	10.55%	2.29%	Other (please specify)
275	Respondents		
1267	Responses		

Q50. Do you currently have regular access to a vehicle?

Count	Percent	
214	77.26%	Yes
63	22.74%	No
277	Respondents	

Q51. How important is having regular access to a vehicle to you?

Count	Percent	
68	24.37%	Very important; I would not attend UC Davis unless I had regular access to a vehicle.
136	48.75%	Important; I would need regular access to a vehicle to meet many of my needs.
58	20.79%	Unimportant; I would not need regular access to a vehicle.
17	6.09%	Very unimportant; I have no need for regular access to a vehicle.
279	Respondents	

Q52. How often do you use your vehicle?

Count	Percent	
17	8.02%	Less than once a week
32	15.09%	Once a week
80	37.74%	A few times a week
83	39.15%	Everyday
212	Respondents	

Q53. How often do you use ride hailing services like Lyft or Uber?

Count	Percent	
147	53.07%	Less than once a week
16	5.78%	Once a week
13	4.69%	A few times a week
0	0.00%	Everyday
101	36.46%	Never
277	Respondents	

Q54. If an adequate number of parking spaces was not provided in the proposed project and you could not park on-site, how much of a discount in rent would you expect?

Count	Percent	
14	5.04%	$0 - $20
10	3.60%	$21 - $40
37	13.31%	$41 - $60
20	7.19%	$61 - $80
64	23.02%	$81 - $100
133	47.84%	I would not be interested in living in a housing development in which I did not have access to on-site parking
278	Respondents	

Q55. If all of the unit types described above were available at an on campus, undergraduate apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
0	0.00%	Unit A: Studio apartment for approximately $1,520 per person per month
0	0.00%	Unit B: One-bedroom, one-bathroom (double occupancy) apartment for approximately $750 per person per month
0	0.00%	Unit C: Two-bedroom, one-bathroom (single occupancy) apartment for approximately $998 per person per month
0	0.00%	Unit D: Two-bedroom, two-bathroom (double occupancy) apartment for approximately $750 per person per month
0	0.00%	Unit E: Four-bedroom, two-bathroom (single occupancy) apartment for approximately $865 per person per month
0	0.00%	I would have preferred not to live on campus
0	Respondent	

Q56. If all of the unit types described above were available at a single graduate on-campus apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
8	4.35%	Unit A: Studio flat for approximately $1,520 per person per month
18	9.78%	Unit B: Two-bedroom, one-bathroom flat for approximately $998 per person per month
14	7.61%	Unit C: Three-bedroom, two-bathroom flat for approximately $925 per person per month
21	11.41%	Unit D: Four-bedroom, two-bathroom flat for approximately $865 per person per month
9	4.89%	Unit E: Five-bedroom, two-bathroom flat for approximately $835 per person per month
114	61.96%	I would have preferred not to live on campus
184	Respondents	

Q57. If all of the unit types described above were available at a student family apartment community at the rents outlined, what would have been your living preference for this academic year (2017-2018)?

Count	Percent	
42	46.15%	Unit A: Two-bedroom, one-bathroom townhouse for approximately $1,000 per unit per month
37	40.66%	Unit B: Two-bedroom, one-and-a-half-bathroom townhouse for approximately $1,050 per unit per month
12	13.19%	I would have preferred not to live on campus
91	Respondents	

Q58. If your housing preferences were met each year, when would you live/have lived in UC Davis's on-campus or affiliated student housing? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
40	14.60%	10.61%	Never
44	16.06%	11.67%	Freshman year
35	12.77%	9.28%	Sophomore year
28	10.22%	7.43%	Junior year
23	8.39%	6.10%	Senior year(s)
207	75.55%	54.91%	Graduate/professional year(s)
274	Respondents		
377	Responses		

Q59. What is your current enrollment status?		
Count	**Percent**	
267	97.09%	Full time
8	2.91%	Part time
275	Respondents	

Q60. What is your age?		
Count	**Percent**	
0	0.00%	17 or under
1	0.36%	18 - 19
1	0.36%	20 - 21
64	23.19%	22 - 24
136	49.28%	25 - 29
74	26.81%	30 or over
276	Respondents	

Q61. What is your gender?		
Count	**Percent**	
92	33.33%	Male
179	64.86%	Female
5	1.81%	Other
276	Respondents	

Q62. What is your current residency status?		
Count	**Percent**	
208	75.36%	Domestic student (U.S. citizen or permanent resident)
68	24.64%	International student
276	Respondents	

Q63. Please feel free to provide any additional comments or suggestions regarding this survey. All comments will be shared with UC Davis's administration but none will be personally attributable to any individual student.

Count	Percent
134	100.00%
134	Respondents

Q27. What makes finding housing while attending UC Davis challenging? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
971	88.59%	22.47%	Lack of units that fit in my price range
274	25.00%	6.34%	Hard to find roommates
742	67.70%	17.17%	Having to sign a lease many quarters before I will live there
460	41.97%	10.64%	Security deposit
338	30.84%	7.82%	Move-in fees
235	21.44%	5.44%	Having to have a co-signer to the lease
295	26.92%	6.83%	I don't have credit history
283	25.82%	6.55%	Lack of reliable landlords in Davis
550	50.18%	12.73%	Available housing units don't fit my needs
174	15.88%	4.03%	Other (please specify)

Count	Percent	
1	0.57%	A lot of management sucks and has terrible reviews, and if it has good reviews it' way expensive
1	0.57%	Anything to do with money
1	0.57%	Apartment and house leases are released at different times and if you're waiting for the later opening of lease signing you might feel worried/pressured because most people would have found housing by then. A lot of apartments open in January/February but houses open in March.
1	0.57%	Apartments are ALL overpriced!!!
1	0.57%	apartments not signing leases year-round
1	0.57%	Availability of housing in Davis (in general)
1	0.57%	Availability rapidly diminishing
1	0.57%	Available bus stops
1	0.57%	Barn residency applications are so late that I don't know if I need to sign a lease or if I will get the position at the barn
1	0.57%	Being trans; also medical issues and travel forcing me to move at times out of sync with the change in quarters
1	0.57%	Campus housing for student families is not satisfactory; grad student salaries are too low to afford rent in expensive Davis market
1	0.57%	Cheap housing that is close to campus and I don't have to compromise having my own room
1	0.57%	Child Safety; up to date standards
1	0.57%	Competition
1	0.57%	Competition with the increasing number of undergraduates accepted every year
1	0.57%	cost
1	0.57%	cost comparison is difficult and some landlords are not OK with subleases
1	0.57%	Dedicating the time to housing/roommate search while completing a very full courseload
1	0.57%	depending on others to choose you to be their roommate
1	0.57%	Difficulties finding and securing housing prior to actually moving to Davis (i.e. very few landlords will consider you as serious unless you personally attend a showing)
1	0.57%	Dog allowed
1	0.57%	don't allow pets
1	0.57%	Each landlord has a different application system
1	0.57%	Everyone is looking for units at the same time; trying to find a place before they're all gone
1	0.57%	Everything is soooo expensive for what they're giving.

1	0.57%	Everything is UNBELIEVABLY EXPENSIVE. And the cheapest options (with the exception of my home here in the Co-ops) are so far away from campus you may as well rent in Woodland or even further. This housing situation is bullshit and you all know it. I lucked out with finding the co-ops and falling in love with the community here, but not everyone can be so lucky. Too many people get stuck paying too much, which is unfair and unacceptable.
1	0.57%	Expensive rents, long contracts, nobody should sign a move in contract for September that is signed in January.
1	0.57%	Extremely competitive market
1	0.57%	extremely expensive
1	0.57%	Extremely high living costs, expensive rent for college students
1	0.57%	Find compatible people to live with
1	0.57%	finding affordable housing as a family is close to impossible.
1	0.57%	Finding affordable housing in a safe area in Sacramento
1	0.57%	Finding housing is difficult at ALL TIMES and prices just sky rocket year after year!!! Itâ€™s a real crisis!!!
1	0.57%	Finding places that accept pets
1	0.57%	General lack of housing options, period. Professional and graduate students have so few options.
1	0.57%	Hard to find pet-friendly housing
1	0.57%	hard to sign a lease while not living in California before moving here
1	0.57%	Having a family/$
1	0.57%	Having time while going to school to go apartment hunting
1	0.57%	Having to be absolutely sure of a place because it is not easy to sublease out of it or in another place
1	0.57%	Having to sign lease for at least one year
1	0.57%	High price
1	0.57%	HIGH RENT
1	0.57%	Highly impacted graduated student housing
1	0.57%	housing units are start earlier than others
1	0.57%	I am taking this opportunity to lambaste student housing as much as possible. stop price gouging and monopolizing incoming housing. itâ€™s ridiculously expensive as if we donâ€™t pay enough already. furthermore student housing creates awful and toxic environments for the students who work under it and for the students who live in under it
1	0.57%	I barely make enough money to afford to live in Davis.
1	0.57%	I had a senior cat who had been with us for 14 years until last fall. Many housing options do not accept pets, including grad student housing.
1	0.57%	I have been denied housing due to my Emotional Support Animal
1	0.57%	I have three children, and Davisâ€™ shocking vacancy rate makes it difficult to find and secure a place that is appropriate for them. My current housing costs more than my gross salary as a GSI.
1	0.57%	I work at the Bodega Marine Lab- housing in Sonoma County is more difficult to find and more expensive than Davis
1	0.57%	Illogical Leasing Terms. Leases end 1-3 days prior to leases begin, forcing students to store all of their belongings in U-Hauls. There is also no check on landlords exploiting students.
1	0.57%	In general the lack of housing to accomdate students attending the university
1	0.57%	Inflexible Lease Terms
1	0.57%	It felt as if housing was sold really quickly this year; my roommates and I were really stressed out that we wouldn't be able to find something.
1	0.57%	It is difficult to do an effective search
1	0.57%	It is nearly impossible to find housing close to campus!
1	0.57%	It takes a lot of time and energy to find a place because so many people are looking at the same time and might snatch a unit you want.

STUDENT SURVEY COMMENTS | ALL RESPONDENTS

1	0.57%	It's ridiculously expensive.
1	0.57%	Itâ€™s said above but the really early lease-signing period is a problem
1	0.57%	just lack if units PERIOD! Although I would have like something reasonable I didn't even have a restricted price range. But then of the apartments I called had openings.
1	0.57%	Just lack of available units in general
1	0.57%	Just to be clear: the extreme cost of housing in Davis is onerous
1	0.57%	Lack of accessibility and cost
1	0.57%	LACK OF AFFORDABLE HOUSING IN DAVIS IS A MAJOR CRISIS
1	0.57%	lack of affordable pet friendly housing
1	0.57%	Lack of availability close to campus, Lottery systems
1	0.57%	lack of availability of housing
1	0.57%	Lack of available apartments!!
1	0.57%	Lack of available housing
1	0.57%	Lack of choice in availability of units
1	0.57%	Lack of housing for undocumented students
1	0.57%	lack of housing in general
1	0.57%	lack of housing in general. Incredibly low availability and extremely high prices. Landlords know this and largely inflate costs.
1	0.57%	Lack of nearby affordable housing
1	0.57%	Lack of on campus housing for transfer reentry students.
1	0.57%	Lack of one bedroom apartment and expensive price compared to the earning from TA or RA
1	0.57%	Lack of pet friendly housing
1	0.57%	lack of reliable resources in finding places to live
1	0.57%	lack of transportation options to the vet school campus other than car
1	0.57%	Lack of units available
1	0.57%	Lack of units available in general
1	0.57%	Lack of units in general
1	0.57%	Lack of units overall. There is practically no vacancy in Davis, even though many students live outside Davis in other towns
1	0.57%	Lack of units. Difficult to find housing if you don't look in January
1	0.57%	Lack of vacancies
1	0.57%	Landlords are scumbags.
1	0.57%	Lease goes Aug. to Aug.
1	0.57%	Lease signing begining during midterm season
1	0.57%	Lease start and end dates do not align
1	0.57%	Leases all start in September and my program begins in August (so timing)
1	0.57%	Leases that don't end until end of summer after graduating in spring
1	0.57%	leasing system
1	0.57%	location
1	0.57%	location, washer/dryer
1	0.57%	Lottery systems/uncertainty about availability
1	0.57%	Low Availability
1	0.57%	Low vacancy rate
1	0.57%	Low vacancy rate of near-campus housing
1	0.57%	majority do not have rent prices early
1	0.57%	Management is often poor but students have no choice but to deal with it since housing is hard to find.
1	0.57%	Many apartments use a lottery system, which does not guarantee you will get a unit at that apartment.
1	0.57%	Many have a lottery, so no guarantee

STUDENT SURVEY COMMENTS | ALL RESPONDENTS

1	0.57%	Many places aren't pet friendly
2	1.15%	Minimal support from UC Davis
1	0.57%	More students than apartments available
1	0.57%	More students than there are available units.
1	0.57%	Most leases and housing situations are decided very early, and if you wait until spring to start, you'll have a very hard time finding anything, even expensive/undesirable housing
1	0.57%	need a room on Fr/Sa only, every 3 weeks
1	0.57%	Need a yard and I'm married.
1	0.57%	No parking room.
1	0.57%	not enough housing
1	0.57%	Not enough housing available
1	0.57%	Not enough housing in general
1	0.57%	Not enough places to live
1	0.57%	Not enough space on the campus or in the local area.
1	0.57%	Not having enough time to look for apartments
1	0.57%	Not knowing what to look for in an apartment and not having stable financial income (a job).
1	0.57%	Not knowing where to look
1	0.57%	Not many units available close to campus
1	0.57%	overall price of rent in Davis. very few options for an overpopulated school.
1	0.57%	Partner works far away
1	0.57%	people want to live in houses, not on campus or in west village.
1	0.57%	pet friendly units
1	0.57%	Pet-friendly housing
1	0.57%	pets
1	0.57%	Pets were not allowed (dogs)
1	0.57%	Price, the price you pay for a run down Apt, judgemental landlords, location
1	0.57%	Prices are ridiculously expensive
1	0.57%	proximity to campus
1	0.57%	Quality of housing for low price range.
1	0.57%	RENT
1	0.57%	Rent fee(s) Increase
1	0.57%	Rent is TOO EXPENSIVE
1	0.57%	Rent keeps going up
1	0.57%	Room Layout
1	0.57%	searching for housing but still have to keep up with school
1	0.57%	Space to have a pet
1	0.57%	Starting lease dates in September when law school starts in August
1	0.57%	Tandem is bullshit and has pushed off allowing people to sign leases, presumably to find out how much they can raise rent because many people are interested. Why don't we have the option to sign from fall-spring?
1	0.57%	That one day of the year where everyone moves and everyone is homeless for a night.
1	0.57%	The fact that I have to juggle classes and work while worrying about finding housing in a saturated market
1	0.57%	The house market in davis is so overpriced it unrealistic to love there even though that would be ideal
1	0.57%	The leases are yearly, so we end up paying for when we are back home
1	0.57%	The process to secure a spot for all of the transfers at the same time for SHA was too hectic. Finding apartment mates before selecting a unit should be less emphasized that it is needed but more so that there's a tool to find a person who may be good to room with but finding all for one apartment before securing spaces would not be necessary.
1	0.57%	The rent is way too high

	1	0.57%	there is no housing available. My mental health has suffered as a result of the city of Davis unable to provide enough housing opportunities.
	1	0.57%	There is not enough housing for UC Davis students.
	1	0.57%	There is simply no affordable option for the graduate stipend we are given. Even the "affordable" grad and family housing is over $1000 per month, and graduate students (in a good month) take home $2000.
	1	0.57%	There isn't enough housing for the number of students that attend school and live in Davis.
	1	0.57%	Too expensive! The university and city exploit students!!!!! It is extremely abusive!
	1	0.57%	Too expensive; apartments fly off the market like hot pies
	1	0.57%	Too many people
	1	0.57%	too many students are accepted so no housing
	1	0.57%	Too much demand from students (who are poor) and not enough affordable apartments/housing
	1	0.57%	Transportation to and from campus, or distance from campus, 9 month leases are not available
	1	0.57%	UC has torn down Orchard Park and contributed to the housing crisis.
	1	0.57%	UC Policy
	1	0.57%	UCD doesn't care about students that don't have a lot of money.
	1	0.57%	unable to contact landlords
	1	0.57%	Uncertainty of whether you will get a unit or not
	1	0.57%	Unsure of how to look for housing
	1	0.57%	Very competitive
	1	0.57%	very expensive
	1	0.57%	Very few apartments near campus to bike back and forth
	1	0.57%	very few complexes are both near the grocery shops and bus lines for UCD
	1	0.57%	very few new leases are available. You often have to be lucky and either be renewing or taking over a friend's lease. We need more apartment complexes both on and off campus.
	1	0.57%	Very high demand for housing, every application was competitive
	1	0.57%	very very little one bedrooms so I can live with my partner and at a smaller price range
	1	0.57%	Winter quarter is incredibly stressful as it is, adding the stress of figuring out next year's living situation makes it even more stressful
	1	0.57%	Yearly lease, which makes it impossible to move out before the lease is over, however bad the living experience in a particular apartment is. Hence, one needs to keep paying rent for the apartment where one does not want to stay.
1096	Respondents		
4322	Responses		

Q28. Why did you choose to live outside of the City of Davis? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
43	49.43%	9.71%	I could not find housing that meets my needs
16	18.39%	3.61%	To satisfy my parent's/family's wishes
64	73.56%	14.45%	More cost effective
26	29.89%	5.87%	To live in a quieter environment
9	10.34%	2.03%	More convenient location
12	13.79%	2.71%	More convenient parking
12	13.79%	2.71%	My preferred on-campus living accommodation may not be available
27	31.03%	6.09%	Better living unit amenities
15	17.24%	3.39%	Better security/safety
13	14.94%	2.93%	Ability to live with or near friends
40	45.98%	9.03%	Ability to live with or near family or partner
35	40.23%	7.90%	More privacy

42	48.28%	9.48%	More living space
26	29.89%	5.87%	Better physical condition of the building
10	11.49%	2.26%	Better building management
11	12.64%	2.48%	To live away from other students
29	33.33%	6.55%	To have a pet
13	14.94%	2.93%	Other (please specify)

Count	Percent	
1	7.69%	Anxiety over the housing market in UC Davis during my second to last quarter at community college; Davis housing market opens earlier and is really confusing for someone moving out for the first time
1	7.69%	Fellowship at Oak Ridge National Lab in TN
1	7.69%	Have lived here for 4 years. Husband's employment makes it the most convenient location.
1	7.69%	I could not find a place to rent in Davis.
1	7.69%	I go to UC Davis in Sacramento so live in Sacramento
1	7.69%	Literally cost, and it still sucks
1	7.69%	live near work
1	7.69%	My job
1	7.69%	Proximity to Bodega Marine Lab
1	7.69%	Sacramento Campus does not have the option
1	7.69%	stationed at LBNL
1	7.69%	UC removed us from family student housing for having too large a family and nothing is affordable in davis

87 Respondents
443 Responses

Q30. If considering living OFF CAMPUS next year, why would you prefer to do so? SELECT ALL THAT APPLY

Count	Respondent %	Response %	
38	4.57%	0.74%	I may not be attending UC Davis next year.
10	1.20%	0.19%	To live in Greek housing
263	31.61%	5.11%	To live in a quieter environment
54	6.49%	1.05%	To satisfy my parent's/family's wishes
303	36.42%	5.88%	Fewer rules and regulations
216	25.96%	4.19%	More convenient location
238	28.61%	4.62%	More convenient parking or public transportation
660	79.33%	12.82%	More cost effective
144	17.31%	2.80%	My preferred on-campus living accommodation may not be available
334	40.14%	6.49%	Better living unit amenities
82	9.86%	1.59%	Better security/safety
388	46.63%	7.54%	Ability to live with or near friends
97	11.66%	1.88%	Ability to live with or near family or partner
477	57.33%	9.26%	More privacy
491	59.01%	9.54%	More living space
355	42.67%	6.89%	No meal plan requirement
586	70.43%	11.38%	Access to my own kitchen
165	19.83%	3.20%	To live away from other students
197	23.68%	3.83%	To have a pet
51	6.13%	0.99%	Other (please specify)

Count	Percent

1	1.96%	Although not as expensive as apartments near the university, the university housing in solano park is continuing to increase rent while not updating living amenities.
1	1.96%	Apartments are larger, nicer, and cheaper
1	1.96%	As far as I know UC Davis does not provide any options for on-campus graduate student living
1	1.96%	backyard and garden
1	1.96%	Can't live on campus
1	1.96%	cheap
1	1.96%	cheaper
2	3.92%	Cheaper
1	1.96%	CHEAPER
1	1.96%	Davis landlords are pieces of shit.
1	1.96%	Donâ€™t know about the on campus housing options for sophomores
1	1.96%	Dorms are not available
1	1.96%	Getting kicked off from student housing lol it's not that big of a deal though
1	1.96%	I have lived in the same place for two years and am more confident with the familiarity.
1	1.96%	I own a condo.
1	1.96%	Iâ€™m not allowed to stay in the dorms
1	1.96%	Iâ€™m not aware of any Housing on campus for professional students
1	1.96%	If the focus isn't on affordable living, what does any of this matter?
1	1.96%	It is practically impossible to get a private unit on campus if you are single
1	1.96%	It is pricey for one person, imagine a couple?! Above all, I do not want to live crammed !
1	1.96%	It's basically impossible to get an on campus apartment
1	1.96%	It's much cheaper and we're only guaranteed one year of SHA housing.
1	1.96%	Itâ€™s 1000000000 times more affordable to live off campus than in any UC Davis affiliated housing
1	1.96%	ive never lived on campus
1	1.96%	lack of on campus housing
1	1.96%	LESS EXPENSIVE THAN UCD-AFFILIATED HOUSING
1	1.96%	less policing from campus officials, police, AND neighbors
1	1.96%	More sure that Iâ€™ll get housing
1	1.96%	My partner is not a UC Davis student and we have dogs.
1	1.96%	My pet is my emotional support animal and I struggled to find anywhere I could live and still keep him
1	1.96%	No on-campus housing guaranteed, Locations close to campus are difficult to get
1	1.96%	Not a RA
1	1.96%	on-campus housing is always full
1	1.96%	On-campus housing is expensive and near-impossible to find
1	1.96%	On-campus housing is generally a freshman thing, and while I'm aware that non-freshman housing exists, I know almost nothing about it
1	1.96%	On-campus is SO EXPENSIVE
1	1.96%	On-campus student housing is so limited, so you're forced to find a place somewhere off-campus
1	1.96%	Only Option
1	1.96%	Perferred on-campus living accommodation would be through SHA again but SHA does not allow it
1	1.96%	PRICE
1	1.96%	private bathroom
1	1.96%	S
1	1.96%	Space for my children.
1	1.96%	there is not any available unit on campus
1	1.96%	To be more independent
1	1.96%	to learn to be a real adult, though if sophomore dorms were the norm, I would be quite happy to stay on campus
1	1.96%	To live with all my friends

	1	1.96%	uc davis apartments like west village are too expensive
	1	1.96%	Um it's WAY cheaper
	1	1.96%	You can't live on campus as a 3rd year
832	Respondents		
5149	Responses		

Q32. With whom do you currently live?

Count	Percent		
43	5.53%		I live alone
511	65.77%		With other UC Davis roommate(s)
42	5.41%		With other non-UC Davis roommate(s)
59	7.59%		With both UC Davis and non-UC Davis roommate(s)
35	4.50%		With my parent(s) or other relative(s)
78	10.04%		With my spouse/partner and/or children
9	1.16%		Other (please specify)
	Count	**Percent**	
	1	11.11%	Family member
	1	11.11%	I live alone but plan to live with spouse starting next term
	1	11.11%	My brother
	1	11.11%	No comment
	1	11.11%	Significant other
	1	11.11%	UCD & non-UCD housemates
	1	11.11%	With my children & elderly/ disabled father
	1	11.11%	With my spouse, and he is a UCDavis graduate candidate
	1	11.11%	with other UC Davis housemates (I live in a single)
777	Respondents		

Q33. What type of unit do you live in?

Count	Percent		
525	70.85%		Apartment
95	12.82%		Single family home
63	8.50%		Duplex / Tri-plex
4	0.54%		Sorority/fraternity house
46	6.21%		Individual room rented in a house or apartment
8	1.08%		Other (please specify)
	Count	**Percent**	
	1	12.50%	Condo
	1	12.50%	Manufactured home in mobile home park
	1	12.50%	Studio apartment
	1	12.50%	town house
	4	50.00%	Townhouse
741	Respondents		

Q34. Do you currently rent or own your residence?

Count	Percent		
717	96.89%		Rent
16	2.16%		Own

7	0.95%		Other (please specify)
	Count	**Percent**	
	1	14.29%	Famiky
	1	14.29%	lease an apartment
	1	14.29%	Owned by family
	1	14.29%	Owned by parents
	1	14.29%	Parents/grandparents own
740	Respondents		

Q48. If **UC Davis** built new housing, which five physical features would be the most important to you? SELECT UP TO FIVE

Count	Respondent %	Response %	
618	53.55%	11.04%	Convenient location
400	34.66%	7.15%	Private (single) bedroom
270	23.40%	4.82%	Private bathroom
672	58.23%	12.00%	In-unit full kitchen (sink with garbage disposal, full-sized refrigerator, microwave, stove/oven, and dishwasher)
114	9.88%	2.04%	In-unit kitchenette (sink with dishwasher, small refrigerator, and microwave)
216	18.72%	3.86%	Living room
173	14.99%	3.09%	Storage space
187	16.20%	3.34%	Fully furnished living unit
126	10.92%	2.25%	Fitness or recreation area(s) in or near the housing facility
97	8.41%	1.73%	Computer lab in the housing facility/complex
194	16.81%	3.47%	Individual temperature controls in living units
107	9.27%	1.91%	Full-sized beds
348	30.16%	6.22%	On-site parking
227	19.67%	4.06%	Convenient access to public transportation
104	9.01%	1.86%	Convenient on-campus dining options
213	18.46%	3.80%	Quiet study area in the building
16	1.39%	0.29%	Classrooms/academic facilities in the building
368	31.89%	6.57%	Washer and dryer in the living unit
276	23.92%	4.93%	Convenient laundry facilities in the building
102	8.84%	1.82%	Controlled/secured access to the building
33	2.86%	0.59%	Social lounge/TV room in the building
538	46.62%	9.61%	In-room wireless Internet access
144	12.48%	2.57%	Environmentally-friendly design and operation
55	4.77%	0.98%	Other (please specify)
	Count	**Percent**	
	1	1.82%	1 or 2bd apartment
	1	1.82%	a place for my child to play, there are a lot of single parents like me that need family housing that is affordable.
	1	1.82%	ability to purchase own internet
	1	1.82%	Accessibility
	1	1.82%	affordability, AFFORDABILITY, A-F-F-O-R-D-A-B-I-L-I-T-Y
	1	1.82%	Affordable
	1	1.82%	Affordable 2 bedroom apartment with bathroom, living-room, full kitchen, plenty storage. Having children and family oriented activities is highly important to me. Also, an onsite park for children. An example is Solano Park.
	1	1.82%	Affordable dense housing! And seperate affordable family friendly housing.
	1	1.82%	Affordable rent
	1	1.82%	Affordable!!

STUDENT SURVEY COMMENTS | ALL RESPONDENTS

1	1.82%	Allow pets
1	1.82%	an office
1	1.82%	If UCD builds new housing, give me a place to myself. Am I supposed to have my kid in the same house with some random student? Are you for real? You greedy, greedy disgusting people. I hope the media picks this up.
2	3.64%	cheap
1	1.82%	Child-friendly with green space and play areas
1	1.82%	Community center, like the ones that currently exist at Solano Park
1	1.82%	cost
1	1.82%	Cost.
1	1.82%	Don't build more housing.
1	1.82%	Family friendly/space/low $
1	1.82%	family housing
1	1.82%	Family housing, I would like to not have to live in just one room.
1	1.82%	fire extinguisher
1	1.82%	having assigned parking. Paying extra for on campus apartment living is not cost effective
1	1.82%	Housing for graduate students
1	1.82%	I am interested in affordable housing.I need just the basic. Solano Park is great
1	1.82%	if I could select "inexpensive" 5 times, I would
1	1.82%	IF YOU ARE GOING TO BUILD MORE DORMS; BUILD PARKING TOO!!! HOW ARE PEOPLE SUPPOSED TO GET TO CLASS WHEN THERE ARE NOT ENOUGH P LOTS??? BUILD MORE PARKING BEFORE YOU BUILD MORE DORMS TAKE CARE OF THE STUDENTS YOU ALREADY HAVE!!!!!!!!!!
1	1.82%	In unit dryer washer
1	1.82%	In unit laundry
1	1.82%	Just be cost effective, that's all I need
1	1.82%	Low rent
1	1.82%	Lowest cost possible
1	1.82%	Make it cheaper. There are thousands of incoming freshman paying $10k plus. The amenities we receive do not equal to what we pay. PAY THE SHITTY ADMINISTRATION LESS SO THAT WE CAN BREATHE EASIER
1	1.82%	Make it so the hot water works all the time
1	1.82%	More co-operatives
1	1.82%	More housing for transfer students!
1	1.82%	NO NEW HOUSING
1	1.82%	Open up more options for graduate and professional students PLEASE!
1	1.82%	Pet Friendly
1	1.82%	Pet friendly! Please
1	1.82%	pet-friendly
1	1.82%	Pets
1	1.82%	pool
1	1.82%	private one bedroom apartment
1	1.82%	Reasonable cost
1	1.82%	RENT
1	1.82%	shared room opportunities
1	1.82%	Should be able to pclick more than. 5
1	1.82%	These choices are dependent on cost. I wouldn't want extra amenities if it meant rent would be more.

	1	1.82%	This questionnaire is not geared toward graduate students with families. If UCD built more housing it should be 1) affordable 2) have diverse designs (1bdr,2bdr, studio options) 3) be safe (fire, waters, air, secure) 4) green space outside 5) UCD owned and operated so our rents go back into SHDS and not into the pockets of developers
	1	1.82%	This seems to be thinking of undergraduate students. Graduate and students with families have other needs.
	1	1.82%	Will not cost an arm and a leg
	1	1.82%	will not live on campus
1154	Respondents		
5598	Responses		

Q49. If **UC Davis** built new housing, which five personal preferences would be the most important to you? SELECT UP TO FIVE

Count	Respondent %	Response %	
145	12.61%	2.68%	24-hour on-site management
606	52.70%	11.21%	Flexible occupancy terms (9, 10, or 12 months, stay over break periods, etc.)
397	34.52%	7.35%	Flexible payment terms (e.g., pay rent monthly)
52	4.52%	0.96%	Convenient child care
299	26.00%	5.53%	Availability of maintenance and custodial services
43	3.74%	0.80%	Availability of **UC Davis** residential communities (Greek housing, living/learning programs, international house, etc.)
119	10.35%	2.20%	Availability of lifestyle or theme communities (smoke free, alcohol free, community service focused, gender specific, etc.)
246	21.39%	4.55%	Fewer rules and regulations
380	33.04%	7.03%	Access to quiet study space
449	39.04%	8.31%	Little or no meal plan requirement
501	43.57%	9.27%	Ability to choose my own **UC Davis** roommates
171	14.87%	3.16%	Ability to live with non-**UC Davis** friends or family
69	6.00%	1.28%	Ability to live near **UC Davis** students who are in my academic program
410	35.65%	7.59%	Proximity to public transportation
238	20.70%	4.40%	Proximity to campus activities
203	17.65%	3.76%	Proximity to retail areas (shopping, entertainment, restaurants, etc.)
568	49.39%	10.51%	Ability to retain the same living unit from year to year
203	17.65%	3.76%	Ability to bring my own furniture
250	21.74%	4.63%	Ability to have pets
55	4.78%	1.02%	Other (please specify)

Count	Percent	
1	1.82%	15 days of contract cancellation notice instead of 42
1	1.82%	ability to rent a private apartment for my husband and I
1	1.82%	Actually affordable
2	3.64%	Affordability
1	1.82%	Affordability (meaning less than 30% of income)
1	1.82%	Affordable dense housing and seperate family friendly housing!
1	1.82%	affordable housing
1	1.82%	Affordable price
1	1.82%	Affordable rent
1	1.82%	again, just so many things about student housing sucks
1	1.82%	Available for grad students - i.e. adults
1	1.82%	Be affordable
1	1.82%	Being pet free

1	1.82%	Can I say 'pets' a second time? It is worth potentially losing my extra option just to ask!
1	1.82%	cheap
1	1.82%	cheaper meal plans
1	1.82%	Cost.
1	1.82%	Definitely price is a big factor. Everything is so expensive, we're just asking to live in a quiet, clean place with decent amenities and enough bathrooms for a lot of people
1	1.82%	Do not build more housing.
1	1.82%	Ensuring that my rent won't increase every year.
1	1.82%	Family friendly
1	1.82%	Family Friendly
1	1.82%	Family Friendly and affordable.
1	1.82%	Family friendly environment
1	1.82%	family/kids/husband living with/low $
1	1.82%	Fitness room
1	1.82%	Free residential parking
1	1.82%	Good insulation
1	1.82%	Grad Student Housing
1	1.82%	Housing for graduate students
1	1.82%	I don't want my children to go hungry trying to attend UCD. It's obvious you guys could care less. I hope you're ashamed at what you're doing.
1	1.82%	includes utilities, cost efficient
1	1.82%	Keep it affordable. As a graduate student I don't want to share my place with room-mates in order to effort studying in Davis
1	1.82%	Let upperclassmen live in dorms smh
1	1.82%	low cost
1	1.82%	Lower rents
1	1.82%	More apartments for students. It's ridiculous how little on campus housing there is
1	1.82%	More rules and regulations
1	1.82%	no pets allowed!
1	1.82%	Not a ton of amenities. AFFORDABLE HOUSING
1	1.82%	Not being near undergraduates who party and participate in greek life
1	1.82%	Open up more options for graduate and professional students PLEASE!
1	1.82%	PLS NO. NO ROOM FOR MORE STUDENTS.
1	1.82%	proximity to campus
1	1.82%	Reasonable cost
1	1.82%	Rent compatible with graduate student salaries
1	1.82%	Should be able to pick more than 5
1	1.82%	single rooms with no roommates
1	1.82%	small kitchen
1	1.82%	This seems to be thinking of undergraduate students. Graduate and students with families have other needs, which the university should be attuned to.
1	1.82%	To be clear: None of this matters if I can't afford to pay the rent
1	1.82%	UC Student Housing being compassionate to families
1	1.82%	Variety of apartment designs, 1-4 bedrooms
1	1.82%	will not live on campus

1150 Respondents
5404 Responses

Q63. Please feel free to provide any additional comments or suggestions regarding this survey. All comments will be shared with **UC Davis**'s administration but none will be

STUDENT SURVEY COMMENTS | ALL RESPONDENTS

Count	Percent
404	100.00%

Count	Percent	
1	0.25%	
1	0.25%	$1,000 or more is not affordable housing. Please try to be less stupefyingly insensitive to the needs of low-income students. Just because we can't even afford to buy the overpriced crap on campus and we're not all so naive that you can readily fleece us, doesn't mean we aren't dedicated academics. These prices are a spit in the face considering the rates of student homelessness.
1	0.25%	$500 or less monthly rent please. Otherwise I will never live on campus.
1	0.25%	$750 per individual is not affordable or at least unattractive for many students
1	0.25%	.Okay so you have those apartments planned but they are super expensive, I don't need quartz counter tops I need cheap housing that is safe and close to campus, because almost 800 for a shared room in a two bedroom is double what I pay to live off campus.
1	0.25%	:)
1	0.25%	A family friendly environment is most important to me. It goes without saying that a full kitchen, convenient laundry and a private environment to parent and study are all important.
1	0.25%	A forced meal plan and requirement to live in the dorms is great with messy public areas, unhealthy and oily dining food, and constantly breaking hot water!
1	0.25%	A/C's Where the shared restrooms/bathrooms are at. It gets too cold in there to take a shower. I'd like to have the chance to at least have some sort of heater in there.
1	0.25%	Above all, on-campus and West Village need to be cheaper than they are
1	0.25%	Access to free printing would be huge and something I would appreciate to see more of.
1	0.25%	Actual affordable housing and the ability to choice roommates and less restrictions
1	0.25%	Additionally, another big issue that I have found with off-campus UCD-affiliated housing, the "lottery system" they have in order to allow people interested to sign a lease is terrible. It causes uncertainty in housing plans and leads to stress. It deters people a lot, since the reason they are looking for housing is to find a place to live quickly, as to not continue to deal with it for the rest of the year.
1	0.25%	Affordability is huge for students, even at $750, there's no utilities included in that cost and rooms are not private, and that's a deterrent for someone who pays less than $600 for a double room, utilities included. Additionally, this housing should be available to continuing or international UCD students, NOT to new freshmen--we really don't need more freshmen. I and other students I've spoken to think that UCD needs to make classes more available (more space in classes, more staff to teach those classes, etc.) to students attending this school instead of trying to shove as many students onto this campus as possible. Classes are already impacted, bike traffic can be ridiculous at times, and the more new students that are admitted only increases the number of students that do not know how to properly bike and end up causing bike accidents, as well as the impacting of classes.
1	0.25%	Affordable family housing is the most important thing to me when I'm searching for a place to rent.
1	0.25%	affordable houses are very important to us the students

1	0.25%	Affordable housing for graduate students is very hard to find. I currently pay $800 a month excluding utilities. I pay almost $100 more per month than most of my friends who have the same amenities that I do. Most graduate students that I know look for housing that is in the $600-700 range. If I were to move, I would only move if I was saving $50-100 on rent. I lived in West Village last year. My opinion of on campus housing is that it is very expensive and that the university cares more about how good the building looks than serving graduate student's needs. I would consider graduate student housing rents and floorplan proposed in the earlier questions a burden to graduate students rather than something the university should be proud to offer. I think that the salary and budget of graduate students should be taken more into consideration. If the university is not going to offer affordable housing for graduate students, then they shouldn't bother to build new student housing. I would consider affordable housing to be housing whose rent is 30% or less of the monthly TA salary, which is closer to the $600-$750 price range rather than $835-$1500 price range. When the monthly net pay of a graduate student is $2000/month I think it is inappropriate for the university to be offering housing that costs 75% of the student's net pay. If new student housing is built and priced exorbitantly high, as proposed in the previous questions in this survey, it will push the rent of other units in Davis up. In turn making it more difficult for graduate students to find housing. I would like to see is affordable graduate student housing from the university. Housing that costs at most 30% of the TA salary pay check. I believe affordable housing should come first and any other considerations should come second to that.
1	0.25%	Affordable housing is central to the graduate student's choices of the university. The stipend they receive is not raised at the same rate as the perpetually increasing rents in California. Such contrast in their income and their expenditure strains them and affects their work as well. The University will significantly benefit from increased productivity of graduate students if they are provided with affordable and peaceful houses.
1	0.25%	Affordable housing is important. We don't need housing with tons of amenities like West Village. We need the basics: Full kitchen and unfurnished rooms. I have to move out of Davis and back to live with family (and commute to UC Davis) because I cannot afford to live here anymore.
1	0.25%	Affordable housing is very important. I don't want to be left with nothing for activities and traveling after paying my monthly rent
1	0.25%	Affordable housing on campus does not mean 750$ per person as shown in the example for double occupancy apartments. Shared rooms should be no more than 500$, which is generally the highest price off campus. You should not privilege higher income students by making on campus living affordable for a lot of students (Like West Village). You have to make on campus housing cheaper and better than off campus, that the point right because your goal isn't to make a profit off of students? To provide for students, ALL students, not just ones who are able to afford better amenities. We need more more housing now, especially since enrollment keeps increasing. At this point, vacancy is so low, landlords can increase rent 100$ every year without doing anything to improve the quality of their buildings or appliances and we can't do anything about it.
1	0.25%	After my roommate move out, there are too many student tour to my room. Because people who want to change dorm usually do not want to move to regan. It cause I need to let lots of people visit my room again and again.
1	0.25%	All of those graduate housing options are too expensive. The university knows how much it pays us. $800 is 40% of my monthly income. How can we be expected to pay that?
1	0.25%	Although there are many student that can afford to pay $700+ for large rooms with amenities, there are many students, myself included, that would enjoy having few frills in exchange for a rent somewhere in the $450-$600 range. UC Davis would benefit from offering housing in the form of smaller units in taller buildings.
1	0.25%	Anything above 450 is not an acceptable rent for people sharing a room. Once you get above that you can usually find a single off campus. Davis housings costs are ridiculous. It doesnâ€™t matter what is offered I would commute from the Bay Area before paying their prices

1	0.25%	As a grad student, I am at work all the time so meal plans are very expensive for my actual ability to eat at a dining common or eat anything during the day beyond a snack. Additionally, my schedule is extremely variable so proximity to my work for safe bike rides is important. All features that make my life easier are important when I chose a place to live, other than that I don't really care and can find services/amenities elsewhere (ability to pick compatible roommates, no pest problems, don't have to take time off work to deal with maintenance issues, decent freezer space for the roommates, good dishwasher, and easy access to laundry, single-room privacy for visits with my significant other).
1	0.25%	As an undergraduate transfer, I lived in the Adobe apartment complex off-campus, which I was assigned to by student housing. I lived with other UC Davis transfer students there. This was a nice opportunity for me to find affordable living with roommates as a new student in the area.
1	0.25%	At a graduate level, it would be nice to have living spaces for significant others/spouses. Majority of my cohort have partners that are not students here at UC Davis.
1	0.25%	At the end of the day, people dont want to live in anything regulated by the university. So make it as similar as possible to a house
1	0.25%	BOTH ON AND OFF-CAMPUS HOUSING IN DAVIS IS TOO EXPENSIVE AND DIFFICULT TO OBTAIN. UC DAVIS NEEDS TO CHOOSE BETWEEN BUILDING/PROVIDING AN IMMENSE AMOUNT OF STUDENT HOUSING AND DECREASING THE NUMBER OF STUDENTS ATTENDING SCHOOL HERE.
1	0.25%	Build more apartments! Davis has so much land surrounding it that is open that we can alleviate the housing crisis for students by building more apartments. I do not understand why this is not being done since Davis needs accommodate students attending the university. If this is not alleviated, then it will be a lot harder for students to deal with their academics.
1	0.25%	BUILD MORE PARKING BEFORE YOU BUILD MORE DORMS! IT MAKES NO SENSE!! ALSO YOUR RENT PRICES ARE WAY TOO HIGH THAT IS CRAZY I LIVE IN A SINGLE APARTMENR BY MYSELF AND MY RENT IS $400 CHEAPER THAN THE RENT YOU HAD. IT ISNT FAIR TO CHARGE PEOPLE THAT PRICE AND REQUIRE THEM TO LIVE ON CAMPUS??! UCD is money hungry and only cares about charging insane prices for rent to students who are forced to live on campus, and not catering to current studenta who can't get to class on time because all of the P lots are full while the A lots are empty.
1	0.25%	Campus needs family friendly and affordable dense housing. Expensive, luxury housing is not an appropriate investment for our campus or community.
1	0.25%	Can I please have housing that I can afford? I get $1600 per month for 20 horus/week work. And I cannot work more because I am an international student. So can I please have a decent housing option that doesn't cost $1000 for a studio? How am I going to eat or pay for utilities or buy books or anything else? If you can offer studio units for $600, that'd do the job for graduate students.
1	0.25%	Cheaper the better.
1	0.25%	choosing 5 top priorities was hard from the lists because they depend on each other eg private bathroom depends on having a private room etc. parking options are related to parking charges and lack of public transport options etc
1	0.25%	Cost is so incredibly important. Most people cannot afford to pay more than $500 for a double and $800 for a single. If you're going to build new student housing, you cannot charge ridiculous amounts like the town's apartment complexes do. Frankly, the West Village prices are so unbelievably high that students frequently call it "privilege village".
1	0.25%	Cost is very important, anything above $400 a month per person (shared), I would consider living off campus instead
1	0.25%	Currently, there are already too many students at UC Davis at one time. There are too many students biking/walking at one time-- it's dangerous. There are too many students trying to get into the same classes. There are too many students that need to take the bus when there are no more spaces on the bus. Do not build on our fields. Do not cram-pack UCD for your profit. Please, we, the students, are begging you. Please listen to us.

1	0.25%	Davis housing in general is massively overpriced. There are no UC Davis housing options for adult students/graduate students which are satisfactory.
1	0.25%	Davis is enough of a small and bicycle-friendly town so that being able to provide permanent parking space for students should not be a decisive criterion when re-designing the offer for student housing. The impression is that rents could be kept much lower if there were a re-focus on basics needs (i.e., not spending more on unessential amenities such as individual washing machines, dryers or large kitchen appliances) and more effort on the energy efficiency of buildings (i.e., having well insulated units that would require only limited heating during winter and limited AC during summer).
1	0.25%	Davis is hella expensive.
1	0.25%	Davis needs more affordable housing. On-campus units are clearly unaffordable relative to the cost of living in the city of Davis (of which available, cheaper housing is becoming increasingly limited).
1	0.25%	Davis really need to find enough housing for second years ! Itâ€™s a struggle to find housing ! Also ! Some building do not have water dispensers in every floor . Someone who lives on the 4th floor has to go all the way to the first ! For some water ! Also ! Alsooooo The Dc needs to add more seasoning to chicken Alsoooooo.....
1	0.25%	Disappointed in the university in allowing an increase in students without first properly planning on where they would be housed. Desperately want to see the city as well be a proponent of Affordable Housing and taking on projects that don't subject students to living near pollution. Childcare on campus, and general resources/services for families, are slim and future University housing should address this
1	0.25%	Dorms are a good idea for the first year because they help introduce students to college life. However, even with alterations/improvements most students will likely move out by second year due to the cost. Students should be more aware of their housing options off-campus. Many pay overpriced rent or live in terrible locations because of lack of knowledge on this. I pay <$350 in rent+utilities for a double in an apartment about a mile from campus. However, I know people that pay $800+ for similar laving arrangements. It would be helpful if the university built affordable housing options near campus that weren't dorms, and if they provided students with information on the many off-campus housing options.
1	0.25%	Dorms are expensive.
1	0.25%	Dorms are great and they are convenient and a fantastic way to stay connected with other students, but they aren't feasible to live in if they're expensive! Once my third sibling goes to college my parents won't be able to help me afford to live in a dorm AND pay for my education, but students shouldn't have to choose between the two.
1	0.25%	Ended up purchasing a home because it was *cheaper* than renting within Davis.
1	0.25%	Even the proposed prices are too high. Weâ€™re all looking for 2 bed/1 bath around 1200 or LESS 3 bed/1bath each paying around 600-700 this is already tooooo much for a lot us.
1	0.25%	Everything seems great, if all these changes are implemented many students would not have to move away to live. However, I hope that the rent shown on the apartment models isnâ€™t the actual rent that will be charged because itâ€™s way out of my budget.
1	0.25%	expensive, hella money, education should not be only for the rich. UCDavis is a coorporation with HELLA money. students are poor. U take more money?... confusion

1	0.25%	FIFTEEN HUNDRED FOR A STUDIO????? That's not even market rate, that's HIGHER than market rate (currently, market rate is $1200-$1300). Does UC Davis even know what graduate students make? We make $2000 a month, after taxes, and many of us aren't guaranteed pay through the summer. At some point we need to, you know, buy groceries and pay fees, not to mention--god forbid--save a little for accidents or retirement. Are we going to be getting a raise commensurate with this insane cost of living? Financial experts agree that rent should be no more than 30% of your income, so if the university is going to charge $1500 for a studio, they should be paying us $5000 a month. And since they're still insisting they don't need to provide graduate students' dependents with childcare, that kind of raise seems a little unlikely. Also, is no sane graduate studentgoing to pay almost $900 a month for the privilege of living with four other people and sharing two bathrooms. (That would still mean, according to the 30% rule, that they'd need to make $3000 a month after taxes.) How do you get good academic work done with no private space, and four roommates? For NINE HUNDRED DOLLARS??? It's cheaper to live in downtown Sacramento. This has to be a joke. This "solution" is so far detached from solving the graduate housing problem that it's actively going to contribute to the problem. How can the university in good conscience do this to their graduate students when our top administrators are taking home $400k salaries??? I'm sorry to say this through the comment section, since the person reading this isn't likely responsible for this (frankly unethical) proposal, but the university doesn't listen to us any other way. This proposed living & rent scheme for graduate students is disgusting, and no graduate student will be able to afford it--certainly not ones with families that this plan purports to be for. If the university is going to use graduate student labor to staff their classes, and claim they're on our side when the government threatens to tax tuition waivers so that most of us can't afford graduate school, then the university needs to put their money where their mouth is. Either pay graduate students a wage that allows them to live in Davis or abandon this ridiculous housing rent scheme. This is some Silicon-Valley level gentrification, and the university should be ashamed of their decision to even ask graduate students to consider this plan. As much as I love UC Davis and have flourished here, I cannot in good conscience recommend it to any grad student considering the school, since they will not be paid or treated fairly. I know what years of financial precarity and unnaturally high housing costs have done to my mental health and academic output. I will be telling any student considering graduate school here to reconsider.
1	0.25%	Finding affordable housing in Davis has been incredibly hard for me and it seems to only be possible if you get lucky or know the right people. My preferred housing situation would just be a cheap place to live without a living room (to keep the costs down). Maybe a condensed, cheaper form of housing (with just the essentials for living) can be built in the later years instead of taking current buildings that are perfectly habitable, destroying them, and building new ones on top of them. I currently live in Emerson, and seeing the old dorm building next to me get torn down/built anew seems like such a waste of money, especially with the rumor that Emerson will be torn down soon as well. Honestly? If I wasn't a female who feels in danger just walking in a park at night, I would just live in a van to keep costs low since school is so expensive.
1	0.25%	For a shared dorm freshman year, I paid close to $1,600 per month. In my current apartment off-campus, I pay $450 per month for a shared bedroom the size of my dorm. Why is on-campus housing four times more expensive than the rental market in the city of Davis?
1	0.25%	For sophomores that want to live on campus, a background check should be done of where they are from so students far from home do not have to look for an apartment last minute if they are relying on the housing that UC Davis applies.
1	0.25%	For the two bedroom apartment with the shared bathroom, it would be preferred if the rooms were big enough to be shared so we would not have to pay $750/monthly.
1	0.25%	Give more than 5 options
1	0.25%	GIVE US PLACES AT LEAST BELOW $700, everything you make is so ridiculously expensive

1	0.25%	Graduate student housing costs should preferably not be more than 1/3 of graduate student income, which for most would be in the $500-$600. It is incredibly hard to find housing at all in Davis, let alone in that price range.
1	0.25%	Graduate students need affordable housing!
1	0.25%	Honestly, I feel that UC Davis will never be able to make affordable housing for low income students. The housing options offered by UC Davis are too expensive and profit off at the expense of the students.
1	0.25%	Honestly, I think the one of the biggest problems is just that the cost of living oncampus is way too high and it's not value for money. Moreover, I personally would really like to have my own bedroom.
1	0.25%	Honestly, the prices in Davis are out of control and I wonâ€™t live in a destroyed run down apartment in the ghetto to afford to live in Davis. Also Iâ€™m older than most undergraduate and find that having a private room is important but I canâ€™t afford a private bedroom at the prices listed in Davis.
1	0.25%	Housing at UCD is a big issue! It is very stressful as it often occurs in the middle of the year when there are so many unknowns. Locations close to campus are difficult to get and are sometimes run down. On campus housing is expensive and also difficult to get. UC Davis affiliated housing is unreasonably expensive, such as West Village. While the amenities are great, most are not needed in my opinion. Davis could have created more affordable housing for students instead of building luxury style apartments. Dorms are also an issue as they were once guaranteed for 2 years and are not anymore due to occupany/ acceptance of students. Conclusion: housing here is so stressful!!!
1	0.25%	Housing at UCD is expensive and there is no privacy, which is problematic when you do not know your roommate well. UCD should sublease their on campus housing for summer session II at least since the SHA contracts end in august anyway. During the summer it is too easy to get scammed trying to sublease somewhere from someone you don't know well, which is a factor as to why I do not take summer session.
1	0.25%	Housing for graduate students with families (partner and children) along with daycare should be priorities.
1	0.25%	Housing for students with children MUST be prioritized. I had my first child during undergrad, and the second child during grad school. I have felt very unsupported by UC Davis during this time on all aspects of being a student parent, including housing. In addition, strict rules like no pets keep families like myself away. I have a dog - she contributes a significant amount of stress relief to our family with her mere presence. However, I am not going to lie and file paperwork to make her an "emotional support animal," when she is not actually such. That being said, housing will never be an option because of our dog. Please consider changing policies on pets, as they contribute highly to emotional stability in students facing significant stressors at UC Davis.
1	0.25%	Housing in Davis is incredibly expensive. I think that everyone can recognize that. Students are taken advantage of not only by landlords who charge a high rate monthly, but also by the campus which charges even more. The campus already doesn't have enough housing and their expected to take in an increasing number of students every year. As a student who receives no financial aide, college is already expensive meaning that expensive housing, like all of that found in Davis, is an extreme burden. Although I receive no financial aide I am lucky in some sense that I don't need to take out loans to pay for my schooling, I can't imagine what it's like for students in this situation. Housing should be easily available for all students at an affordable cost that doesn't make the college seem like its sole goal is to make money. In my opinion, UC Davis needs to build affordable housing that can house students at least into their junior year. As the UC with the most acreage, Davis should not be having this problem.
1	0.25%	Housing in the city of Davis needs to be fixed, not the on campus housing. Off campus housing is a train wreck.

1	0.25%	Housing is a real problem here in Davis. It is INCREDIBLY expensive due to few housing facilities located in Davis and every year I fear I will be homeless due to unease related to housing. I hate it so much and it makes me so scared. I wish there were options for people who don't want to spend 1000 dollars to live in decent quarters or have to resign themselves to living in garages or living rooms and never feeling comfortable in their own home.
1	0.25%	Housing is insanely expensive in Davis. I have friends at UCSD living in La Jolla that are paying a lower rent than I am. There is a lack of 3 bedroom places in Davis that a lot of people are looking for. But there are a lot of 2 bedroom places. Housing on camps is not worth the extra $300 a month compared to off campus housing because we are not offered anything more for our money and sometimes "on campus" housing is farther that off campus housing. Also why are there so many dilapidated apartment complexes that aren't being used?
1	0.25%	Housing is insanly expensive and I would expect a single bedroom to be 650-800$ while a double is more like 460-580$
1	0.25%	Housing is rather expensive. Lower costs would be helpful.
1	0.25%	Housing is ridiculously unaffordable both on- and off-campus. This should be a first priority, but it should not come at the cost of standard of living for students. Or, if you need to have expensive rent prices for graduate housing, then you should probably consider paying graduate students more.
1	0.25%	housing is too expensive and the student housing admin is pretty awful to the tenants and their workers sometimes. make it cheaper. RAs hate the job. many students dislike student housing. in fact, we hate most of the administration anyway. we know all of our tuition lines admin pockets while the students looking at and compiling this data probably get paid minimum wage or no money at all.
1	0.25%	Housing is unaffordable.
1	0.25%	Housing is very expensive in Davis. As an international graduate student, finding housing is very hard, specially during the first year, when we have to pay for a lot of things: move-in fees, flights, buying furniture, security deposit, ... All these things add up very quickly and make it very hard for us at the beginning. It would be great if the university could provide a low cost housing option for graduate students, at least during the first year.
1	0.25%	Housing would need to be a lot cheaper.
1	0.25%	How in the world could any student afford a studio for over $1500 / month!? Or a room in a crowded apartment for over $800/month? We are hardly ever paid more than $2000/month. Try living on that with the cost of rent, utilities, insurance, car payment, and food alone - let alone having even the slightest amount of money left over to maybe enjoy your weekend every once in a while.
1	0.25%	I absolutely loved living at Solano Park. I loved the playgrounds and I loved the outdoor areas and the freedom that we have here. I would only make it better by adding a child care facility. UC Berkeley has child care at the family housing. We are paying or getting funding to pay for private childcare facilities. We would love to do it here at Solano Park. I would also add a study room. They could designate an apartment for students to study instead of going to coffee shops and paying $3-4 to study. These are the only suggestions I have. Other than that this is a beautiful place to stay and raise family while getting education. I like the green areas and how timely the maintenance is. Neighbors and RAs are very friendly. I had a great experience. Solano Park should stay and more housing opportunities for families should be created. Thank you.
1	0.25%	I am a graduate student and I am working as a TA. I live with just the money I earn from the university. My salary is near $1900 each month. You are offering one bed and one bath unit with price $1500. I think you have to give some discounts on an apartment price or it is much better if you increase the salary. It is so hard to live and save and have a good lifestyle (have a good meal, have fun, ...) with this amount of money. My other friends in the other UC universities have a very higher salary and they live much better than me.

1	0.25%	I am a graduate student and I don't have any funding from the university. Thus, I have to be a TA each quarter so I can be able to live in the city. There is an issue that each year the housing price is increasing but my salary is not. I think the amount of increase in the salary of graduate students should be relevant to the increasing of the housing price. In one of the questions, you asked to chose one of the floor planes. The cheapest one was around $1500 for the studio. don't know about the different major but in my major, I get just around $1900 for (20hrs/per week) for a month If I want to give $1500 for rent and $100 utilities. I just have $400 for rest of my month which I have to manage for food, transport, game, ... which is not enough if I want to have a good food each day of a month.
1	0.25%	I am a married mother with two children so having an affordable apartment (i.e. no more than ~$1,000) with a private bathroom and kitchen is critical to me affording graduate school.
1	0.25%	I am a PhD student who works 50% for the university and 75% for a private consulting firm while attending school full time. It is very, very difficult. I work for a private consulting firm because it really isn't possible to pay rent on a GSR salary, especially because my appointment often fluctuates, without warning, between 25% ($900) and 50% or over. As a private consultant I am well aware of what my time as a researcher is worth, I can also see from the grants I work on and the portion of that work I complete what my time is worth to the university. I think the lack of affordable housing on campus is a detriment not only to me, in terms of the quality of education I can receive while working so much, but also to the university. If I could afford to focus on my studies and research I would be spending much more time writing grants, publishing, and attending conferences, all of which raise the profile of the institution. I think it would benefit UC Davis to consider affordable housing for graduate students not an expense, but rather an investment in their research portfolio.
1	0.25%	I am a Resident Advisor, so I have free student housing, but my answers reflect why I cannot afford to not be an RA.
1	0.25%	I am extremely unsatisfied with the attitude of UC Davis administration towards graduate student housing. Since I began graduate school four years ago, an entire housing complex (Orchard Park) has been closed down under the premise of renovations. Orchard Park and Solano Park were/are the only affordable graduate housing options in this city, and it is difficult to understand why one of them has been shuttered for four years, only to be taken over by developers that will not maintain the affordable nature of the housing. I know that Solano Park will be closed after next year, displacing many graduate student families that will now need to compete with undergraduates for housing within the city of Davis that has astronomically high rents. Currently, a two bedroom unit in Solano Park costs $906 per month. Now, comparing to the same square footage elsewhere in Davis will cost approximately $200 more a month. For a graduate student family, this will place an extreme financial burden. Graduate students cannot survive in this rental market, given our limited stipends. I implore you to come up with realistic solutions that will be beneficial to a very important part of your UC Davis teaching/research force, graduate students. Without a solution, graduate students will be priced out of Davis.
1	0.25%	I am on a single income and would need an increase in aid to afford 1k/month. However, to live with better amenities is very important to our family. I would not like to be surrounded bu undergraduates that are loud and party. I highly value the Solano park apt space for our families. It is quiet and secluded. We are fortunate to know our neighbors and not have to worry about traffic coming through our parks. The Solano Park land should be saved for families and graduate students once Orchard park is back up.
1	0.25%	I am paying so much for professional school tuition, that I need to minimize housing costs whenever I can. I will likely be over $100k in debt after graduating from my professional program due to tuition alone, so I cannot consider graduate student housing options offered by UC Davis since they are more expensive per month than a house within a couple miles of campus. I just don't have the money for that.

1	0.25%	I appreciate the effort of UC Davis to improve its housing facilities. Yet this is far from sufficient. Perhaps my expectation for such a top school like UCD is too high. I wish the administration reached out more to students and took our feedback into account more. I wish the survey was more comprehensive, not just suggesting one option over another like the current one is doing. Housing security is one of the fundamental needs, and this must be secured so that students can pay more attention to their study. I hope UCD is moving in to the right direction and I am looking forward to see more of these efforts in the near future. I am hopeless to see these improvements while I'm here at UCD, but perhaps my kids in the future might be lucky enough to see them.
1	0.25%	I appreciate UC Davis for considering the needs of students in regards to housing on and off campus. I hope that improvements can be made in both areas.
1	0.25%	I believe that most of the housing that is available to students attending UC Davis charge prices that are too high considering they are catering to college students on very tight budgets. In the last 3 years of living at West Village, my rent has been raised by over $100. I think that this is ridiculous to keep raising rent on continually renewing residents. I would love for more AFFORDABLE, convenient housing to be made available to students.
1	0.25%	I believe that student housing is to expensive and that the price each quarter should be lowered. If the college needs more money they should attempt to get it else where. student housing is meant to help make it affordable for students. The cost is to high and it either takes all the students financial aid and then they are taxed on it in the end of the year. Or the students have to pay out of pocket. being charged 4 thousand plus dollars for only three months is ridicules! that means that the school is getting about 1,500 a month for each student. For a two bed room two path single; the school is getting over 8 thousand dollars a quarter and I don't know if the school is taxed on that money but the students are.
1	0.25%	I believe uc davis or davis itself should have more housing units since the uc davis population is increasing. also housing fees should be more affordable.
1	0.25%	I bigger living place would be nicer to have specially in the older dorms, like Gilmore, Bixby, and Malcom in the Segundo area.
1	0.25%	I didn't sign up for the graduate housing in Davis because I didn't want to be put with a random roommate. That doesn't seem like a fun situation for grad school, more of something you experience in undergrad.
1	0.25%	I don't see why a student would want to/be able to pay $750 per month for a shared room, when he/she could live in a room by himself/herself for $750-$800 per month off campus. If that student is willing to share a room, it would make more sense to share one off campus for that price.
1	0.25%	I don't think that UC Davis will be able to provide cheap enough housing for someone like me (receives no financial help from family). It might be better to encourage cheaper housing outside of campus, as these are seriously limited as well.
1	0.25%	I enjoy my own laundry unit and fitness center as well as sand volleyball courts
1	0.25%	I feel each year there is an increase in student population, there is more difficulty finding housing that can be easy to pay out of pocket. This is why I am more willing to live further away in order to find a rent price that is low with good quality housing.
1	0.25%	I find it difficult to find housing close to campus that actually had good management.
1	0.25%	I have a fond memory of the dorms. It's just that they were too small for too much.
1	0.25%	I have had to take out a substantial amount in student loans, and housing was one of the main expenses that made this necessary. In addition to high rent costs, I have also had countless moving expenses, deposits not fully returned (despite being middle-aged and cleaning meticulously to try to get my deposits back), and in one case, losing $900 to an unethical landlord, which I could have disputed in court but I did not have the time to figure out the steps necessary to do so. Housing in this town exploits students, and this is especially hard for single mothers like myself.

1	0.25%	I haven't lived in Davis since early 2014. At the time I would not have paid over $800/month excluding utilities to live anywhere in Davis. I am not sure how the rental prices have changed since then, but under the assumption they didn't this would still be true. My first year I had my own master bedroom and bathroom close to campus for $600/month with big living room and big back yard. If UC Davis campus housing cannot meet those prices, then it is not useful for me.
1	0.25%	I hope that UC Davis will consider actually making more apartments that are affordable and convenient.
1	0.25%	I hope that West Village will have a more cost-effective pricing policy for houses with 4 people or more.
1	0.25%	I hope the school is making an effort to make housing affordable because I currently pay half of the cheapest option ($750), for a double close to campus (right across from cuarto).
1	0.25%	I like the idea of the studios. Would have been really nice during my undergraduate career.
1	0.25%	I like the layouts for the proposed housing, but I feel like some of the rent prices are still too expensive.
1	0.25%	I live in Segundo Area in Nova Hall. Personally, I have experienced my things in the bathroom stolen. As well as my laundry, I lost several clothing from my dryer. Apparently, many girls in my buildings experienced the same thing. I wish that the security could be improved.
1	0.25%	I live in Solano Park Apartments and it feels like low income housing. Everything leaks. My sliding door is hard to lock. I have learned to live with it.
1	0.25%	I live with my parents. They charge me $300/month for a single occupancy bedroom. This allows me to not take out student loans to pay for housing. I chose UC Davis becuase my parents live in Davis. If I didn't have that option, I would take out as many student loans as I needed to to live in a single occupancy bedroom with quite roommates becuase I have sleep problems.
1	0.25%	I lived in Student Housing for several years: Solano Park and Orchard Park. Orchard Park was particularly wonderful. Great maintenance, apartment in great conditions. Solano Park was evidently more abandoned and less well-maintained. Nonetheless, it has been a WONDERFUL option for families and students to pay affordable housing. Thousands of students have been able to attain their degrees and have a high quality of life thanks to Solano and Orchard Park. I now live off-campus because I moved in with my partner as the rent was not much of a difference. However, our rent has increased 50% over the last two years, it is just out of control--and no utilities included.
1	0.25%	I lived in West Village my first year, in a single. It was probably the nicest place I have lived in my entire life, but it was way too expensive. Rent ate up pretty much my entire budget, so I left for senior year.
1	0.25%	I love living in Solano park but it's r ally had to get to the third floor with a baby! It would be really nice for future development to have elevators or ramps therefore stroller can go up with you. In addition not been eligible for C parking permit is very inconvenient since I have class in Sacramento and having to pay 9dls everyday is not affordable
1	0.25%	I love living in Solano Park, the place and the community is really nice. If wasn't for this affortable housing, I wouldnt choose to come to UC Davis. As a mother and student, I really appreciate the convinient location and price. I also lived in Orchard Park (2012-2013) and I which I could come back to live there.
1	0.25%	I love my housing situation now; arlington farms, nice location, all student housemates, study lounge, amenities, unlimited utilities. I would be very happy to continue living at arlington (university run apartment) but the price is too high. price needs to be lowered
1	0.25%	I love this campus, but I don't love student housing. :(
1	0.25%	I need housing costs to be under 500 a month, which I can get in most private housing by sharing a room. Two bedroom apartments go for about 1400, one bedroom in them is 700, sharing that room is 350. I would love to be closer to campus, but all the housing is full or has a gym and marble countertops and is too expensive.
1	0.25%	I own a condo in Davis so I cannot comment much on the UC Davis on-campus housing.

1	0.25%	I own a home in Sonoma County but the commute to the Sacramento campus was a significant stressor. If housing that could accommodate my family needs were available I would have rented in the Davis or Sacramento during school attendance.
1	0.25%	I personally feel that there should be more second year housing provided, I was guaranteed housing when I first applied to UC Davis and as I applied for second year housing I was not accepted.
1	0.25%	I probably would've lived in on-campus apartments this year (freshman year) but they were all full for student families. So I went off-campus so I could keep my dogs and live with my boyfriend.
1	0.25%	I think building free sleep pods on campus would be a better investment for students then building more over priced rental properties. High cost of living is driving longterm student debt and lowering academic performance.
1	0.25%	I think housing is quite a big issue for UCD students. The vacancy rate is pretty low here. It is also very challenging for new students to find housing for their first year. My experience is that I began contacting many housing that I'm interested in May for Fall lease but they seem to be filled up quite fast. Those that still available are too expensive for me. Also as an international student, it is hard to find reliable housing when I am still outside the US. It would be great to have some kind of organization to directly help the incoming international students find the places. Fortunately, I have my friends here in Davis who can go and look up housing for me but what about those who don't know anyone here?
1	0.25%	I think it would benefit many students to have the availability of housing for their sophomore year, there are many students who live far from their homes who canâ€™t afford to pay for rent off of campus.
1	0.25%	I think it's better to have some new morden on-campus apartments for graduate students.
1	0.25%	I think on student camping should be a little more a affordable for students that have an expected family contribution under a certain amount. This is why I chose to live off campus my first year because I wasnâ€™t going to receive a significant amount of help from my parents even though my efc said other wise.
1	0.25%	I think students have trouble finding off campus housing that is affordable, but not too far from campus. I think current cleaning system and sanitation in dorms is good enough. A lot of students have parking permit issues, they are too expensive, and they don't always find parking when they pay alot for permits. Dorm is expensive for what they provide. Community kitchens are good.
1	0.25%	I think that having to pay over $600 a month for a shared room is too much for on campus housing because students could find something way cheaper within the city of Davis in an apartment Complex. I think the administration should think about what they hope to gain from building these housing projects. Do they want to make a profit or allow students the opportunity to live "on-campus" and not have to worry about breaking the bank?
1	0.25%	I think that it is more reasonable to have more programs for sophomores to find housing. Also on campus housing should not be offered if it is not guaranteed. Living in places like West Village should count as on campus housing because they seem to be affiliated with the school.
1	0.25%	I think that the admin really have to look at the average income of a graduate student - $2000/month. If you look at UC Davis's OWN WEBSITE (http://financialaid.ucdavis.edu/graduate/gradstudies/cost.html) they list cost of living per year as $15,516 for this current year - that's $1,293 per month and includes all expenses. Please inform me how a student that is expected to live on that amount of money can afford an $800+/month apartment! By Davis's own standards for students, it is absurd. Graduate students, even on fellowships, find it difficult to spend that much on housing. The rule of thumb for housing is that it should be 30% of your monthly income. On $1,293 a month, the "ideal" rent is $431 of that income.
1	0.25%	I think that the on-campus housing that is being planned for students should plan to accommodate students during their time here. Additionally, housing should be affordable for students and equal to one-third of their housing costs, especially if the housing is on-campus. The housing costs of on-campus housing should not attempt to compete with housing costs of off-campus housing.

1	0.25%	I think the cost of rent is a major concern for students.
1	0.25%	I think the housing prices were still a little too expensive, maybe if there are plans to have on-campus housing, there should be options to cut down costs by allowing for students to have roommates and split the cost, like other apartments that are off- campus.
1	0.25%	I think the housing units provided to incoming freshmen should have fire extinguishers in case of emergencies.
1	0.25%	I think the kitchen in the dorms should be bigger
1	0.25%	I think the vast majority of students won't live on-campus simply because of the prices. The administration is accepting more and more undergraduate students every year. Almost every apartment complex in Davis is doing the lottery system which leads to a lot of uncertainty about the following school year's housing. It's extremely stressful.
1	0.25%	I think there are a lot more than 5 factors that I would prefer to have in new housing, I would have preferred to be able to choose at least 3 more.
1	0.25%	I think there should always be an option to share bedrooms, not just share the apartment/living unit. Price is the most important factor to the majority of students and campus-sponsored housing is still too expensive, at least for me.
1	0.25%	I understand trying to build on campus housing for UC Davis students, but the campus housing buildings are already so full. My freshman year, I lived in a triple that was the tiniest room I've ever seen. Building even more housing means more people, the need for more utilities like toilets, showers, washing machines, etc and dining halls. If you can manage to build more housing and keep it eco-friendly/ green, that'd be awesome!
1	0.25%	I was disappointed to see that the question on the proposed family housing apartments didn't include one-bedroom apartments. For any student that is currently being "forced" to live in a one-bedroom apartment so they can afford housing ($766 per month which is already more than 40% my family's monthly income), having only options starting at $1000 (55 % my monthly income) is completely disheartening. What options would be there for single parents? Sure, the proposed 2-bedroom apartments might look very nice and include nice features, but they're not affordable by any means for students working as TA, Readers or GSA who have dependents. Also, as International students, we don't have access to loans, social services and programs, not even mentioning that we don't have a support network that could help us overcome financial struggles.
1	0.25%	I was granted admission to UC Davis with a known criminal record. When I applied for family housing, I was denied because I have a criminal record. Because of that denial, I commute to school 2-3 per week, I spend 4-7 hours per week commuting, all valuable study time or time I could be spending with my family. Essentially, I was good enough to attend school, but not good enough to live on campus. Students should not be discriminated against because of their past, especially if they are forthcoming with all information.
1	0.25%	I wish that UC Davis would communicate more effectively with the city of Davis regarding off-campus housing, given that the school keeps on admitting more students every year while the number of available housing options does not increase proportionally; also the fact that rent has risen city-wide over the past few years is concerning given that there have not been many efforts to provide more affordable off-campus housing.
1	0.25%	I wish there was more flexibility in being able to choose a roommate who is filling a vacancy in a room. It seemed like I had no say on whether or not I felt the person who switched into my room would be a good fit with me, as I only got to meet them for a few minutes before they moved in. Although I understand rooms and housing are limited, I felt as if I had no choice as to who would be switching in with me and I wish there were a few more possibilities or options regarding that.
1	0.25%	I would be great if UCD could make more C parking spaces on campus. It would be nice if UCD could raise the parking rates for those who live in the city of Davis. It is really unfair to those who live in a neighboring city, who have to drive to campus, to have tremendous difficulty finding parking, while the residents of Davis could easily bike, walk, or take the bus

1	0.25%	I would be more open to living in the on campus housing (west village) but it is way too expensive and everyone I know that lives there says the faculty is horrible and their apartments are disgusting when they get there and not cleaned before move in. Pretty much that the cost is not worth it and the apartments aren't nice.
1	0.25%	I would expect a large decrease in rent with no on-site parking available. As a graduate student that commutes more than an hour every day, it's ridiculous that I only have access to C-lot permits. There is virtually no affordable housing in Davis, and the fact I have to get here stupidly early every morning to get parking is stupid. You should allow graduate and professional students to get commuter a-lot permits when they commute more than 30 miles. There is no public transportation from the North Bay that makes any freaking sense.
1	0.25%	I would have loved to live on campus in the proposed layouts but not at the prices listed. Those were way too high!
1	0.25%	I would have picked one of the on-campus apartments if the rent was cheaper (~$600).
1	0.25%	I would just like more affordable housing since school is so expensive already
1	0.25%	I would like it if Malcom Hall's elevator didn't break and if the hot water worked all the time. Fix that before other stuff
1	0.25%	I would like to have a kitchen in each of the halls. I currently live in one of the Tercero halls that does not have a kitchen. Personally, I feel like it is inconvenient when I have a 5 day meal plan. I would like to make food in my hall without walking to the hall over to make my own food. Also, maybe have hydration stations on each floor? I live on the fourth floor currently and when I need to fill my water bottle, I have to walk down four flights of stairs (sometimes in the middle of the night). It is not a big issue, but it is just a small inconvenience.
1	0.25%	I would love more apartment complexes that are affordable fo students because itâ€™s hard to mantain a descent GPA with work school and on top of that having to stress over money to pay for living expenses.
1	0.25%	I would not live in student housing unless it was pet friendly.
1	0.25%	I would only live on campus if I were living by myself, allowed to have cats, allowed to park my car, and rent were below $1000.
1	0.25%	I would simply like a simple housingunit on campus with affordable rated. Nothing fancy. Just affordable.
1	0.25%	I would strive to make sure the rent is reasonable for all students since most people donâ€™t have jobs and are just focus on school.
1	0.25%	I'm sorry, the housing in Davis really cannot handle the number of students that go to this school. Not enough has been done, and yet the university is bringing in more and more students. On the communities part, the landlords in charge of off campus apartment complexes have too much control over how much the rent will be, despite what has been brought up to them. From my knowledge of living at different complexes in Davis: The apartments on J street charge an arm and a leg for one and two bedroom apartments equipped with wifi that rarely works, substandard stairs to second floor apartments (my family refused to visit me while I lived there), on top of being walking distance from active freight tracks that would have trains going anywhere from 6 in the morning to midnight. On the flip side, the apartments in South Davis I live at currently are still fairly expensive, but their main problem is the snails pace that some work requests get done. Incoming tenants shouldn't have to move everything in and out of their apartment for extensive maintenance work (read: replacement of all the carpet and cabinetry in the unit) within the MONTH that they originally move in. That's not even a snails pace issue at that point, that was negligence on the part of the landlords failing to do a walkthrough of the unit before the previous tenants left. The rents that you've listed with the designs are probably manageable, but the problem there isn't the cost then, it's how much financial aid is being given to help cover that price. Not everyone that comes to this school gets their tuition/housing paid by their families.

1	0.25%	I've only lived on-campus my freshman year and it wasn't bad because I had help from FAFSA but for those that don't have that, it does become very expensive. We had the option to live in Arlington for our sophomore year but it was too expensive for my current housemates and I. There are different options for apartments and we were able to find an affordable apartment but with the problem being kinda far away but not too far and the housing searching wasn't too bad. This third year we decided to renew our lease and didn't have to go through the hassle of searching. But now looking for next school year, it has been extremely difficult. We've gone to many different apartments and many have been filled since day one that they opened. We've camped out to different apartments. And signed a lease to one just so that we have something secure, but it is too expensive and far away. So now we've been looking for different houses for rent over the past month and a half and still haven't found anything because someone else beats us to a certain place.
1	0.25%	Iâ€™m an RA in Tercero, so I have free housing. The benefits of this job is incredible.
1	0.25%	Iâ€™ve been struck by be lack of available housing off campus and the lack of affordable options on campus. It seems students are being taken advantage of.
1	0.25%	ideal would be affordable (<$1000) micro studio for grad students
1	0.25%	IDK
1	0.25%	If each room would have more space, that would be better.
1	0.25%	If making on-campus housing more affordable and better overall for future students, not just first-years, then available housing in the city should work with the university to provide a place for students to live.
1	0.25%	If rent costs could go down to around $500/month per student, perhaps by allowing students to have additional roommates in their apartment, then I think a lot of us would love to have continued on-campus housing options.
1	0.25%	If the rent per month exceed 500, then, regardless of what I am offered, I will not dorm on campus.
1	0.25%	If the UC Davis dorms are going to be upgraded, the first thing that needs to be looked at is the washers and dryers. They are not properly maintained so they reek of strong odors.
1	0.25%	If the units and corresponding rents that were shown during this activity are indicative of what UC Davis plans to build and offer to its graduate students, then the university is NOT taking a single step towards fixing the housing crisis that we are currently experiencing and that is only going to get exponentially worse. Offering housing units at so-called "market value" only replicates the situation that already exists with off-campus, private housing options. Unless the UC system plans to double graduate students' salaries (and we know that isn't going to happen) the prices being suggested here are untenable. We should never have to spend 75% of our monthly income on any housing, let alone on-campus housing.
1	0.25%	If you are to build new housing, you don't need to make it super fancy like west village, people just need basic amenities like a good kitchen, shared living room area, in unit laundry, decently inexpensive rent, and some outdoor space. Making any new buildings sustainable and environmentally friendly is ideal of course. All the extra amenities like gyms and study rooms and pools and whatever else are unneeded since that is all on campus for everyone already.
1	0.25%	If you're make housing, make it sustainable. Up that insulation. If you're making housing, foster community (like with community spaces). It's always undervalued.

1	0.25%	In January of the Winter quarter of my freshman year I started looking for an apartment for the fall quarter of junior year. At that time I was already too late. I called over a dozen apartment units and none had any openings at any price. Finally, one of the more modest units allowed me to get on the waitlist. And when an opening came up I had to take it or leave it. At that point I didn't even bother finding a roommate I was just going to take the apartment and figure it out later. Luckily, my parents did most of the leg work and came up to Davis completed the paperwork, co-sign the lease, and paid first and last months rent and the security deposit. Once I knew I had this two bedroom one bath apartment I called an acquaintance I had known in my hometown and ask him if he wanted to room with me. We are very fortunate that the two of us are able to afford this apartment that should fit for students and there were only two of us. The apartment is not fancy but it is perfectly fine. Clean and close to downtown. We get along so we have stayed in this unit for her sophomore and Junior years. And we will stay here for senior year.
1	0.25%	In my opinion, the rent prices are too high. I have heard people say that the West Village apartments are too high, but there you can have so many extra amenities, with your own bathroom and room, for the same price or less. Plus, location is prime too. People will live on campus if it is affordable to them, but many want a change of scenery, and are not willing to sacrifice living close to downtown/restaurants. Based on the rent prices you are suggesting, you really should to include utilities.
1	0.25%	In regards to off-campus housing, I feel that most students move off campus in order to have more living space or single rooms, choice of roommates, as well as to be in an environment with more of their peers rather than only freshmen.
1	0.25%	In the past 3 years I have found that Davis is NOT ideal for commuter students. Parking is a mess; there should be prioritized permits for people coming from out of town, not people who have the ability to get to campus via bike or bus and choose not to. The main reason I chose to attend UC Davis in the first place was to save money by living off campus and until on campus housing is more reasonably priced, focused on providing housing for serious students, not people wanting the bubble experience that is the "college experience" with gym, food, all "responsibilities" some how tied to the university. Also I believe some sort of formatting error in the survey, as "not very important" appeared as "very important" (so that there were 2 very importants)
1	0.25%	Increasing enrollment without a concomitant increase in available affordable housing in the city of Davis is destructive to the student body and demonstrates how little the administration cares for the wellbeing of students. My grad student salary has barely increased over five years, but my rent for my fifth year was 50% higher than it was my first year (it's the same apartment!). Increasing student enrollment without building more affordable housing has made rents skyrocket, and we students suffer for it.
1	0.25%	It is difficult to be with a partner/have a family with the stipend as the main source of income. Affordable housing for families is very important.
1	0.25%	It is extremely stressful for me now because I live quite far from campus and I have to work two jobs in order to pay my own rent whereas in the dorms my parents paid for me affordable housing is so difficult to find I have spiraled into depression and other bad habits due to how far away I live and the little time I have due to work
1	0.25%	It is important to have more affordable on-campus housing options for graduate students.

1	0.25%	It is really hard as a graduate student to not have any on campus housing available that allows both pets and spouses. This is extremely unsatisfactory considering that a lot of veterinary students have both and are not accomodated for in the least. Lastly, I am coming from La Jolla, California that is really expensive and have talked to many students coming from San Francisco. The saddest part of attending UC Davis is living NOT in a large city and still paying the same amount of rent while there is no housing available. A lot of landlords in the area know that students are the market for the city and therefore gouge and expend us to whatever means they can. It is a very sad situation. The administration does not seem to understand that they are inviting more and more students every year without changing the availablility of housing. The city doesn't suddenly make room for 5,000 extra students each year. The administration is being careless by taking in extra students but forcing the students already present to suffer worse and worse conditions each year. This is on top of the fact that Woodland voted to not build housing outside city limits (due to farms) and Sacramento is trying to put a rent cap for their housing situation. I hate to say it, but UC Davis is being irresponsible and pushing it's problems on all the neighboring cities as well. It's sad to offer a studio at over $1.5 thousand dollars a month. Does the administration understand that is $18,000 a year? You are basically doubling tuition. Please try to see the situation from the student's eyes. If someone currently asked me if they should attend UC Davis, I would not recommend it because of the lack of understanding from the administration on the housing situation. Please see that you are fundamentally alienating low-income and minority students.
1	0.25%	It is very difficult to find housing that fits our needs when most housing in Davis is based on the undergraduate quarter system (starting September) whereas graduate students are on a semester system (start August and end May). This makes signing leases difficult because we're paying extra at the end of the year and don't have housing for the first month of classes/school. Flexibility in lease terms is important. It is also very important to make parking free and have enough spaces for a lot of visitors as well.
1	0.25%	It is very important to provide houses with private room and bathroom and kitchen but with a comparable price to what is available in the city
1	0.25%	it will be nice to increase designated housing for graduate student
1	0.25%	It would be nice to have housing provided by UC Davis at the Sacramento campus as graduate students are traveling from all over the states to try to figure out housing here before school starts. It is difficult when you do not live in this area to know what area is safe and convenient for you (close to school). Therefore having housing available for students would be ideal.
1	0.25%	It would be preferred to live in the dorms longer than simply freshman year. Prices need to be lower.
1	0.25%	It wouldn't be fair to not have a place to park. If you want to charge for parking it should be discounted. It should be 20 dollars a month for parking like other complexes not the UC Davis price for permits.
1	0.25%	It's extremely stressful for first-year students to search for housing upon termination of their first term here and I suspect that it will only get worse as the university admits more and more students each year. I, along with many of my friends and colleagues, view ourselves to be at a slight disadvantage compared to students at other universities in trying to secure housing and roommates when we, as newcomers, are still building relationships with one-another and still acquainting ourselves with the locale. If the tradition were, as it is on many smaller campuses, it would be a relief for underclassmen to remain in on-campus housing. Understandably, that is difficult for such an enormous university. Building affordable housing would be an excellent way to combat the mounting challenges that we face in our search for affordable housing throughout Davis--speaking with building management for various apartments around the city, several have openly admitted to "jacking up" rent simply because they are aware of the potential for profit when vacancy rates are so low and only continuing to drop.

1	0.25%	It's super expensive to live away from home. You have to buy food, pay ridiculous rent prices and you have to do all of this in addition to being on top of your studies. I wish that UC Davis was more interactive with setting price ceilings for their students so that we could live in a decent place without feeling overcrowded in rooms and bathrooms. The only way to live somewhere with a small budget is to fit a lot of people into one place or to live in a place that has four walls and a toilet.
1	0.25%	Itâ€™s really helpful to have a living situation that is affordable and close to campus.
1	0.25%	Keep housing off the fields.
1	0.25%	Keep rent affordable and at 33% of a TAâ€™s income. Stop dragging your feet on Orchard Park and re-open it to take the strain off of housing in this city.
1	0.25%	Living at UC Davis can be extremely beneficial due to inadequate apartment agencies out there. Expanding construction is key to keep students safer, closer to their academics, and more secure with an institution that wants more than just money. UC Davis expansion of housing will be a great decision for everyone.
1	0.25%	Living in Davis, even in areas that are not well developed is very expensive. It should not be an added stress and as a person with pets, finding an affordable place to live is very hard.
1	0.25%	Living is limited
1	0.25%	Living on campus comes with many rules and regulations. Most students prefer to live off campus but struggle to find housing. Instead of UCD building housing, you guys should work to change laws in the city of Davis for more developers to build private housing at more affordable rates
1	0.25%	Lower rent to match graduate student salaries or stipends would be best. Maintaining the 33% rule (where only 33% of one's salary goes towards rent) is imperative for students to be able to afford living in and studying at UCD.

1	0.25%	are students who struggle to pay for rent and has to take on multiple jobs to cover their housing expenses that often keep them from focusing on their academic work. If the school were to truly foster a learning, academic environment for students' success, they should make residential costs (one of the basic necessities) affordable and available for all students, so that students can focus on their academic and social growth, not stressing out about their next rent or having to take another job. I personally loved living on-campus housing in my first year due to proximity to campus and all the nearby resources. I didn't have to worry about the next bus schedule or ask "how to get to where" questions for every single events I attended. I have benefitted immensely as I lived in a dorm, where I could make numerous connections with others across the floor and buildings. However, I must say that I was struggling to make the housing payments every quarter since it almost doubled, if not more, my tuition. If I knew that I could live off-campus in my first year, even if I knew that I could build connections and take advantage of all the residence hall benefits, I would still live off-campus, because of the costs. Please, let me be clear that this is a basic necessity of having a roof-over-students'-head that I am discussing, not having fitness centers or swimming pools with newest furnitures and fancy services. Although some, who can afford it, may want it, those are often extra luxuries that pull money in, rather than academically motivated students from all socioeconomic backgrounds. If the school is building more properties, especially near campus, I suggest building two kinds of properties catered to students' needs, because they will differ by financial situations. For instance, one building type would be just like the current residential halls with all the extra amenities, including fully furnished rooms, furnitures, etc. Another building type may be ones without much amenities, yet still providing the basic necessities (bedrooms. bathrooms, a kitchen, livingroom space but without furnitures and such) similar to an off-campus apartment complex and keeping things minimal with lower residential costs (little extra amenities). Although I was lucky to find an apartment unit in the city of Davis, I observed that parking space was another problem, because as students move farther away from campus for cheaper rent, their need for own vehicle for transportation increased. However, with lack of parking spaces and cost (another common thing that I hear) students have harder time, simply commuting. This is both ironic and disheartening because while students move out of Davis for cheaper rent, they must pay extra money and time for their transportation while their parking spaces availabilities on campus is not guaranteed either. It would be very helpful if 1) there is more parking spaces for students so that people don't have to worry about the parking availability (potentially high cost) or 2) the price of parking permit on campus is lowered (less financial burden for students especially for those who live off the campus). As a public higher education institution serving all students of diverse backgrounds, I believe that finances, especially regarding residential costs, should not and must not be the reason why students don't thrive in our
1	0.25%	Make housing more affordable please
1	0.25%	Make more housing!!! College is already so expensive so don't take advantage of prices.
1	0.25%	Make things less expensive, we're already broke students thanks to tuition, we need affordable housing and food.
1	0.25%	Making housing affordable is the number one preference! (followed by parking availability)
1	0.25%	Many of us are here to be able to make money & have a stable future. Many of us pay college out of pocket. So why make it harder on us dealing with school PLUS make rent so expensive? Why is parking so expensive? Why did UC Davis just pass their $1 billion endowment & I still have to pay $50 (1/4 my paycheck) because I can't afford a parking permit (1 whole paycheck)?
1	0.25%	Money has been the sole deciding factor in my living situation. I tolerate terrible conditions for the cheapest place possible
1	0.25%	More affordable housing needs to be provided off-campus, as many students struggle to find housing that fits their needs in an appropriate time. Dealing with waitlists and apartments that fill up quickly when deciding where to live is challenging when students are also stressed with school and cannot find time to go directly to apartments to get a tour and sign leases. Many students also arrive later in the year and most of the housing in Davis signs their leases around March for leases starting in September. Students who arrive in the summer struggle to find available leases unless it's through student sublease groups online.

STUDENT SURVEY COMMENTS | ALL RESPONDENTS

1	0.25%	More affordable housing options both on campus and outside of campus
1	0.25%	More floor plan options for single bedrooms for graduate students. $1598 is a lot more than what I pay for a single bedroom apartment
1	0.25%	More units for married Graduate students with children please!
1	0.25%	most 2nd years did not realize they could live on campus.
1	0.25%	Most crucial to my decision to live off campus were the ability to live with my partner, who does not attend UC Davis, and my small dog.
1	0.25%	Most of the survey questions seemed irrelevant to graduate students. The example graduate housing is inordinately expensive -- the studio/flat, for example, would cost 84% of what I earn without utilities, assuming I have summer funding. That's impossible to afford. (Also, the entire townhouse I live in now costs less than that studio...)
1	0.25%	My biggest issue is that much of the housing is designed for undergraduate students (that are willing to share a bedroom). As a female law student in my mid-twenties, that's not an option. Housing in Davis is way overpriced because there's such a lack of it. As a graduate student supporting myself, I need to make my loans last for the entire 12 months. After housing is deducted, I have around $400 to spend on everything else, including bills and gas and it's just not enough. I pay over $1000 a month for an outdated studio with absoutely no amenities.
1	0.25%	My current housing choice has very little to do with what is available in Davis and the surrounding area. The decision to live in Napa is primarily due to the fact that my husband works in St. Helena. Our best option for a location central to St. Helena and Davis would be Fairfield, but the time savings would not be significant enough to bear the trouble of moving. We decided it best to stay put until he obtains employment closer to UC Davis.
2	0.50%	n/a
5	1.24%	N/A
1	0.25%	NA
1	0.25%	need cheaper
1	0.25%	Need more housing with affordable 1 bedroom and/or studio aprtments in Davis
1	0.25%	Need to have more available housing subsidized or made cheap by the university. The rent is too damn high. One should be able to find a 1bd/1ba apartment for under $1000 a month. Especially because the university intends to increase the number of students attending by several thousand.
1	0.25%	New appartments, current dorms, all should allow students to stay over break and for two days after finals week is over. Too little time os given particularly for moving out at the end of spring quarter from the dorms
1	0.25%	Nice work designing this survey
1	0.25%	no comments
1	0.25%	None
1	0.25%	None at this moment
1	0.25%	None of the preceding is relevant until RENTS get under control. It is asinine to expect anyone (including deep-pocketed international students) to pay as much as we currently do to live in Davis, regardless of whether we live on or off campus, or if we live in university-affiliated complexes or not. We shouldn't ALL be expected to move to Woodland or West Sacramento, or live with several roommates, just to be able to afford to have a roof over our heads. The current rental situation in Davis is nothing short of opportunistic extortion by greedy management companies that blithely quote "going rates" to justify their predatory rent gouging, and should have been prevented by codified rent control ages ago.

1	0.25%	None of those proposed graduate units are affordable. Graduate students make about $2000 a month (excluding summer which is a precarious time - I made roughly $1300 by piecing jobs together). Expecting graduate students to pay $800 to over $1000 a month is unaffordable. HUD states that affordable housing is less than 30% of an individual's income. Meaning grad students should pay no more than $600 for a room during the academic year. The UC administration knows how much we make. They need to offer housing that is actually affordable and to stop outsourcing housing projects to private companies which are in it for the profit. UC should run and operate truly public student housing.
1	0.25%	Obviously, the major issue in Davis housing is that the rent is too high. Apartments off campus have the ability to raise rent as much as they want every lease term (my apartment raised my rent $100 per month from the current lease term to the next one- without making any changes or improvements to the apartment), and it is difficult to maintain a stable living situation if you don't know if you will be able to afford the rent at your current residence next year. Davis housing should provide a reasonably low cost of living and stable rates, so students know what to expect but can also afford to live there in the first place. $900 a month for a single room in a 4bed/2bath apartment plus the cost of utilities and parking is NOT reasonable for students.
1	0.25%	Off-campus housing is ridiculously expensive and inflexible. UC Davis should not follow this model in providing on-campus options to students.
1	0.25%	On campus house is far too expensive, especially for sharing rooms. It is so much cheaper, even to have my private room elsewhere.
1	0.25%	On-campus housing is expensive!
1	0.25%	On-campus housing is significantly more expensive and less flexible than off-campus housing options in Davis. Solano Park seemed like the only reasonably-priced option, but the waitlist was always too long to be viable.
1	0.25%	Orchard Park and Solano Apartments were almost perfect. Graduate students do not get paid a lot and most have families. We need more apartments like these not fewer.
1	0.25%	outrageously expensive rent
1	0.25%	People who live in on-campus buildings or Davis-owned complexes should be able to ride the bus for free.
1	0.25%	PERSONAL SPACE IS A MUST.
1	0.25%	Personally I feel the university is over admitting freshman and transfer students. To the point that not only do we not have enough on-campus housing for them their freshman year the city is also running low on apartment leases when they can no longer live on campus. Most apartment complexes make current residents decide in January if they are renewing the lease and most leases are signed by February. Leaving freshman and anyone looking to not renew their current lease with very few options. The university and the city need to have more consistent communication so that the university only admits as many students as the city can logistically house and support. As well as make sure there are affordable housing options for undergraduates and graduate students who are financially supporting themselves.
1	0.25%	Please address the housing crisis and work with the city to build more affordable housing units for students.
1	0.25%	Please bring back the Vegan Beyond Meat Sliders to the dining hall!!!!!! They are an awesome vegan option.
1	0.25%	Please build more on campus housing soon.
1	0.25%	Please consider cost per person for a graduate student's salary. I know of no graduate student able or willing to pay more than 750$ per month MAXIMUM for housing. I am sure it is even more difficult for undergraduates who have no form of stable, livable income unless they are working full time.
1	0.25%	Please continue to allow affordable housing to be a reality for current and future grad and undergrad students here at Davis.
1	0.25%	Please create new affordable housing close to campus!

1	0.25%	please do more thourough maintenace checks on the dorms. my blinds havent been working properly all year.
1	0.25%	Please provide month to month rooms for UC Davis MEPN student at the SACRAMENTO campus.
1	0.25%	Please provide more affordable housing. $500 a month is reasonable for someone paying their way through school. Not all of us qualify for financial aid and you are bankrupting me and my family.
1	0.25%	Please stop accepting more students. There is obviously a lack of affordable off campus apartments. Rent is skyrocketing. Between my sophomore year and junior year, rent increased $550 which is insane. If new housing buildings were to be built, I truly truly hope that they will be more that 5 stories high or Davis will be at a standstill....
1	0.25%	Please stop admitting students until there are enough beds in Davis for them to sleep in.
1	0.25%	Please stop having buildings on campus under construction or build new buildings when funding can be used to improve the conditions of old buildings. If old buildings on campus are really unsafe and it is better to put funding to new buildings, then remodel the building. Unused buildings are still going to be destroyed anyway so might as well remodel them now or utilize the space to build buildings that accommodate to students' needs. Also, the money used to construct the new Silo is unappealing and if I had the option, I would not have any of my money go towards the useless tables out there by the Silo.
1	0.25%	Please update question 47. Female and male are sex terms, not gender terms. Most importantly, please reach out the the UCDavis LGBTQIA Center for support in future surveys, as well as, advice on housing, especially given the needs of gender diverse students. Additionally, California passed a bill to recognize a 3rd gender in 2019. How will UC Davis be prepared for the needs of students?
1	0.25%	pleaseeee stop accepting so many students. housing is scarce, as is parking. UC Davis prestige is going down with more students too!!
1	0.25%	Prolong the date for the On Campus housing for second years because personally i went to apply to more of the due date and it was no longer. Now i am stressing to try to find a place my second year and it feels like UC Davis kicks out everyone out and leaves them on their own to find a house besides the first years.
1	0.25%	Real affordable housing needs to be available for graduate students and students with family. This means 30% of TA income or $650 at the most. The number of beds and at least the same rent rates needs to remain for the new developments of Orchard and Solano Park. Otherwise, single parents, international graduate students, students already over-leveraged with student loans, families and single students from economically disadvantaged backgrounds would be unable to attend UC Davis. Please follow the suggestions in the Student Family Housing Redevelopment committee final report. As they suggest, you can add to the endowment and pursue fundraising in order to provide the housing. Otherwise please lobby with the UC Office of the President to change their policies to ensure that real affordable housing for graduate students and student families is made available. UC Davis must remain competitive as an environment for the best graduate students. AND UC Davis, as a public university in the service of the people of the state of California, must remain open to students from economically disadvantaged backgrounds, first generation students, and students from underserved communities. UC Davis must remain truly diverse, and the only way to do that is to provide real affordable housing for graduate students and students with families.
1	0.25%	Reduced housing prices On-site parking or discounts to purchase parking ticket for on-campus Reduced housing prices Washer/dryers in units
1	0.25%	Rent cost in Davis is too high.
1	0.25%	Rent for a two bedroom apartment/1 bathroom should be around $600.
1	0.25%	Rent in the city of Davis is going through inflation

1	0.25%	Rent is incredibly high in Davis. West Village is wonderful but incredibly expensive for those that can't find housing. Some people have issues with sharing a room such as being a light sleeper or illness, and its unfortunate that they are financially pressured to continue sharing a room. I would love to see UCD step up and build something that meets students needs: low cost, affordable housing. We don't need the bells and whistles, just a clean, safe place to live so we can study.
1	0.25%	Rent it too high. We're college students. We have no money.
1	0.25%	Rent needs to be reduced!!!!!!!!!!! And meal plans should not be required!!!!!!!!!!!!!!!
1	0.25%	Rent prices can be really expensive in Davis, so having some sort of rent control or maximum rent for a unit, not based on the market prices would be very beneficial to many students and their budgets.
1	0.25%	Rents when compared to our income are horribly high in Davis. Non of the other UC universities has the same situation.
1	0.25%	Selecting an apartment with your roommates should be improved. When I lived in U C Davis apartments I did not know it was first come first served and I was stuck with two strangers. It was a really frustrating process!!! I think it should be improved. Allow students to select their roommates and let student housing know so they can get an apartment together rather than deal with the stressful picking process that doesnâ€™t guarantee you to live with your chosen roommates.
1	0.25%	SHA is awesome because it was covered with financial aid
1	0.25%	Should just build another parking structure,instead of more dorms. Stop accepting more people than can be fit in current dorms.
1	0.25%	Since housing is difficult to have on or near campus, I wish the information was given at the time of application for transfer. Instead, a lot of really good advice about housing was obtained by word of mouth from friends who are already attending UCD. Because of this, I did not have time to consider my options since the housing applications are very competitive. Driving everyday for 1.5-2 hours is more cost effective but is detrimental to my education. I'd like to live on or near campus, but it is not possible due to cost and the process to obtain housing is not clear.
1	0.25%	Solano Park currently fits my needs, and if future 2-bedroom units don't match the cost of Solano it would be prohibitive for me to live on-campus with my child, unless parking and all amenities were included in the rent.
1	0.25%	Solano Park is even hard to finance with TA Salary. I am very concerned with the prospect that Solano Park will be closed, and replaced with MORE expensive Housing. Again, as graduate students, we should be supported by the University. The most single important thing for graduate students is to have affordable housing. However, This surveil does not address the financial problems of students at all. For example, nowhere is asked what our monthly expenses are. This is important to put things into perspective. I don't think, that student housing should exceed 1/3 of the TA salary.
1	0.25%	Solano/Orchard Parks are like history museums and the university has been charging high prices for last 5 years! The refrigerators create loud noise, the floor creaks! Time to use those funds to build a modern apartment complexes/parks and keep prices in close proximity to the current rents (increase<10%). I think that the university should stop being greedy about how to make money out of graduate students' housing because most grad students make around $1k/month to $1.8k.month at most.
1	0.25%	Some of the questions made less sense to me as a graduate student, eg I'm not sure which amenities you're referencing since I never lived on campus
1	0.25%	STOP ADMITTING MORE STUDENTS UNLESS YOU'RE ACTUALLY GONNA BUILD AFFORDABLE AND RELIABLE HOUSING
1	0.25%	Stop admitting people.
1	0.25%	Stop kicking us out after freshmen year. The rent and vacancy rates are insane, forcing many people to live in unfavorable places such as really far from campus or in living rooms. Itâ€™s ridiculous. Donâ€™t admit more students if you barely have room to keep them.
1	0.25%	Student housing is too expensive.

1	0.25%	Student housing should ask more about the dining commons and whether or not students are satisfied with the options available. For example, I am gluten intolerant and almost every item on the menu contains gluten or gluten contaminates which makes it very difficult to not eat the same small amount of food items available for every meal every day.
1	0.25%	Students are in desperate need of accessible and affordable student housing near campus. If you're building new on-campus housing, priority should be given to having reasonable costs rather than making fancy modern apartments with impressive amenities and services. There are enough of those around. We can't afford those, and we don't need the fancy bells and whistles. As long as we have a choice of layouts, and a kitchen, with decent management and maintenance, that's all we really need.
1	0.25%	Survey doesn't do a good job distinguishing where you currently live and therefore how to answer the questions
1	0.25%	Thank you for taking into acocunt student preference and improving housing on campus!
1	0.25%	Thank you for taking the time to consider our opinions.
1	0.25%	Thanks for asking our opinion, I feel UC Davis needs to address housing shortage and provide affordable pet-friendly options. I'm glad you are working on this! :)
1	0.25%	Thanks for getting our advice! I appreciate it.
1	0.25%	The 3 most important things when it came to choosing my housing for this year (sophomore year), was the proximity to campus, price, and parking. I really don't need my housing to have a lot of amenities--I don't want unnecessary things jacking up the price. I just want to be close to campus so that I don't waste time commuting, and I need affordable parking for my car.
1	0.25%	The ability to have 9 month, 12 month, and summertime leases is something that I feel is very important to have. Throughout my years at Davis one of my biggest struggles is always trying to find subleasers for the summer months that I didn't stay in Davis. Rent is expensive and ridiculous to charge student for time that everyone knows they won't be in Davis for.
1	0.25%	The administration owns the monopoly on land in Davis and with these proposed prices, it seems they are after more profit rather than actual secure housing for students. Maybe administration can try again once they think about their low income community. The only reasons someone would want to live in places like this, were if someone came from a wealthy background, or just out of pure desperation. Let's have actual student input and decision making. Let's not do round-about methods, like admin hiring a private company to deal with us.
1	0.25%	THE APARTMENTS ARE TOO EXPENSIVE FOR THE SIZE and how many rooomates you are required to have.
1	0.25%	The availability of a full sized bed is additionally important for the dorms and having a private bathroom for at least more of suite environment would allow greater privacy.
1	0.25%	The biggest problem with the proposed housing options on the page with the floor plans is that they're too expensive.
1	0.25%	The city of Davis does not have enough affordable housing for students. It is extremely difficult to find affordable housing, and the need to sign leases half a year before starting the lease makes things even more difficult. Increasing enrollment is not sustainable with the current state of housing availability paired with the lack of parking availability for (what will end up being) the increasing number of students who need to commute from outside of Davis.
1	0.25%	The city of Davis is very concerned about keeping their property values high, thus preventing a lot of new development in parts of Davis. If UC Davis wants to enroll more students, they should be responsible for providing on more on campus housing and working with the city to address these issues. It's nice to see the apartments located on Russell near La Rue finally torn down and begin construction. It's frustrating to see that the work on the development was procrastinated on when the housing prices in Davis are so high and so little.
1	0.25%	The cost is too high. I had to look off campus for cheaper housing and was able to find some with less cost and quality amenities.

1	0.25%	The cost of housing provided by UC Davis is prohibitive to many students, forcing us to live in many run-down apartment complexes around the city. These complexes often have less than reliable management who have no incentive to improve the quality of the housing they provide because they know that they will have students interested in living at their complex. If UC Davis were to provide quality housing at competitive rates for students this would likely incentivize apartment owners to improve, and would benefit many more students.
1	0.25%	The DC needs more variety
1	0.25%	The demeaning attitude and rude nature of the RAâ€™s in my building really affected my view of on campus housing. The RAâ€™s my particular year, were cold towards students, seemed to enjoy exerting their power over us, and made living uncomfortable as we constantly feared getting â€œwritten upâ€. My advice to improve housing experience, is to make sure future RAâ€™s do not possess a mentality that thrives off the power they possess over students. I understand that this does not apply to all RAâ€™s, and I just happened to have a bad bunch, but they were detrimental to my views of dorm life.
1	0.25%	The example of the different apartment units seemed way to expensive to what most students look into/afford after their first year at Davis. Most people want to pay between 400-600 for everything including utilities.
1	0.25%	The floor plan that have doubles, it would be less awkward if the beds were to face the door instead of each other. Also the room flow would be better if the sink/ vanity were to not be placed directly next to the entrance door. Also for room options maybe more of a mix between doubles and singles in one apartment for students to get a better exposure of different types of personalities ex. people with personalities who choose singles over doubles and as well as the other way around
1	0.25%	The housing crisis is real. I have seen undergraduate students having to jeopardize their living accommodations to manage their budget, and I have seen people renting one big bedroom suit for 5 people or plus. As a graduate student, whose work load really depends on a decent living environment I have experience living in on bedroom for three years, and it has cost a lot of my mental well being. It is quite draining to have to deal with strangers, share the already reduced personal spaces, and all the on top of dealing with kitchen and bathroom nightmares. I believe living under such stress in school and outside school puts everyoneâ€™s mental health in jeopardy. Graduate students with family should be able to rent family houses, as well as undergrads. And, singles students should be able to choose friendly housemates and so forth, but above all, affordability should be at the core. As rents plummet, students all accross campus, undergrads and grads, get even more stressed out to make ends meet.
1	0.25%	The housing examples provided in the survey is overpriced if compared to the market in Davis. Having a studio unit for graduate students that cost more than 1500 does not make sense considering that most graduate students make about 2000 if they were lucky to get a 50 % TA Ship. The current affordable housing options on campus do not give priority to single international students. The policies should consider cultural/ religious needs for an international student. Such needs make it impossible to share housing with other students that would respect rules like no drinking, no parting, or no opposite gender guests. In such situation, the single international students are forced to find a single unit but since they are not a priority in affordable on-campus housing they never end up in housing situations that are comfortable to their needs .
1	0.25%	The housing fee is soaring every year, even though the earning from the TA and RA does not change. If I want to live alone in one-bedroom apartment, I have to pay 3/4 of my earning. I saw the price for flat-studio is $1500. Soooooooo expensive.

1	0.25%	The housing issue needs to be resolved. As an international student, it's not easy to rent a whole place for yourself (and your family) without credit history, and as a family we need our privacy and we don't want to bother other people with kid's noises or whatsoever. I am personally willing to pay a little more than today to get better amenities, and still live on campus. Hence, the proposed solution for student family housing seems a good tradeoff for me. Thanks for asking our opinion on this matter.
1	0.25%	The housing market is extremely competitive and expensive due to the lack of available housing and increase in students admitted. It helps to have a family friend who owns a house we can rent out and serve as a master leaser. The stress of finding available housing is a lot less but the cost is extremely high for both us and other renters. In addition having to coordinate bills, charge money and keep the house up is difficult. I can see a lot of students being taken advantage of in off campus housing with price gouging so if Davis really cares about the students, they should be trying to do more to help.
1	0.25%	The housing on campus proposed is way too expensive for me to ever consider after Freshman year.
1	0.25%	The housing situation in Davis is an added stress to many students already facing basic needs issues. Davis needs to make housing in the area more student-friendly with meeting the demand and lowering prices substantially.
1	0.25%	The increasingly large classes of freshmen being admitted each year is ridiculous when there's already an enormous housing shortage in Davis, which is extremely frustrating when rent for anywhere slightly decent is either overly expensive or on a lottery system that's basically impossible to win.
1	0.25%	The labels for the blueprints of the two options for family townhouse units are all kinds of mixed up. You need to sort that out so that the responses to that question are accurate.
1	0.25%	The lack of adequate housing options in Davis has significantly hindered my academic success at UC Davis. As a graduate student in my late twenties with a life partner, I require my own room, access to a kitchen and quiet study space, and preferably my own bathroom. Over the past two years, in order to satisfy these requirements within my budget, I have lived in two rooms that lacked adequate heating and in which I could hear rats in the wall/ceiling. It has been miserable and I have repeatedly considered dropping out of my graduate program simply out of frustration with the housing options in Davis. Additionally, housing is unnecessarily competitive which results in housing renting for way higher rates than the quality of the apartment justifies. Lastly, there is absolutely no grievance procedure available. There are a number of landlords in Davis that exploit students and are very rude, and it is exhausting to deal with these issues while trying to focus on academic success and searching for a career.
1	0.25%	The largest problem with student housing is the family option. We were a family of 5 (2 adults and 3 children). the birth of our 4th child lead to our "denial in renewal" of lease. UC Davis doesn't offer 3 bedroom options, doesn't have staff willing to make accommodations to policy, and current housing policy is vague enough that we couldn't be in family housing because our family was too large. My experience with working with student housing has been soured by the difficulties I had in dealing with the administrative staff. I loved our apartment, we were happy and content and bullshit from administrators makes us very hesitant to return to Davis. If we were trying to have 6 adults in a 2 bedroom apartment, that's 1 thing, thats excessive and not ok. But 2 adults and 4 children,their own children, all under age 5, who are so young and small that they still climb in bed with mom and dad, so small that they can comfortably cohabitation with their family, and to plead with administrators for months to keep our home to have "guidelines" spouted to us, told "we dont want to make accommodations or create new policy president" or told "if we sign over legal guardianship of our children we MAYBE could stay". NO. NO, NO, NO, NO, NO. I would have to be in the situation where I had no other choice, and where I could only survive and Davis, and I didn't have to fear the inflexibility of administrators, before I would consider living on campus again. I like the idea but I dont trust those with the power.

1	0.25%	The last question of the survey does not take into account that the university has undocumented and DACAmented students. Is essential that the university includes this segment of the student population into account when conducting surveys such as this one. Affordable family housing has been essential in my ability to attend and continue going to UC Davis. Is very stressful to know that family housing is being under attack and that future students may not be able to enjoy a community such as Solano Park apartments. I was not able to select my all my priorities when it comes to future housing because the survey design does not allow one to do so. Affortable family housing is not existant in Davis.
1	0.25%	The layout of these apartments are sometimes so weird and a waste of space. At the end of the day, the layout is what matters!
1	0.25%	The main issue with housing is that Davis is expensive especially being a full-time student and only being able to do part-time work and take out loans. On-campus housing is nowhere near affordable even as a freshman. If you make more housing with the same pricing like West Village, it is attracting the same population of students while there are many who are sharing spaces and living out of Davis just to make it more doable to go to school here.
1	0.25%	The main issue with on campus housing is that it is so expensive. I would rather have my own room, more space, more freedom and be further away from campus (preferably near a bus line) than pay the same amount to share a room on campus. Rent has increased so much the past few years, and I feel like most students don't really care about having fancy/modern living situations and would rather just have something basic. Plus there is such a lack of housing, you have to sign a lease in January if you want something good for the fall.
1	0.25%	The main reason I (and almost everyone I know) move off campus for housing after freshman year is due to the cost of living on campus. I'm sharing a house with UCD friends next year and I'll still be paying significantly less than I would in any of the options provided near the end of this survey. Other factors are nice to consider, but off-campus living is much more financially accessible to most people.
1	0.25%	The models shown would be nice, but it would be convenient for students if it was cheaper. I pay 350 for a shared 2 bedroom which is half of the shared two bedrooms. Paying double the price isn't convientent for me.
1	0.25%	The most important concern UC Davis should work in terms of housing has to be cost. It is unrealistic to be charging rent that isn't lower for $750 for a shared room. Right now I'm paying $580 for a single room. Granted, I'm sure that the UC Davis proposed housing would be great, but cost is the single most important factor UC Davis should be focusing on when building new housing for incoming students and returning students.
1	0.25%	The most important thing is that the housing is affordable. There is no point in having a double available for $750 per month when I can get a single anywhere else in Davis off-campus for less. To actually make me want to live in on-campus housing, rent would need to be $500 or less per month
1	0.25%	The most important thing that campus housing has to provide is AFFORDABILITY. Rents in City of Davis are very high, and the prices you showed in this survey are even HIGHER. Only prices like Solano Park are affordable, and UC Davis Campus should have more places like Solano Park, especially for graduate interantional students. Having to pay 1500 for a 1bedroom appartment is just TOO MUCH. You need more housing on campus that has Solano Park prices, that is affordable. Everything else is just too expensive. Thanks
1	0.25%	The options of floorpans were still too expensive. It should not cost $1000 to have your own bedroom and share a bathroom.

1	0.25%	The options that you suggested as possible new building room layouts were terrible. Seriously. Two thousand dollars a month for two people in two separate bedrooms? 1,500 for a studio? 900 a month per person for four bedrooms? This is NOT what is meant by the term "affordable housing", and it's just deplorable. Only people of significant wealth would be able to pay for these prices, and all that you're doing is edging out people that can't pay into worse and worse housing situations further and further away from campus. AFFORDABLE MEANS AFFORDABLE. NOT AFFORDABLE FOR A CHOICE FEW WITH ENOUGH SCHOLARSHIPS OR FAMILY WEALTH TO PAY. Student loans are a travesty as well, don't even get me started. This is some ridiculous nonsense.
1	0.25%	The options you provided for graduate student housing are not adequate. $835 is too much for a graduate student to pay. Currently graduate students make $2,000 per month when they work as TAs, but also largely do not get paid during the summer. This means we make 2,000 X 9 = 18,000 per year. This means in reality our income is $1,500 per month. For rent to pass affordability standards it should be 1/3 our salary, that means $500. $835 is 67% higher than a real affordable rate. If this is the future of graduate student housing at UC Davis, UC Davis will no longer be able to attract graduate students to Davis.This would not be affordable housing. You cannot call it affordable housing.
1	0.25%	The prices need to be way lower to live on campus. I would not pay more than $500 a month to live on campus as that's a little more than the rate I pay now off campus.
1	0.25%	The prices proposed here are ridiculous. There is no way (it was not an option or I would have picked it) that I would live on campus and pay the rents listed here for the rooms available. In my opinion, there is no reason to offer so many amenities if that means an incredible increase in the cost of rent. There is a gym on campus, so it shouldn't be a priority to have a gym in the residence. Likewise for the other amenities proposed like study rooms, dining halls, etc. I think that the new housing should be more affordable and if this means a very basic, streamlined layout that lacks the amenities found over at West Village then that's fine by me.
1	0.25%	The prices you listed for grad student housing were WAY too expensive. Almost $900 in rent (not including parking or utilities!?) to live in a five bedroom/2bath apartment is absurd. We earn about $20,000 a year before taxes. Instead of building expensive apartment units, the university should focus on grad housing subsidies or vouchers to live within the community in existing housing and helping us find affordable housing that doesn't eat up over half of our monthly salary.
1	0.25%	The prices you're suggesting are ridiculous. Keep building units until the r went is affordable. A rural area like this? A three-bedroom apartment should be about $1300 a month, total. Stop using undergraduate student loans to prop-up the wealth of local property owners.
1	0.25%	The pricing on even the cheapest of the proposed student apartment housing options was close to twice what I currently play for without utilities. If the price is that much greater, it simply isnâ€™t an attractive option.
1	0.25%	The projected rent to share a room for the units described in this survey is more than I pay in rent to have my own room off campus. An increase in more affordable housing is what this area really needs, not another West Village type community that is only affordable to the well-off student population.
1	0.25%	The proposed housing plans in this survey have astronomically high rents. I rent a three bedroom apartment off campus for 737 - how can a five bedroom be upwards of 800 dollars? I don't think these prices are affordable for undergraduates or graduates here at Davis.
1	0.25%	The proposed on campus housing is too expensive. Most students can not afford more than $600 a month in rent, and any rent over $700 will likely turn students away from on campus housing and still have a housing struggle within Davis. The main issue is affordable housing for private rooms and this NEEDS to be addressed

1	0.25%	The proposed plan seems ideal for future UC Davis students, but it is not solving the housing crisis in Davis. There is simply way too many students cramming into apartments trying to save money on rent, but there are not enough housing for people who cannot afford the ridiculously high cost of rent in Davis. There should also be more off-campus housing options building, either by the University or private companies in order to add more places for people to live. I know some apartments that have up to 8 people living in a 3 bedroom apartment because they want to save money. I get housing cost will always be competitive, but it is absurd to charge students over $1100 for a single room or $700-900 for a double sometimes while also trying to afford tuition. As a top university of this country, we should have some sort of budget that go towards improving housing. I know I am not alone in my opinions; this is a common topic amongst UC Davis students. Please, help us out. Thank you.
1	0.25%	The proposed prices for rent on the drawn-up layout plans are way too expensive. To reduce the cost, I highly suggest not providing furniture. These costs are almost as high as West Village, which are not even fully occupied because of how expensive it is.
1	0.25%	The proposed rent is very expensive. I would expect to spend 1/3 of my salary on rent. So I think prices around $600 are affordable for grad students.
1	0.25%	The questions seemed a little biased/confusing to me. Furthermore, when it mentions "if your housing needs were met each year, when would you live on campus," does this refer to if I had my preference in price/size/etc. or what was shown in the proposed plan? If it was the proposed plan, then I would probably only live freshman and senior year.
1	0.25%	The reason I would not have wanted to live in any of the pictured floor plans is because those prices are too expensive for my budget. However, if I had to choose one of them, Iâ€™d choose unit B because it was the cheapest/same as the two bedroom unit.
1	0.25%	The rent increase should not go more than 3%
1	0.25%	The rent prices outlined seem way too expensive to when I first moved to Davis, and honestly the stipend I have, half of it would go only to rent alone with the prices for a one bedroom.
1	0.25%	The rent would need to be cheaper
1	0.25%	The required meal plan is a waste of money- there simply are not enough vegan/vegetarian/gluten free options to excuse fourteen thousand dollars. Students shouldn't have to purchase a meal plan when they can't even eat.
1	0.25%	The ridiculous price ranges given show that the administration is still unable or unwilling to actually meet student needs. At this point, this housing push looks like little more than an attempt to exploit students not only through over-priced tuition, school supplies, and food, but now through absurdly high-cost housing too. If any of you actually care about the students you are meant to represent, you'll democratize the housing process and put decision-making in the hands of the students and workers that are actually affected by, and therefore genuinely invested in, solving housing problems.
1	0.25%	The suggested housing units from a few questions ago were still way way too expensive for students, as is West Village. I have a friend living in West Village because she thought she had to, and that no other options were available. Needless to say, she can't wait to move out next year and pay half the price for housing. If UC Davis were to offer on-campus housing, it would need to be priced the same as the rest of the city (most people pay between $350-$550 to share a bedroom. The suggested $800-something from the previous example is ridiculous). The only reason West Village fills up is because all the other cheaper housing options are snatched up on the day that leases become available (and sometimes even before they are technically available). I'm not sure why West Village is so expensive, when The Colleges at La Rue is much more reasonably priced and much closer to campus.
1	0.25%	The suggested prices for graduate housing are WAY TOO expensive. Graduate students should be able to live with few or no roommates for under $800 rent per month.

1	0.25%	The University and the City seem to have conflicting priorities regarding housing in recent years. Admitting more students without a corresponding increase in housing development has caused rents to spike. Landlords are taking advantage of the high demand by doing away with multi-year leases and raising rent every year, even for tenants who re-sign a lease for the same residence. Unless the University prioritizes AFFORDABLE housing or increases cost-of-living stipends for graduate student workers, University administration should expect a brain drain as fixed-income graduate students are priced out of Davis.
1	0.25%	There is a need for more off-campus/additional housing because Davis is becoming overpopulated. There is a problem with accepting a growing number for students each year because there are not enough resources available, housing included.
1	0.25%	There is an absolute housing crisis in Davis. Providing affordable housing for students should be a primary priority for UC Davis, and the school should not allow an increase in student numbers until the school and/or the city is able to adequately meet this need.
1	0.25%	There needs to be 1 bedroom 1 bath option for family housing that is priced at the same amount that currently is available for the future family housing units. There is no other affordable family housing in the area and becoming much less available in further areas like Sacramento and especially Woodland. Family housing should not have to pay additional for 1 parking space, it should be included. Additional spaces make sense to charge for.
1	0.25%	There needs to be more housing that is cheaper.
1	0.25%	There needs to be more parking around segundo, and Freshman should be allowed to buy parking permits, because they are the ones who are primarily living in the dorm. Parking is a big issue.
1	0.25%	There needs to be more parking for students, regardless of new undergrad apartments. It is a massive headache to find parking at peak parking times of the day (8:30am-2pm) . I have to get here at an hour early everyday because of the parking mess on Howard Way. Us students play all this money for parking passes, and then are left with insufficient parking options in all parking garages/ lots. Please either create more parking or lower the parking permit price.
1	0.25%	There needs to better housing options for those who want to live on and off-campus. Rent prices are exorbitant and unmanageable for students who would like to live in Davis. There needs to be more affordable student housing, such as Solano Park; otherwise, students like me, have to move farther away from Davis, waste more money on gas (and parking permits), as well as, waste more time commuting to school, when instead I would prefer to live in Davis for the duration of my school career and use the public transportation offered.
1	0.25%	There should be more on campus student housing options for upperclass men.
1	0.25%	There should not be additional housing built. Requiring students to live on campus is forcing them to pay more money to an already too-expensive university, and on-campus housing is not worth the obscene price. There are already enough students on campus--rather than continuing to enroll more and more student, the university should focus on better accommodating the students who are already here. Access to parking is slim unless you get to campus early, and as a student who does not have regular access to a car, a $9 parking fee is simply too high, especially if the class you're attending is short, or if you're not on campus all day.
1	0.25%	There was no 'exchange student' option for question 1. I think there should be a separate survey for exchange students because our situation should be different from 4-year students.
1	0.25%	This seems to focus on undergrads. Graduate students need affordable housing as well.
1	0.25%	This survey is designed to address the housing needs of undergraduates and does not fully represent to cover the needs of graduate students. A separate survey regarding graduate student housing should be created instead of one that asks about both undergraduate and graduate student housing.

1	0.25%	This survey seems directed fully to undergrads. Does not represent the needs or experiences of graduate students. the questions do not include possible variations such as: - I rather not have intimidating police over my neighborhood everyother night. the final prices offered are abusive for a family of only one member being paid at UC Davis rates for grad work (families of international students, for instance, single parents). Affordable housing should be DESIGNED AND provided to individuals that require it with priority. Less amenities and better AFFORDABLE HOUSING.
1	0.25%	This survey should share the total square footage of the proposed student family apartments. Part of the problem with the current units in Solano Park is that they are too small for a family to live comfortably. My family has been forced to choose between either affordable rent or enough space to live, work, and play. It is only because of economic privilege in the form of financial support from our extended family that we have been able to choose the latter. For many student families this is not an option. Is this problem something the administration is addressing with the proposed new student family units? The proposed rent for the student family apartments is reasonable for graduate student salaries. Will other rents be similarly reasonable? We do not want or need 5 bedroom apartments on campus that charge $1000/person for rent. THE ADMINISTRATION NEEDS TO PRIORITIZE AFFORDABLE AND COMFORTABLE HOUSING FOR STUDENT FAMILIES AND FOR ALL STUDENTS AT UC DAVIS.
1	0.25%	this survey was fun. :)
1	0.25%	This survey was not geared toward graduate students and some questions did not apply. I wonder who put this together as I know students have been pushing for a survey that can be done each year. I hope student voices, comments and concerns would be included next time such a survey goes out.
1	0.25%	This University should really focus on meeting ALL student needs, especially when it comes to housing. Basically being "kicked out" your housing, then not having much luck finding other housing spaces, really is unfair and really does not make sense. It is like the school sets you up for failure, because they cannot accommodate many students, which leaves many students, after their first year homeless because they may not have the resources, funds, friends, etc. to find another place afterward. It is also confusing that some international students get the option of living "permanently" in the residence halls, further taking up space and limiting the rooms that could be offered to students that would like to reside in the residence halls. Shouldn't they have made the arrangement to buy/rent an apartment beforehand if they were going to be living there "permanently"? Lastly, it also does not help to make the students go find off campus housing, because other apartments have residences that are living there for more than a couple of quarters. In other words those apartments are like their permanent living spaces, which means many apartment complexes do not have the room, making the housing search even more difficult for Davis students. All in all, UC Davis students should have the opportunity to live ON campus all four years, if they choose, since they have been accepted to this institution in the first place.
1	0.25%	This would help so much. It's very difficult and stressful to find a place to live. The extremely competitive apartment hunting allows landlords to have abysmal standards and very high rent. This would help so much.
1	0.25%	those prices are quite expensive
1	0.25%	To be completely honest, price is the number one priority for most students. A lot of us cannot afford to live in places the charge $700+ /month, when we can just double in places that cost ~$300/month. Over comfort, students really don't have much money to spend, and we only need a home to study, sleep, and cook. Other students may be able to afford these prices, but just for the sake of those proposed floor plans. Thank you for reading this comment.
1	0.25%	Too expensive.
1	0.25%	TOO EXPENSIVE. IM BROKE.
1	0.25%	Too many students are admitted and so housing (both on-campus and off-campus) is getting more difficult to find. Rent for housing increases way too much and too often.

1	0.25%	Trying to find housing is ridiculously hard. All of the apartment complexes exploit the fact there is limited availability increasing rent by amounts students can not keep up with. I have maximized the amount of loans I can take out, have two jobs and can barely make ends meet. Davis does not have enough affordable choices for housing and the options proposed for $750 is very high. I would agree to that price solely based on it being guarenteed housing and not having to think about the potential issue of homelessness while attending school.
1	0.25%	UC Davis administration should halt all proposed construction or remodels of current housing projects, including (but not limited to) Solano Park. These remodels are thinly veiled attempts to increase student housing costs for underpaid, resource-strapped students. Considering community resistance to these proposed projects, UC administration acts no better than money-hungry housing development and urban renewal corporations.
1	0.25%	UC Davis definitely needs more affordable apartment for students. Specially considering the fact that there is not many spaces available for people who want to live in the apartments offered by the school.
1	0.25%	UC Davis Housing is not affordable. Housing is too focused on amenities and room space that students simply don't need or prioritize . Tuition is already expensive and housing shouldn't have to be either, especially considering the cost of off-campus housing has risen because of the small vacancy rate. Many of us middle-class student receive little to no financial aid (pay most of tuition through loans and out of pocket) and finding affordable housing is very hard to find ($250-450 a month/person).
1	0.25%	UC Davis housing is very expensive compared other off-campus housing. Rent cost is the most important factor for me. I would rather live a little farther from campus and pay less rent with less amenities rather than pay higher on-campus with multiple amenities.
1	0.25%	UC Davis Housing js too expensive. Segundo Dining Commons serves better food. Cuarto Dining Commons has better food presentation and overall atmosphere. Tercero needs some work.
1	0.25%	UC Davis needs the option for students to live on-campus beyond their first-year. Housing in Davis is so limited and it's hard for students to find a place to live after they leave the dorms.
1	0.25%	UC Davis on-campus housing is horrendously overpriced, and unfortunately off-campus housing is not much better. The city of Davis is in need of huge changes to make life more accessible to students.
1	0.25%	UC davis should aim to provide more affordable housing.
1	0.25%	UC Davis should not keep accepting a larger amount of students when there is a great shortage of housing both on campus and off campus.
1	0.25%	UC Davis should provide very affordable housing for international students.
1	0.25%	UC Davis Student housing must improve student interactions between RA's and their residents. My freshman year, I was not living in my room for over a month because of roommate conflict and the RA did not report it to the school; I was sleeping underneath someone elses bed in Cuarto while paying for housing that I wasn't using. The RA knew I wasn't living there; we met once to discuss it. Then, once the school finally transferred me, they moved me from Tercero to Segundo and did not help me move any of my belongings. UCD Police wouldn't help either. I had to bike back and fourth, carrying bags of clothes one at a time. I had an awful time here freshman year due to student housing, and as an out of state student, the experiences I had, my first year here was isolating and anxiety provoking. It set the tone for the rest of my Davis career.
1	0.25%	UCD can build all the first-year housing it wants, but ultimately there is limited apartments off-campus, so future students will have trouble finding affordable off-campus housing after they move out of the residence halls, especially since most apartment complexes are continuously raising rents in response to the high demand.

1	0.25%	UCD is obligated to build and provide student housing. Low vacancy rates in the community of Davis are due to the University not upholding its obligation to build new student housing, and housing burdens and costs are then pushed onto the community. My landlord last year decided to increase the unit rent for a 4 bedroom house by $550. Are you fucking kidding me!? I was forced to find a new home in Winters, as May of last year was too late for me to reasonably find a place to rent in Davis considering the highly impacted housing market. My rent is STILL too high, but at least I am renting a modern house with my own bathroom instead of a shitty rundown house built in the 1950s with mold and theft problems that my landlord decided to rent out at an exorbitant rate to the next daddy-pays-rent occupants. Traffic sucks, rent is too high. Undergrads don't need to live off campus. They can bike everywhere. I have genuine ethical guilt and personal dilemma about my tuition money supporting one of the LARGEST LAND OWNERS IN CALIFORNIA that refuses (or is perhaps incompetent) to build new student housing. At least I only have one more part time year and then I'll be done. Sincerely, a pissed of Davisite and UCD graduate student.
1	0.25%	Very happy with my experience living at Russell Park. I will absolutely be renewing my lease here for next year.
1	0.25%	wassup
1	0.25%	Water fountains on each floor
1	0.25%	We actually need housing that is cheaper than 1000 dollars. As graduate students this is over half our pay and well above what is defined as affordable housing. I could not afford rent as a disabled person in Davis anywhere else than Solano Park.
1	0.25%	We are having a housing crisis. Too many students and not enough places that can accomodate us or fit within our college student budget. We're having to look further and further away from campus even to neighboring cities in order to find decent housing. I know many people who live in Sacramento or Woodland for that reason.
1	0.25%	We had one roommate that caused 4 girls to move out in student housing. Find a way to fairly fix a situation where 1 person is making everyone else's life hell and refuses to move.
1	0.25%	WE NEED HOUSING THROUGH UCD
1	0.25%	We need more on campus housing.
1	0.25%	We need to have a transfer-themed housing community where transfer students could come along and be able to share their experiences with one another. Our community is diverse in terms of experiences, situations, ages, etc.
1	0.25%	We pay so much tuition and where does it go? Construction takes forever. There needs to be more housing besides the dorms.
1	0.25%	We plan to move soon to have more space, a second bathroom (or half bathroom), laundry in unit, and a small dog. Cost is insane, however, so I'm lucky that my husband makes a substantial income, otherwise, our housing options would be depressingly limited.
1	0.25%	We really need more rooms in the residential area.
1	0.25%	We should expand our number of co-operatives so that students can share skills are work together to maintain their land in an environmentally friendly way!
1	0.25%	We, students, should have the option in the SHA application of living in the same apartment while attending UC Davis.
1	0.25%	West village is crazy expensive already and I could never dream of living there. Davis has a housin crisis and it is nearly impossible to find housing to fit my needs. I will end up sacrificing significant needs in order to find a place
1	0.25%	When I moved to Davis in 2015 I did not consider on-campus housing because of the price. It wasn't difficult to find housing for much less money (at least as a grad student), and I could easily meet the people I was going to live with.

1	0.25%	When you have a family living with them in a complex that is close to school and affordable is of the most importance. Having a safe open area with grass and a play set and area is great for parents with children. Having my car close on site is needed with children. Keeping the price below 1k a month would be more helpful. Having a more private area that is quiet is perfect. Solano Park could use some updating like new windows, clean water without constant black particles, a central heating and AC but if that means the rates go up then roughing it out while in college to keep the cost low is the most important thing outside of things listed above.
1	0.25%	When your take-home graduate stipend is $1600, $850 for rent is NOT affordable
1	0.25%	Who are you? Who's the person reading this post right now? Is it anyone? If it is someone and you're reading this, you might wonder, "why are people so angry?" We know that a lot of the administration doesn't like students that protest. It's obvious in the way you treat us. Just know this, there are students that will want to come to UCD one day and they won't be able to because they won't be able to afford it. There will be families that won't have student housing because they don't want to share a home with strangers. It's obvious that you guys don't care about students who can't afford things here. Now, you might not think that, but the university doesn't care about us at all. They don't care about diversity, they don't care about low-income students, they don't even care about getting the best and brightest. They want money. They want as much money as they can possibly get. The only way to help the next generation of students is to report everything you learn from administration to the media until we finally catch them doing something illegal, immoral or unethical. They've done it before and they'll do it again. Help us bring them down so the disenfranchised can be helped. Otherwise, they'll just stick us in committees with other admin to shut us up until they're able to do what they want. Fight the power.
1	0.25%	why does student housing only give good housing to freshmen (the dorms which are on campus) or transfer students (nice apartments like primero grove which is also on campus). the rest of us have to fend for ourselves and struggle to find housing
1	0.25%	With a growing student population, more student housing must be made available including parking spaces on campus. Thank you!
1	0.25%	Yo son so like dorms cost WAY too much money and there's not enough parking. How can you charge like $500 for a parking permit and then not have enough parking for students???? And it's impossible to get out of dorm contracts (basically) even though some students are being bled dry by it. Let them do what they want and live where they please- it's not that big of a deal. Meal plans are way too much- and bring back guest swipes like???? Nothing is better than hanging out with your friends over some decent-ass food. There are SO many students that you're accepting to this university and not enough housing, parking or space (like the MU, library, everywhere is PACKED). We're like sardines. Not just on campus but across the city as well.
1	0.25%	You need to make more affordable housing on campus for students. This school does a horrible job at providing affordable on-campus housing on campus for students. There should be rent options <$800 per person for rent for students living in 2 or more bedroom housing options.
1	0.25%	Your theoretical housing prices are completely and utterly absurd. If you want more people to live on campus you're going to have to get your heads out of your asses regarding how much people can afford to pay for housing.

404 Respondents

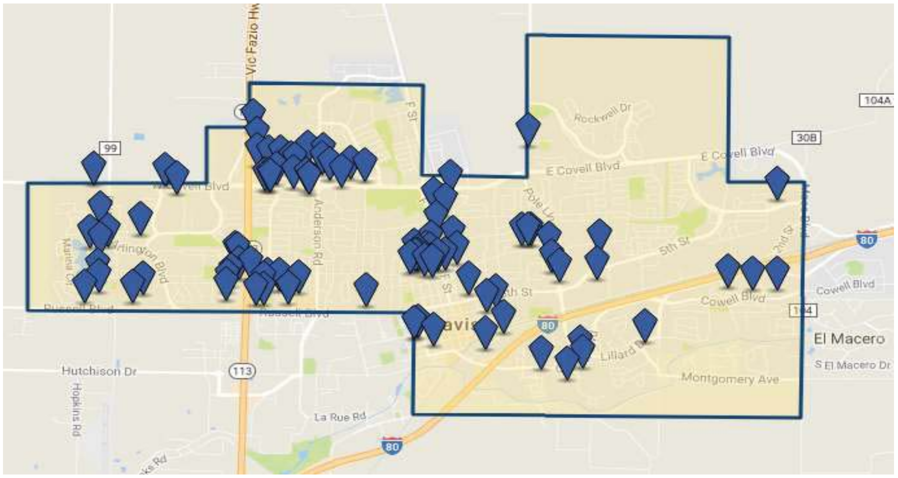
EXHIBIT B:

OFF-CAMPUS ANALYSIS

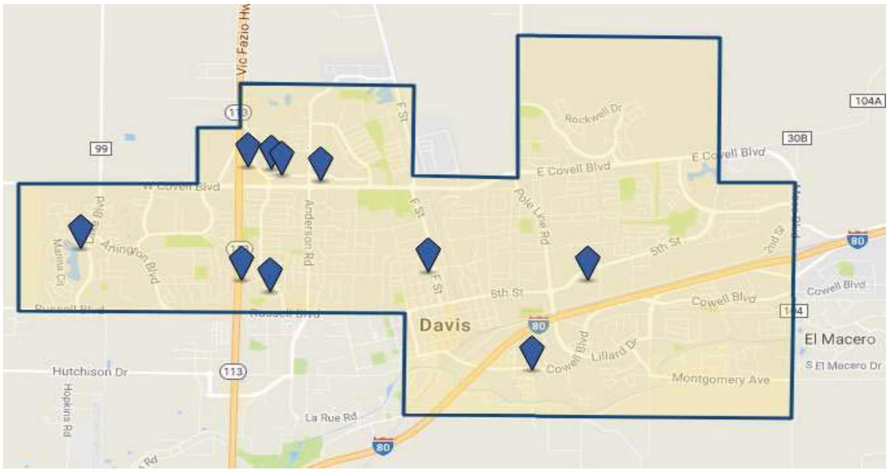
Building Name	Building Address	City	Market Name	Submarket Name	Year Built	Year Renovated	Market Segment	Vacancy %	Number Of Units	Studio Asking Rent/Unit	One Bedroom Asking Rent/Unit	Two Bedroom Asking Rent/Unit	Three Bedroom Asking Rent/Unit	Four Bedroom Asking Rent/Unit	Avg Asking/Unit
Greystone Apartments	2505 5th St	Davis	Sacramento	Outer Davis MF	1992		All	0.63	160		$1,300	$1,425	$2,471	$2,400	$1,916
	601-609 7th St	Davis	Sacramento	Central Davis MF			All	0	20		$928				$928
Chestnut Place Apartments	1615-1625 8th St	Davis	Sacramento	Outer Davis MF			All	6.25	32			$1,235	$1,621		$1,283
	394 E 8th St	Davis	Sacramento	Central Davis MF	1940		All	0	5		$1,047	$1,478			$1,219
	426 E 8th St	Davis	Sacramento	Central Davis MF	1960		All	0	8		$829				$829
Alta Vista Apartments	517-519 E 8th St	Davis	Sacramento	Central Davis MF	1952		All	0	7		$903	$1,020	$1,683		$1,159
Redwood Tree	607-613 E 8th St	Davis	Sacramento	Central Davis MF			All	4.17	48		$1,555	$1,820			$1,643
	1721 E 8th St	Davis	Sacramento	Outer Davis MF				0	4			$1,218			$1,218
APNA Apartments	1805 E 8th St	Davis	Sacramento	Outer Davis MF	1964		All	0	13			$970			$970
	406 9th St	Davis	Sacramento	Central Davis MF	1961		All	0	5		$905				$905
Greenbriar Apartments	581-639 9th St	Davis	Sacramento	Central Davis MF	1972		All	2.5	40		$881	$1,024			$1,006
Aggie Garden Apartments	602 Adams St	Davis	Sacramento	West Davis Manor MF	1970		All	4.17	24		$1,090				$1,090
	635 Adams St	Davis	Sacramento	West Davis Manor MF	1968		All	0	8			$1,142			$1,142
	720 Adams St	Davis	Sacramento	West Davis Manor MF	1973		All	0	16		$1,024				$1,024
Westwood Town House Apartments	800 Adams St	Davis	Sacramento	West Davis Manor MF	1979		All	2.44	41			$1,672			$1,672
	843 Adams St	Davis	Sacramento	Adams Terrace MF			All	0	3				$1,372		$1,372
The Seville Apartments	4501 Alhambra Dr	Davis	Sacramento	Outer Davis MF	2001		All	4.76	84			$2,186	$2,494	$2,850	$2,396
Alvarado Parkside Apartments	520 Alvarado Ave	Davis	Sacramento	Covell Park MF	1975		All	0	46			$1,273			$1,273
Alvarado Sunset	606 Alvarado Ave	Davis	Sacramento	Covell Park MF	1975		All	3.08	65			$1,608	$1,451		$1,598
Aggie Square Apartments	644 Alvarado Ave	Davis	Sacramento	Covell Park MF	1974		Student	0	100		$1,450	$1,950	$2,400		$1,940
Casitas Apartments	675 Alvarado Ave	Davis	Sacramento	Covell Park MF	1978		All	2.25	89		$1,012	$1,655	$2,118		$1,774
Parque Plaza	690 Alvarado Ave	Davis	Sacramento	Covell Park MF	1980		All	0	53	$867	$986	$1,175	$1,490		$1,141
Chautauqua Apartments	717 Alvarado Ave	Davis	Sacramento	Covell Park MF	1976	1995	All	0	138	$1,054	$1,281		$2,095		$1,421
La Salle Apartments	880 Alvarado Ave	Davis	Sacramento	Covell Park MF	1985		All	1.02	98		$1,495	$2,428	$2,680		$2,215
Almondwood Apartments	1212 Alvarado Ave	Davis	Sacramento	Senda Nueva MF	1981		Student	3	100		$1,536	$1,810	$2,386	$3,805	$1,967
Fountain Circle Townhomes	1213 Alvarado Ave	Davis	Sacramento	Senda Nueva MF			Student	0	105		$1,395	$1,950	$2,610	$3,100	$2,482
Sterling Pointe Apartments	1805 Anderson Rd	Davis	Sacramento	Central Davis MF	1970		All	1.75	57		$1,366	$1,800			$1,670
Anderson Court	1905 Anderson Rd	Davis	Sacramento	Central Davis MF	1969		All	1.35	74	$1,127	$1,352	$1,735	$2,249		$1,626
The Grove Apartments	1333 Arlington Blvd	Davis	Sacramento	Arlington Farms/West Mano	1981		All	17.5	80		$1,425	$1,625	$2,450		$1,618
Sundance Apartments	510 Arthur St	Davis	Sacramento	West Davis Manor MF	1982		All	1.69	59		$1,171	$1,947			$1,566
	217 B St	Davis	Sacramento	University Avenue MF	1960		All	0	17		$1,312	$1,313	$1,798		$1,341
	750 B St	Davis	Sacramento	Central Davis MF	1959		All	0	16		$735	$1,040			$754
	118-120 C St	Davis	Sacramento	Downtown Davis MF			All	0	16		$1,190	$1,467			$1,259
The U	625 Cantrill Dr	Davis	Sacramento	Outer Davis MF	2003	2015	Student	0.76	132				$2,778	$3,612	$907
Tanglewood at Davis	1880 Cowell Blvd	Davis	Sacramento	Interland/Univ Research P	1991		Student	1.85	216		$1,760	$2,260	$2,475		$2,220
The Edge	4005 Cowell Blvd	Davis	Sacramento	Outer Davis MF	1987		All	3.33	120		$1,630	$1,913			$1,818
Clearwater Apartments	4141 Cowell Blvd	Davis	Sacramento	Outer Davis MF			All	3.75	80		$1,495	$1,752			$1,643
Meadow Ridge Apartments	4447 Cowell Blvd	Davis	Sacramento	Outer Davis MF	1986		All	3.57	84		$1,581	$2,008			$1,846
Cranbrook Apartments	955 Cranbrook Ct	Davis	Sacramento	Outer Davis MF	1980		All	0	216		$1,276	$1,535			$1,374
	720 D St	Davis	Sacramento	Central Davis MF	1960		All	0	10		$862	$1,170			$985
Viking Apartments	801 D St	Davis	Sacramento	Central Davis MF	1962		All	2.86	35		$1,292	$1,620			$1,555
The Drake	919 Drake Dr	Davis	Sacramento	Central Davis MF	1981		All	2.15	93			$1,800			$1,800
Drake Apartments	1312 Drake Dr	Davis	Sacramento	Central Davis MF	1980		All	0	4			$1,184			$1,184
	1322 Drake Dr	Davis	Sacramento	Central Davis MF	1980		All	0	4			$1,184			$1,184
	1342 Drake Dr	Davis	Sacramento	Central Davis MF			All	0	4		$1,170		$1,522		$1,346
	2449 Elendil Ln	Davis	Sacramento	Village Homes MF	1981		All	0	10	$741	$976	$1,088			$1,020
Stratford Place Apartments	745 F St	Davis	Sacramento	Central Davis MF	1966		Student	0	19	$883	$1,110	$1,210			$1,155
Academy Lane Apartment Homes	1124 F St	Davis	Sacramento	Central Davis MF	1959		All	0.63	158		$1,331				$1,331
Parkside Apartments	1420 F St	Davis	Sacramento	Central Davis MF	1965		All	0.5	200	$1,245	$1,431	$1,782	$2,191	$2,946	$1,807
The G Street Apartments	707-715 G St	Davis	Sacramento	Central Davis MF			All	12.5	16			$1,692			$1,692
Saratoga West Apartments	2121 Glacier Dr	Davis	Sacramento	Aspen MF	1999		All	5.1	98	$1,169	$1,254	$1,653	$2,042	$2,661	$1,827
Glacier Point Apartments	2225 Glacier Dr	Davis	Sacramento	Aspen MF	1997		All	5.1	98		$1,319	$1,656	$2,250	$2,745	$1,893
Pinon Apartments	555 Guava Ln	Davis	Sacramento	Central Davis MF	1979		All	1.43	70		$979	$1,434	$2,190		$1,554
Anderson Place Apartments	1850 Hanover Dr	Davis	Sacramento	Central Davis MF	1972		All	0	240		$1,318	$1,789			$1,475
Camellia Apartments	505-525 I St	Davis	Sacramento	Outer Davis MF	1960		All	0	30		$1,095	$1,482			$1,404
University Square Apartments	336 J St	Davis	Sacramento	Old East Davis MF	1961		All	4.44	90		$1,145	$1,483			$1,265
Green Leaf College Square	801 J St	Davis	Sacramento	Outer Davis MF	1965		All	0.42	240		$1,381	$1,711			$1,524
J Street Apartments	1111 J St	Davis	Sacramento	Outer Davis MF	1972		All	1.25	160		$1,350	$1,700			$1,525
University House Apartments	320 K St	Davis	Sacramento	Old East Davis MF	1960		All	6.25	48	$897		$1,079			$1,064
The Trees Apartments	510 Lake Blvd	Davis	Sacramento	Arlington Farms/West Mano	1978		All	0	111	$2,018	$2,018	$1,987	$2,018	$3,150	$2,045
Clubside Apartments	1050 Lake Blvd	Davis	Sacramento	Stonegate MF			All	0	48		$1,260	$1,462			$1,361
LAKESHORE APARTMENTS	1175 Lake Blvd	Davis	Sacramento	Stonegate MF	1991		Student	0	112		$1,272	$1,858	$2,375		$1,788
Eastlake Apartments	1420 Lake Blvd	Davis	Sacramento	Stonegate MF	1983		All	2.5	40		$1,275	$1,657	$2,100		$1,682
The Willows	1959 Lake Blvd	Davis	Sacramento	Stonegate MF	1987		All	0.63	160		$1,191	$1,504	$2,024		$1,546
Renaissance Park	3000 Lillard Dr	Davis	Sacramento	Outer Davis MF	1973	2000	All	0.57	176		$1,565	$1,870			$1,714
The Lexington Apartments	1100 Olive Dr	Davis	Sacramento	Olive Drive MF	2003		All	0.85	117			$2,098	$2,738	$3,473	$2,641
The Arbors	1280 Olive Dr	Davis	Sacramento	Olive Drive MF	1986		All	0	120		$1,350	$1,750			$1,630
La Casa de Flores	517 Oxford Cir	Davis	Sacramento	Central Davis MF	1969		All	2.17	46	$636	$990	$1,329			$1,284
Pennsylvania Place Apartments	911 Pennsylvania Pl	Davis	Sacramento	Outer Davis MF	1970		All	10.71	28		$1,042	$1,420			$1,339
Fifth Avenue Place	500 Pole Line Rd	Davis	Sacramento	Outer Davis MF	1978		All	4.35	46		$1,524	$1,699			$1,593
Cambridge House Apartment Community	619 Pole Line Rd	Davis	Sacramento	Davis Manor MF	1967		All	0.71	140		$1,545	$1,862	$2,615		$1,793
Cascade Apartments	771 Pole Line Rd	Davis	Sacramento	Davis Manor MF	1973		All	5.56	18		$1,075	$1,108			$1,091
Silverstone	2400 Pole Line Rd	Davis	Sacramento	Green Meadows MF	1978		All	4.17	120	$1,600	$1,730	$2,019	$2,840		$1,988
Portage Bay Apartments	2949 Portage Bay W	Davis	Sacramento	Stonegate MF	1972		All	0	130		$1,500	$1,808	$2,172		$1,725
Le Tournesol	2640 Portage Bay Ave E	Davis	Sacramento	Village Homes MF	1987	2008	All	0	45			$1,729	$1,412		$1,553
Stonegate Village	2950 W Portage Bay Ave	Davis	Sacramento	Arlington Farms/West Mano	1974		All	0	148		$1,375	$1,668			$1,553
	319 Russell Blvd	Davis	Sacramento	Central Davis MF	2005		All	0	5				$2,603		$2,603
Aspen Village Apartments	2323 Shasta Dr	Davis	Sacramento	Aspen MF	1989		All	2.27	88			$1,830	$2,290		$2,118
University Court	515-545 Sycamore Ln	Davis	Sacramento	Central Davis MF	1966		All	0	161	$1,103	$1,572	$1,846			$1,709
Sycamore Lane	614 Sycamore Ln	Davis	Sacramento	Central Davis MF	1962		All	0	158		$1,382	$1,889		$3,782	$1,893
Sycamore Tella	1930 Sycamore Ln	Davis	Sacramento	Central Davis MF	1985		All	10	10		$1,054	$1,174			$1,126
Pepperwood Apartments	2222 Sycamore Ln	Davis	Sacramento	Senda Nueva MF	1981	2002	All	0	41		$1,024	$1,452	$1,870		$1,460
Sequoia Apartments	2255 Sycamore Ln	Davis	Sacramento	Senda Nueva MF	1985		Student	0	50		$988	$673	$1,827	$2,256	$706
Temescal Apartments	2477 Sycamore Ln	Davis	Sacramento	Senda Nueva MF	1983		All	0	100		$1,104	$1,603	$2,117	$2,716	$2,012
Chaparral Apartments	2689 Sycamore Ln	Davis	Sacramento	Senda Nueva MF	1983		All	0	60		$1,155	$1,750	$2,100	$2,975	$2,176
	212 University Ave	Davis	Sacramento	University Avenue MF	1940		All	0	6		$1,233	$1,417			$1,530
Sorrento Apartments	1540 Valdora St	Davis	Sacramento	Outer Davis MF	1992		All	0	108			$1,753	$2,363	$2,596	$2,188
Avalon	1617 Valdora St	Davis	Sacramento	Outer Davis MF			All	2.27	44				$2,487	$2,964	$2,660
Wake Forest	1313 Wake Forest Dr	Davis	Sacramento	Central Davis MF	1965		Student	1.47	68			$1,580			$1,580
Sherwood and Forest Arms Apartments	1411-1419 Wake Forest Dr	Davis	Sacramento	Central Davis MF	1973		All	16.67	30		$1,311	$1,590			$1,386
Oxford Parkside Apartments	1424 Wake Forest Dr	Davis	Sacramento	Central Davis MF	1973		All	1.59	63		$1,176				$1,176
8th and Wake	1440 Wake Forest Dr	Davis	Sacramento	Central Davis MF	2014		Student	1.79	56					$2,760	$690
Oakshade Commons	2120 Cowell Blvd	Davis	Sacramento	Outer Davis MF	2001		All	2.33	43	$1,334		$2,184		$3,183	$3,107

	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Number of units	**96**	**2,205**	**3,163**	**865**	**455**
Min per unit	$636	$735	$673	$1,372	$2,256
Average per unit	$1,129	$1,256	$1,591	$2,169	$2,999
Max per unit	$2,018	$2,018	$2,428	$2,840	$3,805
Min per person	$636	$735	$336.50	$457	$564
Average per person	$1,129	$1,256	$796	$723	$750
Max per person	$2,018	$2,018	$1,214	$947	$951

Market Rate Housing



Student-Purpose



Pipeline

EXHIBIT C:

DEMAND-BASED MODELING

UNIVERSITY OF CALIFORNIA, DAVIS
Student Housing Demand Analysis
Demand Forecast Scenario

2017 - 2018

Enrollment Classification	Enrolled Population	Current Capture Rate	Current Occupancy
Freshman	6,134	92%	5,621
Sophomore	5,510	22%	1,225
Junior	8,125	18%	1,471
Senior / Other	10,443	10%	1,020
Graduate / Other	6,179	14%	844
TOTAL	36,391	28%	10,181

2017 - 2018

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,134	92%	5,621	81	966	323	3,362	889		0	0	0	0	0		0	0
Sophomore	5,510	39%	2,149	0	409	242	726	743		0	0	0	0	0		29	0
Junior	8,125	36%	2,918	203	258	875	543	957		0	0	0	0	0		0	83
Senior / Other	10,443	34%	3,577	308	382	617	897	1,225		0	0	0	0	0		0	147
Graduate / Other	6,179	30%	1,831	0	0	0	0	0		188	333	290	358	152		211	299
TOTAL	36,391	44%	16,096	592	2,015	2,057	5,528	3,814		188	333	290	358	152		240	529
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,096)	(592)	(2,015)	(2,057)	(5,528)	(3,814)		(188)	(333)	(290)	(358)	(152)		(240)	(529)

2018 - 2019

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,165	92%	5,649	81	971	325	3,379	893		0	0	0	0	0		0	0
Sophomore	5,538	39%	2,160	0	411	243	730	747		0	0	0	0	0		29	0
Junior	8,166	36%	2,933	204	259	879	546	962		0	0	0	0	0		0	83
Senior / Other	10,495	34%	3,594	310	384	620	901	1,231		0	0	0	0	0		0	148
Graduate / Other	6,210	30%	1,840	0	0	0	0	0		189	334	292	359	153		212	300
TOTAL	36,573	44%	16,176	595	2,025	2,067	5,556	3,834		189	334	292	359	153		241	532
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,176)	(595)	(2,025)	(2,067)	(5,556)	(3,834)		(189)	(334)	(292)	(359)	(153)		(241)	(532)

2019 - 2020

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,195	92%	5,678	82	976	326	3,396	898		0	0	0	0	0		0	0
Sophomore	5,565	39%	2,171	0	413	244	733	751		0	0	0	0	0		29	0
Junior	8,206	36%	2,947	205	260	883	549	967		0	0	0	0	0		0	84
Senior / Other	10,548	34%	3,612	312	386	623	906	1,237		0	0	0	0	0		0	149
Graduate / Other	6,241	30%	1,849	0	0	0	0	0		190	336	293	361	154		213	302
TOTAL	36,756	44%	16,257	598	2,036	2,077	5,583	3,853		190	336	293	361	154		242	534
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,257)	(598)	(2,036)	(2,077)	(5,583)	(3,853)		(190)	(336)	(293)	(361)	(154)		(242)	(534)

2020 - 2021

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,226	92%	5,706	82	981	328	3,413	902		0	0	0	0	0		0	0
Sophomore	5,593	39%	2,181	0	415	246	737	754		0	0	0	0	0		29	0
Junior	8,247	36%	2,962	206	262	888	551	972		0	0	0	0	0		0	84
Senior / Other	10,600	34%	3,630	313	388	626	910	1,244		0	0	0	0	0		0	149
Graduate / Other	6,272	30%	1,859	0	0	0	0	0		190	338	295	363	155		214	304
TOTAL	36,940	44%	16,339	601	2,046	2,088	5,611	3,872		190	338	295	363	155		244	537
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,339)	(601)	(2,046)	(2,088)	(5,611)	(3,872)		(190)	(338)	(295)	(363)	(155)		(244)	(537)

2021 - 2022

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,258	92%	5,734	82	986	330	3,430	907		0	0	0	0	0		0	0
Sophomore	5,621	39%	2,192	0	417	247	741	758		0	0	0	0	0		29	0
Junior	8,289	36%	2,977	207	263	892	554	977		0	0	0	0	0		0	85
Senior / Other	10,653	34%	3,649	315	390	629	915	1,250		0	0	0	0	0		0	150
Graduate / Other	6,304	30%	1,868	0	0	0	0	0		191	339	296	365	156		215	305
TOTAL	37,124	44%	16,420	604	2,056	2,098	5,639	3,891		191	339	296	365	156		245	540
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,420)	(604)	(2,056)	(2,098)	(5,639)	(3,891)		(191)	(339)	(296)	(365)	(156)		(245)	(540)

2022 - 2023

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,289	92%	5,763	83	991	331	3,447	911		0	0	0	0	0		0	0
Sophomore	5,649	39%	2,203	0	419	248	744	762		0	0	0	0	0		30	0
Junior	8,330	36%	2,992	208	264	897	557	982		0	0	0	0	0		0	85
Senior / Other	10,707	34%	3,667	316	392	633	920	1,256		0	0	0	0	0		0	151
Graduate / Other	6,335	30%	1,877	0	0	0	0	0		192	341	298	367	156		217	307
TOTAL	37,310	44%	16,502	607	2,066	2,109	5,668	3,911		192	341	298	367	156		246	542
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,502)	(607)	(2,066)	(2,109)	(5,668)	(3,911)		(192)	(341)	(298)	(367)	(156)		(246)	(542)

2023 - 2024

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,320	92%	5,792	83	996	333	3,464	916		0	0	0	0	0		0	0
Sophomore	5,677	39%	2,214	0	421	249	748	766		0	0	0	0	0		30	0
Junior	8,372	36%	3,007	209	266	901	560	986		0	0	0	0	0		0	85
Senior / Other	10,760	34%	3,685	318	394	636	924	1,262		0	0	0	0	0		0	152
Graduate / Other	6,367	30%	1,887	0	0	0	0	0		193	343	299	369	157		218	308
TOTAL	37,496	44%	16,585	610	2,077	2,119	5,696	3,930		193	343	299	369	157		247	545
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,585)	(610)	(2,077)	(2,119)	(5,696)	(3,930)		(193)	(343)	(299)	(369)	(157)		(247)	(545)

2024 - 2025

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,352	92%	5,821	84	1,001	335	3,481	920		0	0	0	0	0		0	0
Sophomore	5,706	39%	2,225	0	424	251	752	770		0	0	0	0	0		30	0
Junior	8,414	36%	3,022	210	267	906	562	991		0	0	0	0	0		0	86
Senior / Other	10,814	34%	3,704	319	396	639	929	1,269		0	0	0	0	0		0	152
Graduate / Other	6,399	30%	1,896	0	0	0	0	0		194	345	301	370	158		219	310
TOTAL	37,684	44%	16,668	613	2,087	2,130	5,724	3,950		194	345	301	370	158		249	548
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,668)	(613)	(2,087)	(2,130)	(5,724)	(3,950)		(194)	(345)	(301)	(370)	(158)		(249)	(548)

2025 - 2026

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,384	92%	5,850	84	1,006	336	3,499	925		0	0	0	0	0		0	0
Sophomore	5,734	39%	2,237	0	426	252	756	774		0	0	0	0	0		30	0
Junior	8,456	36%	3,037	211	268	910	565	996		0	0	0	0	0		0	86
Senior / Other	10,868	34%	3,722	321	398	642	933	1,275		0	0	0	0	0		0	153
Graduate / Other	6,431	30%	1,905	0	0	0	0	0		195	346	302	372	159		220	311
TOTAL	37,872	44%	16,751	616	2,097	2,140	5,753	3,970		195	346	302	372	159		250	550
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,751)	(616)	(2,097)	(2,140)	(5,753)	(3,970)		(195)	(346)	(302)	(372)	(159)		(250)	(550)

2026 - 2027

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,416	92%	5,879	85	1,011	338	3,516	930		0	0	0	0	0		0	0
Sophomore	5,763	39%	2,248	0	428	253	759	777		0	0	0	0	0		30	0
Junior	8,498	36%	3,052	212	270	915	568	1,001		0	0	0	0	0		0	87
Senior / Other	10,922	34%	3,741	323	400	645	938	1,281		0	0	0	0	0		0	154
Graduate / Other	6,463	30%	1,915	0	0	0	0	0		196	348	304	374	159		221	313
TOTAL	38,062	44%	16,835	619	2,108	2,151	5,782	3,990		196	348	304	374	159		251	553
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,835)	(619)	(2,108)	(2,151)	(5,782)	(3,990)		(196)	(348)	(304)	(374)	(159)		(251)	(553)

2027 - 2028

Enrollment Classification	Enrollment	Capture Rate	Maximum Potential Demand	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single		Studio Single	1BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single		2BR / 1BA Single	2BR / 1.5BA Single
Freshman	6,448	92%	5,909	85	1,016	340	3,534	934		0	0	0	0	0		0	0
Sophomore	5,792	39%	2,259	0	430	254	763	781		0	0	0	0	0		30	0
Junior	8,541	36%	3,067	213	271	919	571	1,006		0	0	0	0	0		0	87
Senior / Other	10,977	34%	3,759	324	402	648	943	1,288		0	0	0	0	0		0	155
Graduate / Other	6,495	30%	1,925	0	0	0	0	0		197	350	305	376	160		222	314
TOTAL	38,252	44%	16,919	622	2,118	2,162	5,811	4,010		197	350	305	376	160		252	556
EXISTING BED COUNT			0	0	0	0	0	0		0	0	0	0	0		0	0
NET DEMAND (SURPLUS/(DEFICIT))			(16,919)	(622)	(2,118)	(2,162)	(5,811)	(4,010)		(197)	(350)	(305)	(376)	(160)		(252)	(556)

University of California, Davis
Demand-Based Modeling
Existing Student Capacity
Maximum Potential Demand

Single Student Housing

Existing Capacity	Design Capacity	Configured Capacity	Maximum Capacity	Difference (Design - Max)
Traditional	4,184	4,384	4,991	807
Suites	705	692	718	13
Apartments (P3)	4,005	4,522	4,917	912
Total:	**8,894**	**9,598**	**10,626**	**1,732**

Maximum Potential Student Demand

Enrollment Classification	Enrolled Population	Current Capture Rate	Current Occupancy	Projected Capture Rate	Maximum Potential Demand
Freshman	6,134	92%	5,621	92%	5,621
Sophomore	5,510	22%	1,225	39%	2,149
Junior	8,125	18%	1,471	36%	2,918
Senior / Other	10,443	10%	1,020	34%	3,577
Graduate / Professional	6,179	14%	844	30%	1,831
TOTAL	36,391	28%	10,181	44%	16,096

Difference From Existing Occupancy (Unmet Demand): **5,915**

University of California, Davis
Demand-Based Modeling
Demand/Supply Reconciliation

Demand / Supply Reconciliation					
	Undergraduate		Graduate[2]	Family (units)[3]	Total
	FY Housing	Apartments			
Freshmen	5,621	0	0		
Sophomore	126	2,023	0	70	
Junior	0	2,918	0		
Senior	0	3,577	0		
Graduate/Professional	0	0	1,487	274	
Total:	**5,747**	**8,518**	**1,487**	**344**	**16,096**
Univ. Owned Student Occupancy[1]	5,747	0	0	0	5,747
Unmet Demand	**0**	**8,518**	**1,487**	**344**	**10,349**
P3 Apts Student Occupancy[1]	0	4,134	300	0	4,434
Unmet Demand	**0**	**4,384**	**1,187**	**344**	**5,915**
New Projects[4]					
West Village	0	3,682	0	0	
Orchard Park	0	0	1,121	200	
Unmet Demand	**0**	**702**	**66**	**144**	**912**
Master Leases[5]	0	500	0	0	
Unmet Demand	**0**	**1,202**	**66**	**144**	**1,412**

1: Student Occupancy Capacity per UC Davis Portfolio Plan (Univ. Owned & P3 Apts) - Total No. of Beds is 10,181
2: Existing Graduate Housing Only Shown from 8th & Wake and the Atrium Although Options Are Available in Other Apartments
3: Solano Park Housing Not Included Due to Replacement
4: Bed and Unit Counts for West Village and Orchard Park Provided by USL April 12, 2018
5: Master Leases are considered additional unmet on-campus housing demand

University of California, Davis
Demand-Based Modeling
Demand Analysis by Project Bed Type

	Undergraduate Unit Types					Graduate/Professional Unit Types					Family Unit Types[3]	
	Studio Single	1BR / 1BA Double	2BR / 1BA Single	2BR / 2BA Double	4BR / 2BA Single	Studio Single	2BR / 1BA Single	3BR / 2BA Single	4BR / 2BA Single	5BR / 2BA Single	2BR / 1BA Flat	2BR / 1.5BA Townhome
Upper Division Demand[1]	511	1,049	1,733	2,166	2,926	0	0	0	0	0	29	230
Graduate/Professional Demand	0	0	0	0	0	188	333	290	358	152	211	299
Total Demand	511	1,049	1,733	2,166	2,926	188	333	290	358	152	240	529
West Village & Orchard Park[2]	126	480	812	592	1,672	54	110	189	668	100	35	165
Difference	**385**	**569**	**921**	**1,574**	**1,254**	**134**	**223**	**101**	**-310**	**52**	**205**	**364**

1: Upper division demand excludes freshman students
2: Bed and Unit Counts for West Village and Orchard Park Provided by USL April 12, 2018
3: Family housing demand accounts for enrolled students only (one student per two-bedroom family unit)

APPENDIX I

CEQA LAWSUIT

[THIS PAGE INTENTIONALLY LEFT BLANK]

RICHARD DRURY (SBN 163559)
REBECA L. DAVIS (SBN 271662)
LOZEAU | DRURY LLP
410 12th Street, Suite 250
Oakland, CA 94607
Telephone: (510) 836-4200
E-mail: richard@lozeaudrury.com
rebecca@lozeaudrury.com

Attorneys for Petitioners
KELLEY KLEIN and AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, LOCAL 3299

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

RG18922500

KELLY KLEIN; and AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, LOCAL 3299; Petitioners, v. THE REGENTS OF THE UNIVERSITY OF CALIFORNIA and DOES 1 through 10 inclusive, Respondent; UNIVERSITY STUDENT LIVING, LLC and ROES 1 through 10 inclusive, Real Party in Interest.	**CASE NO.:** **VERIFIED PETITION FOR WRIT OF MANDATE** **(Code Civ. Proc., §§ 1085, 1094.5; Pub. Resources Code, §§ 21000 et seq. (CEQA)** **ACTION BASED ON CALIFORNIA ENVIRONMENTAL QUALITY ACT**

INTRODUCTION

1. Petitioners KELLY KLEIN , and AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, LOCAL 3299 ("Petitioners") petition this court for a Writ of Mandate ("Petition"), directed to Respondent THE REGENTS OF THE UNIVERSITY OF CALIFORNIA ("Respondent" or the "Regents") and Real Party in Interest UNIVERSITY STUDENT LIVING, LLC (collectively "Real Party"). Petitioners challenge Respondent's July 19, 2018 decisions, including its: (1) certification of the Final EIR for the University of California at Davis ("UC Davis") 2018 Long Range Development Plan ("2018 LRDP" or "Plan"), West Village Expansion, and Orchard Park Redevelopment, (2) approval of the 2018 LRDP; and (3) approval of the West Village Expansion (collectively, the "Project").

2. The 2018 LRDP purports to authorize extensive development across the UC Davis's 5,300-acre campus. Under the Plan, the on-campus student population would increase by approximately 6,000, with faculty and staff populations increasing by approximately 2,000. To accommodate this 20-percent increase in total population, the Plan proposes developing 2,000,000 square feet of new academic and administrative buildings, and the "most ambitious student housing program in UC Davis'[s] history," including the West Village Expansion ("West Village") and the Orchard Park Redevelopment ("Orchard Park"). West Village includes 1,323,000 square feet of new student housing for a total of 1,300 units. Orchard Park includes 642,000 square feet of housing for 200 student family apartments and an additional 1,200 students beds.

3. Yet, in certifying the Final EIR for the 2018 Plan, West Village, and Orchard Park, Respondent failed to comply with the California Environmental Quality Act ("CEQA"). More specifically, Respondent prejudicially abused its discretion and failed to proceed in the manner required by law by certifying an EIR that did not provide adequate analysis of, or identify adequate mitigation measures for, individual and cumulative impacts, including but not limited to impacts on agricultural resources, air quality, biological resources, greenhouse gas emissions, noise, traffic, housing and population, and aesthetics. The EIR also fails to provide a CEQA-compliant project description, alternatives analysis, or statement of overriding considerations.

4. Because the EIR violates several of CEQA's requirements, the approvals that are reliant upon it must be overturned. Therefore, Petitioners respectfully request that the Court direct Respondent to set aside the EIR certification and project approvals.

PARTIES

5. Petitioner KELLY KLEIN is a concerned citizen and a member of AFSCME who lives in Davis, California. Mr. Klein works as a groundskeeper at UC Davis, and has worked for UC Davis for eleven years. The interests of Mr. Klein are unique and will be directly impacted by the Project. Mr. Klein's interests are not adequately represented by other parties.

6. Petitioner AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, LOCAL 3299 ("AFSCME") is a public services employee union representing thousands of members who live, work, and recreate near the UC Davis campus and in Yolo and Solano Counties. AFSCME members who live and work near the Project have several legally cognizable interests in the Project and will be negatively affected by the Project's adverse environmental impacts and improper approval. AFSCME's purposes include advocating for vital services that keep AFSCME members and their families safe, make their communities strong, and protect the environment.

7. The interests of AFSCME and its members are unique and will be directly impacted by the Project. Petitioner brings this action on behalf of itself, its members, and in the public interest. AFSCME and its members have a direct and beneficial interest in Respondent's compliance with laws bearing upon approval of the Project. These interests will be directly and adversely affected by the Project, which violates provisions of law as set forth in this Petition and would cause substantial harm to the natural environment and the quality of life in the surrounding community. The maintenance and prosecution of this action will confer a substantial benefit on the public by protecting the public from the procedural, environmental, and other harms alleged herein.

8. Respondent THE REGENTS OF THE UNIVERSITY OF CALIFORNIA is a public trust corporation and state agency established pursuant to the California Constitution vested with administering the University of California. The Regents is the CEQA "lead agency" for the 2018 LRDP and all related projects, including West Village and Orchard Park, their impacts, and, if necessary,

mitigation measures and alternatives to lessen or avoid any significant environmental impacts. The UC Davis campus is within the Regent's jurisdictional limits.

9. Petitioners are unaware of the true names and capacities of respondents DOES 1 through 10, and sues such respondents by fictitious names. Petitioners are informed and believe, and on that basis allege, that the fictitiously named respondents are also responsible for the actions described in this Petition. When the true identities and capacities of these respondents have been determined, Petitioners will amend this Petition, with leave of court if necessary, to insert such identities and capacities.

10. Petitioners are informed and believes, and on that basis allege, that real party in interest UNIVERSITY STUDENT LIVING, LLC has been named the developer for West Village, Orchard Park, and other housing projects under the 2018 LRDP.

11. Petitioners are unaware of the true names and capacities of real parties in interest, ROES 1 through 10, and sue such real parties in interest by fictitious names. Petitioners are informed and believe, and on that basis allege, that the fictitiously named real parties are also directly and materially affected by the actions described in this Petition. When the true identities and capacities of these real parties have been determined, Petitioners will amend this Petition, with leave of court if necessary, to insert such identities and capacities.

JURISDICTION AND VENUE

12. This Court has jurisdiction over the matters alleged in this Petition pursuant to Code of Civil Procedure sections 1085 and 1094.5, and Public Resources Code sections 21167, 21168 and 21168.5.

13. Venue is proper in Alameda County Superior Court in accordance with Code of Civil Procedure section 395 because the Regents of the University of California's principal administrative office is in Alameda County.

STANDING

14. Petitioners have standing to assert the claims alleged in this Petition because they are beneficially interested in this matter, as required by Code of Civil Procedure section 1086. Petitioners have a direct and beneficial interest in Respondent's compliance with laws bearing upon approval of the

2018 LRDP and related project. These interests will be directly and adversely affected by the Project, which violates the law as set forth in this Petition and would cause substantial harm to the natural environment and the quality of life in the surrounding community. In addition, unless the relief requested herein is granted, the environment will be adversely affected and injured by Respondent's failure to comply with CEQA when certifying the EIR and approval of the 2018 LRDP and West Village.

15. Petitioners actively participated in the 2018 LRDP's administrative approval process in an attempt to ensure Respondent complied with CEQA and all other applicable laws.

EXHAUSTION OF ADMINISTRATIVE REMEDIES

16. Petitioners have performed or will perform all conditions precedent to the filing of this Petition, and have actively participated in the administrative and environmental review process prior to close of the public hearings on the 2018 LRDP and before the issuance of the notice of determination, and thus has fully exhausted administrative remedies to the extent required by law. (Pub. Resources Code, § 21177, subd. (a).)

17. CEQA allows a petitioner who objected to a project to allege in a writ petition all deficiencies asserted by others. (*Citizens for Clean Energy v. City of Woodland* (2014) 225 Cal.App.4th 173, 191.) Petitioners, other agencies, interested groups, and individuals made oral and written comments on the 2018 LRDP and related projects, and raised each of the legal deficiencies asserted in this Petition.

18. Respondent has taken final agency actions certifying the EIR and approving the Approvals. Respondent had a mandatory duty to comply with all applicable laws, including, but not limited to CEQA prior to undertaking the discretionary approvals at issue in this lawsuit. Petitioners possess no effective remedy to challenge the Approvals at issue in this action other than by means of this lawsuit.

STATUTE OF LIMITATIONS

19. On July 19, 2018, or soon thereafter, Respondent posted two Notices of Determination ("NOD") for the approvals of the 2018 LRDP and West Village project.

20. The statute of limitations for a CEQA challenge to Respondent's decision to certify the Project EIR expires 30 days from the filing and posting of the NOD. (Guidelines, §§ 15094, subd. (g), 15112, subd. (c)(1).)

21. In an effort to explore settlement of this dispute, Petitioners and Respondent agreed to toll the running of the applicable statute of limitations until September 19, 2018.

22. Thus, Petitioners filed their Petition prior to the expiration of any applicable statute of limitations.

NOTICE OF CEQA SUIT

23. On September 12, 2018, Petitioners served a notice of their intent to file this lawsuit, in accordance with Public Resources Code section 21167.5. (See Exhibit 1: Notice of Intent to File Petition Pursuant to the California Environmental Quality Act.)

PREPARATION OF ADMINISTRATIVE RECORD

24. Pursuant to Public Resources Code, section 21167.6, subdivision (b)(2), Petitioners elect to prepare the record of proceedings in this action. (See Exhibit 2: Petitioner's Notice of Intent to Prepare Record.)

PRIVATE ATTORNEY GENERAL DOCTRINE

25. Petitioners bring this action as private attorney generals pursuant to Code of Civil Procedure section 1021.5, and any other applicable legal theory, to enforce important rights affecting the public interest.

26. Issuance of the relief requested in this Petition will confer a significant benefit on the general public by requiring Respondent to carry out its duties under CEQA and other applicable laws before approving the Project.

27. Issuance of the relief requested in this Petition will also result in the enforcement of important rights affecting the public interest by compelling Respondent to engage in a legally adequate analysis of the Project, and to ensure that the public has a meaningful opportunity to review and comment on the impacts and mitigation measures for the Project.

28. The necessity and financial burden of enforcement make an award of attorneys' fees

appropriate in this case. Without this Petition, Respondent and Real Party will proceed with a plan and development that will cause significant, unmitigated environmental impacts that might otherwise have been reduced or avoided through legally adequate environmental review and the adoption of feasible mitigation measures.

ARBITRARY AND CAPRICIOUS ACTIONS

29. Petitioners assert that Respondent acted arbitrarily and capriciously when certifying the EIR and approving the Project.

30. In accordance with Government Code section 800, and other applicable laws, Petitioners are entitled to reasonable attorneys' fees for bringing this Petition to overturn Respondent's arbitrary or capricious actions.

IRREPARABLE HARM

31. Petitioners KELLY KLEIN and AFSCME members reside and work at and near the UC Davis campus and in the City of Davis. They have been and will continue to be harmed by Respondent's failure to provide environmental documents that accurately and fully inform interested persons of the Project's true impacts, and mitigate those impacts. Such documents would lead to better environmental decision-making regarding the Project, and would enable all residents, land owners, and business owners in the affected region to better understand the true environmental impacts of the Project.

32. Petitioners have no plain, speedy, or adequate remedy in the course of ordinary law unless this Court grants the requested writ of mandate to require Respondent to set aside its approval of the Project. In the absence of such remedies, Respondent's decisions will remain in effect in violation of State law and Petitioner will be irreparably harmed. No monetary damages or legal remedy could fully and adequately compensate Petitioner for that harm.

FACTUAL ALLEGATIONS

The UC Davis Campus

33. The approximately 5,300-acre UC Davis campus is located in Yolo and Solano counties. Both predominantly support agricultural land uses, with interspersed cities and towns. The campus is

surrounded by extensive agricultural uses to the west and south, and by residential, institutional, and commercial land uses in the city of Davis to the north and east. The city of Davis, located in Yolo County, is a largely university-oriented community with more than 68,000 residents.

The 2018 LRDP

34. The 2018 LRDP will guide campus growth through 2030, with on-campus student population growing from approximately 33,825 (2016–2017 academic year) to approximately 39,000 by the 2030–2031 academic year. In response, faculty and staff population are also expected to grow from approximately 12,365 to approximately 14,500 during this time. Under the 2018 LRDP, the total on-campus population, including dependents, non-UC employees, and Los Rios Community College Center students, would grow from 47,550 (2016–2017 academic year) to approximately 57,269. To accommodate this population growth, the 2018 LRDP proposes an additional 2 million square feet of academic and administrative building space.

35. The 2018 LRDP also proposes to house more students on campus, with students living on campus increasing from approximately 9,800 (2016-2017 academic year) to approximately 18,900. The two largest residential projects are West Village (1,323,000 square feet) and Orchard Park (642,000 square feet). As a campus-wide planning document, the 2018 LRDP provides for development of new infrastructure, roadways, and utilities required for wide-spread expansion.

Environmental Review

36. On or about January 4, 2017, Respondent circulated a Notice of Preparation for a Draft EIR, which proposed to provide a programmatic analysis of the 2018 LRDP, and a project-level analysis of the West Village project.

37. On April 13, 2018, the Draft EIR for the Project was released for public review, which included a programmatic analysis of the 2018 LRDP (Volume 1), a project-level analysis of West Village (Volume 2), and now also a project-level analysis of Orchard Park (Volume 3).

38. A total of 41 comment letters were submitted on the Draft EIR, including a letter from Petitioners.

39. On or about July 3, 2018, Respondent published the Final EIR.

Project Approval

40. The Finance and Capital Strategies Committee held a hearing to consider the Final EIR and Project on July 18, 2018, and voted to recommend the Regents certify the Final EIR and approve the Project.

41. On July 19, 2018, the Regents held a hearing on the Project, where it certified the Final EIR and approved the 2018 LRDP and West Village project.

MANDATORY REQUIREMENT OF CEQA

42. CEQA prohibits local agencies from approving projects that may have adverse environmental effects without first undergoing environmental review and avoiding or reducing the significant environmental effects of those projects whenever feasible.

43. The EIR is an informational document that must disclose any potentially significant environmental impacts of the project, and inform decision-makers and the general public of mitigation measures and alternatives to the project that would avoid or substantially lessen those impacts.

44. CEQA is designed to ensure that the public lead agency identifies all potentially significant environmental impacts of a proposed project, adequately discloses those impacts to the public, and implements all feasible alternatives or mitigation measures necessary to avoid or substantially lessen those impacts. (Pub. Resources Code, §§ 21002, 21100; CEQA Guidelines, §§ 15126.6, 15370.)

45. It is improper for an EIR to defer its analysis or the formulation of mitigation measures until after certification of the EIR and approval of the project, and mitigation measures must be enforceable and contain specific enforcement standards.

46. The EIR must also evaluate any impacts of the project that may be "cumulatively considerable," and address the project's incremental effects when combined with the effects of past, current, and probable future projects. (CEQA Guidelines, §§ 15064, subd. (h)(1), 15130, subd. (a), 15355.)

47. When significant new information is added to a final EIR, CEQA requires that the lead agency recirculate the EIR for additional public review and comment. (Pub. Resources Code, §

21092.1; CEQA Guidelines, § 15088.5, subd. (a).)

48. A lead agency cannot certify an EIR and approve a project with significant environmental effects unless the agency makes a series of detailed findings. These include findings that changes or alterations have been required that mitigate or avoid the project's significant effects on the environment, or that specific considerations render the mitigation measures or alternatives "infeasible" but that the benefits of the project nonetheless outweigh the project's significant environmental effects. The lead agency's findings must be supported by substantial evidence in the administrative record. (Pub. Resources Code, § 21081; CEQA Guidelines, §§ 15091-15093.)

49. CEQA requires agencies to consider a "reasonable range of alternatives that will foster informed decision making and public participation." (14 CEQA Guidelines, §15126.6, subd. (a).) The "discussion of alternatives shall focus on alternatives to the project or its location which are capable of avoiding or substantially lessening any significant effects of the project, even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly." (CEQA Guidelines, §15126.6, subd. (b).) It is imperative that each alternative allow meaningful evaluation, analysis, and comparison with the proposed project." (*Id.* at § 15126.6, subd. (d).) A project cannot be approved if its significant impacts can be feasibly reduced to insignificance through project alternatives or mitigation measures. (Pub. Resources Code §§ 21002, 21021.) Agencies can eliminate alternatives from detailed consideration in an EIR if they are infeasible, fail to meet "most" of the basic project objectives or do not avoid significant environmental impacts. (CEQA Guidelines, §15126.6, subd. (c).) An agency's rejection of an alternative as "infeasible" or otherwise "unworthy of more in-depth consideration" must be supported by "substantial evidence." (*Center for Biological Diversity v. County of San Bernardino* (2010) 185 Cal.App.4th 866, 885.)

50. Noncompliance with the requirements outlined above constitutes a prejudicial abuse of discretion under sections 21168 and 21168.5 of the Public Resources Code, regardless of whether a different outcome would have resulted if the lead agency had complied with those requirements in the first place. (Pub. Resources Code, § 21005.) Abuse of discretion is established if the agency has not proceeded in a manner required by law or if the agency's determination or decision is not supported by

substantial evidence in the administrative record. (Pub. Resources Code, §§ 21168, 21168.5.)

51. Failure to include essential information in the EIR is a failure to proceed in the manner required by law. (*Banning Ranch Conservancy v. City of Newport Beach* (2017) 2 Cal.5th 918.)

52. Acting as the CEQA lead agency, Respondent had a mandatory duty to comply with CEQA prior to approving the discretionary actions at issue in this lawsuit.

FIRST CAUSE OF ACTION

Violation of CEQA

(Public Resources Code, § 21000 et seq.)

53. Petitioner hereby re-alleges and incorporates by reference the preceding paragraphs 1 through 52, inclusive, in their entirety, as if fully set forth herein.

2018 LRDP

54. By relying on the EIR's flawed analysis of the 2018 LRDP at the programmatic level (Volume 1), and approving the LRDP and certifying the Final EIR, Respondent prejudicially abused its discretion because its decision is not supported by substantial evidence and because it failed to proceed in a manner required by law, as follows:

A. **Agricultural Resources.** The EIR fails to adequately disclose, evaluate, and mitigate the Project's substantial adverse impact with respect to agricultural resources, and its conclusions are not supported by substantial evidence, as follows:

i. The EIR fails to demonstrate that additional measures to mitigate significant agricultural impacts are infeasible. The 2018 LRDP would lead to the direct conversion of approximately 166 acres of prime farmland. The EIR properly concludes this impact would be significant but incorrectly determines that the only feasible mitigation is "preserv[ing] . . . an equivalent acreage [i.e., 1:1 mitigation ratio] . . . of Important Farmland." Initially, the EIR fails to identify any specific mechanism for implementing this measure, and does not explain how it is effective or enforceable, as required by CEQA. But even if it were explained, the sole reliance on a 1:1 mitigation ratio is insufficient. Many additional measures are feasible and would substantially lessen these impacts. As examples, ordinances from the City of Davis and Solano County require mitigation ratios greater than 1:1. Specifically, Davis requires a minimum 2:1 ratio for loss of agricultural land. (Davis City Code 40A.03.025, subd. (c).) Solano County requires a minimum of 1.5:1. (Solano County General Plan Regulation AG.I-1.) Beyond compensatory mitigation, the Department of Water Resources, for instance, developed Agricultural Lands Stewardship Plans that illustrate measures that would offset the 2018 Plan's impacts to agriculture. These adopted mitigation measures demonstrate that easements are not the only mitigation available to address a project's impact on agriculture. The record contains no evidence that these additional proposed mitigation measures are infeasible.

ii. The EIR fails to analyze "other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use." (Guidelines, Appendix G, section II(e).) This is an independent requirement and must be analyzed.

iii. The EIR fails to analyze whether the 2018 LRDP would "[c]onflict with the existing zoning for agricultural use." Regardless whether the Regents need to comply with local zoning restrictions, a conflict with existing zoning still requires analysis—especially given the LRDP's significant impacts on agricultural resources.

iv. The EIR fails to sufficiently analyze indirect impacts on agricultural land, despite extensive evidence of historical impacts on such lands in the surrounding area. For example, the EIR asserts that "numerous policies would discourage the conversion of off-site agricultural lands as an indirect result of development within UC Davis." But nothing in the record supports this conclusion. Recently approved projects near campus, such as the Nishi development, would also convert agricultural lands. Nishi and other large-scale, student-centric development, which are compelled by the insufficient student housing on campus, indirectly cause conversion of off-site agricultural lands. The same is true for surrounding cities, who will face development pressures as the increased student and staff population require housing in commuter cities beyond Davis.

v. The EIR fails to sufficiently analyze cumulative agricultural impacts because it does not (1) define a geographic scope or explain that scope, (2) identify a significance standard, (3) identify and impose all feasible mitigation measures for the 2018 LRDP's *cumulative* impacts (i.e., those beyond just project- or programmatic-level impacts), or (4) analyze cumulative loss of farmland in Solano County.

B. **Air Quality.** The EIR fails to adequately disclose, evaluate, and mitigate the Project's substantial adverse impact with respect to air quality, and its conclusions are not supported by substantial evidence, as follows:

i. Although the EIR correctly notes that the Project's construction emissions will exceed applicable thresholds, it incorrectly concludes the impact will be significant and unavoidable. For example, Tier 4 engines are and have been available that would substantially reduce significant construction emissions impacts, and must be required here. There is no evidence that it is infeasible to use Tier 4 engines for all Project construction.

ii. While the EIR determines that operational emissions exceed local air district significance thresholds, the analysis underestimates emissions and fails to require feasible, enforceable, and certain mitigation. For instance, operational mobile-source emissions were dramatically reduced—by 62 percent—using an undefined "validation check." But substantial evidence in the record does not support this reduction. With respect to mitigation, even though new development under the 2018 LRDP accounts for approximately 70-percent of operational emissions, there is no attempt to identify enforceable measures with identifiable enforcement standards that would reduce them. And although measures are proposed for reducing mobile-source emissions, they are also insufficiently defined and speculative, and do not meet CEQA's requirements.

iii. The EIR fails to sufficiently analyze the impact of toxic air contaminants ("TACs"). Initially, notwithstanding the *California Business Association v. Bay Area Air Quality Management District* (2015) 62 Cal.4th 369 decision, TAC emissions must be analyzed because the LRDP will exacerbate existing health hazards by contributing TAC emissions during construction and operational phases. Although a health risk assessment was prepared, it fails to analyze health risks from construction activities, and instead improperly extrapolates information from the operational analysis. This extrapolation fails because, as the EIR acknowledges, operational TAC emissions are different from construction TAC emissions (i.e. different location, stack height, etc.). The health risk assessment also underestimates TAC emissions by failing to analyze the combined health risk from operation and construction sources—which will overlap during the 13-year construction window.

C. **Biological Resources.** The EIR fails to adequately disclose, evaluate, and mitigate the Project's substantial adverse impact with respect to biological resources, and its conclusions are not supported by substantial evidence, as follows:

i. The EIR fails to analyze and mitigate operational-phase impacts on special-status biological species. Because the EIR provides that the UC Davis campus provides habitat for several special-status animals and plants, operational impacts on them are reasonably foreseeable due to, for example, rodenticide, pesticide, and herbicide use, as well as impacts from domestic pets, new refuse sources, light, noise, and vehicle collisions. Thus, the EIR's conclusion that the Project's operational impacts on biological resources will be less than significant is not supported by substantial evidence.

ii. The mitigation measures proposed in the EIR to mitigate the Project's operational and construction-related impacts on biological resources are vague, uncertain, unenforceable, and constitute deferred mitigation. Moreover, there is no evidence to support the EIR's conclusion that these mitigation measures will reduce biological impacts to a less-than-significant level.

iii. The EIR fails to mitigate impacts to the Swainson's hawk which is listed as threatened under the California Endangered Species Act. The Project will result in the loss of 270 acres of Swainson's hawk breeding and foraging habitat. Mitigation Measure 3.5-4a provides a preconstruction survey methodology for breeding Swainson's hawks. According to the California Department of Fish and Wildlife ("CDFW"), however, this methodology is insufficient to avoid impacts to Swainson's hawks because the methodology may result in a false negative findings because it focuses on potential nest tree removal and is not sufficiently thorough for detecting breeding activity. CDFW proposes that, prior to construction, a qualified biologist conduct surveys in accordance with the species-specific Swainson's Hawk Technical Advisory Committee's *Recommended Timing and Methodology for Swainson's Hawk Nesting Surveys in California's Central Valley* (2000). In response to CDFW's comment, the EIR rejects this more stringent survey method without any evidence that it is infeasible, in violation of CEQA. In addition, the EIR's response to CDFW's suggestions fails to provide a reasoned response supported by substantial evidence. In addition, the EIR contains no evidence to support a finding that using the EIR's proposed survey method, impacts to Swainson's hawks will be less-than-significant.

iv. The EIR also proposes to mitigate impacts to Swainson's hawks "through establishment of mitigation lands (grassland habitat or agricultural land) near existing mitigation land, potentially at Russell Ranch, at a 1:1 ratio." CDFW makes clear that this is insufficient mitigation because there is no requirement that the land be protected as a conservation easement, and therefore the lands could later be developed or otherwise disturbed. CDFW provides that the 270 acres of mitigation lands should be placed under a conservation easement, an endowment should be funded for managing the lands for the benefit of Swainson's hawks in perpetuity, and a long-term management plan should be prepared and implemented by a land manager. There is no evidence that this mitigation measures is infeasible, and the EIR's response to CDFW's comment fails to provide a reasoned response supported by substantial evidence. Without taking these additional measures, there is no evidence that the Project's impacts will be reduced to a less-than-significant level.

v. Special-status reptiles and fish species—many of which reside or use Putah Creek—similarly face potentially significant impacts from expanded development and new infrastructure. Specific risks to these species include increased sedimentation, siltation, and pollutant toxicity, modified hydrology, and other changes in receiving waters such as to temperature, salinity, or pH. The EIR failed to analyze this impact category entirely at the program- and project-level. The EIR does not contain any meaningful analysis of the many potentially significant impacts that will harm special-status fish and reptile species. These significant impacts are supported by substantial evidence in the record and a vast body of scientific literature. Perplexingly, the EIR does admit that pesticide and herbicides will be used near waterways supporting these special-status species, but then dismisses this potential because the products will be used according to bottle recommendations. Using these products according to directions, however, is not evidence that impacts on special-status species will not occur.

vi. Although construction impacts on special-status species were analyzed, and found to be potentially significant, the mitigation measures will not prevent potentially significant impacts from occurring. For example, the EIR asserts that impacts to special-status plant species will be mitigated by a measure requiring surveys for special-status plant habitat. But the mitigation only requires such surveys at sites "containing undeveloped, ruderal grassland habitat." This is insufficient because the EIR demonstrates that special-status plant species can be located in habitat other than "undeveloped, ruderal grassland," including "wetland habitat" and "woodland habitat." In addition, even if special-status plants were located during construction surveys, the proposed avoidance measure would be insufficient and improperly deferred because it lacks clear measures, performance standards, or demonstrated feasibility.

vii. The EIR fails to analyze construction-noise impacts on least Bells' vireo and western yellow-billed cuckoo, despite recognizing that both are associated with riparian habitat and could be present on campus within the Putah Creek Riparian Reserve. Because the 2018 LRDP proposes construction near these riparian areas, and because the least Bells' vireo and western yellow-billed cuckoo may be found there, substantial evidence in the record demonstrates that construction noise is a potentially significant impact requiring analysis and mitigation.

viii. The EIR fails to mitigate impacts to the giant garter snake, which is listed as threatened under the California and Federal Endangered Species Act. Ninety-three percent of giant garter snake habitat has been lost over the past 150 years. According to the CDFW, habitat loss is the greatest threat to giant garter snake persistence. CDFW concludes that the Project will result in the loss of giant garter snake upland and aquatic habitat through Project development and conversion, and may also result in the take of giant garter snakes. In order to reduce this significant impact on the threatened giant garter snake, CDFW states that "GGS mitigation lands should be placed under a conservation easement, an endowment should be funded for managing the lands for the benefit of GGS in perpetuity, and a long-term management plan should be prepared and implemented by a land manager." Without this mitigation measure, the Project's impacts on giant garter snakes remains significant. Respondent does not adopt this mitigation measure and provides no evidence that it is infeasible. In addition, the

EIR's response to CDFW's comment fails to provide a reasoned response supported by substantial evidence. Mitigation Measures 3.5-2a(6) provides that "UC Davis will ensure that there is no-net-loss of giant garter snake habitat by compensating for direct loss of habitat at a ratio of 1:1, either through the purchase of credits from a USDFWS-approved conservation bank or on-site restoration/habitat construction within the UC Davis campus." There is no evidence, however that this measure is feasible or sufficient to reduce impacts to a less-than-significant level.

D. **Greenhouse Gases.** The EIR fails to adequately disclose, evaluate, and mitigate the 2018 LRDP's substantial adverse impact with respect to greenhouse gases. The EIR concludes that the LRDP's programmatic and cumulative impacts are less than significant, but the conclusions are not supported by substantial evidence, as follows:

i. To meet mandatory greenhouse gas ("GHG") emissions reduction goals, the EIR attempts to rely on projects that are only being "consider[ed]" and that are still "subject to financial feasibility and/or technical viability." Together, these projects constitute a majority of the proposed GHG reductions. Without these projects, the 2018 LRDP would be potentially inconsistent with applicable state and UC goals and a potentially significant impact would occur. In addition, because the EIR has not demonstrated that these projects are feasible, the less-than-significant determination is not supported by substantial evidence, especially in terms of the upcoming 2020, 2025, and 2030 reduction targets.

ii. The EIR states that even with implementation of the projects discussed above, the reductions would be insufficient to meet UC policy and statewide goals. To make up the difference, the EIR asserts that the University will purchase offset credits. But the EIR proposes that the University purchase these credits only in years with UC reporting requirements. This is insufficient to meet statewide goals, which require consistent downward trends. Because the EIR only requires the sporadic offsetting of GHG emissions, it is inconsistent with, and conflicts with the implementation of, statewide goals.

iii. The EIR fails to demonstrate consistency with the California Air Resources Board's 2017 Climate Change Scoping Plan. The Scoping Plan sets forth the state's plan for achieving statewide emissions goals. Since neither of the UC policies that the EIR relies on are "qualified" plans under CEQA (Guidelines, § 15183.5), they are insufficient to demonstrate compliance with the most recent statewide policies and targets. In the absence of a qualified plan, the EIR's failure to demonstrate consistency with the 2017 Scoping Plan precludes it from concluding that the 2018 LRDP is consistent with statewide plans.

iv. The EIR fails to identify and mitigate a potentially significant conflict with UC policies related to employee commuting. For example, mandatory UC policy requires by 2025 that single-occupancy-vehicle commute rates be reduced by 10 percent compared to prior rates. Using the existing 30-percent single-occupancy-vehicle commuter rate provided in the Final EIR, by 2025, single-occupancy commuter rates must be reduced to 20 percent. The EIR does not provide analysis or substantial evidence showing this will be achieved.

v. Relatedly, the EIR fails to analyze the environmental impact of UC Davis' reliance on non-UC employees in the future (doubling over the 2018 LRDP planning period) as part of an increasing reliance on public-private partnership projects ("P3 Projects"). Non-UC staff are not provided housing opportunities on the UC Davis campus, are not paid living wages, and are not provided the public transportation subsidies that are provided to University employees. The State Auditor found that outsourced workers make up to $8.50 per hour less than UC workers performing the same work. P3 Projects that are constructed and later served by staff not making living wages are left on unequal footing to procure housing within the City of Davis's exceedingly tight housing and rental market. When underpaid staff cannot afford to reside in the communities they serve, they are forced to move further away, resulting in greater VMTs and in turn GHG emission. The EIR fails to analyze and mitigate this impact.

vi. In addition, the EIR is flawed because the amount of housing proposed in the 2018 LRDP is insufficient to meet the needs of students and staff resulting from increased enrollment at UC Davis. UC Davis has routinely underestimated planned enrolment, leading to the current imbalance in student housing, and it again does so in the 2018 LRDP. A higher rate of enrollment growth should be anticipated based on past enrollment growth rates in order to capture the true impacts of campus expansion. Underestimating projected growth means that the EIR is not analyzing the full extent of the environmental impacts that are reasonably certain to occur in the future. In particular, when student and staff enrollment exceeds projections, more students and staff will be required to live off-campus. Given the dismal rental market in Davis, this means more students and staff will be required to commute longer distances, resulting in greater VMTs and in turn GHG emissions. The EIR fails to analyze and mitigate this impact.

E. **Noise.** The EIR fails to adequately disclose, evaluate, and mitigate the 2018 LRDP's substantial adverse impact with respect to noise, and its conclusions are not supported by substantial evidence, as follows:

i. The EIR appropriately determined that noise impacts are potentially significant, particularly because the "proposed land use changes identified in the 2018 LRDP would necessitate construction activities near adjacent, existing development, including on-campus and adjacent to the campus boundary." But the proposed mitigation is insufficient to ensure all potentially significant noise is mitigated below established thresholds, during construction and operation, indoors and outdoors, and during daytime and nighttime, since it fails to impose mitigation for all noise sources, and fails to demonstrate the feasibility of noise reduction measures to lessen impacts below applicable thresholds.

ii. The EIR fails to identify all sensitive receptors and mitigate potentially significant impacts on them. The EIR's list of sensitive receptors is insufficient, as it ignores all sensitive receptors except some residential, place of worship, and nursery school uses. The list does not include medical facilities, including UC Davis Student Health and Counseling Services; all classrooms, offices, libraries, and student study facilities, including those for special-needs students; employee rest areas; outdoor athletic and learning facilities; outdoor playgrounds; performance centers; and research laboratories, some of which are reasonably assumed to be especially noise-sensitive.

F. **Traffic.** The EIR fails to adequately disclose, evaluate, and mitigate the 2018 LRDP's substantial adverse impact with respect to traffic, and its conclusions are not supported by substantial evidence, as follows:

i. The EIR's traffic methodology violates CEQA because it analyzes a hypothetical future baseline only. By doing so, the EIR neglects to inform the public and decision makers explicitly of any operational impacts that could occur during the first 12 years of operation. This violates CEQA's requirement to consider both the short-term and long-term effects of the LRDP. The EIR's failure to include this information is prejudicial because it is reasonable to infer based on the record that traffic impacts during implementation will be significant and negative, based on the influx of residents, students, employees, and the complications associated with long-term construction.

ii. The EIR states that the LRDP will contribute to already unacceptable traffic conditions on the Interstate-80. In an attempt to mitigate these significant impacts, a transportation demand management strategy is proposed. But this mitigation is impermissibly deferred because no implementation schedule is provided, nor are any specific measures, consultation requirements, or any other measure that would ensure the University mitigates these impacts to the extent feasible.

iii. The EIR also impermissibly defers analysis and mitigation of impacts on bicyclists and pedestrians. For example, when analyzing impacts to bicycle facilities, the EIR states that implementation of the LRDP will generate approximately 4,600 new bicyclists on the UC Davis campus. But rather than analyzing where these impacts would likely occur, and creating measures to avoid those impacts, the EIR instead proposes that on-campus collisions be monitored. Only after an unknown number of bicyclist collisions occur would measures be designed and implemented. This impermissibly deferred mitigation violates CEQA and unnecessarily risks human health.

iv. The EIR fails to identify and mitigate a potentially significant impact related to transit services. The Davis bus transit provider—Unitrans—submitted a comment letter indicating that several bus lines, including those serving West Village and Orchard Park, already exceed capacity and must bypass customers, and that Unitrans lacks financial capacity to expand service. In fact, Unitrans explained that it will be reducing service system-wide, including at West Village and Cuarto, because of increasing costs.

G. **Cumulative Impacts.** The EIR fails to adequately disclose, evaluate, and mitigate the 2018 LRDP's substantial adverse cumulative impacts, and its conclusions are not supported by substantial evidence. The EIR did not conduct an appropriate cumulative analysis, but instead merely repackaged its programmatic-level analysis. For example, the cumulative impact assessment for biological resources determined that cumulative impacts would be less than significant for the sole reason that program-level impacts were purportedly less than significant. But CEQA does not allow an agency to avoid looking at an incremental contribution to a cumulative condition simply because a program- or project-level impact is less than significant. CEQA requires consideration of the severity of existing environmental impacts because "the greater the existing environmental problems are, the lower the threshold should be for treating a project's contribution to cumulative impacts as significant." (*Communities for a Better Environment v. California Resources Agency* (2002) 103 Cal.App.4th 98, 120.) The EIR's failure to consider existing and foreseeable cumulative effects when assessing the LRDP's incremental contribution violates CEQA's requirements.

H. **Alternatives.** The EIR fails to adequately analyze a reasonable range of alternatives on the program- and project-level, and does not support its failure to consider additional feasible alternatives with substantial evidence as follows:

i. The EIR improperly fails to discuss a true high-density alternative that is feasible and less environmentally damaging than the Project. Despite the fact that the LRDP provides that student housing facilities under the 2018 LRDP could be 12-stories or higher to accommodate higher-density student housing, the supposed "high density" alternative that was analyzed only looked at increasing building heights from six to eight stories. An alternative that generally houses more of the University's students on campus would have commensurate decreases in commuting, air quality emissions, greenhouse gas emissions, trip generation, and impacts to the regional transit system. There would also be fewer site-specific effects such as aesthetics, agriculture, geology, biology, cultural resources, energy, hazards, and water quality. The FEIR's response to comments dismisses proposals for greater density, high rise alternatives by generally stating that "above a certain height (usually between 4 and 6 stories), different and more expensive construction techniques are needed, and different fire-fighting equipment is required, all of which ad to the per-unit costs, which would be passed along to students…" There is no evidence to support this claim, and the EIR's failure to consider this alternative is not supported by substantial evidence. In addition, the EIR's responses to comments that the EIR consider a greater height alternative are inadequate because they mere conclusions, unsupported by substantial evidence.

ii. The EIR improperly fails to discuss a mixed-use, central campus infill ("MUCCI") alternative that is feasible and less environmentally damaging than the Project. The MUCCI alternative would have a more compact design, a more efficient use of land, and would be located to minimize environmental impacts. A key strategy to reduce VMTs and in turn GHG emissions, is locating more housing in Central Campus, making walking and biking more convenient and encouraging a reduction in driving. In addition to locating housing in the Central Campus area, the MUCCI alternative also proposes to allow housing to co-exist with commercial, office, academic, and parking uses. The 2018 LRDP does not consider subterranean parking under any of the proposed structures, instead relying exclusively on low-density surface parking, which occupies valuable land. By consolidating multiple uses within a single structure, such as housing and parking, the Project could alleviate the need to place additional structure s on land that is currently undeveloped. Mixed-use development strategies reduce mobile emissions, effecting air quality and greenhouse gas impacts, and reduces the need to push housing further away from Central Campus, thereby requiring less conversion of undeveloped prime-agricultural land. For example, the West Village Expansion would be up to six stories in height. It also includes a 20-acre remote parking area, which was historically used as teaching fields, to provide parking for residents of the West Village Expansion. Despite the fact that the MUCCI alternative would be environmentally superior to the Project, Respondent refused to analyze this and other increased-density alternatives on the ground that they do not meet all of the Project objectives. CEQA does not require that only alternatives that meet all objectives be considered. By not analyzing this feasible alternative, the EIR is legally inadequate.

I. **Recirculation.** Respondent failed to recirculate the EIR to address significant new information, as set forth above. CEQA requires that a lead agency must recirculate an EIR when "significant new information" is added to the EIR after public review but prior to certification of the EIR. (CEQA Guidelines, § 15088.5.) New information is considered "significant" if the information is necessary to provide the public and interested agencies with "meaningful opportunity to comment upon a substantial adverse environmental effect of the project or . . . feasible project alternative[s] . . . ." (CEQA Guidelines, § 15088.5, subd. (a).) Significant new information includes "a disclosure showing . . .[a] significant environmental impact would result from the project" or . . . [t]he draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded." (CEQA Guidelines, § 15088.5, subds. (a)(1) and (4).) Respondent was required to recirculate the EIR because the Final EIR introduced significant new information.

J. **Failure to Provide 30-Day Public Comment Period on DEIR.** Public Resources Code section 21091, subd. (a) provides that "[t]he public review period for a draft [EIR] shall not be less than 30 days." Respondent failed to comply with this standard. Twelve pages of Volume III of the Draft EIR, specifically sections 4.4 (Comparison of Alternatives) and 5.4 (Environmentally Superior Alternatives), were missing from the Draft EIR that was circulated for public review. Counsel for Petitioners informed Respondent of this omission. Rather than provide a complete version of the DEIR to the public and restart the 30-day public comment period, Respondent waited and only included the missing pages as part of the Final EIR. The fact that the Final EIR contained the missing information does not remedy this violation of CEQA's requirement of a 30-day public comment period. *Ultramar v. South Coast Air Quality Mgmt. Dist.* (1993) 17 Cal.App.4th 689, 700. By failing to make the full Draft EIR available to the public for at least a 30-day public comment period, Respondent denied Petitioners and the public the right to a 30-day public comment period on the full Draft EIR, and failed to proceed in a manner required by law.

K. **Findings.** Respondent failed to adopt legally adequate findings, supported by substantial evidence, before approving the Project. As a result of the inadequacies in the environmental analysis identified above, the findings adopted by Respondent are not supported by substantial evidence as required by CEQA. (Pub. Resources Code, §§ 21002, 21002.1, 21081; CEQA Guidelines, §§ 15091, 15092, 15093).

55. As a result of the foregoing defects, Respondent prejudicially abused its discretion by approving the 2018 LRDP in a manner that does not comply with the requirements of CEQA and Petitioner is entitled to issuance of a writ of mandate setting aside all approvals that were issued in reliance on the certified Final EIR.

WEST VILLAGE

56. By relying on the EIR's flawed analysis of West Village, both at the programmatic (Volume 1) and project-level (Volume 2), and approving the West Village project and certifying the Final EIR, Respondent prejudicially abused its discretion because its decision is not supported by substantial evidence and because it failed to proceed in a manner required by law, as set forth above because all programmatic errors contaminate the project-level analysis, and as further highlighted below:

A. **Biological Resources.** The EIR fails to adequately disclose, evaluate, and mitigate the Project's substantial adverse impact with respect to biological resources, and its conclusions are not supported by substantial evidence, as follows:

i. In addition to the deficiencies identified above, because West Village will develop residential uses on existing agricultural land, which is existing habitat for special-status species, there is an immediate risk for potentially significant impacts to them.

ii. The EIR asserts that "no special status species were observed nesting or otherwise established on the West Village Expansion site," but there is no evidence to support this conclusion because the EIR contained no biological surveys or reports. Furthermore, the fact that there were no special status species were observed nesting or otherwise established," at the project site does not preclude impacts on biological resources. For example, the EIR concedes that "Swainson's hawk and northern harrier were observed foraging at the site." Impacts to land used for foraging by these special status species constitutes a significant impact that must be disclosed and mitigated.

B. **Traffic.** The EIR fails to adequately disclose, evaluate, and mitigate the 2018 LRDP's substantial adverse impact with respect to traffic, and its conclusions are not supported by substantial evidence, as follows:

i. The methodology error identified above manifests at the project-level for West Village (and Orchard Park), and highlights why it is critical to consider interim impacts. For project-level impacts, the EIR analyzes only: (1) 2016 existing baseline against a 2016 baseline + West Village, and, separately, (2) 2016 existing baseline against 2016 baseline + Orchard Park. This is insufficient because to analyze all impacts and provide suitable mitigation, these projects must be analyzed against a future cumulative scenario, with all related projects, including both West Village and Orchard, as well as other related projects in the City of Davis. By failing to do so, the EIR underestimates impacts.

ii. The Final EIR states that the West Village project has been modified such that the onsite parking will now be approximately twice the size of that analyzed in the Draft EIR. Yet the Final EIR fails to provide any additional analysis for these changes circumstance and significant new information. Contrary to the unsupported assertions in the FEIR, construction and operational impacts, especially on traffic, must be reanalyzed. Without that analysis, all traffic conclusions for the West Village Expansion lack support by substantial evidence.

iii. The Unitrans comment letter applies specifically to West Village, where transit levels are already unacceptable and should have been mitigated through, for example, funding that provides new bus lines.

C. **Recirculation.** Respondent failed to recirculate the EIR to address significant new information, as set forth above. CEQA requires that a lead agency must recirculate an EIR when "significant new information" is added to the EIR after public review but prior to certification of the EIR. (CEQA Guidelines, § 15088.5.) New information is considered "significant" if the information is necessary to provide the public and interested agencies with "meaningful opportunity to comment upon a substantial adverse environmental effect of the project or . . . feasible project alternative[s] . . . ." (CEQA Guidelines, § 15088.5, subd. (a).) Significant new information includes "a disclosure showing . . .[a] significant environmental impact would result from the project" or . . . [t]he draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded." (CEQA Guidelines, § 15088.5, subds. (a)(1) and (4).) Respondent was required to recirculate the EIR because the Final EIR introduced significant new information.

D. **Findings.** Respondent failed to adopt legally adequate findings, supported by substantial evidence, before approving West Village. As a result of the inadequacies in the environmental analysis identified above, the findings adopted by Respondent are not supported by substantial evidence as required by CEQA. (Pub. Resources Code, §§ 21002, 21002.1, 21081; CEQA Guidelines, §§ 15091, 15092, 15093).

57. As a result of the foregoing defects, Respondent prejudicially abused its discretion by approving West Village in a manner that does not comply with the requirements of CEQA. Petitioner is entitled to issuance of a writ of mandate setting aside all approvals that were issued in reliance on the certified Final EIR.

ORCHARD PARK

58. By relying on the EIR's flawed analysis of Orchard Park, both at the programmatic (Volume 1) and project-level (Volume 3), and certifying the Final EIR, Respondent prejudicially abused its discretion because its decision is not supported by substantial evidence and because it failed to proceed in a manner required by law, as set forth above because all programmatic errors contaminate the project-level analysis. In addition, the Draft EIR failed to provide an analysis of the environmentally-superior alternative.

59. As a result of the foregoing defects, Respondent prejudicially abused its discretion by certifying the Final EIR with respect to the Orchard Park's project-level analysis in a manner that does not comply with the requirements of CEQA. Petitioner is entitled to issuance of a writ of mandate setting aside the certification of the Final EIR.

PRAYER FOR RELIEF

WHEREFORE, Petitioner respectfully requests the following relief and entry of judgment as follows:

1. For a peremptory writ of mandate directing Respondent to:

(a) vacate and set aside its certification of the Final EIR and approval of the 2018 LRDP and West Village on the grounds that adequate CEQA compliance did not precede those actions;

(b) comply with CEQA and the State CEQA Guidelines in any subsequent action taken to consider approval of the 2018 LRDP, West Village, or Orchard Park; and

2. For a temporary stay to prevent Respondent and Real Party from taking further actions to implement or proceed with the 2018 LRDP or West Village project during the pendency of this litigation and subsequent to the Court's issuance of a peremptory writ;

3. For temporary, preliminary, and permanent injunctive relief to prevent Respondent and Real Party from taking further actions to implement or proceed with the 2018 LRDP or West Village project during the pendency of this litigation and subsequent to the Court's issuance of a peremptory writ;

4. An order awarding Petitioner's attorneys' fees under Code of Civil Procedure section 1021.5, Government Code section 800, and other applicable authority;

5. Costs of suit; and

6. Such other and further relief as the court deems just and proper.

Dated: September 27, 2018

LOZEAU DRURY LLP

By: ______________________

Rebecca L. Davis
Attorneys for Petitioners
KELLEY KLEIN and AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, LOCAL 3299

1

EXHIBIT 1

EXHIBIT 1

LOZEAU DRURY LLP

T 510.836.4200
F 510.836.4205

410 12th Street, Suite 250
Oakland, Ca 94607

www.lozeaudrury.com
rebecca@lozeaudrury.com

By U.S. Mail & E-mail

September 12, 2018

Office of the Secretary and Chief of Staff to the Regents
1111 Franklin St., 12th floor
Oakland, CA 94607
Email: regentsoffice@ucop.edu

Re: Notice of Intent to File Suit Under The California Environmental Quality Act Regarding the adoption of the University of California at Davis 2018 Long Range Development Plan Environmental Impact Report (SCH NO. 2017012008)

To The Regents of the University of California:

Please take notice, pursuant to Public Resources Code ("PRC") § 21167.5, that Petitioners Kelly Klein and the American Federation of State, County, and Municipal Employees, Local 3299 ("Petitioners") intend to file a Verified Petition for Peremptory Writ of Mandate ("Petition") under the provisions of the California Environmental Quality Act ("CEQA"), PRC § 21000 *et seq.*, against Respondent the Regents of the University of California challenging the July 19, 2018 decisions including its: 1) certification of the Final EIR for the UC Davis 2018 Long Range Development Plan, West Village Expansion, and Orchard Park Redevelopment, 2) approval of the 2018 LRDP, and 3) approval of the West Village Expansion (collectively, the "Project").

Among other issues, Petitioner will allege that Respondent failed to proceed in the manner required by law and without substantial evidence by certifying an EIR that fails to properly disclose, analyze, and mitigate the Project's potential significant individual and cumulative impacts. The petition being filed will seek the following relief:

1. For a stay pending trial of Respondent's decisions approving the Project.
2. For a peremptory writ of mandate ordering:
    a. Respondent to vacate and set aside their certification of the EIR for the Project, adoption of the Statement of Overriding Considerations, and decisions approving the Project;
    b. Respondent and Real Party in Interest to suspend all activity under the certification of the EIR and approval of the Project that could result in any change or alternation to the physical environment until Respondent has

taken all actions necessary to bring the certification and Project approvals into compliance with CEQA; and

c. Respondent to prepare, circulate, and consider an EIR in compliance with CEQA prior to any subsequent action to approve the Project.

3. For the costs of suit.
4. For an award of attorney fees pursuant to Code of Civil Procedure § 1021.5 and any other applicable provisions of law or equity.
5. For any other equitable or legal relief that the Court considers just and proper.

Petitioner urges Respondent to rescind the Notice of Determination and the approvals for the Project, to conduct the appropriate environmental review, and to prepare the appropriate CEQA document for the Project as required by law.

Sincerely,

Rebecca L. Davis
Lozeau Drury LLP
Attorneys for Petitioners

PROOF OF SERVICE

I, Toyer Grear, declare as follows:

I am a resident of the State of California, and employed in Oakland, California. I am over the age of 18 years and am not a party to the above-entitled action. My business address is 410 12th Street, Suite 250, Oakland, California, 94607.

On September 12, 2018, I served a copy of the foregoing document entitled:

Notice of Intent to File Suit Under The California Environmental Quality Act Regarding the adoption of the University of California at Davis 2018 Long Range Development Plan Environmental Impact Report (SCH NO. 2017012008)

on the following parties:

Office of the Secretary and Chief of Staff to the
Regents
1111 Franklin St.,12th floor
Oakland, CA 94607
Email: regentsoffice@ucop.edu

☒	**BY MAIL. By placing the document listed above in a sealed envelope with postage thereon fully prepaid for First Class mail, in the United States mail at Oakland, California addressed as set forth above.**
☒	**BY EMAIL. By sending the documents as an electronic mail attachment in PDF format to the e-mail address above.**
☐	**BY FACSIMILE TRANSMISSION. By sending the documents via facsimile transmission to the fax telephone number identified above.**

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed September 12, 2018 at Oakland, California.

Toyer Grear

Toyer Grear

2

EXHIBIT 2

EXHIBIT 2

RICHARD DRURY (SBN 163559)
REBECA L. DAVIS (SBN 271662)
LOZEAU | DRURY LLP
410 12th Street, Suite 250
Oakland, CA 94607
Telephone: (510) 836-4200
E-mail: richard@lozeaudrury.com
rebecca@lozeaudrury.com

Attorneys for Petitioners
KELLEY KLEIN and AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, LOCAL 3299

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

KELLY KLEIN; and AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, LOCAL 3299; Petitioners, v. THE REGENTS OF THE UNIVERSITY OF CALIFORNIA and DOES 1 through 10 inclusive, Respondent; UNIVERSITY STUDENT LIVING, LLC, and ROES 1 through 10 inclusive, Real Party in Interest.	Case No. **PETITIONER'S NOTICE OF INTENT TO PREPARE ADMINISTRATIVE RECORD** [California Environmental Quality Act ("CEQA"), Pub. Res. Code §21000, *et seq.*; C.C.P. §§1094.5, 1085]

Pursuant to Public Resources Code §21167.6(b)(2), Petitioners Kelley Klein and American Federation of State, County, and Municipal Employees, Local 3299 (collectively, "Petitioners") hereby notify all parties that Petitioners elect to prepare the administrative record relating to the above-captioned action challenging the July 19, 2018 decisions of Respondent The Regents of the University of California to approve the 2018 Long Range Development Plan for the University of California at Davis, the West Village Expansion, and the Orchard Park Redevelopment ("Project") including certifying the EIR and adopting a Statement of Overriding

Considerations for the Project. Respondent and Real Party in Interest are directed not to prepare the administrative record for this action and not to expend any resources to prepare the administrative record.

Dated: September 27, 2018

LOZEAU | DRURY LLP

Rebecca L. Davis
Attorneys for Kelley Klein and American Federation of State, County, and Municipal Employees, Local 3299

VERIFICATION

I, Kathryn Lybarger, am President of AFSCME Local 3299, a Petitioner in this action. I have read the foregoing Verified Petition for Writ of Mandate and know its contents. The facts alleged in the above Petition are within my own knowledge and I know these facts to be true, except as to matters alleged therein on information and belief.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct and that this declaration is executed on September 27, 2018, in Oakland, California.

Kathryn Lybarger
Petitioner

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX J

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

____

Authorized Officer

CALIFORNIA MUNICIPAL FINANCE AUTHORITY • STUDENT HOUSING REVENUE BONDS (CHF–DAVIS I, L.L.C. — WEST VILLAGE STUDENT HOUSING PROJECT) SERIES 2018

UC DAVIS

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

Printed by: ImageMaster, LLC
www.imagemaster.com